

# ALTERNATIVE PROJECT DELIVERY METHODS

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April 16, 2024



# Introductions



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# Agenda

- **Project Delivery Methods**
  - Design-Bid-Build
  - General Contractor/Construction Manager (GC/CM)
  - Progressive Design Build (PDB)
  - Design Build (PDB)
- **Choosing a Project Delivery Method**
  - Alternate Delivery Legislation
  - Project Review Committee

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# OAC's Experience with Alternative Delivery

Since 2007, OAC has supported public owners with more PRC approvals and project delivery under RCW 39.10 than any other firm in the state:

- **59 General Contractor/Construction Manager Projects**
  - Value: \$3.84 Billion
  - Represents 29% of all PRC approvals for use of GC/CM
- **33 Design-Build and Progressive Design-Build Projects**
  - Value: \$1.78 Billion
  - Represents 32% of all PRC approvals for the use of DB/PDB





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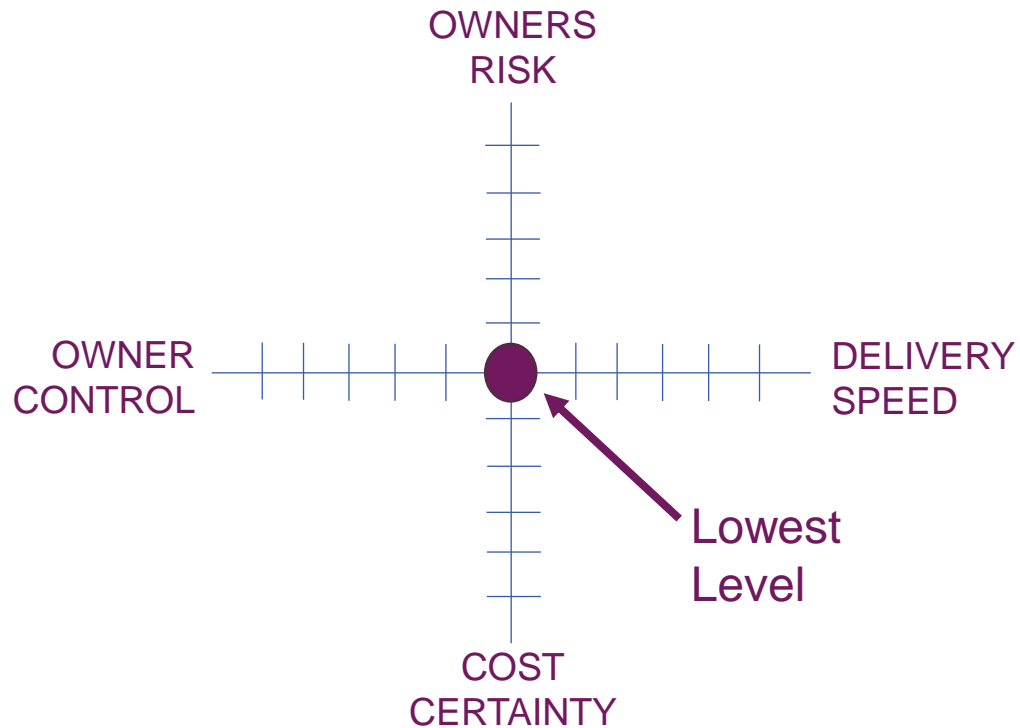
# PROJECT DELIVERY METHODS

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# What Is Project Delivery Methodology

...the structure of relationships which define the process in which a project is designed and delivered.

# What Is Alternative Delivery



Alternative delivery is an adjustment of the relationship in a project to influence the control, speed, cost certainty, or risk of a project

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# PROJECT DELIVERY METHODS

- Design-Bid-Build
- General Contractor/Construction Manager (GC/CM)
- Progressive Design Build (PDB)
- Design-Build (DB)

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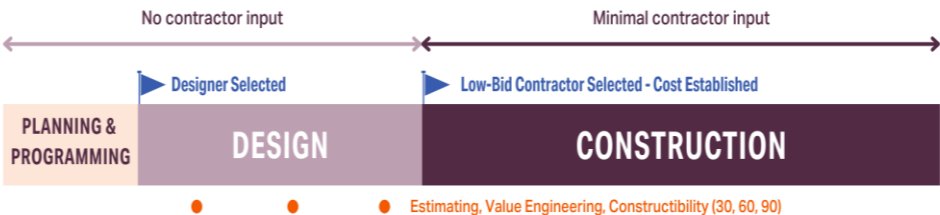
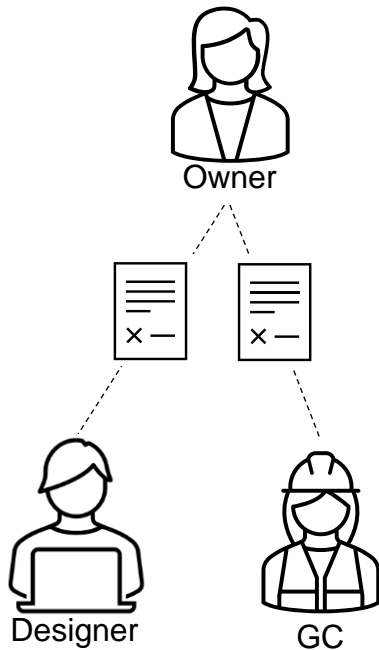
# DESIGN – BID – BUILD



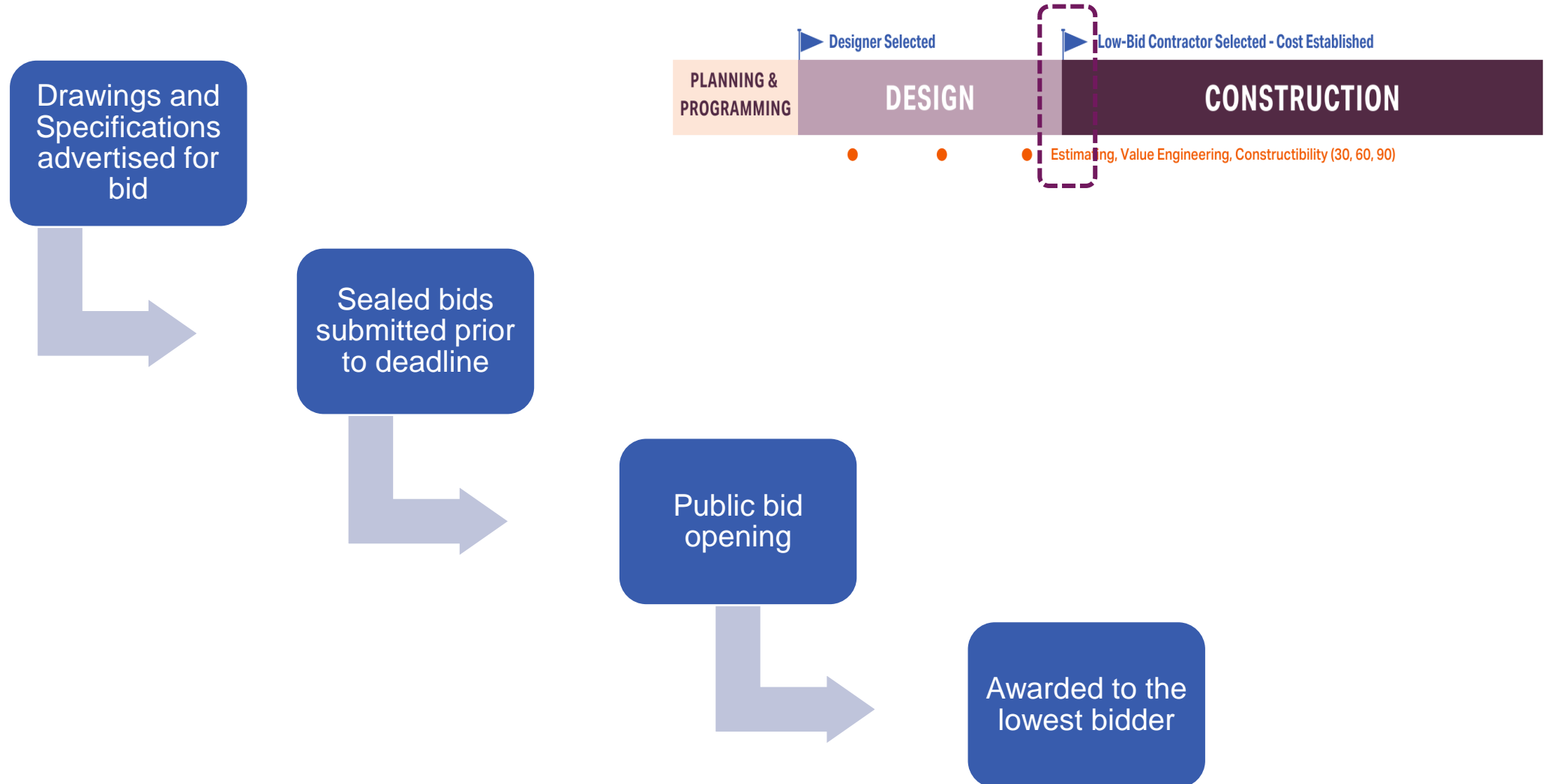
# The Traditional: Design-Bid-Build

## PROCESS:

- **Two Contracts**, owner/designer and owner/contractor
- Architect/Engineering (A/E) RFQ is put out publicly.
- A/E is selected **based on qualifications**.
- Design reviews, estimates, value engineering, and constructability reviews occur at 30%, 60%, and 90% design.
- General Contractor is selected **based on lowest price**, and costs are now known.
- Construction proceeds following permits and final design.



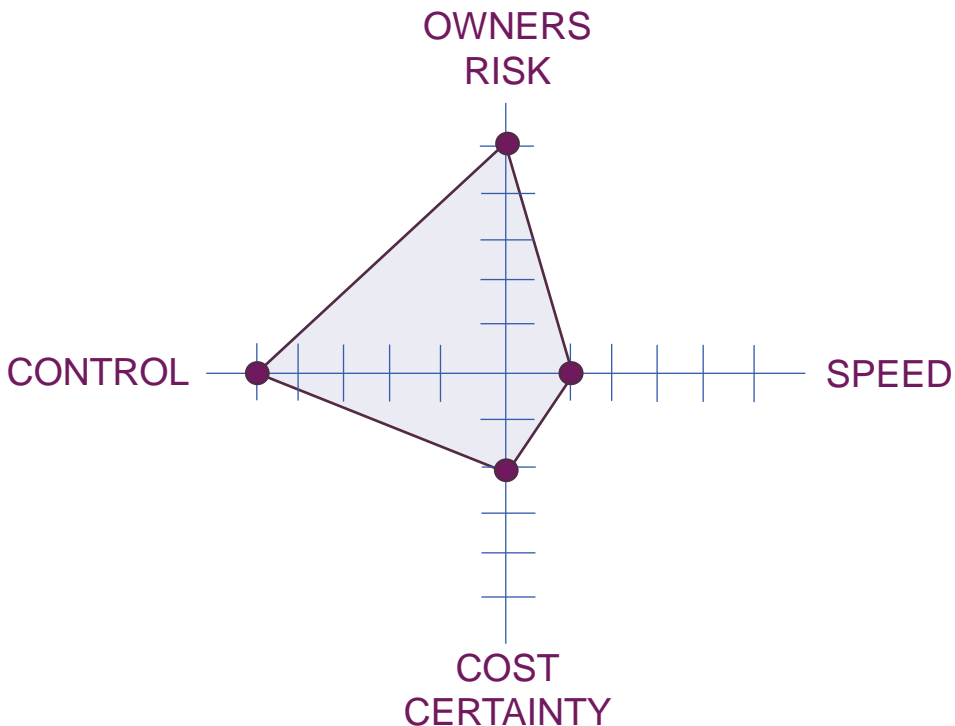
# Design-Bid-Build Process



# Why Design Bid Build

Historically, the primary way public agencies procure construction.

- Great method for **simple, straight-forward projects** with little risk.
- Contract is familiar to agencies and historical contract law provides ample guidance when issues arise.
- **Third party** estimating, value engineering, and constructability review.
- No relationship between designer and contractor – the owner becomes intermediary between the two entities.
- Not well suited for complex projects where there is uncertainty.
- Owner assumes risk for errors and omissions in the construction documents.

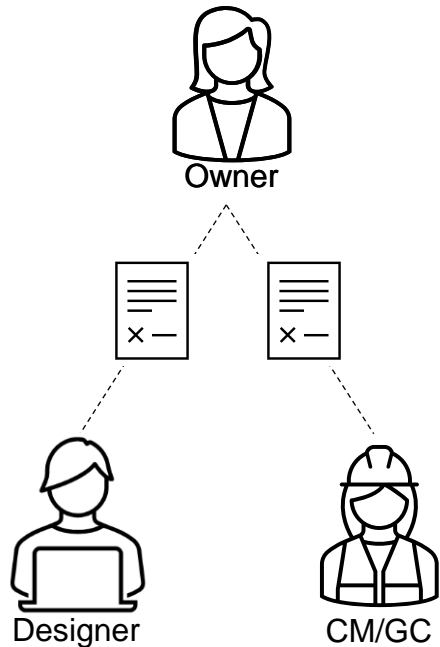


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**GENERAL CONTRACTOR /  
CONSTRUCTION MANAGER (GC/CM)**

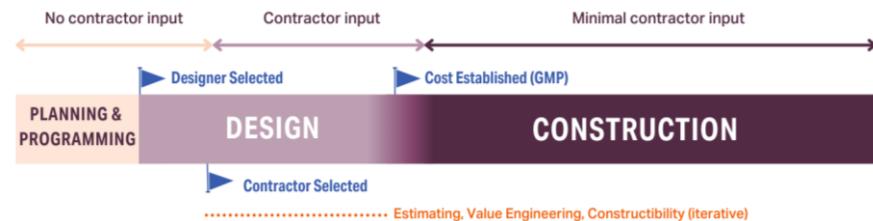
**CONSTRUCTION MANAGER AT RISK**

# What Is GC/CM



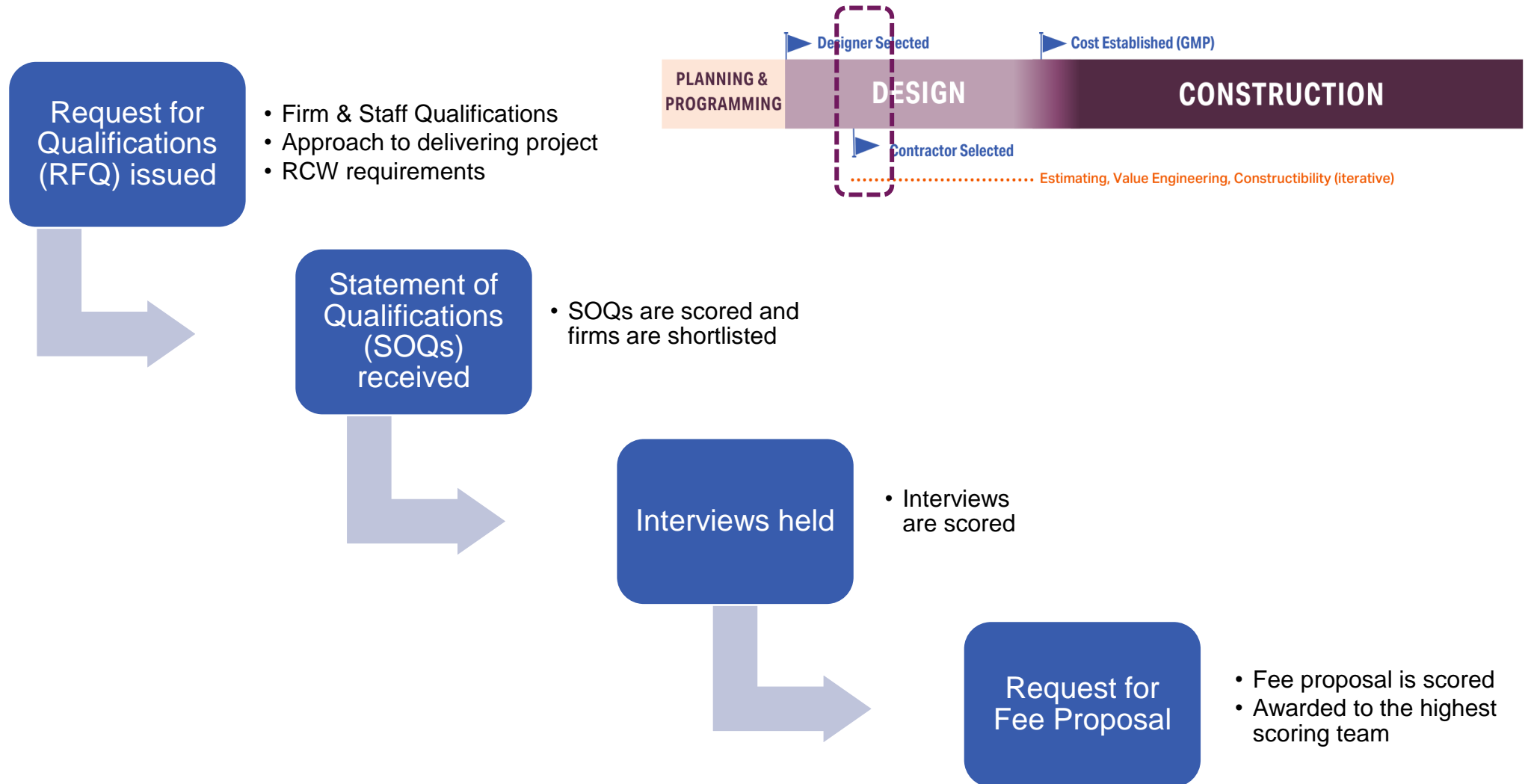
## PROCESS:

- **Two Contracts**, owner/designer and owner/contractor
- Architect is selected based on **qualifications** and does preliminary design work with owner.
- Contractor is selected based on **qualifications and cost** component to provide **preconstruction services** when the design has advanced to approximately 30%.
- Architect continues with design with **input from the Contractor**.
- At 90%-100% design, subcontractors are selected based on lowest price through public bid.
- At 90-100% design, the Maximum Allowable Construction Cost (MACC) is negotiated, and then construction begins.

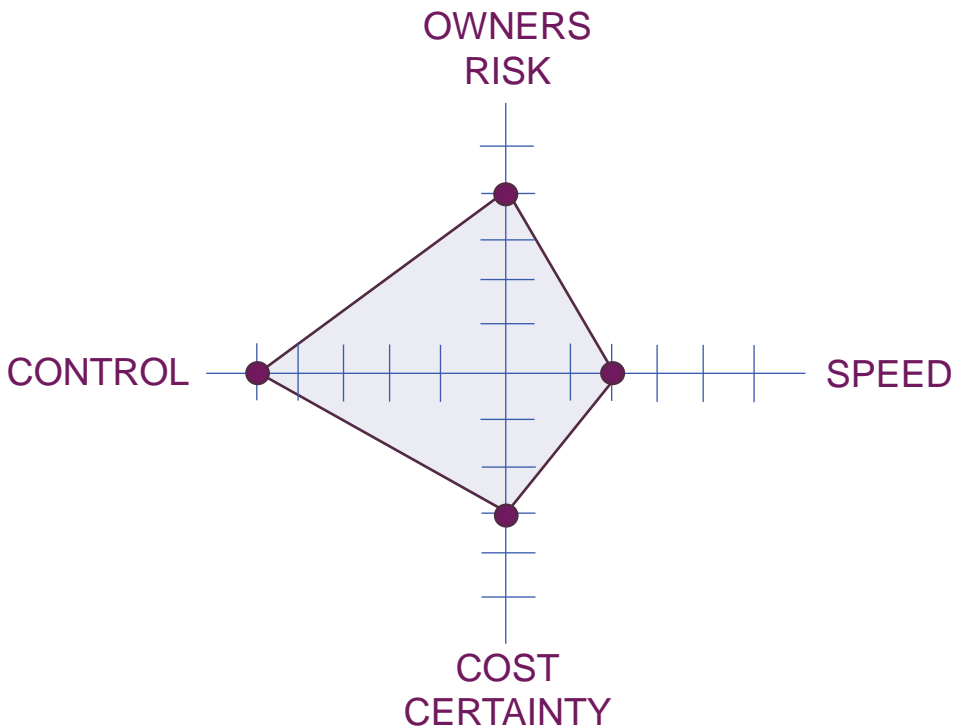




# GC/CM Selection Process



# Why GC/CM



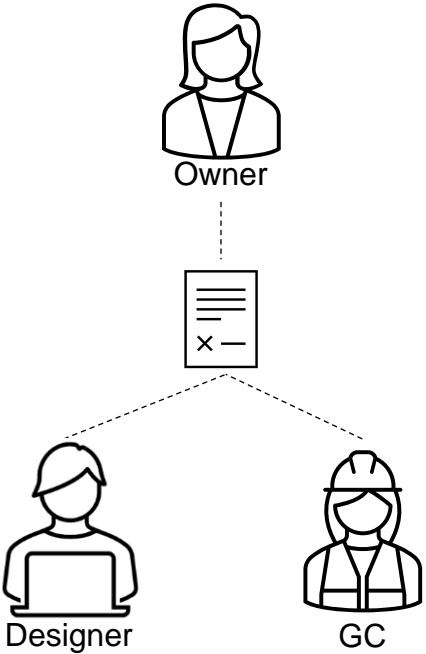
- **Moderate-High Owners Risk**
  - **Owner assumes risk** for errors in the drawings since the architect is contracted to the owner.
  - Contractor is at the table during design to provide input and inform design decisions.
- **High Owner Control**
  - Collaborative design until owner selected GMP
  - Allows for **innovation and collaboration**.
- **Low-Moderate Speed**
  - Options for a “**mini-MACC**” at earlier stages of the project to support early works or long lead procurement
  - Contractor onboard through design, continual constructability input
- **Moderate Cost Certainty**
  - Contractor performs estimating, value engineering, schedule input, and constructability review during the design.
  - Cost certainty comes at 90% design when the MACC is set.

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# PROGRESSIVE DESIGN BUILD



# What Is Progressive Design Build

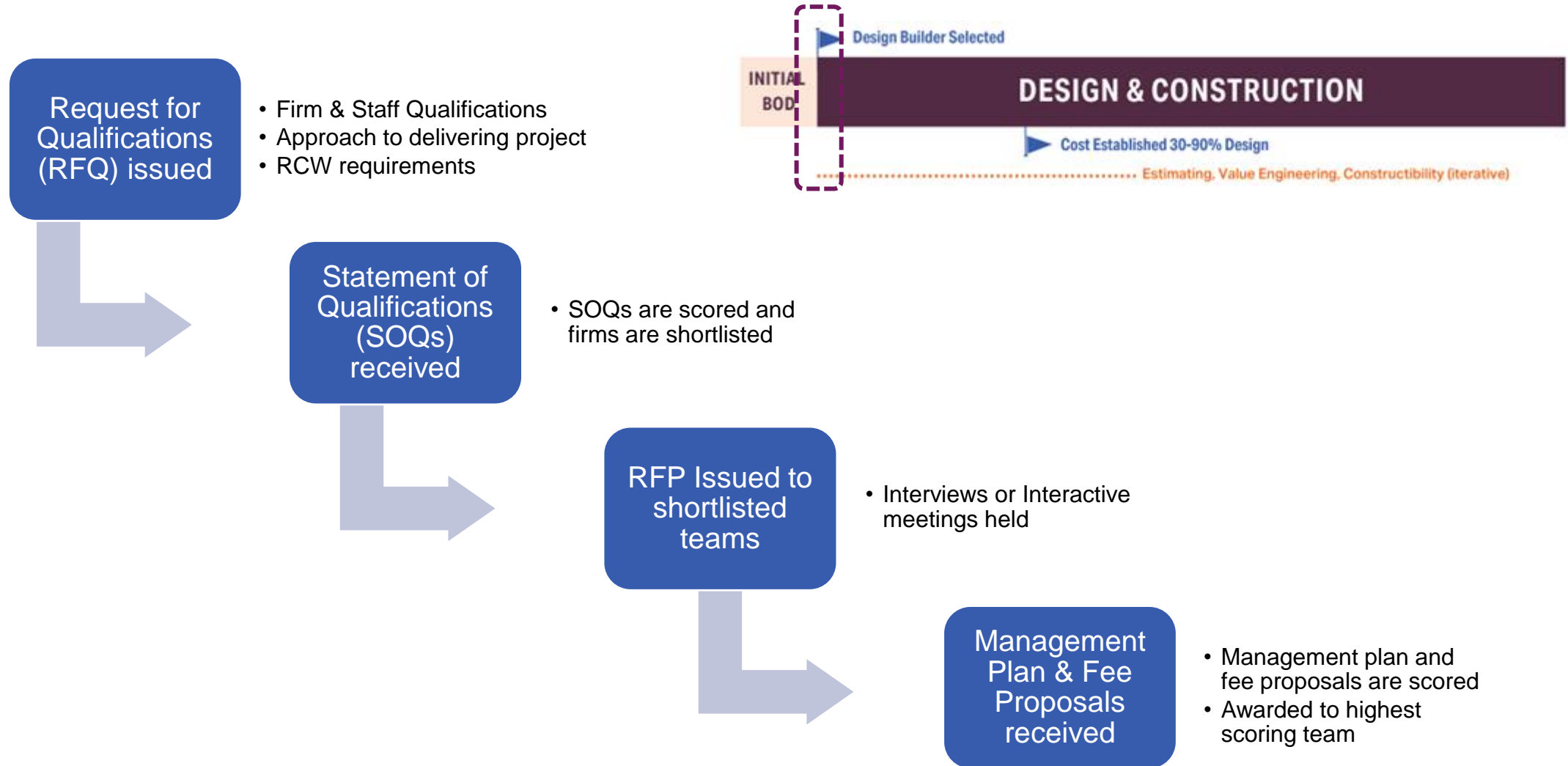


## PROCESS:

- **One Contract** between the owner and a design/build firm.
- Progressive Design Build (PDB) team is selected based on **qualifications**.
- Selected team is awarded **design and preconstruction services** contract.
- PDB team works with owner to develop program, design requirements and refine cost and schedule expectations.
- PDB team completes the design with the owner and buys project out based on **best value** – low bid is not required.
- PDB team establishes **Guaranteed Maximum Price (GMP)** at owner defined contractual milestone, providing price certainty.

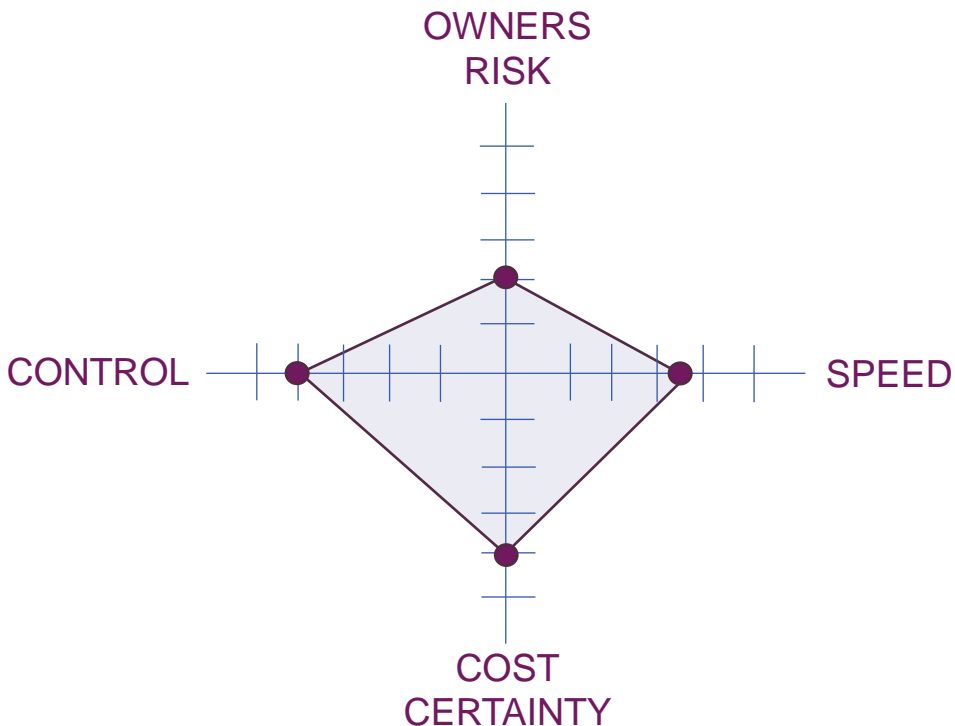


# Progressive Design Build Selection Process





# Why Progressive Design Build



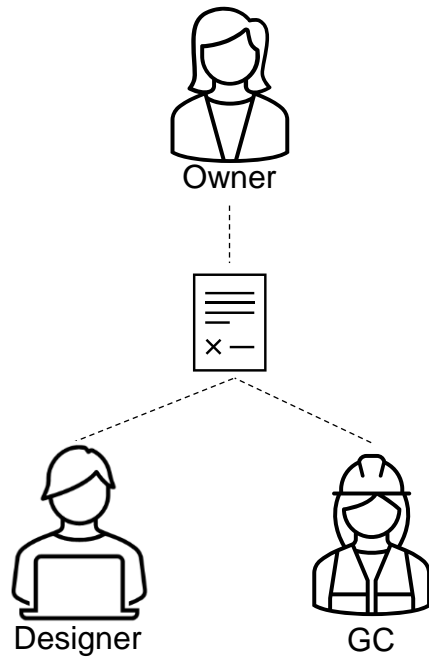
- **Low Owners Risk**
  - Design/Builder Obligated To Meet Performance Requirements
  - Design/Builder Owns Error/Omissions Risk After GMP
- **Moderate Control**
  - Collaborative design until owner selected GMP
- **Moderate Speed**
  - Can support phased GMP for long lead/early works
  - Contractor onboard through design, continual constructability input
- **Moderate Cost Certainty**
  - Contractor providing input into estimates during design
  - Maximizes value & innovation by designing to owner's budget through Target Value Design
  - GMP establishes maximum price

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# DESIGN BUILD



# What Is Design Build

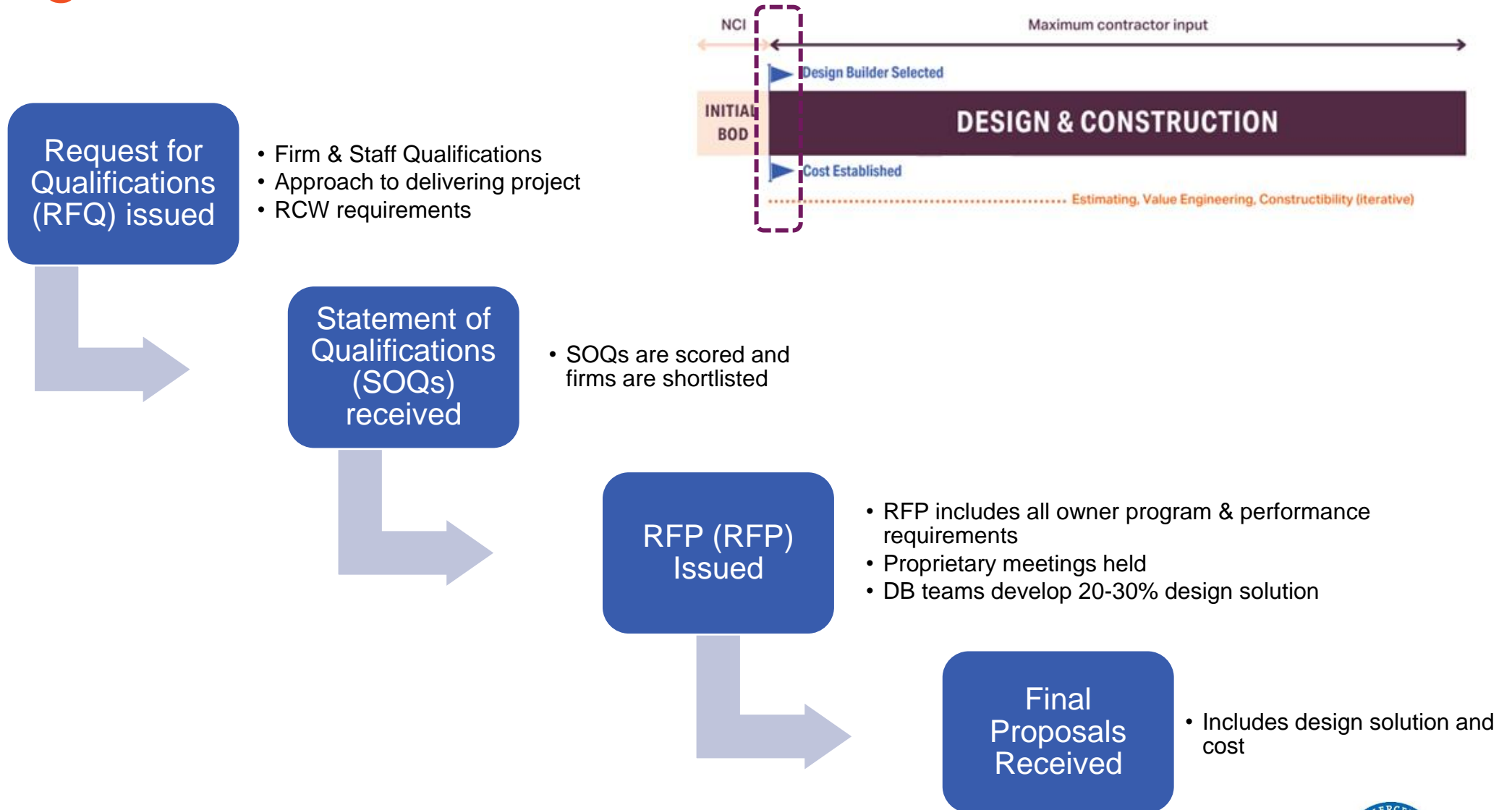


## PROCESS:

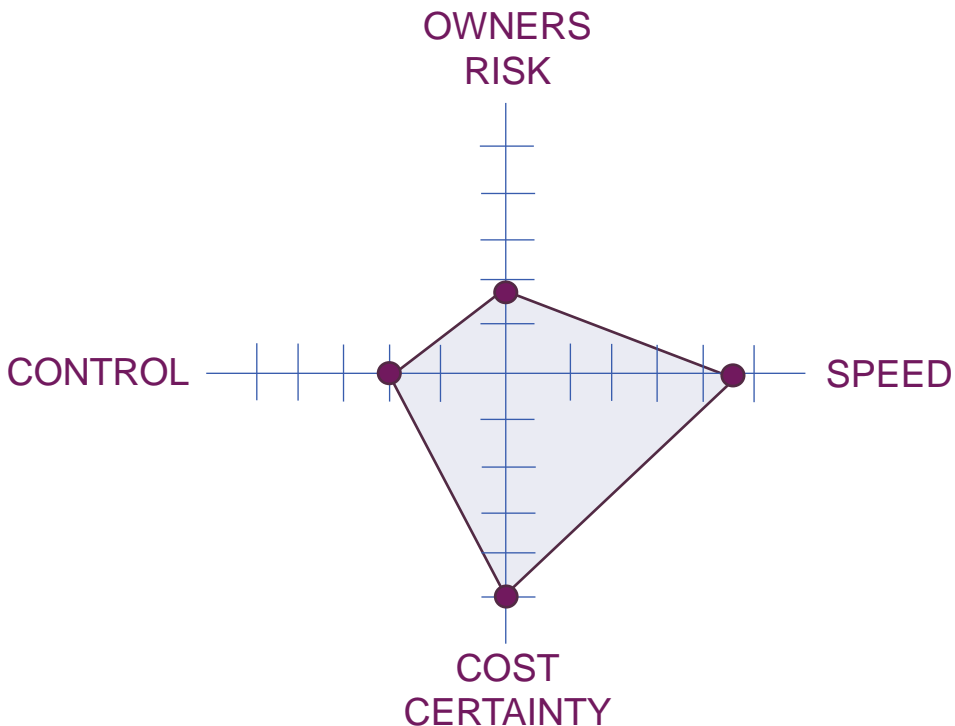
- **One Contract** between the owner and a design/build firm
- Owner develops detailed **performance requirements and bridging document** to support procurement.
- Proposals give owner **multiple** designs with costs to choose from.
  - Project can benefit from teams' **competitive innovation**.
  - Owner can benefit from **competitive pricing**.
  - **Honorarium** must be paid to proposers not chosen.
  - Project costs are **verified** by the market.
- Validation Period allows DB opportunity to verify assumptions made during proposals and develop final cost with owner
- One awarded, DB team advances the design and begins construction.



# Design Build Selection Process



# Why Design Build



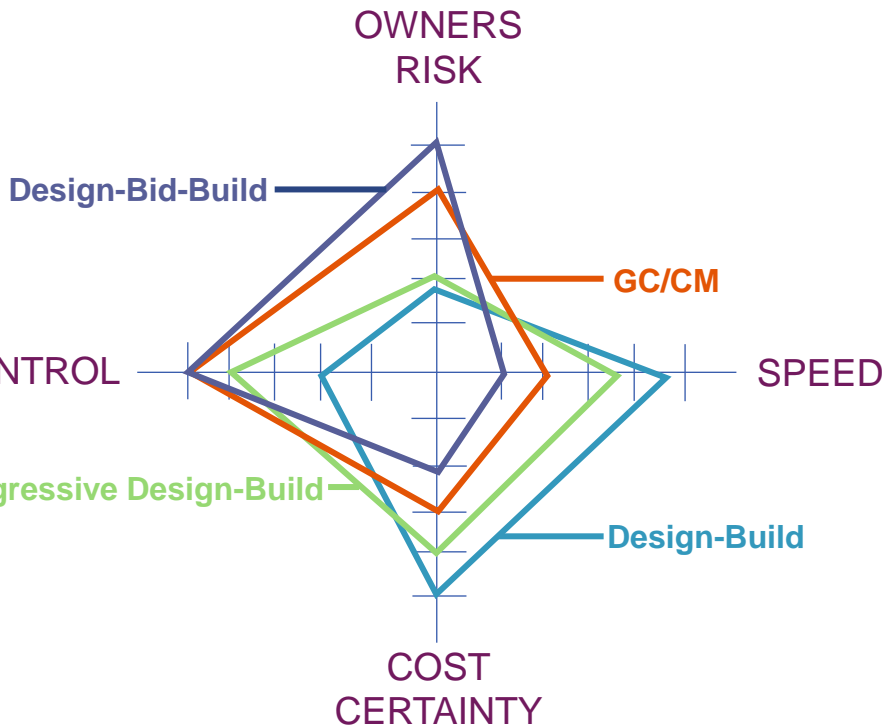
- **Lowest Owners Risk**
  - Design/Builder Obligated To Meet Performance Requirements.
  - Design/Builder Owns Errors & Omission Risk At Award.
- **Lowest Control**
  - Typically, any owner driven changes after solicitation are considered change orders.
- **High Speed**
  - Full award at onset of design, enabling contractor to structure and sequence the work in the way most beneficial to construction.
  - Contractor onboard through design, continual constructability input.
  - Innovation may expedite construction.
- **High Cost Certainty**
  - Price is established at award.



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# CHOOSING A PROJECT DELIVERY METHOD

# How To Select A Method



## Project Delivery Method Criteria

Project Delivery Method Criteria (PDMC) are the project delivery method selection Decision-making Profile Characteristics (DMPC). These criteria were developed for delivery method selection and management.

**Delivery Timeframe:** The total time that it takes from project conception to project activities.

**Predictability:** The ability to infer the outcomes of events based on accurate forecast schedule targets, as well as other owner requirements.

**Size/Scope:** The physical size of the project and how well defined the project scope goals, deliverables, tasks, and deadlines.

**Management Flexibility:** Project leaders' willingness to change, make modification make flexible choices, use flexible processes, and work iteratively.

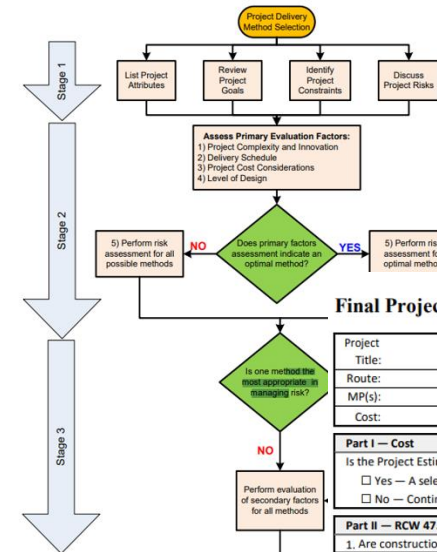
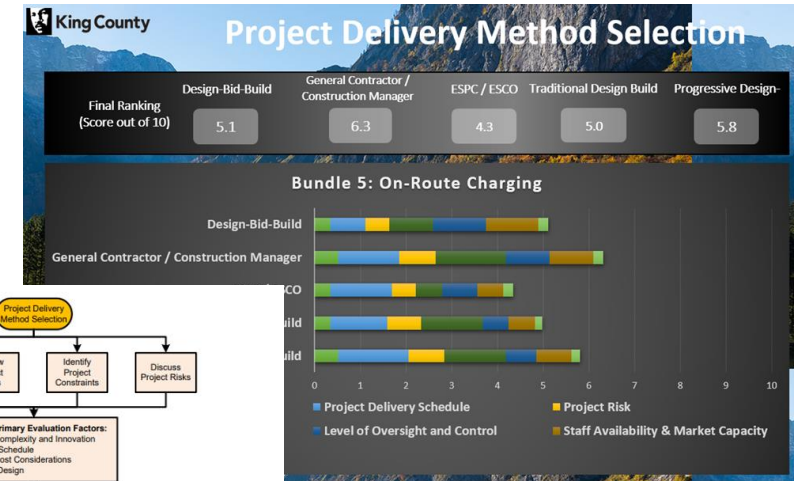
**Owner Involvement:** The owners desired level of involvement in the project, including making.

**Project Risk Tolerance:** The owner's readiness to take risks on a project and make initiatives, in a construction project.

**Technical Complexity:** The technical difficulty and intricacy of building systems, within initiatives, in a construction project.

**Early Collaboration:** The involvement of stakeholders (e.g., end users, maintenance design process from the project onset).

**Stakeholder Complexity:** The diversity of stakeholders and team members involved project objectives, goals, desires, and add complexity to goal alignment.



## Final Project Delivery Method Selection Checklist

Project Title:	Date:
Route:	WIN:
MP(s):	PIN:
Cost:	List any additional PINs at bottom or attached to this form.
<b>Part I — Cost</b> RCW 47.20.785 does not encourage Design-Build for a project contract cost (PE & Construction) less than \$2 Million	
Is the Project Estimate less than \$2 Million?	
<input type="checkbox"/> Yes — A selection process and authorization are not required — the delivery method is Design-Bid-Build.	
<input type="checkbox"/> No — Continue to Part II	
<b>Part II — RCW 47.20.785 Project Qualifications for Design-Build Method</b>	
1. Are construction activities highly specialized? <input type="checkbox"/> Yes <input type="checkbox"/> No	
2. Is a DB approach critical in developing the construction methodology? <input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Does the project provide opportunity for greater innovation & efficiencies between the designer & builder? <input type="checkbox"/> Yes <input type="checkbox"/> No	
4. Would use of DB result in significant reduction to the overall project schedule or critical milestones? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If <b>Yes</b> was selected for <u>any</u> of questions 1 through 4 above, Design-Build is a viable PDM option. (Go to Part III)	
If <b>No</b> was selected for <u>all</u> of the questions 1 through 4 above, it indicates Design-Bid-Build as the PDM — get authorization (end).	
<b>Part III — Project Questions</b>	
A. Are there 3rd party agreements with local government or agencies that require a full design before execution? (Is a significant portion of the project impacted?)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Justification:	
B. Are there long lead, lengthy environmental permits or ROW issues that would delay start of Construction? (Is a significant portion of the project impacted?)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Justification:	
C. Is early obligation of funds necessary? (Such as a deadline to obligate grant funding)	<input type="checkbox"/> No <input type="checkbox"/> Yes



Flowchart of the PSDM P



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# Alternative Delivery Legislation – RCW 39.10

## **RCW requires the following for GC/CM, Progressive Design-Build & Design-Build:**

- The public agency must have reasonable budget contingencies totaling not less than five percent of the anticipated contract value.
- The agency must have staff or consultants with expertise and prior experience in the management of comparable projects.
- Contract documents must have requirements for the design builder to include underutilized firms such as OMWBE/Veteran/Small businesses.
- Evaluation and approval of the Project Review Committee (PRC) before using alternative delivery.



# Project Review Committee (PRC)

- **Approve** Public Agency use of GC/CM and DB for projects:
  - **Review applications** submitted and presentations made
  - Determine if project **meets requirements** of RCW 39.10
  - Determine if public body has necessary experience **or** qualified team
- Members are **30 industry professionals** appointed by Capital Projects Advisory Review Board (CPARB)
- Meets bi-monthly, application process takes about 45-60 days

Application Due Date	PRC Meeting
April 22, 2024	May 23, 2024
May 20, 2024	June 27, 2024
June 20, 2024	July 25, 2024
August 20, 2024	September 26, 2024
October 21, 2024	December 5, 2024



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# OPEN DISCUSSION – WHAT QUESTIONS DO YOU HAVE?



**OAC**

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**THANK YOU**