



*The Heartland Engineers*

*Kansas City District*

# Construction Management @ Risk

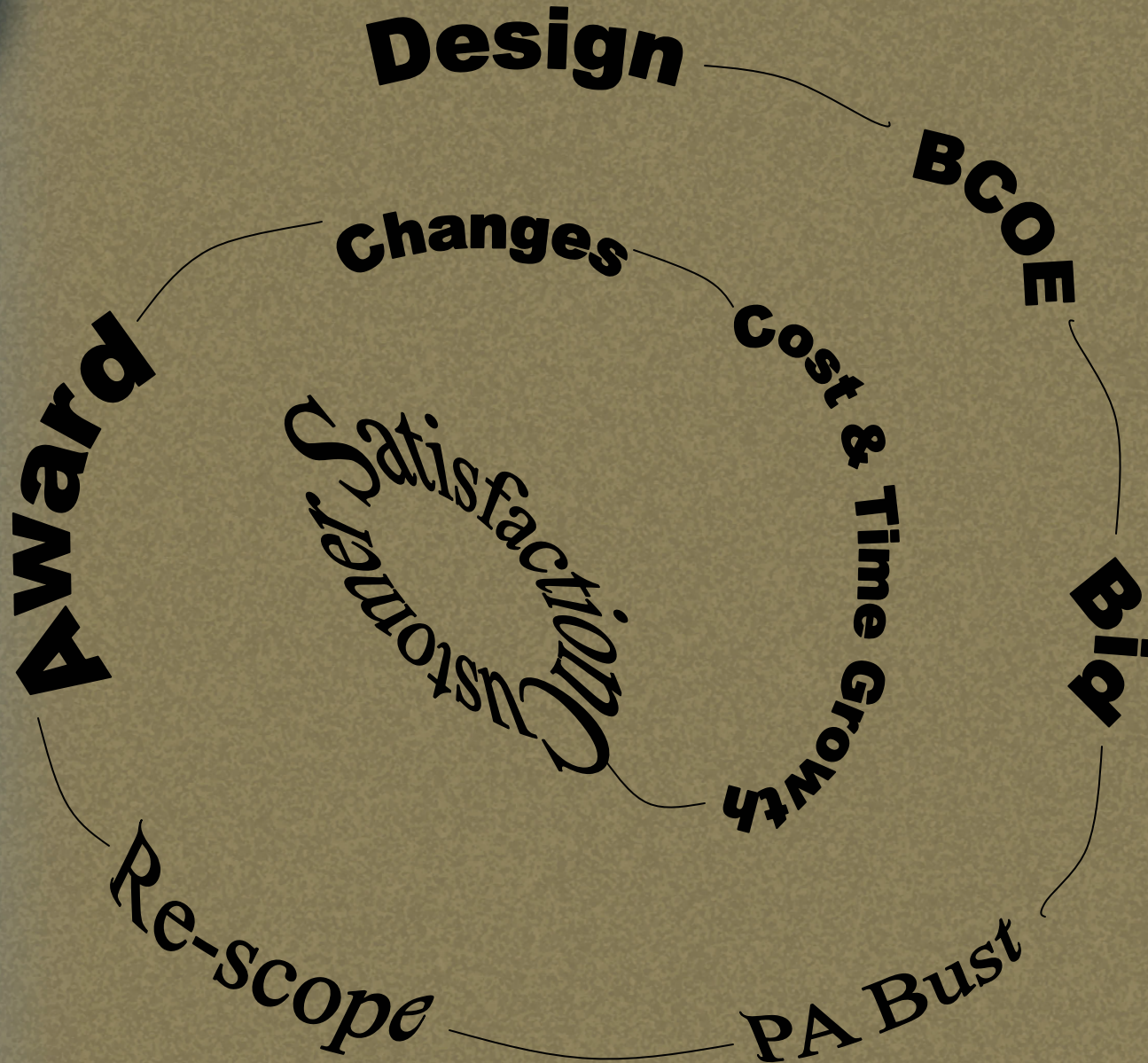
Incentive Price Revision –  
Successive Targets



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“Breaking the Cycle”

Kansas City District





# Site Plan

**415,000 SF 4 Floors**

**Ceiling Price:  
\$105.5M**

**Classrooms, labs,  
conference rooms, 2  
auditoriums, latest  
IT, plasma screens,  
parking, connecting  
bridge**





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## Aerial View

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# Construction Management @ Risk

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- Selection of Contractor – Evaluation Factors [Henzlik7 Factors.ppt](#)
- Awarded Preconstruction Services @ 35% design – w/ceiling price on construction [HenzlikPreconstruction Services.ppt](#)
- Award construction services as mod @ 95%
- Objective @ 100% - settle as FFP w/incentives
- Escape clause prior to award [HenzlikEscape Clause.ppt](#)
- Special Clause: contractor responsible for changes due to dimension problems, coordination and similar issues. Code violations, calc problems, etc., = modification.
- FAR Clause 15.216-17 (REVISED) – Incentive Price Revision-Successive Targets



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### FAR 52.216-17 (Revised)

#### *Incentive Price Revision – Successive Targets*

- Pricing includes: Initial Target Cost+Initial Target Profit (not to exceed 3%)+Construction Reserve (not to exceed 2%) < Ceiling Price [HendzlikIncentive Clause.ppt](#)
- Construction Reserve (CR) – use defined and requires CO/ACO concurrence [HendzlikConstruction Reserve Matrix.ppt](#)
- Incentive – Contractor retains 45% of CR balance
- Objective is to establish Firm Fixed Price – alternative uses successive target pricing and reconciliation at project end.

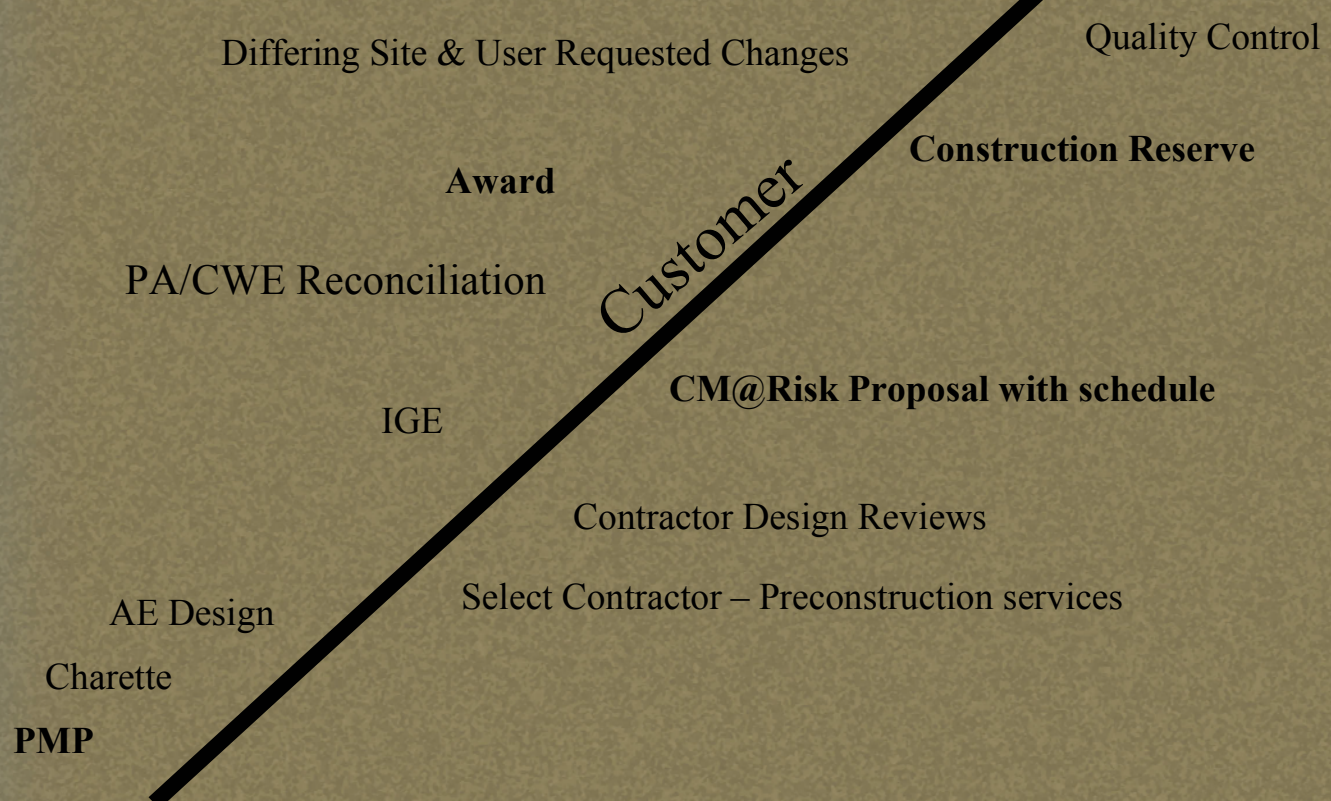
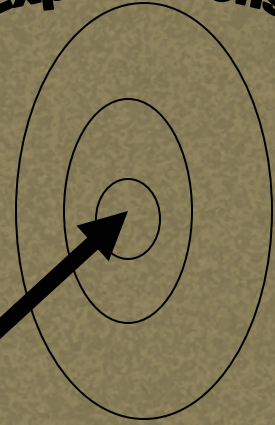


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“Set for Success”

**Expectations**





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# More Information?

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