

San Diego Regional Construction Procurement Committee

Project Delivery Primer

1) Design-Bid-Build (DBB): The "traditional" method, this form of project delivery utilizes two distinct contracts, one between the owner and designer, and another between the owner and the contractor. Under this method the owner has full control of the design, which will be complete at the time of the contractor's bid. Contracts of this method are awarded to the lowest responsible bidder.

a. DBB-Select List: In some cases the owner may choose to prequalify and shortlist the number of bidders in order to ensure that only contractors with specific, similar experience are included in the competition.

b. DBB-Best Value: In this variation, the owner creates technical criteria to score the credentials of each bidder. Each bidder submits its' credentials, an owner panel generates a score and the scores are compiled prior to the bid date. Each bid is then divided by the technical score for each respective contractor. The lowest price per point is the lowest responsible bidder.

2) Design-Build: This method of project delivery utilizes a single contract between the owner and the design-build entity which is made up of a contractor/designer team. Projects delivered using this method may be designed and constructed concurrently, allowing for a compressed schedule and increased design coordination with subcontracted trades. Under design-build, the work may be awarded as follows:

a. One-step (qualifications-based): Technical criteria and scoring is used to make the selection. Contracts, fees and costs are negotiated with the top-ranked firm. Typically this approach results in the creation of an open book, guaranteed maximum price solution.

b. Two-step (qualifications and price):

i. Stipulated Sum: The price component is a lump sum value based upon the design solution presented by the winning team.

ii. Guaranteed Maximum Price: The price component is typically fee, general conditions, insurance and bond costs. The selection is based primarily on qualifications and design concepts. Typically this approach results in the creation of an open book, guaranteed maximum price solution.

3) Public Private Partnerships (PPP, P3) and Design Build Fund Operate (DBFO): These methods of delivery are used on ventures undertaken by a public-sector authority and a private party. Many variations of these methods exist, however most commonly a private-sector consortium forms a special company called a special purpose vehicle (SPV) to develop, build, finance, maintain, and operate a facility for a designated period of time. Contracts under these methods of delivery awarded based on price, returns, and qualifications.

4) Lease Leaseback: This form of project delivery involves two parties, an owner and a design builder. Under this method the owner procures property and then leases this property to a design-builder, who designs and builds the facility at a guaranteed maximum price (GMP). After construction completion the owner leases back the property and facility from the design builder. At the end of the lease the owner will own both the property and the facility. Lease leaseback delivery allows the owner to select the design builder based best value (price and qualifications).

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5) Construction Manager at Risk (CMAR/CMGC): In this form of project delivery the owner utilizes two distinct contracts, one between the owner and designer, and another between the owner and the contractor (or CM). In the design phase of the project the CM will act as a consultant to the owner providing pre-construction services. During the construction phase of the project the CM acts as the equivalent of general contractor “at risk” for the successful delivery of the project under a Guaranteed Maximum Price. Under this delivery method the work may be awarded as follows:

- a. Qualifications-only: Technical criteria and scoring is used to make the selection. Contracts, fees and costs are negotiated with the top-ranked firm. Typically this approach results in the creation of an open book, guaranteed maximum price solution.
- b. Qualifications-Best Value: The price component is typically fee, general conditions, insurance and bond costs. In this variation, the owner creates technical criteria to score the credentials of each bidder. From the criteria an owner panel generates a score and the scores are compiled prior to the bid date. Each bid is then divided by the technical score for each respective contractor. The lowest price per point is the lowest responsible bidder. Typically this approach results in the creation of an open book, guaranteed maximum price solution.
- c. Qualifications-Low Price: The price component is typically fee, general conditions, insurance and bond costs. In this variation, the owner creates technical criteria to score the credentials of each bidder. From the criteria an owner panel generates a score and the scores are compiled to create a shortlist of bidders. Contracts of this method are awarded to the lowest responsible bidder. Typically this approach results in the creation of an open book, guaranteed maximum price solution.

6) Job Order Contracting (JOC): This form is typically used on smaller projects that lack definition in the quantity of work. Under this delivery method contractors perform work based on the book rate, plus a markup or sometimes a discount. In this method contractors are selected based on qualifications and markup or discount to be applied the book rate.

7) Integrated Project Delivery/Lean (IPD): This multiparty method of delivery uses a form of contract that values the highest degree of collaboration from the parties as opposed to the buying and selling of risk. Core parties in this method generally include representatives from the owner, designer, and contractor; however, depending on the project, trade contractors may also be included as stakeholders. Risk is shared among the parties in a variety of different ways; however, risks are typically capped for any costs that exceed the expected maximum cost of the project. Also, since risk is shared until the expected maximum cost of the project is reached, rewards for savings are also shared amongst parties.

8) CM Multiple Prime: In this multiparty method of delivery the owner contracts with each construction discipline directly. After the design has been completed, the Construction Manager (CM) assists the owner in scheduling and breaking the project into multiple bid packages. Each of these packages is bid to the respective trade contractors, resulting in a direct (Prime) contract with the owner and the low bidder in each trade. During construction the CM acts as the equivalent of a general contractor, but is not responsible for the financial risk associated with the subcontracted trades.