

Alamance County Commissioners

Special Board Discussion

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Construction Delivery Models

Exploring Methods of Construction Contracting & Delivery

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Board Fiduciary Responsibility

- **What is a “Fiduciary”**
- **What “Responsibilities” accompany being an Alamance County Commissioner?**
 - **Duty of Care**
 - **Duty of Loyalty**
 - **Duty of Obedience**

TOPICS

- Definitions of the types of construction contracting and the methods which fall under each type.
- Basic description of the various models of construction to include some advantages/disadvantages of each.
- Matching of Alamance County construction projects to delivery models – Consultant's consideration

Phases of Design & Construction

- Project / Scope Definition – project requirements & constraints, estimate of cost & time for delivering it
- Design – schematic design; design development, construction drawings & specifications
- Construction – procurement, shop drawings, fabrication, site construction & project close-out


Construction Delivery Options


- Design-Bid-Build
(Traditional Method)
 - Single Prime Contracting
 - Multi-prime Contracting
 - Dual Bidding
- Construction Manager at Risk (CMR)
- Construction Manager as Agent (CMA)
- Alternative Contracting Methods
 - Design-Build
 - Design-Build-Bridge
 - Public-Private Partnership

Design-Bid-Build

Project
Start

Substantial
Completion

Select

Designer

Design

Project

Select

Contractor

Construct

Project

Design-Bid-Build

- Traditional Method
- Sequential Project Delivery Method
- No Contractor Involvement in Design
- Design team looks out for interests of the owner
- Uses competition to foster value and quality
- Easy to Evaluate

Construction Manager At Risk

Project
Start

Substantial
Completion

Select
Designer

Design
Project

Select
CM

Pre-Construction
Services

Construct
Project

Construction Manager At Risk (CMR)

- Competitive Best - Value Selection
- Select Early in the Design Process -
Faster and More Responsive to Change
- Involve CM in the Design Process
- Open Book Approach Based on a Guaranteed
Maximum Price (GMP)
- Allows for Shared Savings
- Requires Additional Review of Proposals and Pay
Applications

Construction Manager as Agent (CMA)

A “CMA” is not a construction contracting method

- The CMA is an “Agent”, similar to the Designer
- Selected based on qualifications. Contract negotiated
- Prepares the “trade packages”, solicits bids for Owner
- Provides scheduling and construction administration
- All construction contracts with the Owner
- Competitive Value-Based Selection
- It looks like a separate/multi- prime arrangement

Alternative Contracting

Note: Alternative Contracting methods should be carefully considered by the County, and contractually written to provide owner protections.

- A. Design – Build

- B. Design – Build – Bridge

- C. Public-Private Partnership

A. Design-Build

Project Start

Substantial Completion

Select

Design/Build Team

Design

Project

Pre-Construction

Services

Construct

Project

Time

Design-Build

- Competitive Best - Value Selection
- Single Contract Entity
- Fast Track Projects with Well-Developed Scope and Specifications
- “Commercial” Projects
 - Parking Decks
- Ambiguous Projects
 - Research, Scientific, & Health Facilities

B. Design – Build - Bridge

- Contract for design criteria services under separate agreement from construction phase of the Design-Builder (D-B)
- Design criteria and drawings expressed in specifications sufficient to allow D-B to make a responsive bid proposal
- Must address all/same requirements as in D-B

C. Public-Private Partnership

- A project in a private developer contracts for:
 - Construction of a facility or improvements
 - Paving, grading or infrastructure
 - Reconstruction or repair

The private developer is required to provide at least 50% of the financing for the total cost necessary to deliver the project. This can be by lease or ownership.

Public-Private Partnership P3

Examples of P3

P-3 – What Public/Private Partnerships Make Sense?

What are you Permitted to do?

The Traditional P-3 Partnerships Re-visited

Selection Options

- Best Qualified
Qualifications Alone
 - Best Price
Lump Sum, Low Bid
(Price Alone)
 - Best Value
Competitive Sealed Proposals
(Price, Time, Qualifications, and Other Factors)
-
- *All Competitive Selections*
 - *All Require HUB Subcontracting Plan*

Best Qualified Selection

- Based Only on the Firm's Qualifications
- Price Not Considered
- Evaluate:
 - Experience
 - Unique Skills
 - Approach
 - Staff Qualifications
 - HUB Commitment (As a %)
 - Record of Claims and Litigation

Best Price Selection

- Compete on Price Alone
- Assumes:
 - Unambiguous, Complete Plans & Specs
 - Low First Cost = Low Final Cost
 - Only Construction Price Matters
- Simple, Easy to Evaluate
- Not a Value-Based Selection
- Does Not Consider HUB Commitment

Best Value Selection

- Competitive Sealed Proposals
- Compete on Multiple Factors
 - Price
 - Time
 - Capability and Reputation of Firm
 - Capability and Reputation of Team
 - HUB Commitment
 - Financial Capability
 - Safety Record

Best Practices - Policies

- Use Best Qualified for all Professional Services
- Use Best Price Contracting for all low-cost, non-time sensitive projects
- Use Best-Value Contracting for all others
 - Single Prime for projects under \$3.5 M or less
 - Avoid Multi-prime “like the plague”
 - Construction Manager @ Risk for Projects Over \$3.5 M
- Consider CM-Agent for complex projects
- Consider Projects for Design-Build Opportunities

Best Practices - Evaluation Criteria

- *HUB Subcontracting Plan – Go/No Go*
- Cost/Fees*
- Time*
- Firm Experience & Workload
- Project Team Experience
- Management Plan
- HUB Contracting Commitment
- Record of Claims and Litigation
- Safety Record

* Not Required for Professional Services

Lessons Learned

- Best Value Contracting Requires
 - Significant Up-Front Preparation
 - Structured Selection Process
 - Selection Committee Stability
 - Patience
- Shared Savings Make Little Difference
- Planning and Design Not Always Valued
- Someone Will Always Say: “I Can Build It Cheaper”

Consultant's Top Issues

- **Employing an Owner's Representative for the large number of coterminous projects and need to move quickly**
- **Traffic flow around property during construction**
- **Swing space during renovations**
- **Staging projects**
- **“Surprises”?**
- **Construction cost inflation & price volatility in today's market**
- **Cost of Energy / Sustainable Design**

Matching Projects to Models

Consultant's Consideration

- **I. Construction Manager at Risk:**
 - Human Services Building: \$3.2 mil. 2019/20
 - Deferred Maintenance: \$3.5 mil. 2020
 - New High School
 - ACC Center of Excellence
 - ACC Parking Deck
 - Judiciary Campus @ Graham: \$10 mil. 2021-22

Matching Projects to Models

II. **Single-Prime:**

- Human Services Building (New): \$3.2 mil 2019/20
- Deferred Maintenance (Reno): \$3.5 mil 2020
- Human Services Building (Old Hospital): \$1.5 mil 2020
- Elderly Services Building (Conversion) to Mental Health Diversion Center: \$1,000,000 2020/21
- Southern H.S. (Reno)
- County Facility Projects (Misc.): \$2.7 mil. 2020
- County Jail (Cell Block): \$800k 2020

Matching Projects to Models

III. **Public/Private Partnership (P3) or Design-Build:**

- **Downtown Graham (Parking Deck)**
- **ABSS Projects (?)**

Questions & Discussion

Success is the confluence of opportunity & preparation