**UM System AHJ Code Determination**

Code Determination Number: 09

Date: 04 April, 2022

Subject: Calculating construction valuation for code consultant proposals

Code Edition: 2021 ICC Codes, 2020 NFPA 70, etc.

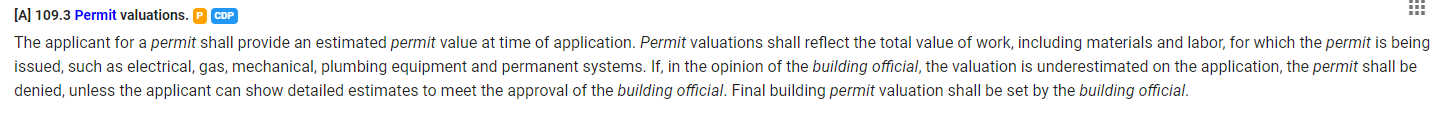
Code Section(s): IBC 109.3, IEBC 108.3, IFC 107.3, IMC 109.3, IPC 109.2, NFPA 70 Annex H. Section 80.19 (E), etc.

**Questions (from MU Campus staff Inspectors and PM’s):**

1. What portions of the construction cost estimate should be included in “Construction Value” line for 3rd party code consultant RFP’s? Or should I enter the whole value of the construction estimate?
2. Which line item cost breakouts can I leave out of the construction value/estimate?

**Answer (from UM System AHJ):**

1. Permit fees are to be based on the estimated cost of the work to be performed: all labor and materials cost for new construction, a renovation, etc., and shall include all permanently installed MEP systems, sprinkler/fire systems, and equipment, per IBC 109.3 and other codes.



1. Project Managers should use the 50%-100% CD estimate of probable construction cost from the design consultant and remove the portions not associated with the cost of the work as shown below.
2. Estimated cost line items that can be omitted from the consultant’s construction estimate include:
3. Contractor overhead and profit (typically 4% - 8%, depending on the size of the project)
4. Contractor Bond and Insurance cost estimate (typically 2%)
5. Any Contractor contingency
6. Contractor General Conditions line items not related to the “work” (re. truck, gas, office trailer, office supplies, etc.)
7. Any ACM or other Hazardous Materials abatement scopes of work.
8. If a 3rd party code consultant agreement is executed prior to the CD design phase, include the escalation value for “Design Contingency” and “Project Complexity/Phasing Factor” as part of your construction estimate.
9. If the construction valuation is determined to be underestimated by a 3rd party code consultant or the AHJ, cost break out details will be requested for review. In these cases, final valuation will be determined by the AHJ, per IBC 109.3.