

4. PROJECT CONTINGENCY GUIDELINES

The following definitions are intended for the various contingencies addressed in this chapter:

DESIGN CONTINGENCY - a percentage of the concept budget allowed for programmatic and design changes which occur over the course of the design process. This percentage should diminish as the design goes from concept stage to contract document stage.

CONSTRUCTION CONTINGENCY - a percentage of the concept budget allowed for unforeseeable conditions encountered during the construction phase, i.e., change orders, updated soils reports, etc.

PROJECT CONTINGENCY - the total of Design and Construction contingencies.

Project contingency depends upon the size and type of project. For conceptual and project approval, the contingencies shown in the table are appropriate:

CONTINGENCY AS A PERCENTAGE OF CONSTRUCTION COST					
	NEW CONSTRUCTION			REMODELING/RENOVATION	
	Design Contingency	Construction Contingency	Maximum Total Contingency	Design Contingency	Construction Contingency
Conceptual & Design Phase					
Projects \$ 5 million & Greater	5% - 7%	3% - 5%	10%	10%	3% to 7%
Projects less than \$ 5 million	8% - 10%	5% - 7%	15%	10%	5% to 10%

As each project progresses through the Design phase, contingency should be reduced. At the end of the Design phase, design contingency is zero and the Construction phase contingencies apply:

CONTINGENCY AS A PERCENTAGE OF CONSTRUCTION COST				
	NEW CONSTRUCTION		REMODELING/RENOVATION	
	Design Contingency	Construction Contingency	Design Contingency	Construction Contingency
Construction Phase				
Projects \$ 5 million & Greater	0%	3% - 5%	0%	3% to 7%
Projects less than \$ 5 million	0%	5% - 7%	0%	5% to 10%