

## **80508 Construction Management at Risk Contracting Methodology; Preamble**

- (A) The Construction Management at Risk or Construction Manager at Risk construction delivery method (“CM at Risk”) is often used in the private sector and by the University of Nebraska. In 2002, the Nebraska Legislature adopted the Nebraska Schools Construction Alternatives Act to allow Nebraska school districts to use CM at Risk and design-build construction methodologies. In 2008, the Legislature amended that Act to extend its benefits to other political subdivisions in Nebraska, and re-titled the Act as the Political Subdivisions Construction Alternatives Act. In the introducing statement at the legislative committee hearing on the 2008 bill [LB 889], the introducing senator stated plainly his intent to allow the community colleges to enjoy the benefits of using the two alternative construction methodologies if they chose to do so. He said:

Under our current law only school districts have the authority to enter [into these] other project delivery methods. This bill would give all political subdivisions, including community colleges and state colleges, this same authority and option. These alternative project delivery methods have been used effectively to shorten project schedules, control cost, and increase collaboration between the parties involved in the construction process.

- (B) Under the CM at Risk method, a project owner contracts with an architect to provide a project design, and soon after selects a construction manager to collaborate with the architect and the owner in the design development phase of the project. This collaboration allows the architect, the construction manager and the owner to achieve maximum efficiency and greatly reduce the incidence of costly change orders and delays in project completion. Part way through the design development phase of the project, the construction manager and owner negotiate an agreement for the construction manager to deliver the completed project by a date certain at a guaranteed maximum price to the owner. Any costs above the agreed upon maximum price are absorbed by the construction manager.
- (C) The advantage to the CM at Risk delivery methodology is that the contractor collaborates with the architect during the design development phase and thus is able to have a positive economic and scheduling impact on the design and enable avoidance of many of the challenges, delays and change orders that are often encountered when the architect and the contractor work independently of one another. The CM at Risk delivery method allows the architect, the construction manager and the owner to work together to establish and adhere to an accurate budget and a firm timeline for project completion.
- (D) The purposes of this Policy 80508 and Policy 80509 are to effectively increase collaboration between the parties involved in the construction process, shorten project schedules, control construction costs, and avoid or reduce costly claims and delays on construction projects the Board of Governors deems suitable for use of the CM at Risk construction methodology.

(Adopted 12/17/13)