What’s In A GMP?

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GMP’s ≠ Rocket Science

“It's time we face reality, my friends. ... We're not exactly rocket scientists.”
Where does the $$$ go?

- Cost of the work
- General Conditions (Overhead)
- CP Fee
- Construction Contingency
What is included in the GMP Change Order Proposal

• Use the contract – it’s actually there to help!

• Make sure the “at a minimum” threshold has been met
Why do I care what’s included?

• Think of it as your money, your risk, your responsibility!
  – Know where your project $$’s are spent!
  – If it’s not there you are at risk for getting it there…after the fact…Hello costly change order!
  – Because it’s your responsibility to know!

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How can we limit risks with GMP contracts?

- The GMP is seldom the final cost!
- Good Preconstruction Phase = Good GMP
- Timely decisions are important
- Get the GMP at the optimal time
Limit the risk, continued

• Guard against CP clarifications that change the contract
• Avoid Component Change Orders if possible
• GMP Change Order Proposal meeting
  – It’s the last big chance to make sure that everyone is clear and agrees with what is being built, what it will cost, and when it will be finished.
Documentation of GMP Sum

• Why does Owner need to review the subcontractor bids?
  – CM/GC selected through a QBS process
  – Price competition comes at the sub level

• Plan ahead for review time
  – Have contractual # of days to accept or reject the GMP Change Order
Tips for Efficient GMP Review

• Organization of Subcontractor Bids
  – By division and then by trade package

• Adequate Pool of Bidders
  – At least 3 qualified bidders per package

• Comparing Apples to Apples
  – Detailed Scope Checklists
  – Budget numbers for excluded work
FAQs During GMP Review

• Can a CM/GC self-perform work?

• What happens when CM can not get 3 qualified bidders?

• When is it OK to not go with low bidder?
FAQ’s continued

• Do the clarifications from the subs matter?

• What documentation is required for subcontractor bid adjustments?

• How to account for work not included in subcontractor proposals?
It's QUESTION TIME!!
Just know there’s going to be a question later…

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