

# ALTERNATIVE PROJECT DELIVERY METHODS

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Contract Management  
Department

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# PURPOSE

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- To provide an overview of Alternative Project Delivery Methods for Capital Improvement Program (CIP) projects in the City of Austin
- To enable participants to recognize potential contracting opportunities



# Capital Program

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- No single project delivery method is appropriate for every project
- City uses a variety of contract delivery methods:
  - Traditional, Invitation for Bid
  - Cooperative Contracting (TXMAS, BuyBoard)
  - **Alternative Project Delivery Methods (CSP, CMAR, D-B, JOC)**



# **MOST COMMON METHOD**

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# “Traditional” Project Delivery Method a.k.a. Design / Bid / Build

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- Commonly used and more familiar to most. Also called, “low bid” method.
- City contracts with an Architect/Engineer (Professional Services) to complete design and produce a project specifications manual.
- City advertises for construction work and Contractor bids on completed design and specifications.
- City awards a contract with the **lowest responsive responsible bidder**.



# ALTERNATIVE METHODS

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# “Alternative” Project Delivery

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- Called “alternative” because the solicitation, evaluation, selection, contracting and project delivery methods varies from the most traditional design/bid/build competitive “low bid” method.
- Award is made to the firm who provides the “**BEST VALUE**” to the City of Austin
- Best Value factors weighted criteria published in the solicitation.
- Offeror’s are evaluated and ranked.



# Legislative Authorization

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- In 2001, the Texas Legislature authorized the use of alternative project delivery methods to municipalities for facilities, “vertical” construction
- In 2007, authority was expanded to include civil engineering construction such as water treatment plants, streets/ highways, and other “horizontal” construction
- In 2012, the 82<sup>nd</sup> Legislature repealed previous authority and moved to Gov. Code 2267 (some changes resulted)





# Advantages to the City of Austin

*The most qualified firm is selected providing the “BEST VALUE” to the City of Austin*

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- ❑ Promotes collaboration / cohesiveness / partnering throughout project
- ❑ Allows City to establish relevant meaningful criteria such as (but not limited to):
  - Technical experience and experience of key personnel
  - Proposed price
  - Experience with Austin Issues
  - Sustainable Practices and business practices
  - Quality of Safety Program and Record
  - Quality of Services and Past Performance
  - MBE/WBE Program Participation
  - Quality Assurance/Quality Control



# Considerations in Determining Best Project Delivery Method

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- Work complexity and
- Coordination complexity
- Project size and duration
- Project scope
- Need for constructability reviews
- Technical expertise
- Schedule sensitive
- Fast-tracking of work
- Recurring need of repairs/improvements
- Subcontracting opportunities
- Internal Resources



# ALTERNATIVE TYPES AND STRUCTURE

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# Types of Alternative Methods Used by the City of Austin

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- Competitive Sealed Proposal (CSP)
- Construction Manager-at-Risk (CM@R)
- Design-Build (D-B) (Facilities)
- Job Order Contracting (JOC)



# COMPETITIVE SEALED PROPOSAL (CSP)

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## **Benefits:**

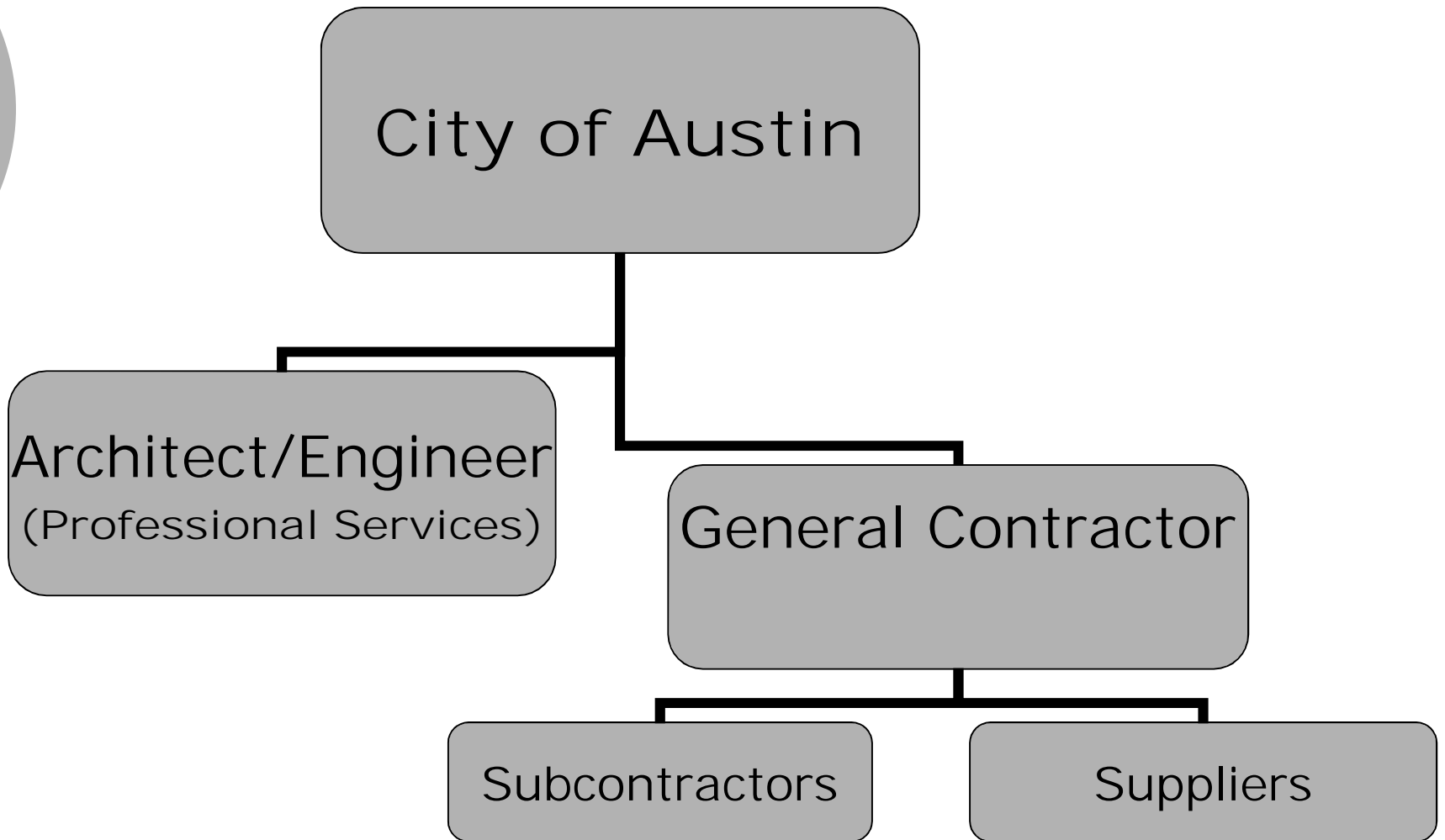
- Most similar to traditional D/B/B
- Familiar to the contracting community
- Best for well defined work
- Contract is negotiable
- Selection is on best value criteria

## **Considerations:**

- City must get Council approval for the method
- 1-2 months added to project schedule
- Scope must be well defined
- Not good for schedule-sensitive work
- Cost threshold of \$1.5 mil for civil engineering work

# CSP STRUCTURE

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## **CURRENT CSP PROJECTS**

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- **AFRICAN AMERICAN CULTURAL CENTER**
- **STREET RECONSTRUCTION, GROUP B**
- **HOLLY STREET POWER PLANT DECOMMISSIONING**



# CONSTRUCTION MANAGER-AT-RISK (CM@R)

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## **BENEFITS:**

- City selects CM who offers Best Value
- CM is on-board during design phase to collaborate with City team and design team on constructability and cost savings
- CM is responsible for construction
- Open book method – City reviews CM's processes (especially necessary during CM's bidding process)
- Good for larger complex projects with sensitive design and construction schedules

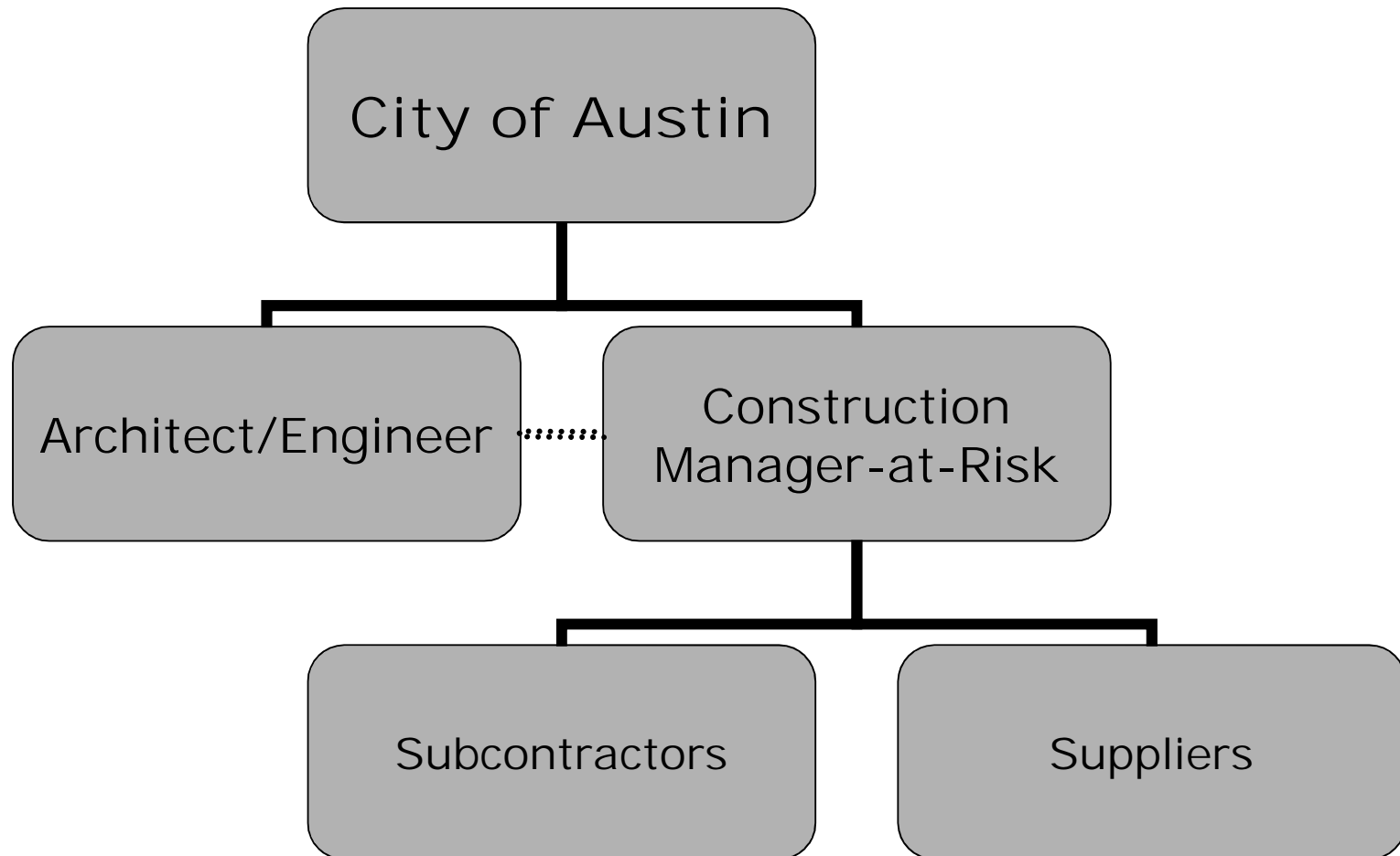
## **CONSIDERATIONS:**

- Two-step Selection Process - 4-6 months for the overall project schedule
- Complex contract components (Preconstruction Phase Serv., General Conditions, GMP-Construction Phase Serv.



# CM@R TEAM STRUCTURE

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## CURRENT CMAR PROJECTS

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- WTP4
- Austin Energy New System Control Center
- New Central Library



# DESIGN-BUILD (D-B)

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## **BENEFITS:**

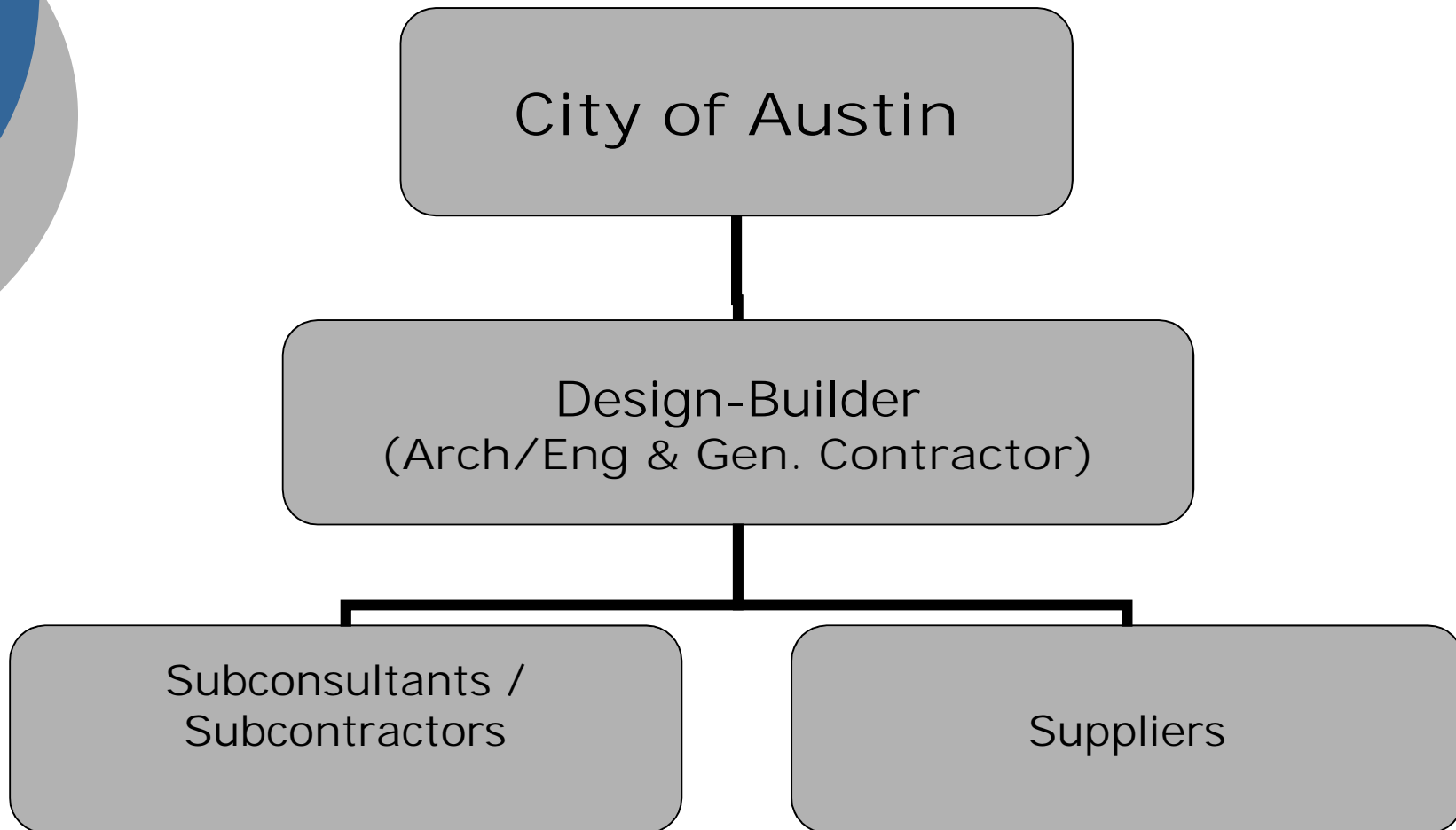
- Design-Builder is a single firm to perform both design and construction services
- D-B starts construction before design is complete
- Good for faster delivery of construction

## **CONSIDERATIONS:**

- Nine month solicitation / selection phase
- Complex contract components (Preliminary Design, Design, General Conditions, GMP-Construction)
- Quality may be compromised

# DESIGN-BUILD TEAM STRUCTURE

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## CURRENT D-B PROJECTS

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- Municipal Court
- PARD Aquatic Pools Complex Improvements
- Asian American Resource Center
- ABIA Infill (Terminal Expansion)



# **JOB ORDER CONTRACTING (JOC)**

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## **BENEFITS:**

- City selects contractor(s) to perform construction services on an “on call” basis for ID/IQ
- Contract has established pre-priced unit pricing
- Good for schedule-sensitive minor work
- Multiple Job Order Assignments going at one time

## **CONSIDERATIONS:**

- Requires knowledgeable City resources to administer base contract and individual job orders
- Some work assignments may not be adequately scoped



## CURRENT JOC

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- City's first to end this year - \$6 mil
- 2013 JOC in solicitation – ready in early 2013 - \$6 mil



# CITY COUNCIL'S ROLE

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# Austin City Council's Role on Alternative Project Delivery Projects

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- Authorize use of Alternative Project Delivery Method
- Approve award and authorize negotiations with top-ranked firm
- Approve contract amendments, i.e., construction phase GMP for CM@Risk and design phase and construction phase GMP for Design-Build



# **WHY NOT USE ALTERNATE DELIVERY METHODS FOR ALL PROJECTS?**

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# Reasons why . . .

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- **WORK CONSIDERATIONS:**
  - Actual work may not warrant extended solicitation process
  - Typical construction may be best suited for traditional bid method and delivery
- **COST CONSIDERATIONS:**
  - Alternative **Delivery is focused on Best Value, not price alone**
  - May not be feasible considering the total project cost (internal/external)
- **TIME COMMITMENT:**
  - Solicitation process is lengthy due to evaluation process
- **REQUIRES MORE INTERNAL RESOURCE:**
  - Evaluation and selection process
  - Contract negotiations due to complex contract components
- **CONTRACT/PROJECT MANAGEMENT:**
  - Complex contractual relationships and components
  - Higher level of city resources to oversee and manage the project
- **COMMONLY USED – FAMILIAR TO MOST:**
  - Traditional D-B-B remains common practice for governmental entities and familiar to the majority of the Contractor community



# QUESTIONS?

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