

**PDC PROJECT MANAGEMENT GUIDE**

**PMG-E09: LIQUIDATED DAMAGES**

**PURPOSE:** To describe the method for determining daily liquidated damages (LDs) for Construction Management (CM), Design Build (DB), or hard bid (GC) builders.

**A. Calculation.** *(delete/ignore items not applicable)*

	Description	Formulae / Explanation
<input type="checkbox"/>	Interest cost	Daily interest cost = (Construction cost x 0.07) / (365)
<input type="checkbox"/>	A/E fee	(Architect's construction administration phase fee) / (contract duration in number of calendar days)
<input type="checkbox"/>	Income loss	Owner's revenue loss for the duration of construction completion delay or cost of rented facility necessary to conduct scheduled events
<input type="checkbox"/>	Temporary Facilities	Owner's temporary facilities costs for the duration of construction completion delay or the cost of an extension to existing leases, including utilities costs
<input type="checkbox"/>	Storage costs	Cost for restocking and storage fees due to project completion delay
<input type="checkbox"/>	Grants & funds	Initial loss of research grants and facilities enhancement funds due to missed completion date
<input type="checkbox"/>		If applicable, list other project-specific considerations

**B. Implementation.**

- 1) For CM or D/B projects, calculate LDs prior to or during negotiation of pre-construction services agreement. Pending agreement by the CM or D/B, enter the daily value in the applicable contract exhibit.
- 2) For GC projects, calculate LDs during the design phase and make this figure known to bidders through the solicitation and the bid documents. Enter the applicable value in the contract and finalize during negotiation of terms with low bidder (awardee).