

# SMARTER WAY TO BUILD

**How Can You Be Assured That You Are Getting the Best Value?**

**Ask the Right Questions!**

**Guide for Design-Build (DB) / Construction Management at Risk (CMr) Projects**

Hold a pre-bid meeting for all design professionals / contractors. Provide answers to all subsequent questions to all bidders.

## **1. Pick your Partners**

- a) Participate in selection of design professionals. (See Design Firm Requirements)
- b) Get to know the contractors project team.
- c) Identify major project phases.
- d) Get price for design phase services
- e) Require standard industry contract documents.

## **2. Control the Cost**

- a) Identify the reimbursable items.
- b) Identify what will be competitively bid.
- c) Identify what will be self performed by contractor.
- d) Lock in labor rates for self performed items.
- e) Agree on fixed fee or percentage mark up for all services.
- f) Exclude or identify any contingency amounts.
- g) Get budget price for project. GMP with 100% give back is preferred.

## **3. Manage your Risk**

- a) Require WC, liability and safety records from contractors.
- b) Require evidence of ability to bond project.
- c) Agree on a proposed schedule.
- d) How will change orders be handled / priced.
- e) Agree on how communications will be handled.
- f) Understand the warranty.

## **4. Plan the Steps**

- a) Get the Facts Go / No Go - Discovery Phase
- b) Determine the Cost - Pre-Construction Phase
- c) Work the Plan - Construction Phase

Have formal, scheduled bidder presentations to review the above and select your construction project team.

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# Design-Build (DB) / Construction Management at Risk (CMR) Project Bidders Template

A pre-bid should be held with all bidders invited to review the project and ask questions at the same time so all bidders are getting the same information. In addition it is helpful if the answers to all questions submitted by any one bidder are routinely distributed in writing to all bidders.

## 1. Project Team

- a) Identify proposed selection process for the project Engineer / Architectural Design Professionals.
- b) Provide resumes and experience for the contractors' project team for this project.
- c) Identify major project phases including concept development, design services, project pricing, construction, and project close out.
- d) Provide your price for all design phase services required to arrive at a GMP for entire project, including architectural / engineering, estimating and contractor overhead and profit. (May be Lump Sum or % fee.)
- e) Provide a draft of your proposed contract document highlighting all proposed choices or options when choices exist. (For DB projects suggest AIA Document No. 141 – Standard Form of Agreement Between Owner and Design Builder) / (For CMR projects suggest AIA Document A133 – 2009 - Standard Form of Agreement Between Owner and Construction Manager – Where the Construction Manager is Also the Constructor) (Many of the following items are requirements of the standard AIA contracts.)

## 2. Project Cost Development

- a) Provide a proposed list of reimbursable items for the project and the cost for each item or the method of costing each item. (i.e. Monthly, weekly, per use, etc.) (Note: Pricing of these items may be included in final GMP proposal)
- b) Identify items to be competitively bid.
- c) Identify items to be self performed by DB / CMR contractor
- d) Provide wage / labor rate sheet for all items that will be performed by the company and not bid competitively. (Any employee benefits, including taxes, burden, fees or overheads should be included in labor rates)
- e) Provide proposed fee for DB / CMR construction services (Fixed fee or percentage markup) and identify all items to be included in this fee.
- f) Exclude or identify any contingency amounts.
- g) Provide a budget price for the project with all trade functions and / or project components listed. (Line item pricing is not required.)

## 3. Project Insurance and Control

- a) Provide copies of your workers compensation coverage and rating, liability insurance coverage, and safety program and ratings.
- b) Provide evidence of ability to bond this size project.
- c) Provide a proposed schedule for entire project including design and permitting using \_\_\_\_\_ as the date for the beginning of project design. (Schedule should reflect your best approach to the project with a completion date no later than \_\_\_\_\_.) Owner should note any separate phases due to operational or financial concerns.
- d) Provide method of handling all change orders that may arise within the duration of this project including all fees and markups for these change orders.
- e) Provide your method of handling all communication related to the planning, design, construction and wrap up of this project.
- f) Provide your terms for providing a warranty for this project and the satisfying of any warranty claims.

Bidder presentations will be scheduled for \_\_\_\_\_ and should be limited to 45 minutes with time for questions and clarifications included in this time.

## NOTES

### 1. Pick your Partners

- a) It is important to know that the designer / engineer are suited to the type of project being designed.
- b) Your comfort level with the contractors' project team can be the difference between a enjoyable and successful experience or a long and stressful event.
- c) Identification of major project phases, and determining a cost for each phase, provides a way to control the cost of acquiring adequate design and project cost information needed to make decisions on the viability of the project.
- d) Provides a cap on the cost outlay required, before the cost of the project or GMP is known.
- e) Suggest Standard AIA Contract. Standard language helps assure a contract is fair to both parties. Many contracts include choices. By identifying these selections it is easier to compare proposals.

### 2. Control the Cost

- a) Reimbursable items can be very open ended. Identifying these prior to the project can eliminate surprises and costly unknowns.
- b) By identifying the trade areas and suppliers that will be competitively bidding on the project, it is possible to know the amount of competition being bought to the project by the DB / CMR contractor. A better selection of bidders will provide more choices for both savings and quality services throughout the project.
- c) Every contractor will perform different trade services with their own workforce. It is more difficult to evaluate or compare prices on work performed by the DB / CMR contractor's own work force. Knowing the type and amount of self-performed work allows for a discussion of the options for providing competitive pricing of this work.
- d) Clarification of the wage or labor rates being proposed by the DB / CMR contractor provides a more competitive bidding result when comparing the proposals of various DB / CMR contractors.
- e) Clarification of the DB / CMR contractor's fee and fee structure also provides a more competitive bidding result.
- f) Different contractors will build into their proposals additional funds as a contingency for unknown factors. Project contingency funds are an important part of any project. Identifying contingency funds will further assist in providing a more competitive bidding result.
- g) The budget price can only be a benchmark or target price for a project until an actual scope of work for the project has been agreed upon, adequate Architectural and Engineering completed, and building component sizes, and Mechanical, Electrical, Plumbing and Fires Suppression needs have been identified.

### 3. Manage your Risk

- a) Safety, project and worker insurance and overall financial stability of the DB / CMR contractor are important considerations when choosing your project team.
- b) The ability to bond a project is another indication of the financial stability of a contractor, whether you actually choose to secure a bond for the project or not.
- c) The ability to produce and maintain a realistic schedule for a construction project is important to the overall success of a project. Reviewing a proposed schedule prior to choosing a contractor will provide an indication of the contractors' attention to details, time factors and can save both time and money in the long run.
- d) Projects will change. Knowing how these changes will be handled will help to control costs and reduce time consuming delays to the project.
- e) Communication is the heart of any project. When all parties are kept informed about the status of the project from the very beginning, mistakes are avoided, delays are controlled and extra costs are minimized. Knowing how your contractor plans to keep everyone informed is critical to the success of the project.
- f) A project is only as complete as the ability of your contractor(s) to stand behind their work. Knowing the terms of the warranties on the project and the ability of the contractors to be available to service these warranties can avoid extra costs and frustrations for years after your project is complete.

## 4. Plan the Steps

### **Get the Facts, Go / No Go - Discovery Phase**

Project Concept Development and Initial Schematic Design  
Fact Finding & Preliminary Code and Zoning Reviews  
Site Exploration, Environmental & Structural Reviews  
SF Budget and Utilization Reviews

### **Determine the Cost - Pre-Construction Phase**

Project Scope Development  
Project Design and Engineering  
Review all Design Documents  
Early Budget and Scheduling Review  
Submit any Value Engineering Ideas  
Place Project Out for Bidding  
Prepare a Detailed GMP Proposal  
Make any Design / Price Revisions Needed  
Finalize GMP Contract Agreement

### **Work the Plan - Construction Phase**

Finalize Project Schedule  
Initiate Start of Work  
Hold Regular Progress Meetings  
Coordinate Schedule and Provide Project Oversight  
Submit Monthly Pay Applications  
Secure Final Inspections and Occupancy Permit  
Conduct Owner Punch List Review  
Provide Long Term Warranty and Follow-up Assurances

**Planning your project in steps or phases limits the risk of finding out midway through design or construction that important regulations or restrictions will mean costly redesign or additional construction costs.**

### **(Draft Language for a Project Bidders Template)**

- a. Identify the proposed phases to be followed during the design and construction process.
- b. Provide a budget price for the management and oversight of each phase.
- c. Provide the terms for terminating the project, should the project be canceled.

### **Background Notes to Provide a Deeper Understanding**

- a. Establishing phases allows an owner several opportunities to determine if the project is feasible, and to adjust the scope of the project, or terminate it, without incurring hidden costs.
- b. Identifying the expectations of each phase helps all parties to know their responsibilities and to determine when expectations have been met.

**Consider**

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