



Planning, Design & Construction

THE UNIVERSITY OF UTAH

The University of Utah
Project Management Fee
Initially adopted July 1, 2007.
Updated July 1, 2017

Purpose:

The purpose of the fee implemented through this rule is to recoup a portion of the cost of managing projects that are not funded directly through state appropriations.

Definitions:

Auxiliaries– Auxiliaries are business enterprises or other support activities operated on a self-supporting basis (no state appropriations), the primary purpose of which is to provide specified services or events to the campus community. For purposes of this rule, the operations listed below are considered to be Auxiliaries. Similar, revenue generating operations may also be treated as Auxiliaries.

- Athletics
- Bookstore
- Commuter Services
- Housing and Residential Education
- Jon M. Huntsman Center
- Olpin University Union
- Student Health Services
- University Hospitals and Health Care System
- University Student Apartments

Non-State Project Funds– Funding for a project which comes from a source that does not meet the definition of State Project Funds. Examples include auxiliary revenues, donations, federal funds, research grants and departmental funds that were not specifically appropriated by the Legislature for a project.

State Project Funds– Funding for a project which comes from one of the following sources:

- State funds appropriated by the State Legislature for a specific project.
- Capital Improvement funds allocated by the State Building Board for University projects.
- Funds allocated by the University administration for Capital Facilities and Remodeling (CF&R).

Projects Subject to Project Management Fee



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Except as noted below, the Project Management Fee will be charged on Non-State Project Funds for all projects managed by Planning, Design and Construction. The fee may be charged to State Project Funds with the approval of the Division of Facilities Construction and Management.

Due to base funding provided by the Administration, the fee is waived for projects with a total cost of \$250,000 or less that are for the benefit of University entities that are not Auxiliaries. All Auxiliary projects, regardless of amount, are subject to the fee.

At the conclusion of the project, the fee will be adjusted to the amount that would apply to the actual total Non-State Project Funds. This adjustment may be made earlier if it is clear that there is a change in the amount of Non-State Project Funds that significantly modifies the amount of the fee.

If a project is funded by both State Project Funds and Non-State Project Funds, the amount of the fee will be calculated based on the amount of the Non-State Project Funds. For example, if the funding for a \$10,000,000 project consists of \$7,500,000 of State Project Funds and \$2,500,000 of Non-State Project Funds, the amount of the fee would be \$40,000 as that is the amount that applies to \$2,500,000.

Project Fee Schedule:

Project management fees are based on the total project cost per the following schedule.

| Total Non-State Project Funds (before the fee) | Lump Sum Fee | Total Non-State Project Funds (before the fee) | Lump Sum Fee |
|--|--------------|--|--------------|
| \$10,000 or less | \$500 | \$2,500,001 to \$3,750,000 | \$55,000 |
| \$10,001 to \$25,000 | \$1,000 | \$3,750,001 to \$5,000,000 | \$75,000 |
| \$25,001 to \$50,000 | \$2,000 | \$5,000,001 to \$10,000,000 | \$100,000 |
| \$50,001 to \$100,000 | \$4,000 | \$10,000,001 to \$15,000,000 | \$125,000 |
| \$100,001 to \$250,000 | \$8,000 | \$15,000,001 to \$25,000,000 | \$150,000 |
| \$250,001 to \$500,000 | \$15,000 | \$25,000,001 to \$30,000,000 | \$175,000 |
| \$500,001 to \$750,000 | \$20,000 | \$30,000,001 to \$50,000,000 | \$200,000 |
| \$750,001 to \$1,000,000 | \$25,000 | \$50,000,001 to \$75,000,000 | \$225,000 |
| \$1,000,001 to \$1,500,000 | \$30,000 | \$75,000,001 to \$100,000,000 | \$250,000 |
| \$1,500,001 to \$2,500,000 | \$40,000 | Over \$100,000,000 | \$300,000 |



Phased Charging of Fee to Project:

While the full amount of the fee needs to be included in the original funding arrangement and project budget, the fee will be charged to the project in increments prior to work beginning on specified phases of the project as follows. If an identified phase is skipped in a project, the fee associated with that phase will be charged along with the subsequent fee identified in the following tables. If a project is cancelled after it has begun, the fee amount will still be based on the full budgeted project cost but the portion of the fee that applies to phases that have not been initiated will not be charged.

For Projects with a Total Cost of \$10,000,000 or less:

| | |
|--------------|------|
| Design | 40% |
| Bidding | 10% |
| Construction | 50% |
| Total | 100% |

For Projects with a Total Cost Greater Than \$10,000,000:

| | |
|------------------------|------|
| Programming | 10% |
| Schematic Design | 15% |
| Design Development | 10% |
| Construction Documents | 10% |
| Bidding | 5% |
| Construction | 50% |
| Total | 100% |

Collection of Funds:

The above rule outlines the charging of the fee to projects. This does not change the normal requirements for transferring funds to projects.

If the nature of the client and funding source would otherwise require that the full project funds be transferred to Planning, Design and Construction before the project begins, this requirement will still apply and the full amount of the fee is included in this requirement. If the project is cancelled after the funds are transferred, the funding left after covering all project costs will be returned. The



portion of the fee that has been charged to the project as it entered into various phases is not refunded.

For projects where the nature of the client and funding source otherwise allow for funding to take place on a reimbursement basis, the fee will be considered a cost subject to reimbursement as it is charged to the project.

This rule does not limit the ability of projects to be funded through one of the authorized methods noted above but with only the funding through the design phase being provided for up front. In this situation, the initial funding must include the portion of the fee applicable through the design phase.

Master Planning Project Fee:

For projects that consist of Master Planning not for a specific project, a fee of 5% of total cost will be applied.

Examples:

Example 1: A new building project funded entirely with Non-State Project Funds with a total project budget of \$28,000,000 would be subject to a fee of \$175,000. The \$175,000 would be included in the initial budget and funding commitment for the project. Of this amount, \$17,500 (10% of the total fee of \$175,000) would be charged to the project when it begins a phase subject to the fee. An additional \$26,250 (15% of \$175,000) would be charged to the project when it was ready to start the schematic design phase. This pattern would repeat through the duration of the project as the project progressed to the next phase subject to another increment of the fee. At the conclusion of the project, if the total actual cost is outside the range upon which the initial fee was based, the fee will be adjusted to the fee for the actual cost range of the project. For example, if the total project costs come in at \$30,500,000, the fee would be increased to \$200,000 and the increased fee amount would be charged at that time. This adjustment may occur earlier in the project if it is clear that the project will end up with a total cost outside of the range that the original fee was based on.

Example 2: A department, which is not determined to be an auxiliary, funds a remodeling project with a total cost of \$125,000. Even though the department funds would meet the definition of Non-State Project Funds under the above definition, no fee would be charged because the fee is waived for non-auxiliaries on projects under \$250,000.



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Example 3: An auxiliary funds a project with a total cost of \$125,000. The project would be subject to a fee of \$8,000. When the project begins the design phase, an additional \$3,200 (40% of \$8,000) would be charged to the project and so on.

Example 4: A project has a total cost of \$40,000,000 of which \$27,000,000 is provided from State Project Funds and \$13,000,000 is provided from donations which are considered to be Non-State Project Funds. The fee for the \$13,000,000 of Non-State Project Funds is \$125,000. If the project ended up costing \$44,000,000 with \$28,000,000 coming from State Project Funds and \$16,000,000 coming from Non-State Project Funds, the amount of the fee would be adjusted to \$150,000 which is the fee for \$16,000,000 of Non-State Project Funds.