



Project Delivery Methods: A Contractor's Perspective

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Texas Water Infrastructure Network
Building the Future of Texas Water Today

What is TxWIN?

- A new voice for Texas contractors and others in the water infrastructure industry. Membership includes suppliers, manufacturers, specialty contractors, law firms and others.
- The only statewide membership based organization dedicated to waterworks and related water infrastructure construction, design, procurement, legislative and regulatory issues.
- Committed to building strong, sustainable, and competitive construction markets.
- Founded by likeminded Texas based companies who agreed there was a need to create an organization focused on contracting, procurement, regulatory and legislative issues in the water infrastructure market.
- A valuable one-stop resource to educate and partner with water utility owners to maximize value and competition.

Considerations in Project Delivery

- Owners have more options available today as you consider project strategies, options expanded in 2007.
- Owners increased emphasis on qualifications.
- Promoting competition provides value for you as an owner and makes the industry more responsive.
- Stewards of public dollars have a legal and ethical responsibility to preserve and protect the public trust.
- Transparency and fairness in procurement process are critical to a successful project.
- Base decisions based on your project needs & budget.....not marketing.

Project Delivery Methods

Perceptions

Design-Bid-Build



Construction Manager at Risk

Design-Build



Design-Bid-Build

Pros

- Well understood by all parties
- Owner has a large amount of control over final design
- Independence between designer & contractor

Cons

- Sequential process
- Construction cost not established until after design is complete
- No constructability review during design
- Potential for adversarial relationship

Design-Build (DB)

Pros

- Multiple procurement options
- Constructability review
- Single point of responsibility (as far as Owner is concerned)
- Shortened scheduled
- Non-adversarial relationship between A/E & GC

Cons

- Owner has less control over design details
- Owner must clearly define scope prior to entering into contract (risk of creep)
- Owner must have extensive construction experience
- Loss of check & balance between A/E & GC
- Potentially more expensive since pricing is established prior to design completion

Construction Manager at Risk (CMAR)

Pros

- More flexibility allowed under the law in selecting the CM
- Constructability review
 - Shortened Scheduled
- Buy in from the CM for the design
- Maximum price is established earlier in the process
- Elimination of the conflict of interest between the design team and the owner

Cons

- Owner has less control over design details
- Potential Adversarial relationship between A/E & CM
- Owner must view A/E & CM as equals
- Lowest price may not be achieved
- If CM isn't selected prior to substantial design development benefits are lost

Factors in Selecting Delivery Methods

- Complexity of project
- Project size (cost estimate)
- Is early contractor involvement desired?
- Is price or qualifications the driving factor in selection?
- Single point responsibility or multiple contracts?
- How much control does owner desire?
- Do want a general contractor with self-performance capabilities or a Construction Manager?
- Project schedule requirements

Subjectivity While Promoting Competition

For the CSP, CMAR, and DB delivery methods, the owner can set up a ranking system based upon their priorities, while fostering competition by providing an inclusive set of attainable benchmarks:

- Does the contractor's proposed team have a history of working collaboratively with the owner and/or designer?
- What local or regional relationships and resources does the contractor have at their disposal?
- Which contractors proposing on the project have the best mix of experience, price, and resources for this particular project?
- **Experience with the type of project is more important than experience with the delivery method!**
- **Don't establish unnecessary selection criteria that have no bearing on the quality of the project!**

Avoiding Risk and Conflict

- When competition is minimized you will pay more.
- Avoid conflicts of interest and protect yourself by separating responsibility for design and construction in CMAR procurements.
- Maximize incentives to be inclusive of stable and static native design and construction companies.
- Do your homework—if it sounds too good to be true.....it probably is.

Red Flags for Contractors

- Qualifications requirements that exclude experienced & established Texas contractors
- Unrealistic schedule requirements
- High liquidated damages
- Doing the bare minimum required by law to advertise your project
- Related entities competing for design and CMAR contracts (de facto Design-Build)

Questions?



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