

DELIVERY METHODS

DESIGN / BID / BUILD	DESIGN / BUILD	CONSTRUCTION MANAGER AT RISK	COST PLUS
<p>This is the traditional method, sometimes referred to as "turn-key". It is a linear process where one task follows completion of another with little to no overlap. Plans and Specifications are completed, and then advertised for bid. Contractors bid the project exactly as it is designed. The award is to the lowest responsible bidder.</p>	<p>In the Design / Build method the Contractor and A / E form a single entity hired by the Client to deliver the project. A guarantee maximum price (GMP) is usually furnished very early in the development process based upon design criteria prepared by the Client. The A / E / Contractor then develop drawings based on criteria and the GMP.</p>	<p>Construction Manager at Risk allows the Client to hire a CM (General Contractor) very early in the project design phase. The CM and the A / E work together to develop design and estimate the cost of project. A guaranteed maximum price can be provided by the CM prior to the design being 100% complete (generally around 85%). The construction price is the sum of the CM's fee, direct costs and the subcontractors' bids. The Client will not pay more than the GMP. Cost savings are generally shared between the CM and Client.</p>	<p>Cost Plus is characterized by negotiating a fee with the Construction Manager then that markup is applied to all of the direct work related to the project. This also follows a linear path but often portions of the design are not completed until later in the project.</p>
STRUCTURE	STRUCTURE	STRUCTURE	STRUCTURE
PROS	PROS	PROS	PROS
<ul style="list-style-type: none"> • Will likely produce the lowest initial costs for the developer. • Easy process to manage. • Good for uncomplicated projects with sensitive budgets and not subject to change. • Lowest price typically accepted. • Defined scope. • Less paperwork. • Simple contract. 	<ul style="list-style-type: none"> • Single point of accountability for design and construction. • Permits fast track delivery. Construction begins before design is completed. • Early GMP facilitates financing methods. • GMP reduces Client concerns with budget. • High cost certainty for the Client • Reduced liability for the Client 	<ul style="list-style-type: none"> • Construction firm selected by interview based on quality of firm and team rather than lowest bid. • Early CM involvement in estimating and constructability. • Client involved in selection of subcontractors- Open book. • Permits fast track delivery. Construction can begin before design is complete. • Cost certainty via a Guaranteed Maximum Price • Good for complex projects. • Lower risk for change orders 	<ul style="list-style-type: none"> • Open book. • Good for medium sized projects. • Client has control over subcontractor selection. • Typically see lower CM fees.
CONS	CONS	CONS	CONS
<ul style="list-style-type: none"> • Linear process leads to longer schedule. • May require rebid or redesign to meet budget. • High percentage of change orders likely. • No control of subcontractor selection. • Not suited to projects that are sequence, schedule or change sensitive. • No budget input from contractor. • Often an adversarial relationship will exist between the Owner and Contractor. 	<ul style="list-style-type: none"> • No checks and balances between A / E and Contractor. • Client must select a team rather than selecting the best A / E and best contractor. • Design is completed after GMP is given. • Difficult to control quality because D / B team must meet only minimum standards. • Client has little control of design. • Potentially highest costs due to A/E/Contractor including large contingencies in the GMP. 	<ul style="list-style-type: none"> • More paperwork associated with an open book GMP approach. • Complex contracts. • Lack of competition between CM's. 	<ul style="list-style-type: none"> • No cap on the CM's contract value. • No guarantee. • No budget input from contractor during preconstruction/design phase. • Contractor has less of an incentive to keep costs low.
CHARACTERISTICS	CHARACTERISTICS	CHARACTERISTICS	CHARACTERISTICS
<ul style="list-style-type: none"> • Three linear phases: Design, Bid, Build • Three players: Client, A / E, Builder • Two separate contracts: Client to A / E and Client to Builder 	<ul style="list-style-type: none"> • Two continuous phases: Design and Build • Two players : Client and A / E Build Team • One contract: Client to A / E Build Team 	<ul style="list-style-type: none"> • Three linear phases: Design, Bid, Build • Three players: Client, A / E, CM@Risk • Two contracts: Client to CM@Risk and Client to A/E. 	<ul style="list-style-type: none"> • Three linear phases: Design, Bid, Build • Three players: Client, A / E, Builder • Two separate contracts: Client to A / E and Client to Builder