



FOR IMMEDIATE RELEASE

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University of California Office of the President
(510) 987-9200

UC revises construction contracts and procedures

The University of California announced today (Sep. 6) that it has completed the first phase of a comprehensive process to review and revise the University's construction contracts and procedures. The modified contracts and procedures will help eliminate, or make more flexible, restrictive contract clauses that can discourage qualified contractors from bidding on UC projects.

"These changes to the University's construction contracts and procedures reflect a concerted effort and willingness to listen to and implement suggestions from industry," said Michael Bocchicchio, assistant vice president for facilities administration. "This is a good first step, and we anticipate ongoing discussions with building professionals and the public may lead to additional modifications."

The new guidelines, developed in response to a cost study report commissioned by the UC Regents last summer, will better align University contracts with those of other building owners, particularly public agencies. The revisions also incorporated recommendations from the various groups that participate in UC's construction processes, including major contractors and architects.

Several important changes have been adopted in the first phase of this process, including:

- Shifts almost all risk for differing site conditions to the University. This new provision is consistent with the current federal practice and that of many state agencies by allowing for adjustments to the contract price and time for most such conditions.
- Clarifies the payment provisions to ensure that there is timely payment of all amounts not in dispute and, most significantly, to change the retention provision to 5 percent.
- Adds a contractual right to demand a final decision from the University on a change order request.
- Makes allowance for adjustments in contract time based on rain delays a standard provision.
- Modifies the liquidated damages provision to create two rates, one for substantial completion and a second smaller amount for final completion.

The changes also include optional language to allow a UC campus to assume the risk of material price escalation for specific products where the nature of the project and the bidding climate warrants such a provision.

UC formally published procedures on the False Claims Act requiring that a campus consult with the University's general counsel prior to asserting that a contractor has submitted a false claim.

For a summary of these changes, please visit UC's Facilities Manual:
www.ucop.edu/facil/fmc/facilman/volume4/part2/long/toc.html

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