

## General Guidance for DuPage County Projects

When working with a general contractor, the HUD safe harbor for construction (taken from Public Housing guidance) is:

Overhead: 2%  
Profit: 6%  
General Conditions: 6%

(with a 14% maximum for these combined costs).

The 14% is calculated on hard construction costs only, not on the total development costs. Bonds, insurance, and permits may be included in the hard construction costs calculation if they are on the Contractor's Sworn Statement as an item for which the contractor was responsible.

**Profit** is defined as the proceeds of transaction minus the cost, including intangibles such as contract incentives. *Individual mark-up is not allowed on GC supplied materials or the total "Profit" line item on the Contractors Sworn Statement will be reduced accordingly. If this is insufficient, then deductions will be made to the General Conditions and/or Overhead lines.*

**Overhead** being the expenses necessary to conduct a business. Cost shall also include those specific to the project and include transportation, travel expenses, temporary housing etc.

In the event there is an identity of interest between the owner/developer and general contractor, the following will apply: (a) the developer fee will be reduced 2% through the or (b) the general contractor's 2% overhead shall be eliminated. Limited partnerships, joint ventures and other types of associations between the owners and the general contractor shall be subject to the limitations on Overhead.

**General Conditions** are the functions needed to complete the construction phase and shall include the following costs: project manager and superintendent, draw related paperwork, layout, surveys, plans/printing, material testing, communications, mobilization, temporary heat and utilities, portable toilets, temporary fencing, OSHA protection, field office, hoisting equipment, security, small tools, disposal, construction photography, cost certifications, audits, mock-ups, daily construction site cleaning, final clean, general labor, etc. As the GC is responsible for these functions any subcontracting of these out to lower tier subcontractors will reduce the amount of the GC's General Conditions accordingly.

Financing, holding charges or other types of construction related interest shall be included in the Overhead or General Conditions calculation.

Payment for any shop drawings will be limited to 5% of the total cost for that line item.

The construction budget shall include any costs resulting from scheduling delays or seasonal constraints such as winter conditions, water extraction from recent rains, etc. These items are not considered contingency eligible on change order requests. When a contractor is acting in the capacity of a "GC" they shall provide all the functions typically associated with the position. The GC is responsible for the overall construction management aspects and tasks involved from the Project's start-up through final completion. Functions include (but are not limited to): scheduling, coordination of the trades, supervision, safety, program compliance, monitoring, etc. As such DuPage County will not allow for a "Straw" GC or a firm which reaps the benefits and fees associated with the GC title but in reality subcontracts these functions to another GC. DuPage County will allow the GC functions to be subcontracted out but will only pay once for these services. Subsequently the GC needs to be on the site during construction and at least daily. Similarly any side agreements to the contrary or kickbacks will result in forfeiture of any future work with DuPage County.

Please note that construction supervision by the general contractor is included in General Conditions. If the owner obtains services from a supervising/inspecting architect or engineer to represent the owner's interests, these costs may go on the owner's sworn statement. The general contractor cannot offer these services on behalf of the owner.

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