

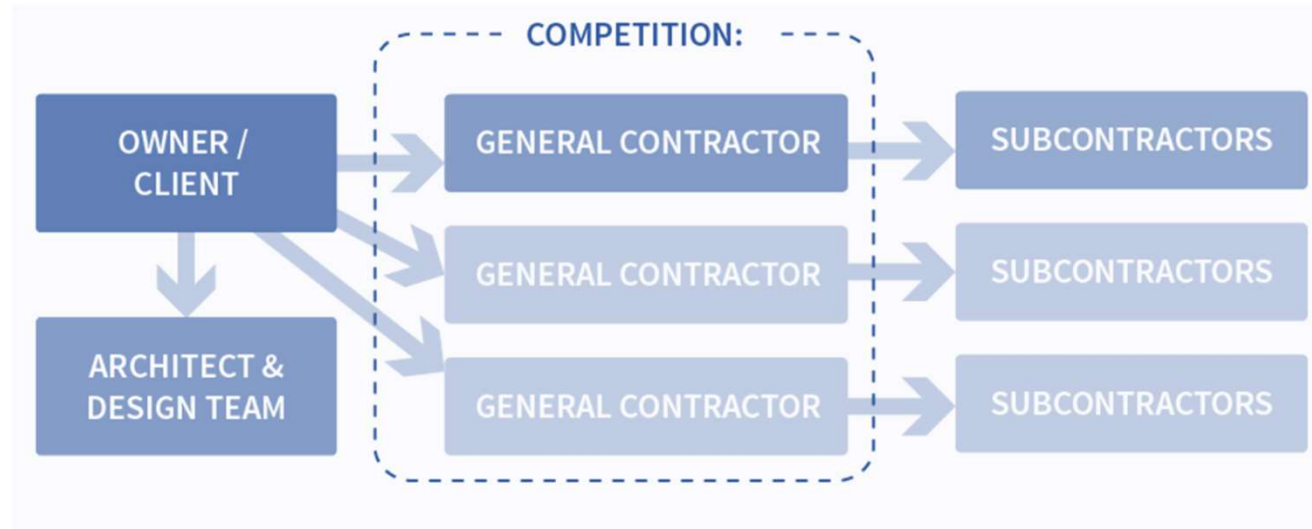
CONSTRUCTION DELIVERY METHOD

CONTRACTING STRUCTURE



DESIGN-BID-BUILD (DBB)

- When the Design is complete, the Owner openly solicits Public Bids from every statutorily eligible General Contractor.
- The Bid Solicitation requires a single Lump Sum Bid Price to complete all of the Work included in the Design.
- The Owner must award the Construction Contract to the Lowest Eligible Bidder.



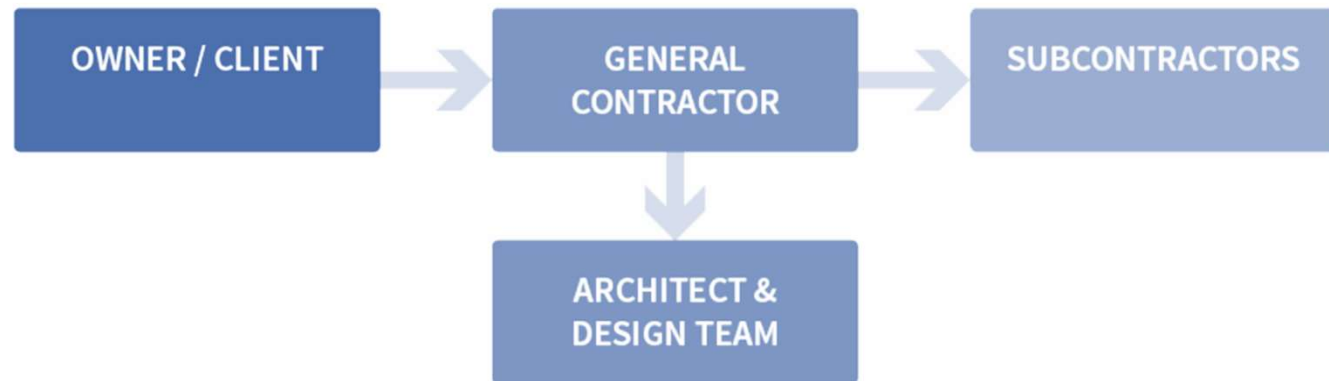
CONSTRUCTION DELIVERY METHOD

CONTRACTING STRUCTURE



DESIGN-BUILD (DB)

- Before the Design is complete, the Owner retains a General Contractor through a Qualifications Based Procurement Process.
- The Owner enters into a single contract for both design and construction services. The contract can be between the Owner and either the Designer or General Contractor.
- The Design-Build entity advises during the Design Phase on constructability and budget and then Constructs the Project, as designed.



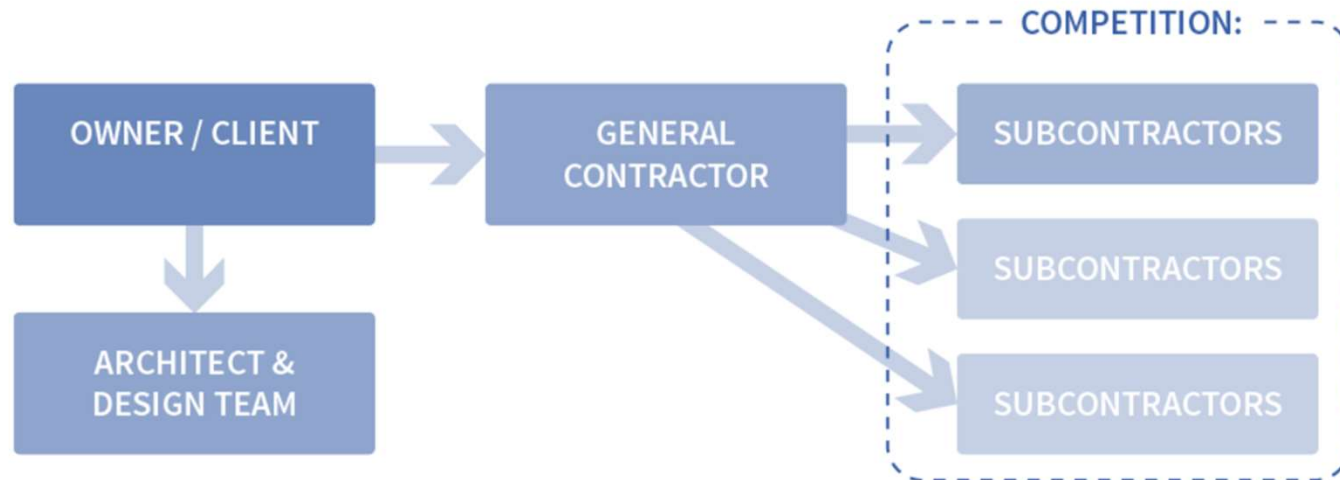
CONSTRUCTION DELIVERY METHOD

CONTRACTING STRUCTURE



CONSTRUCTION MANAGEMENT AT RISK (CMR)

- Before the Design is complete, the Owner retains a Construction Manager (CMR) through a Qualifications Based Procurement process.
- The CMR provides advice during the Design Phase regarding constructability and budget and then Constructs the Project, as designed.
- When the Design Details are near completion, the Owner and the CMR will agree upon a Guaranteed Maximum Price (GMP) as a cap for the Contract Price.



CONSTRUCTION DELIVERY METHOD



ADVANTAGES

DESIGN-BID-BUILD	DESIGN-BUILD	CONSTRUCTION MANAGEMENT AT RISK
<ul style="list-style-type: none">• Provides Competitive Bidding, assuming the Project Design is clear and complete, and all Qualified Bidders are capable of effectively completing the work.• A DBB General Contractor is obligated to construct all of the Work that is delineated in the Project Design for a single, Lump Sum Fixed Price.• Provides simplicity from a contract management standpoint, provided the design is clear and straightforward.	<ul style="list-style-type: none">• The Qualifications Based process allows the Owner to identify General Contractors that are the most capable of constructing the Owner's Project.• In the Design Phase, the Design-Build entity (Contractor and Designer) designs the project in accordance with the budget.• The Bidding Phase is not required, and the single-contract Design Phase moves directly to the Construction Phase, potentially saving time.	<ul style="list-style-type: none">• The Qualifications Based process allows the Owner to identify CMRs that are the most capable of constructing the Owner's Project.• A CMR is available during the Design Phase to work with the Designer and make recommendations prior to construction.• The CMR contract provides an Owner with the ability begin construction before a Design is completed.• All scopes of work are reviewed and approved by the Owner, providing the Owner with more control over subcontractor costs and selection.

CONSTRUCTION DELIVERY METHOD

DISADVANTAGES



DESIGN-BID-BUILD	DESIGN-BUILD	CONSTRUCTION MANAGEMENT AT RISK
<ul style="list-style-type: none">• A DBB General Contractor is not available to help identify Design issues prior to construction.• The Owner must solicit Public Bids from every General Contractor that is statutorily eligible, rather than basing on qualifications.• The Owner has no control over subcontractor selection or builder markups.• The Owner is exposed to potentially costly Change Orders.• The Owner does not have the ability to begin construction before a Design is completed.	<ul style="list-style-type: none">• Requires the creation of a new, single contract with General Contractor and Designer.• The Owner has less control over the Project during the Design Phase.• Requires an extensive set of Project Requirements and Specifications prior to the Procurement and Contracting with the General Contractor.	<ul style="list-style-type: none">• There is a cost premium associated with hiring a CMR.

CONSTRUCTION DELIVERY METHOD

PAYMENT STRUCTURE



DESIGN-BID-BUILD	DESIGN-BUILD	CONSTRUCTION MANAGEMENT AT RISK
<ul style="list-style-type: none"> The General Contractor covers expenses by markups on Subcontractor's work (4-8%), markups on General Conditions, and through costly Change Orders. The Owner cannot negotiate the General Conditions according to the Project Requirements. 	<ul style="list-style-type: none"> The General Contractor covers expenses through an approved fee structure. In true Design-Build project delivery, the contractor can make additional money by reducing internal expenses. However, the Owner does not see any costs savings. The Owner cannot negotiate the General Conditions according to the Project Requirements. 	<ul style="list-style-type: none"> The Construction Manager covers expenses through an approved fee structure. If the project comes in under the GMP, the Owner will benefit from receiving costs savings. The Owner can negotiate the General Conditions according to the Project Requirements.

CONSTRUCTION DELIVERY METHOD



KEY ISSUES TO CONSIDER

- ➔ An accurate Guarantee Maximum Price will require several more months of design detailing (typically by end of Design Development Phase at earliest). Delaying Construction Manager or Design-Build General Contractor procurement until late in the Design Development Phase will cause the Project to miss RIDE's June 30th deadline to receive Bonus Incentive Points.

- ➔ Typically, a main advantage of the Design-Build delivery method comes when the Designer is contractually answerable to the General Contractor under the same contract. In this case, the General Contractor can pressure the Designer to make changes to meet the real trade costs of the work. In this contractual arrangement, the Designer may have difficulty advocating for the Owner during the Design Phase of the Project.

- ➔ The OPM will use the *open-book* format of the Construction Manager at Risk delivery method to review costs and advocate for the owner. The firms in the region with the expertise and the bonding capacity to perform the Work for the Warwick Projects are Construction Management firms that are familiar with working within the collaborative CMR team structure.