

OP-B-11-E ESTABLISHMENT OF CONSTRUCTION CONTRACT TIME AND LIQUIDATED DAMAGES

SPECIFIC AUTHORITY

Sections 1001.74(28), 1013.46, 240.209(3)(p), F.S.

OBJECTIVE

This document provides guidelines for establishing a reasonable construction contract time and for determining liquidated damages for failure to complete a construction project on time.

A. ESTABLISHMENT OF CONSTRUCTION CONTRACT TIME

The project manager, after consulting with the project architect/engineer, shall evaluate such factors as the user's needs, project complexity, site considerations and quality requirements to determine a reasonable construction time.

B. DETERMINATION OF LIQUIDATED DAMAGES

The project manager and the user of the building shall evaluate the implications of a delay in the project, considering interest costs, loss of use, loss of income, costs of equipment storage, costs to rent alternative space, additional architect/engineer fees and any other costs that are projected to be incurred as a result of the delay.

$$\text{The daily interest cost} = \frac{\text{construction amount} \times .06}{365}$$

Other costs related to delayed completion are added to the amount generated by the formula, for a total daily liquidated damages amount. The project manager sends a note to the file which explains how the liquidated damages amount was developed.

C. INCLUSION IN BIDDING DOCUMENTS

The project manager notifies the project architect of the construction contract time and daily liquidated damages amount for inclusion in the bidding documents. For construction management projects, the project manager advises the construction manager of the contract time and liquidated damages prior to negotiation of the guaranteed maximum price.

D. CHANGE ORDERS

During construction, each change order that affects the construction time shall provide for a realistic time extension (or reduction) of the construction contract time prior to final approval. FSU Online Policies and Procedures OP-B-11-F Construction Change Orders and Construction Change Directives, provides further information regarding change orders.

FORMS

No forms associated with this policy and procedure