CMAR DELIVERY · PUBLIC SAFETY FACILITY ADDITION

Data-Driven GMP Review Uncovers $4.6M in Above-Market Pricing

How division-level cost benchmarking gave a municipal owner the evidence to challenge a contractor's 113% over-budget GMP proposal.

$4.06M OWNER CONCEPTUAL BUDGET 4,037 SF · $1,006/SF	**$8.66M** CONTRACTOR GMP PROPOSAL 5,919 SF · $1,463/SF	**+113%** OVER INITIAL BUDGET $4.6M gap identified by data review	**$703/SF** GMP BUILDING COST/SF vs. $450/SF owner allowance

Background

A municipal owner was advancing a public safety facility addition through a Construction Manager at Risk (CMAR) delivery model in the Phoenix metro area. Based on schematic-level design developed in-house, the owner's cost estimating team prepared a conceptual budget of $4,062,511 ($1,006/SF) for a 4,000 SF facility. The budget included a $450/SF building allowance given limited design development, site work based on known scope, and escalation contingency.

When the contractor submitted a 30% GMP proposal at $8,659,216, the gap was immediately apparent. The proposal reflected a building that had grown from 4,000 SF to approximately 5,919 SF — a 47% increase in size — but even on a normalized per-square-foot basis, the GMP was dramatically higher than historical project data would support. The owner's cost estimating team conducted a structured review of all three major cost sections: site work, building, and contingencies.

Cost Summary: Owner Budget vs. Contractor GMP

CATEGORY	OWNER BUDGET (4,037 SF)	$/SF	CONTRACTOR GMP (5,919 SF)	$/SF
Site Work (net)	$1,011,239	$250	$1,357,262	$229
Building (above line)	$1,816,434	$450	$4,161,529	**$703**
Contingencies / Allowances	$160,254	$40	$1,204,700	**$204**
Tax, Insurance, Fee	$1,074,584	$266	$1,935,725	$327
TOTAL	**$4,062,511**	$1,006	**$8,659,216**	**$1,463**

Owner budget based on 4,037 SF schematic design. GMP based on 5,919 SF at 30% design completion. Both figures include below-the-line costs (tax, insurance, fee). Owner budget $/SF normalized to 4,037 SF.

Site Work: Reasonably Aligned, with Explainable Additions

Site costs between the two estimates were the closest in alignment. The owner carried $1,011,239 ($251/SF) against the contractor's $1,357,262 ($229/SF normalized to their larger footprint). The delta is largely explained by scope items not included in the original budget: retaining walls, fencing and gates ($123,996), site masonry ($193,124), and a flagpole and site furnishings ($16,850). The wet utility scope — where the owner carried a $161,500 allowance — came in at $291,996 in the GMP, with the increase partially attributable to a second drywell ($20,200) and approximately $53,000 in trench drains. Value engineering opportunities exist in the drainage approach.

Building: The Primary Cost Driver — Documented with Data

The building is where the GMP diverges most sharply from historical norms. The proposal reflects $703/SF above the line on a 5,919 SF facility — against the owner's $450/SF conceptual allowance and comparable fire station projects in the cost database ranging from $380 to $747/SF total project cost. Division-level benchmarking revealed above-market pricing across nearly every structural and MEP trade, with the most significant premiums in mechanical, plumbing, roofing, and electrical.

BUILDING DIVISION	BENCHMARK ($/SF)	GMP ($/SF)	PREMIUM	SOURCE
Concrete	$20	$36	+80% ▲	Comparable stations avg
Masonry	$21	$54	+157% ▲▲	Comparable stations avg
Structural Steel	$27	$45	+67% ▲	Comparable stations avg
Roofing (TPO)	~$15	**$150**	+900% ▲▲▲	Market standard
Metal Wall Panels	$18–$33	$65	+97–261% ▲▲	Comparable stations
Glass & Glazing (Storefront)	$65–$75	$100–$115	+35–77% ▲	Market standard
Plumbing	$18	**$63**	+250% ▲▲▲	Comparable stations avg
HVAC / Mechanical	$27	**$105**	+289% ▲▲▲	Comparable stations avg
Electrical	$56	$127	+127% ▲▲	Comparable stations avg
Interior Painting	$0.45/SF	**$1.50/SF**	+233% ▲▲▲	Private sector data
HM Doors & Frames	$1,500–$2,500/EA	$4,000/EA	+60–167% ▲▲	Market standard

Benchmark data sourced from the owner's historical project cost database. Two comparable fire stations (2024 and 2022 bids) used as primary comparables, escalated to current dollars. Market standard rates based on current subcontractor pricing in the Phoenix metro area. ▲ elevated · ▲▲ significantly elevated · ▲▲▲ requires contractor justification.

Notable Line-Item Findings

Roofing at $150/SF vs. a standard TPO market rate of approximately $15/SF warrants immediate clarification — this is a 900% premium that may reflect a specification error or custom assembly not apparent in the proposal. HVAC at $105/SF is nearly 4× the historical fire station average of $27/SF with no apparent scope driver to justify the difference. The plumbing fixture pricing provides a concrete example of the markup pattern: a single sink assembly (an undermount basin plus a commercial faucet) was priced at $7,500/EA — a fixture combination available for under $700 in materials, with installed cost typically around $1,500–$2,500. General conditions at $753,951 ($75,395/month over 10.5 months) run approximately 65% above private-sector comparable rates of $45,000/month for a project of this scale.

Contingencies & Allowances: Structural Double-Counting

The GMP embedded $723,229 in construction, design, and owner contingencies — cost categories the owner carries separately at the project summary level. Including these in the GMP results in double-counting against the project OPC. Additionally, $90,000 for electrical feeder relocation appears in both the base estimate and the allowances section, and $300,000 for additional fencing lacks scope justification.

ITEM	OWNER BUDGET	CONTRACTOR GMP	NOTE
Construction Contingency	—	$259,776	Carried at project level
Design Contingency	—	$203,677	Carried at project level
Owner Contingency	—	$259,776	Carried at project level
Escalation Contingency	$160,254	$81,471	Only item owner carries
Electrical Feeder Relocation	—	$90,000	Also in base estimate?
Additional Fencing	—	$300,000	Scope unclear
Modification to Owner Bldg for Job Office	—	$10,000	
SUBTOTAL (excl. escalation)	—	**$1,113,229**	Potential double-count

The owner's project summary carries a 25% contingency at the OPC level. Embedding construction, design, and owner contingencies within the GMP creates a compounding effect on top of the project-level contingency.

What This Review Enabled

Armed with a line-by-line analysis backed by project-specific historical cost data, the owner entered GMP negotiations from a position of documented authority rather than general skepticism. The review identified specific divisions where justification was required, flagged structural issues in the contingency methodology, and provided VE opportunities with concrete cost targets — integral color concrete, acoustic metal panels, drainage approach, and temporary power strategy.

The review also surfaced a broader point about the value of project-type-specific benchmarking. Generic $/SF ranges for “government buildings” are too broad to be useful in negotiation. Division-level unit costs from comparable fire station projects — same building type, similar size, same market — provide the specificity that makes a cost challenge defensible.

THE BROADER PRINCIPLE

A GMP proposal is not a take-it-or-leave-it document. In a CMAR delivery model, the owner's ability to negotiate meaningfully depends entirely on the quality of their independent cost intelligence. Without division-level benchmarks grounded in real project data, a 113% over-budget proposal has no effective counterargument. With them, every line item becomes a conversation.

Key Takeaways for Municipal Project Owners

1 **CMAR doesn't mean open book without verification.**
Contractors operating under CMAR are still incentivized to maximize GMP value. Independent cost review is not adversarial — it is standard practice and essential to the owner's fiduciary responsibility.

2 **Division-level benchmarks beat total project $/SF for negotiation.**
Saying a proposal is "too high per square foot" is an opinion. Saying plumbing is 3.5× the historical fire station average, with two specific comparable projects as evidence, is a fact.

3 **Contingency methodology deserves as much scrutiny as scope costs.**
Embedded contingencies that duplicate project-level reserves can add hundreds of thousands to a GMP before a single trade line item is questioned. Always reconcile contractor contingency structure against the project OPC.

4 **Size changes require re-baselining, not just re-pricing.**
A 47% increase in building area requires a full reconceptualization of the budget, not a proportional markup of the original allowance. Program changes should trigger an updated independent estimate before GMP review begins.

Prepared by Capital Budget Solutions. Project identity, agency, and contractor are withheld; figures reflect the underlying project data as documented. Division-level benchmarks reflect escalated historical bid data from comparable fire station projects in the Phoenix metro area. All figures in January 2025 dollars unless otherwise noted. Analysis performed using CostDB, a proprietary cost benchmarking platform.