

19 Terms and Descriptions

Baseline – An approved time phased plan that serves as a metric against which actual performance is measured during the course of project execution. It is a quantitative representation of the project scope, schedule, and cost against which the status of resources and progress can be measured.

Certificate of Occupancy (C of O): A document issued by the Authority Having Jurisdiction (AHJ) certifying a building's compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupancy.

Certificate of Substantial Completion: A document issued by the project architect certifying that the work is sufficiently complete in accordance with the contract documents and has been agreed upon by FP&C.

Change Order (CO) – A formal instruction issued by the owner to approve a compilation of previously approved potential COs that amend the contract documents and allow for the cost to be invoiced.

Construction Costs: Construction costs are all costs charged by the General Contractor to perform the construction of the improvements including insurance, bond, and general conditions referenced herein in this document.

Contingency: An amount added to an estimate to allow for items, conditions, or events for which the state, occurrence, or effect is uncertain and that experience shows will likely result, in aggregate, in additional costs. Typically, contingency is estimated using risk analysis or judgment based on past asset or project experience.

Contractor/Administration Closeout: A step within FP&C's closeout process where the PM receives and transmits the contractor's closeout package (As-Builts, O&Ms, Warrantees/Guarantees, etc.). In most instances, this information is passed along to the project architect for approval prior to distributing to the Client and FMO for record.

Design Costs: Design costs are design consultant fees required to complete the delivery of the space to the end user. Examples of design costs are architectural and engineers' fees, interior design fees, expenses, and estimating and scheduling fees.

Escalation: Provision in actual or estimated costs for inflation increases in the costs of equipment, labor, and so on, over those specified in an original contract.

Furniture, Fixtures, and Equipment (FF&E): Some examples of FF&E are loose furniture, desks, chairs, shelving, decorative lighting, artwork, equipment, and signage.

Guaranteed Maximum Price (GMP) – A cost-type contract where the contractor is compensated for actual Cost of Work plus a fee which together shall not exceed the pre-established contract ceiling (the GMP).

Lump Sum/Fixed Price – A lump sum/fixed price contract is between the Owner and Contractor where the Owner agrees to pay the Contractor a specified sum of money for completing a scope of work. Since the fixed price does not have a direct correlation to the Contractor's actual cost, fixed price is best used when the scope of work is clearly defined and quantifiable. Fixed price is the only compensation method allowed when competitive sealed bidding is used. Fixed price allows for simple payment application processing and generally lower risk exposure to the Owner.

Potential Change Order (PCO) – A formal request made by the PM or contractor regarding potential cost and/or schedule changes to the contractor's contract, including work directives previously issued.

Project Cost Summary – A form within e-Builder that outlines the costs associated with the execution of the project.

Project Costs: Project costs are all costs other than construction costs that are budgeted by FD&C to complete the delivery of the space to the customer and end user.

Project Delivery Strategy – Contractual arrangement between owner, contractors, and consultants that establishes method of execution for a project.

Project Risk – The combination of the probability of an uncertain event and its consequences on a construction project is defined as project risk. A positive consequence presents an opportunity and a negative consequence poses a threat.

Project Scope – The work that must be performed to deliver a new facility, renovate an existing facility, or any other maintenance services.

Project Scope Checklist – A document that confirms PM consideration of various elements typically associated with scope development.

Punch list: A record of incomplete or unsatisfactory construction items covered by a contract, usually prepared by a project architect or engineer before certifying project completion.

Request for Information (RFI) – A formal request made to owner or consultant intended to provide further detail on a specification, method, or owner intent.

Request for Proposal (RFP) – An RFP is issued at an early stage in the contractor procurement process, where an invitation is presented to prequalified contractors, often through a bidding process, to submit a proposal on a specific scope of work or project. The RFP process brings structure to the procurement decision and is meant to allow the risks and benefits to be identified clearly up front. The RFP may dictate to varying degrees the exact structure and format of the Contractors response.

Request for Qualification (RFQ) – The RFQ is utilized to solicit qualifications, services, and proposals from designers. The qualifications package submitted includes a listing of the Design Team proposed along with qualifying information and design fees. After evaluating the RFQ, the list of potential designers/consultants is narrowed to a "short list" and interviews are requested to select the Design

Team. During the interview process, the Design Team has the opportunity to refine the scope of work and identify alternate approaches the owner/customer had not previously recognized or identified.

Time and Material (T&M) – T&M contracts provide for acquiring supplies or services on the basis of: (1) direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit; and (2) materials or expenses at cost. T&M contracts are often utilized when the scope and schedule requirements are highly uncertain. For example, the site characteristics or the design may not be defined well enough, or overall time constraints may prevent a competitive bidding process, or other factors may apply. T&M contracts allow for quick project kick-off, and can handle a stable scope and schedule. However, changes can be costly for long or poorly defined projects. T&M contracts are required to state a ceiling or an estimate that may not be exceeded without Owner approval.

Total Project Cost: Total project cost is the sum of construction costs and all other related project costs, including escalation and contingency.

Unforeseen Conditions – Unanticipated or unexpected circumstance or situation that affects the final price and/or completion time of a contract or project.

Value Engineering (VE) –VE is a systematic method to improve the “value” of goods or products and services by using an examination of function. Value, as defined, is the ratio of function to cost. Value can therefore be increased by either improving the function or reducing the cost.