

## Benefits & Limitations of Project Delivery Methods

METHOD	BENEFITS	LIMITATIONS
<b>Design-Bid-Build (D-B-B)</b>	<b>Competitive Bid Option</b>	
	<p>Most efficient and least time-consuming option for obtaining a price to construct a project.</p>	<ul style="list-style-type: none"> <li>▶ One of the primary disadvantages is “bid-day surprise” which occurs when all the bids received exceed the owner’s budget for the project.</li> <li>▶ It may become adversarial, due to emphasis on low bid and the lack of contractor involvement during the design phases.</li> <li>▶ Contractors cannot rely on the owner carrying a contingency fund for scope-of-work inconsistencies that develop.</li> <li>▶ When the owner selects a bidder to be the contractor, the selection also includes accepting whichever subcontractors and suppliers the contractor intends to use.</li> </ul>
	<b>Competitive Proposal Option</b>	
<p>Gives owner the opportunity to make a more informed decision about which contractor will construct the project.</p>	<ul style="list-style-type: none"> <li>▶ With all the information generated by the proposal process, the owner may not be satisfied with any of the proposals.</li> <li>▶ “Bid-day surprise” may occur.</li> </ul>	
<b>Negotiation Option</b>		
<ul style="list-style-type: none"> <li>▶ The owner can select a contractor based on experience, expertise, and interest in the project, as well as reputation and financial capacity.</li> <li>▶ The owner can work with the architect/engineer and contractor to determine the scope of work that can be accomplished with the funds available.</li> <li>▶ A construction contract can be negotiated at any time during the design process. Early participation by the contractor permits the architect/engineer to benefit from the contractor’s advice.</li> <li>▶ Early cooperation among architect/engineer, contractor, and subcontractors may facilitate project decisions.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The lowest cost may not be obtained due to the absence of competition.</li> <li>▶ Usually requires the owner to have contingency allowances for unforeseen circumstances due to the incomplete nature of the drawings and specifications that are available at the time of negotiations.</li> <li>▶ As cost oversights or assumptions become apparent, pressure may develop to reduce the construction cost by reducing aspects of the scope of work.</li> <li>▶ May limit some responsibilities or may expand the effort required by others and may also impact the cost required by others.</li> <li>▶ The owner becomes financially committed to the project without knowing the final construction cost.</li> </ul>	

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<p><b>Construction Manager at Risk (CMAR)</b></p>	<ul style="list-style-type: none"> <li>▶ Works well for multiple contracts and complex projects.</li> <li>▶ Provides services usually beyond those of the A/E's basic services or the Owners expertise.</li> <li>▶ CMAR has advanced knowledge.</li> <li>▶ Helps reduce change orders by aiding communication.</li> <li>▶ Provides assistance to the A/E during design activities.</li> <li>▶ Schedules can be completed with greater accuracy.</li> <li>▶ Provides cost management that reduces costly redesign.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Not typically suitable for small, one contract projects.</li> <li>▶ Not suitable for projects with few time constraints.</li> <li>▶ Owner often pays more in professional fees.</li> <li>▶ Additional level of authority can reduce efficiency.</li> <li>▶ Potential exists for conflict of interest.</li> </ul>
<p><b>Design-Build (D-B)</b></p>	<ul style="list-style-type: none"> <li>▶ Single entity is responsible for design and construction.</li> <li>▶ More control over timing and costs.</li> <li>▶ Fast-track scheduling is an option.</li> <li>▶ Close coordination between Contractor and A/E.</li> <li>▶ Design-builders usually specialize in specific project types.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Preparation of owner's project requirements may be difficult for Owner due to lack of expertise in construction.</li> <li>▶ D-B A/E does not provide the same level of professional services that an A/E provides under other delivery methods.</li> <li>▶ Documents may be less extensive and material selections are left to the design-builder.</li> <li>▶ Owner required to administer Contract and dispute resolution may require more of the owner's time.</li> <li>▶ There may be an increased risk for design-builder.</li> </ul>
<p><b>Owner-Build (O-B)</b></p>	<ul style="list-style-type: none"> <li>▶ Cost savings for Owner by doing work themselves.</li> <li>▶ Total control over project.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Significantly more risk assumed by the Owner.</li> <li>▶ No recourse for errors, discrepancies, and omissions in the construction documents.</li> <li>▶ Owners do not typically have employees to perform construction labor; each hired contractor responsible for completing the work as well as administrative and procedural requirements.</li> </ul>

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### METHOD

#### Integrated Project Delivery (IPD)

### BENEFITS

- ▶ It is a method of managing large and very large projects efficiently and effectively.
- ▶ Mutual respect and trust among participants, and a commitment to work as a team for the benefit of the project.
- ▶ Open, direct, and honest communications among team members in a no-blame culture and the resolution of problems rather than the determination of liability.
- ▶ Mutual benefit and reward, and because of early involvement, compensation based on the value added and what is best for the project.
- ▶ The free exchange of ideas, decisions, and innovation, which are judged on their merits by the team.
- ▶ The influx of knowledge and expertise in the early formative stages of projects to capitalize on informed decisions.
- ▶ Project goals are developed early and agreed upon by the team.
- ▶ Recognition that intensified planning and design results in efficiency and savings during execution.
- ▶ Early involvement of trade contractors and suppliers.
- ▶ Possible co-location of project team members.
- ▶ Team success is tied to project success.
- ▶ Multi-party agreements eliminate adversarial relationships.
- ▶ Project decisions are made by consensus—they must be in the interest of the project.
- ▶ Reduction of construction waste.
- ▶ Pooled contingencies to take care of unknown and unforeseeable problems.

### LIMITATIONS

- ▶ It is unfamiliar to most owners because it is a relatively new approach to designing and constructing projects that has not seen widespread use.
- ▶ Not a useable project delivery method for small projects.
- ▶ The liability insurance industry is still in the process of responding to the unique risks associated with this delivery method.
- ▶ As a result of the contractor's participation in the design process, there is a question as to whether the contractor is covered by the Spearin Doctrine.