MEMO

Clarification of Facilities Operations and Development Billing Policies for Capital Construction Projects

Further to the memo from V-P Roy dated Aug. 12, 2009, this is to clarify the new billing policies that became effective June 1, 2009. These policies were instituted to: 1) ensure equitable billing of all projects, and 2) allow Facilities Operations and Development (FOD) to operate as a cost neutral unit.

To clarify these changes, the process is presented below in a chronological manner:

A) PROJECT DEFINITION - PROGRAMMING

When a request to initiate a project is received by Facilities Operations and Development, an internal Project Manager is assigned to work with a design consultant on defining the scope of the project and the estimated cost.

If the project is simple and this step can be completed in a single visit using only internal resources, this service will be provided free of charge.

If, however, the project is more complex, requiring multiple visits and detailed work (ex; surveys, investigations, drawings), a flat fee will be charged if the work will be done by internal FOD Design Services resources. These “pre-design” fees apply to architectural programming ($1,500) and mechanical/electrical programming ($500). A request for payment will be made prior to initiation of this work.

If FOD’s internal design team is unable to handle the programming mandate and the services of external consultants are therefore required, charges for these services will be based on the real costs of said consultants. These charges are payable up front. The amount charged will be based on the offer of service from the consultants (time permitting) or estimated by the project manager based on experience with comparable projects. Any variance will be settled with the client upon confirmation of the final cost.

Payment of all applicable programming fees, whether internal or external, is an essential first step to establishing an accurate scope of work and development of an accompanying preliminary budget.

B) DESIGN AND PREPARATION OF TENDER AND CONSTRUCTION DOCUMENTS.

Once the scope of work and the preliminary budget are determined, the client may choose to have the project proceed to design development. It is at this stage that formal construction documents are produced, for the purposes of proceeding to tender and preparing the construction contract.
If the design and construction documents can be completed using FOD Design Services, the costs will be calculated on a percentage basis, according to the Order in Council’s fee rates published by the Government of Quebec for architect and engineering professional services. The design fee is calculated as a percentage of the cost of construction inclusive of taxes and tax rebates. (FOD Design Services will undertake projects based on the availability of resources, workload priorities, and the project type. Please consult the Director of Design Services.) The nominal percentage fees for architectural design are 6.15% of the total cost of construction, all trades and specialties included. Fees for mechanical and electrical engineering design are 9.6% of the estimated cost of mechanical and electrical work. These fee rates also include the services provided by these professionals during construction. (Should the project not proceed to construction, a lesser fee would be charged.)

If the service of external consultants is required, the external providers will bill Facilities Operations and Development, which will in turn invoice the project account. The fees will be based on the offer of services provided by the consultant and negotiated by the project manager on behalf of McGill. The fees charged by external consultants may be calculated on a percentage basis, on a lump sum basis, or on a combination of both, depending on the project type and size.

C) PROJECT MANAGEMENT & ADMINISTRATION

If, upon receipt of the tender documents and revised budget, the decision is made to proceed to construction, a 5% management fee will be charged to the project. (This fee is separate and distinct from any fee that may be charged for programming or design services.) This fee will be applied uniformly to all projects that proceed to construction. The 5% fee is applied to the cost of the construction contract, inclusive of taxes and tax rebates. Should the client elect to abandon the project at this stage and not proceed to construction, no management fee will apply.

NOTE:

In the case of projects that are to be funded by an external granting agency, it is understood that this source of funding cannot be guaranteed. That being said, the costs of project definition and programming are real and must be recovered, regardless of the success of the grant application. Commitment from the Faculty to cover this cost is therefore required.

All charges will be included in the budget estimate to be charged to the project, thereby ensuring that these charges are fully eligible and recoverable from the funding agency, should the application for funding be successful.

* L.R.Q., c. A-6.01, r. 7 « Tarif d'honoraires pour services professionnels fournis au gouvernement par des architectes », and r. 9 « Tarif d'honoraires pour services professionnels fournis au gouvernement par des architectes », as detailed in La loi sur l'administration publique.