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**Note:** For additional legal requirements applicable to purchases with federal funds, see CBB.

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“Construction manager-at-risk method” is a delivery method by which an ESC contracts with an architect or engineer for design and construction phase services and contracts separately with a construction manager-at-risk to serve as the general contractor and to provide consultation during the design and construction, rehabilitation, alteration, or repair of a facility. *Gov’t Code 2269.251(a)*

A construction manager-at-risk is a sole proprietorship, partnership, corporation, or other legal entity that assumes the risk for construction, rehabilitation, alteration, or repair of a facility at a contracted price as a general contractor and provides consultation to the ESC regarding construction during and after the design of the facility. The contracted price may be a guaranteed maximum price. *Gov’t Code 2269.251(b)*

An ESC may use the construction manager-at-risk method for the construction, rehabilitation, alteration, or repair of a facility. In using this method, the ESC shall comply with this policy and also with other applicable requirements [see CU(LEGAL)], which include the following steps:

1. Selecting a contracting method;
2. Giving public notice of the project;
3. Publishing contract selection criteria;
4. Making evaluations public after the contract is awarded; and
5. Providing for inspection, verification, and testing necessary for acceptance of the facility by the ESC.

*Education Code 44.031(g); Gov’t Code 2269.052, .055, .056(a), (c), .058, .251(c)*

**Architect / Engineer**

On or before the selection of a construction manager-at-risk, the ESC shall select or designate an architect or engineer to prepare the construction documents for the project. *Gov’t Code 2269.252(a)*

The ESC’s architect or engineer for a project, or an entity related to the ESC’s architect or engineer, may not serve, alone or in combination with another, as the construction manager-at-risk. The engineer or architect is not prohibited from providing customary construction phase services under the architect’s or engineer’s original

professional service agreement in accordance with applicable licensing laws.

An entity is related to the ESC's architect or engineer if the entity is a sole proprietorship, corporation, partnership, limited liability company, or other entity that is a subsidiary, parent corporation, or partner or has any other relationship in which the ESC's architect or engineer has an ownership interest, or is subject to common ownership or control, or is party to an agreement by which it will receive any proceeds of the construction manager-at-risk's payments from the ESC.

*Gov't Code 2269.252(b), (c)*

### **Selection Process**

An ESC shall select the construction manager-at-risk in either a one-step or two-step process.

An ESC shall prepare a single request for proposals, in the case of a one-step process, and an initial request for qualifications, in the case of a two-step process that includes:

1. A statement as to whether the selection process is a one-step or two-step process;
2. General information on the project site, project scope, schedule, selection criteria and the weighted value for each criterion, and estimated budget and the time and place for receipt of the proposals or qualifications; and
3. Other information that may assist an ESC in its selection of a construction manager-at-risk.

An ESC shall state the selection criteria in the request for proposals or qualifications.

If a one-step process is used, an ESC may request, as part of the offeror's proposal, proposed fees and prices for fulfilling the general conditions. If a two-step process is used, an ESC may not request fees or prices in step one. In step two, an ESC may request that five or fewer offerors, selected solely on the basis of qualifications, provide additional information, including the construction manager-at-risk's proposed fee and its price for fulfilling the general conditions.

*Gov't Code 2269.253(a)–(e)*

### **Opening and Evaluating Proposals**

At each step, an ESC shall receive, publicly open, and read aloud the names of the offerors. At the appropriate step, an ESC shall also read aloud the fees and prices, if any, stated in each proposal as the proposal is opened. Not later than the 45th day after the

date on which the final proposals are opened, an ESC shall evaluate and rank each proposal submitted in relation to the criteria set forth in the request for proposals. *Gov't Code 2269.253(f)–(g)*

**Selection**

An ESC shall select the offeror that submits the proposal that offers the best value for the ESC based on the published selection criteria and on its ranking evaluation. An ESC shall first attempt to negotiate a contract with the selected offeror. If an ESC is unable to negotiate a satisfactory contract with the selected offeror, the ESC shall, formally and in writing, end negotiations with that offeror and proceed to negotiate with the next offeror in the order of the selection ranking until a contract is reached or negotiations with all ranked offerors end. *Gov't Code 2269.254(a)–(c)*

**Notice of Rankings**

Not later than the seventh day after the date the contract is awarded, the ESC shall make the proposal rankings public. *Gov't Code 2269.254(d)*

**Trade Contractors /  
Subcontractors**

A construction manager-at-risk shall publicly advertise for bids or proposals and receive bids or proposals from trade contractors or subcontractors for the performance of all major elements of the work other than the minor work that may be included in the general conditions. A construction manager-at-risk may seek to perform portions of the work itself if:

1. The construction manager-at-risk submits its bid or proposal for those portions of the work in the same manner as all other trade contractors or subcontractors; and
2. The ESC determines that the construction manager-at-risk's bid or proposal provides the best value for the ESC.

*Gov't Code 2269.255*

**Bids or Proposals**

The construction manager-at-risk shall review all trade contractor or subcontractor bids or proposals in a manner that does not disclose the contents of the bid or proposal during the selection process to a person not employed by the construction manager-at-risk, architect, engineer, or ESC. All bids or proposals shall be made available to the ESC on request and to the public after the later of the award of the contract or the seventh day after the date of final selection of bids or proposals. *Gov't Code 2269.256(a)*

If the construction manager-at-risk reviews, evaluates, and recommends to the ESC a bid or proposal from a trade contractor or subcontractor, but the ESC requires another bid or proposal to be accepted, the ESC shall compensate the construction manager-at-risk by a change in price, time, or guaranteed maximum cost for any additional cost and risk that the construction manager-at-risk

	incurs because of the ESC's requirement that another bid or proposal be accepted. <i>Gov't Code 2269.256(b)</i>
Default	If a selected trade contractor or subcontractor defaults in the performance of its work or fails to execute a subcontract after being selected in accordance with this policy, the construction manager-at-risk may itself fulfill, without advertising, the contract requirements or select a replacement trade contractor or subcontractor to fulfill the contract requirements. <i>Gov't Code 2269.257</i>
<b>Payment and Performance Bond Amounts</b>	If a fixed contract amount or guaranteed maximum price has not been determined at the time the contract is awarded, the penal sums of the performance and payment bonds delivered to the ESC must each be in an amount equal to the project budget, as specified in the request for proposals or qualifications. The construction manager shall deliver the bonds not later than the tenth day after the date the construction manager-at-risk executes the contract unless the construction manager-at-risk furnishes a bid bond or other financial security acceptable to the ESC to ensure that the construction manager will furnish the required performance and payment bonds when a guaranteed maximum price is established. [See CU for more information on payment and performance bonds] <i>Gov't Code 2269.258</i>