



# PROJECT PROCUREMENT OPTIONS



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# Professional Services Procurement

- **Professional Services must be procured under the “Professional Services Procurement Act” Tx Govt Code 2254.**
- **These include:**
  - **Architectural/Engineering Services**
  - **Materials Testing – Including GEOTECH**



# Professional Services Procurement

## Procuring Professional Services

- **Based on Qualifications**
  - **Price can NOT be initial factor in evaluations**
- 
- Step 1: Issue RFQ (Advertise if necessary)
  - Step 2: Shortlist/Interview
  - Step 3: Select a Firm
  - Step 4: Negotiate Fee



# Construction Services Procurement

- **Procured Under Texas Govt Code 2269.**
  - Options:
    - Competitive Bid
    - Competitive Sealed Proposal (CSP)
    - Construction Manager – Agent
    - Construction Manager at Risk
    - Design-Build
    - Job Order Contracts (JOC)
      - JOC will not be discussed



# Construction Services Procurement

- **Competitive Bid**
  - Contractor is selected based on **Lowest Price**
  - Contractor bids on a completed set of construction documents and plans
  - Design –Bid-Build



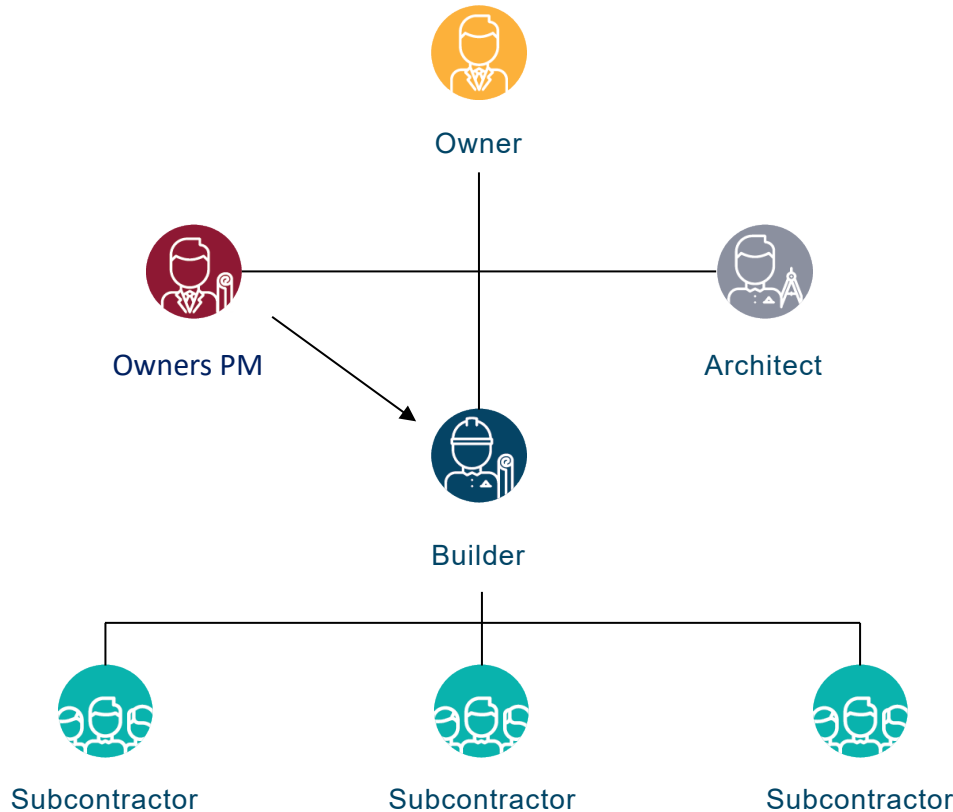
# Construction Services Procurement

- **Competitive Bid**
  - Advantages
    - Lowest Price, Max Competition
    - Owner controls design and construction contracts
  - Disadvantages
    - Lowest Price may mean lowest quality
    - Must award to lowest bidder
    - Cant negotiate after bid receipt
    - If over budget, must reject and redesign
    - Requires owner expertise
    - Longer schedule



# Construction Services Procurement

- **Competitive Bid**





# Construction Services Procurement

- **Competitive Sealed Proposal**
  - Contractor bids on a completed set of construction documents and plans
  - Contractor evaluated based on several criteria and ranked by: reputation, price, quality, schedule, etc
  - Contract negotiated with “Best Value”



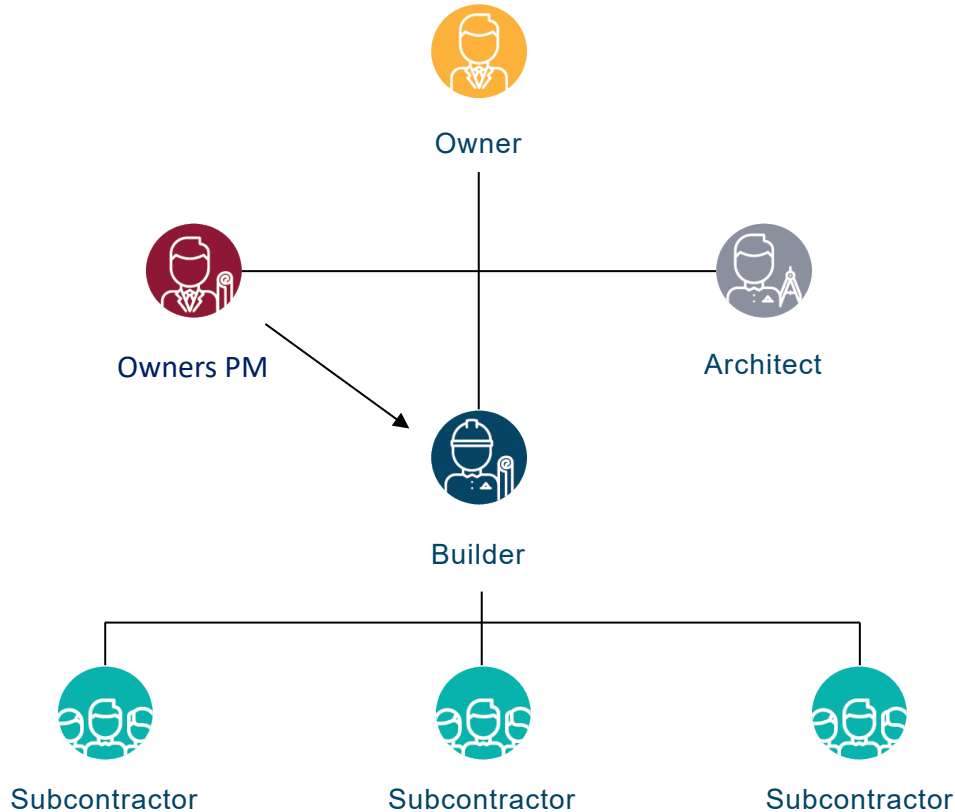
# Construction Services Procurement

- **Competitive Sealed Proposal**
  - Advantages
    - Can weigh selection criteria, not solely on price
    - Allows negotiation after bid opening with selected individual
    - Owner holds design and GC contracts
  - Disadvantages
    - More change orders than some methods
    - Architect vs Owner vs Contractor
    - Longer schedules
    - No contractor input in design/planning



# Construction Services Procurement

- **Competitive Sealed Proposal**





# Construction Services Procurement

- **Construction Manager as Agent**
  - Selected based on an RFQ
  - Handles all of the Subcontracts; unable to *Self-Perform* any work.



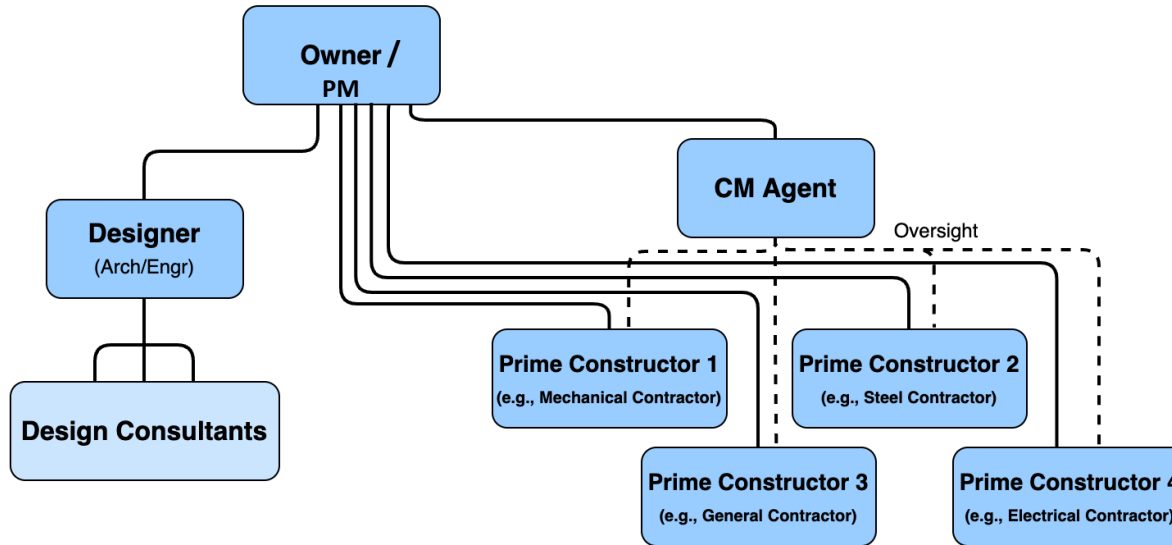
# Construction Services Procurement

- **Construction Manager as Agent**
  - Advantages
    - Eliminates fees associated with GC
  - Disadvantages
    - Owner acts as the GC, liability
    - Numerous contracts to handle
    - Opportunity for Change Orders



# Construction Services Procurement

## ■ Construction Manager as Agent



### Notes

Solid Line = Contract between two parties

Dashed Line = Oversight by one party to another party based upon owner contracts

Number of Prime Contractors will vary.

CM Agent has significant oversight including planning, payment requests, contract terms, etc.

Design is 100% complete prior to procuring prime contractors.

CM Agent is hired early to assist with preconstruction services and procurement of prime constructors.

Prime constructors may contract with subcontractors.



# Construction Services Procurement

## ■ Construction Manager at Risk

- Normally selected at time of the Architect
- Selected based on one of two methods
  - 1 Step Process = RFP (fees and general conditions)
  - 2 Step Process:
    - 1) RFQ to select a shortlist
    - 2) Receive Fee and General Conditions on Shortlisted
- GMP Given after Design Complete
  - GMP = Fees (+) Cost of Work



# Construction Services Procurement

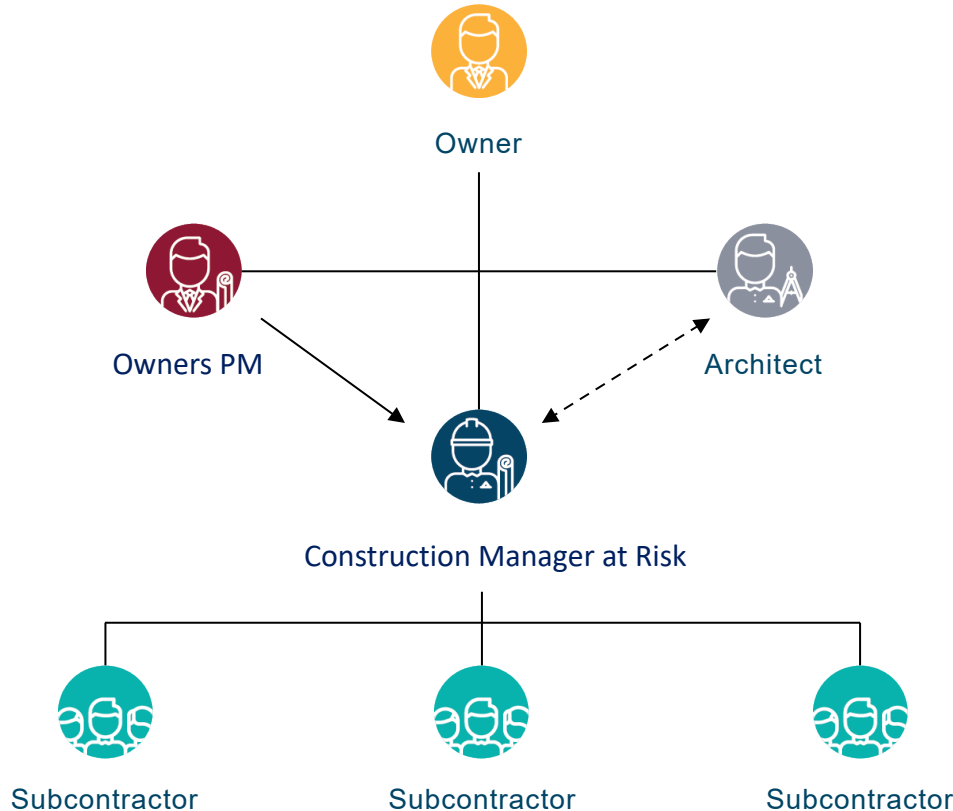
## ■ Construction Manager at Risk

- Advantages
  - GC (CM) works along side design team
  - Cost estimates provided through design
  - Reduces opportunity for Change Orders
  - Increased Constructability
  - Construction can start before design complete
- Disadvantages
  - Cumbersome paperwork
  - CM becomes GC after bids received
  - CMAR CAN self perform
  - Typically NOT lowest cost



# Construction Services Procurement

- **Construction Manager at Risk**





# Construction Services Procurement

## ▪ Design Build

- Architect/Contractor are a single team
  - Generally Architect works under the GC
- Selected after an RFQ Process (2 Step)
- Rates/fees negotiated after selection
- Typically a GMP (Guaranteed Max price) given after design complete.
  - $GMP = Fees (+) Cost\ of\ Work$



# Construction Services Procurement

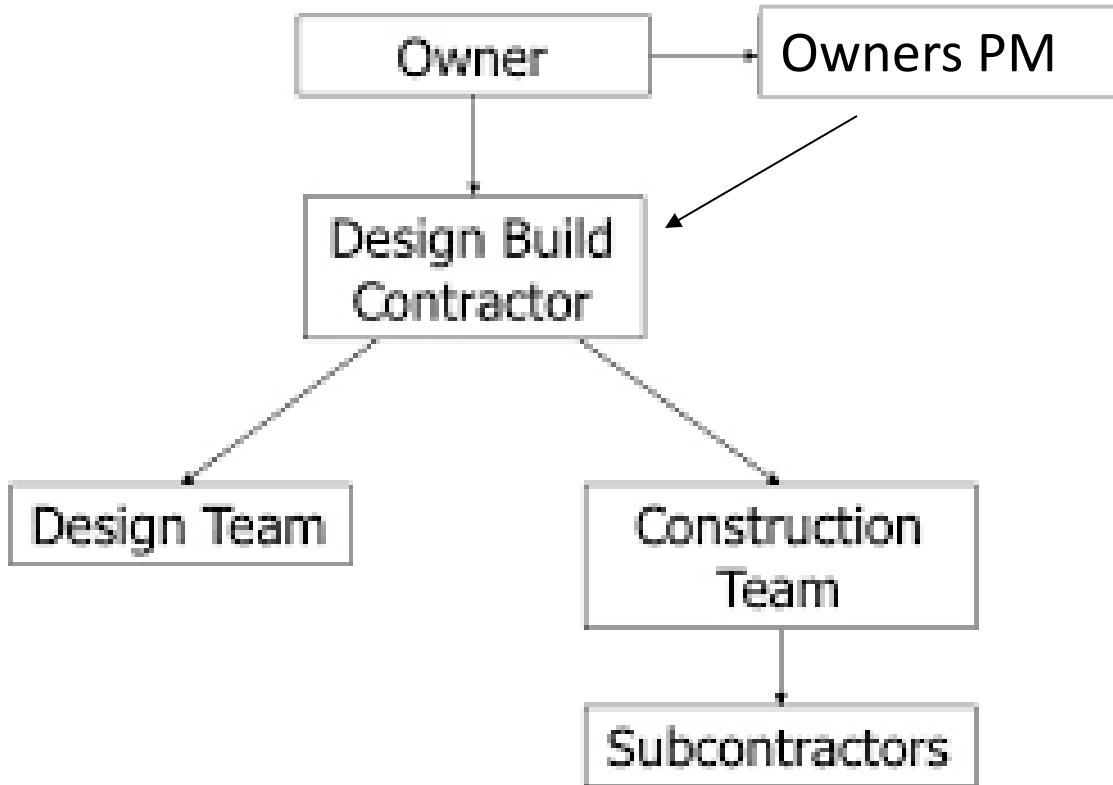
## ▪ Design Build

- Advantages
  - Minimizes Change Orders (single responsibility)
  - GC has input into design
  - Fast tracks the project
  - GC provides cost/estimate input
- Disadvantages
  - Architect works for GC, not Owner
  - Difficult to control quality and design
  - Typically not lowest cost (in our exp)



# Construction Services Procurement

- **Design Build**





## SO.....HOW TO SELECT?

- **Identify Priorities**
  - **Cost = TYPICALLY  
Competitive Proposal**
  - **Quality = TYPICALLY  
Construction Manager at  
Risk**
  - **Schedule = TYPICALLY  
Design-Build**



## SO.....HOW TO SELECT?

- **THERE IS NO ONE SIZE FITS ALL!**  
**CONSIDER:**
  - **Market**
  - **Project Complexity**
  - **Location**
  - **Urgency**
  - **Cost Constraints**
  - **Quality Level**



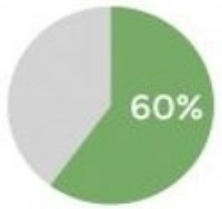
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## COMPETITIVE SEALED PROPOSAL

## CONSTRUCTION MANAGER @ RISK

## DESIGN-BUILD



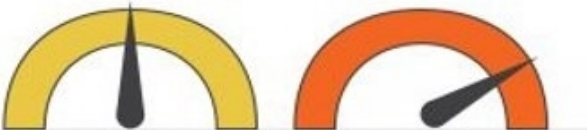
PREVALENCE IN MARKET



PREVALENCE IN MARKET



PREVALENCE IN MARKET





# QUESTIONS?