Alternative Contracting Methods | Design-Build

Design-Build (DB) is a delivery method in which the owner awards a single agreement for the design and construction of a project. A fixed, lump sum amount to cover the entire DB project cost is established at the time of award. Following award of a DB project, the designer-builder will prepare final design plans and construct the project in accordance with the DB contract that is prepared by the owner prior to or during the procurement process. The DB contract must include a comprehensive scope of work and robust set of technical specifications.

DB projects may be procured using a one-step or two-step procurement process. The two-step process extends the procurement duration and increases the level of effort for interested parties but improves the likelihood that the owner selects a highly qualified design-builder that can successfully deliver the project. Stipends to reimburse the effort of unsuccessful proposers are recommended.

Step One - Qualifications

- Issuance by the owner of a Request for Qualifications (RFQ)
- Submission of Statement of Qualifications (SOQ) from interested parties
- Evaluation by the owner based on the criteria established in the RFQ

Step Two - Technical & Price Proposals

- Issuance by owner of Request for Proposals (RFP) and DB contract to the teams shortlisted in Step One
- Development of a proposal, including design drawings, management plans, price, and other elements required in the RFP
- Submission of a technical and price proposal
- Evaluation by the owner based on the criteria established in the RFP

Use of a one-step procurement process may be considered for non-complex projects where the number of interested parties is anticipated to be low.

The method to determine the successful proposer in DB projects is addressed in the RFP. The method typically includes a combination of price and qualitative factors. The distribution of points between price and qualitative factors is typically related to the complexity of the project and how much the owner values selection of a design-builder that may provide more creative solutions despite a higher price. Another approach includes establishing a maximum price for a scope consisting of mandatory elements and variable elements. In this case, selection is based primarily upon a proposer's commitment to deliver the most scope. Use of a low-bid selection method for DB projects is not recommended except for very simple projects that include minimal design.

In DB, it is critical for the owner to sufficiently advance development of a project prior to release of the RFP. The DB contract must address how risk will be allocated and managed. If project development is not sufficient and risk is allocated to the design-builder, contingency will be added to the price by proposers based on uncertainty in risk impacts. Excess contingency may cause all price proposals to exceed the owner's budget. Alternatively, if the risk is accepted by the owner and project development is insufficient, the owner needs to ensure that sufficient budget is available if the risk is realized during construction. It is also important to ensure that the scope of work described in the RFP and DB contract is comprehensive. If it is not, the owner may be responsible for cost and schedule impacts related to change orders.

In order to ensure a successful DB implementation, owners must ensure sufficient resources are available for design oversight and construction oversight activities.

Primary DB Benefits
- ❖ Encourages creative solutions
- ❖ Expedites schedule through concurrent design and construction activities
- ❖ Price certainty at award