

2011 CSDA Annual Conference &
Exhibitor Showcase
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**Creative Options for Delivering
Public Works Project: Design/Build
and Public-Private Partnerships**

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AGENDA

1. Design-Build for Special Districts
David Gehrig

2. Public Private Partnerships
Michael Conneran

The baseline: Design-Bid-Build (DBB)

- Must award to lowest bidder, can't select best or most preferable
- Can't negotiate the contract terms
- Contract docs, plans and specs must be complete before bids

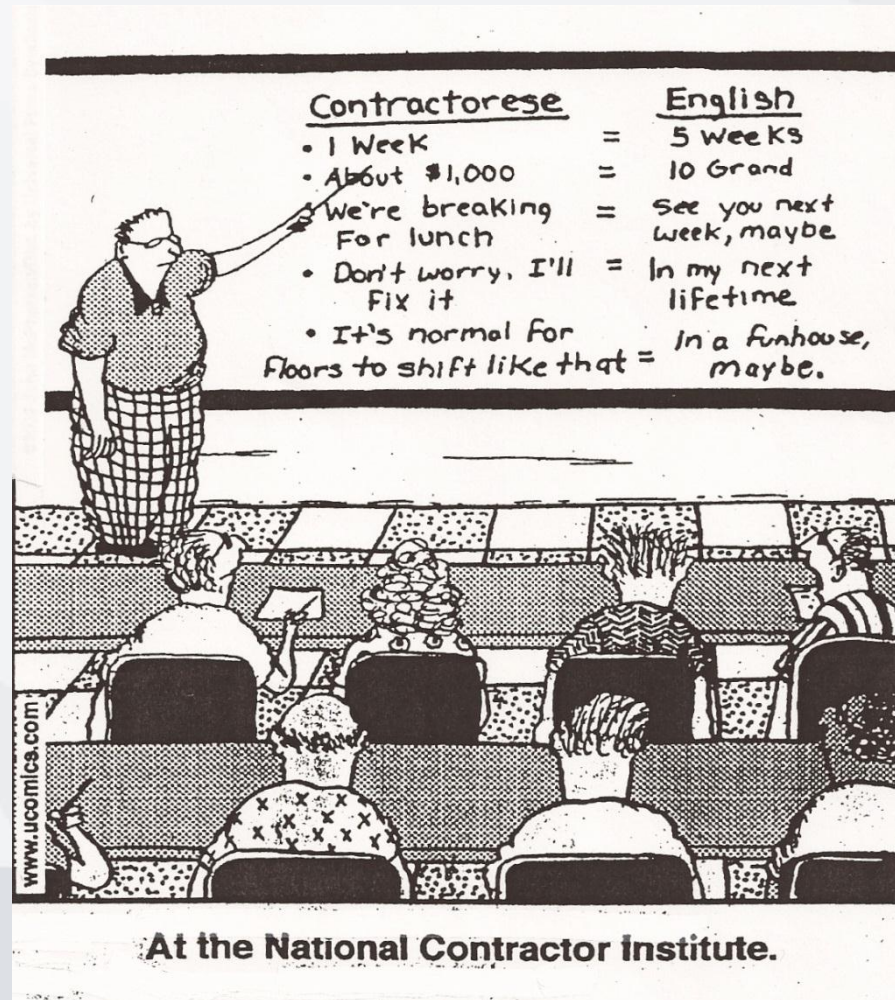
Long-standing public policy supports DBB approach

- Transparency
- Eliminate favoritism, fraud and corruption
- Avoid misuse of public funds
- Benefit from competition in the market

Many challenges with the DBB

- Poor construction quality
- More claims
- Can't negotiate with bidders
- Can't involve contractors in design process
- Adversarial relationship between agency, designer and contractor

Leads to mistrust of contractor ...



Award of **design contracts** different from construction contracts

- Professional services contracts awarded on qualitative basis:
 - “demonstrated competence and the professional qualifications necessary for the satisfactory performance of the services required.”
- Professional services: can't consider cost
- Construction services: must award based on cost
- Thus, can't award a single contract for both design services and construction services without specific statutory authority

Design-Build



Design-Build is most common alternative project delivery method

- Counties (PCC 20133)
- Cities
- State of California, DGS
- Transit Operators
- Community College Districts
- School Districts
- California State University
- Los Angeles County Metro. Transportation Authority
- Sonoma County Health Care District

Advantages of Design-Build

- “Best value” award
- Single point of accountability
- Faster project completion
- Lower project cost

Advantages of Design-Build: Recent LAO Report

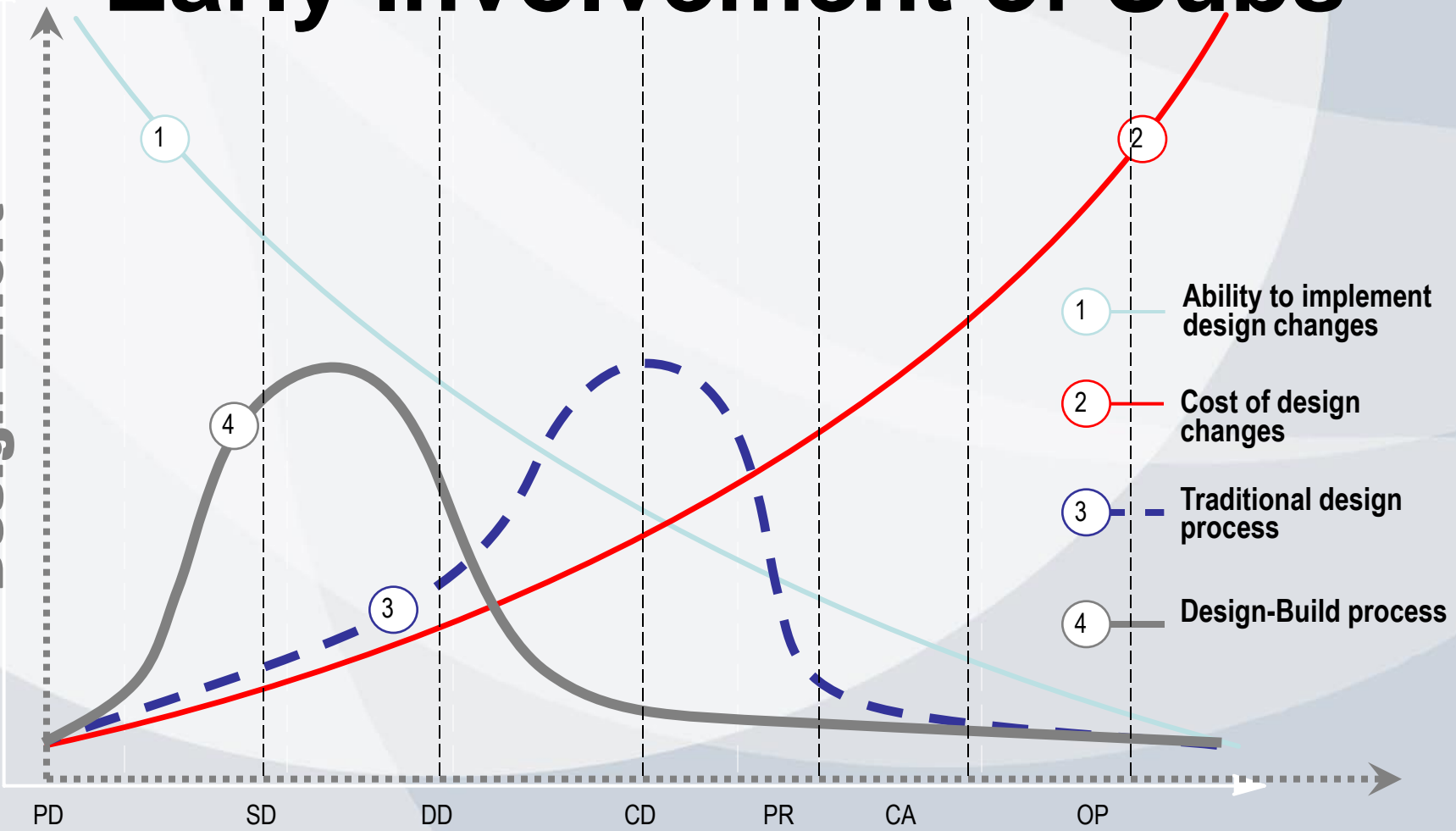
- LAO published report in 2010 regarding 15 design-build projects awarded by counties
- 2 of 5 completed projects **below cost** estimates; 1 was 5% over
- all 5 completed **close to targeted completion date** (longest delay of 3 months on 18 month project)
- all 15 awarded on “best value” basis
- each county supports DB going forward

Advantages of Design-Build

- Fewer change orders
- Fewer conflicts/claims
- Allows for more innovation
- Early involvement of subcontractors in design process

Early Involvement of Subs

Design Effort

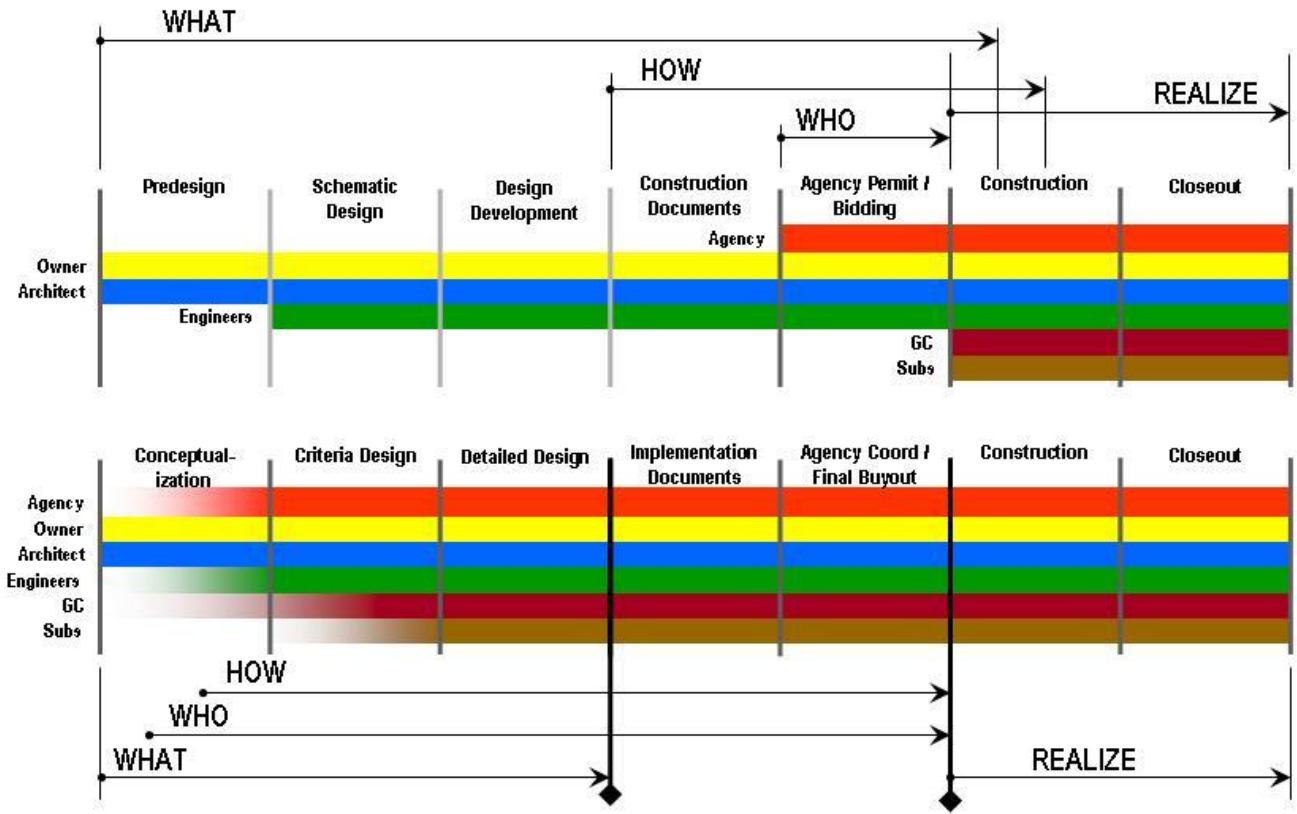


- 1 Ability to implement design changes
- 2 Cost of design changes
- 3 Traditional design process
- 4 Design-Build process

Project Progress

Graphic originated by Patrick MacLeamy, FAIA

Accelerating Engagement



Procedural Requirements for Design-Build

- Dollar threshold
- Certain projects may be excluded
- Labor Compliance Program required
- Must pre-qualify design-build entities

Procedural Requirements for Design-Build

- RFP process
- Designate mechanical subs
- Bonding required for amount of “non-design services”
- Errors and omissions insurance for design costs

Minor Disadvantages of Design-Build

- Agency has less control over details of design
- Pre-qualification requirement extends contract award process
- Initial designer can't propose for the design-build contract

Anecdotes and Observations

- Be flexible with Pre-Qualification process
- Maintain fairness and transparency in competitive process even with a “best value” award
- Use interviews of all Design-Build Entities during the evaluation process

Anecdotes and Observations

- Best and final offer process can be useful
- Use normal RFP procedures
- Clarify responsibility for various approvals and fees
- Owner should be prepared to participate in design-build process, but not meddle in details
- Make clear that agency owns rights over designs submitted

Factors to consider in determining whether to use Design-Build

- project size & complexity
- cost
- schedule issues
- necessity for control over design details
- agency experience/staff capability
- ensuring sufficient competition
- lifecycle costs
- sustainable design goals
- importance of claims avoidance
- adversarial relationship

Design-build can incorporate cutting edge procedures

- Early involvement of key subs during design phase
- Incentives for successful project outcome
- Reliance on Building Information Modeling

Conclusions

- DBB has significant disadvantages
- Design-Build is ideal for the right project:
 - Technically complex project
 - Would benefit from creativity/innovation
 - Need for fast-track delivery
- Key benefits: cheaper, faster, fewer claims, early involvement of subs
- Each project must be evaluated separately

Thank you

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