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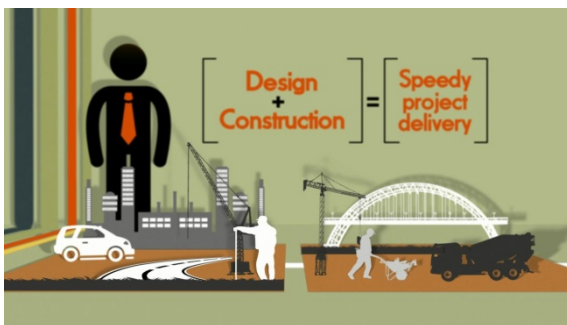
Project Construction and Contract Administration Project Management Design-Build Procurement

www.fhwa.dot.gov/federal-aidessentials

Following the Federal requirements for the selection process for design-build ensures fair competition and opportunity for innovation



For many years, design-bid-build has been the preferred contracting method for Federal-aid projects. In design-bid-build, the agency or owner contracts with separate entities for design and construction of a project. But there are now additional contracting options, with the leading alternative being design-build. Design-build has been used on many types of projects, from roadway resurfacing to complex bridge construction. This alternative contracting method allows local public agencies, or LPAs, to combine design and construction into one contract, accelerating project delivery. Design-build requires less administration and can reduce project duration and cost by sharing risk with the contracting community.



Keep in mind that design-build laws vary from State to State, so check with your State department of transportation (State DOT) to determine which specific design-build requirements apply.

Applying these requirements helps determine if design-build procurement is appropriate for your project. If you choose design-build, there are accepted practices you should consider.

Design-build projects, like design-bid-build projects, have specific Federal-aid requirements that the LPA must follow. To retain Federal eligibility, you should be aware of some critical elements of the Federal-aid requirements. Design-build projects have additional procurement requirements that impact design-build team selection, the project development process, and the relationships of the parties.



In other modules in this library provide detailed information on each of the requirements we just mentioned.

Now that you're familiar with some of the requirements, let's look at a typical method of solicitation – the two-phase procurement process.

Phase one is centered on the request for qualifications and phase two focuses on the request for proposal.

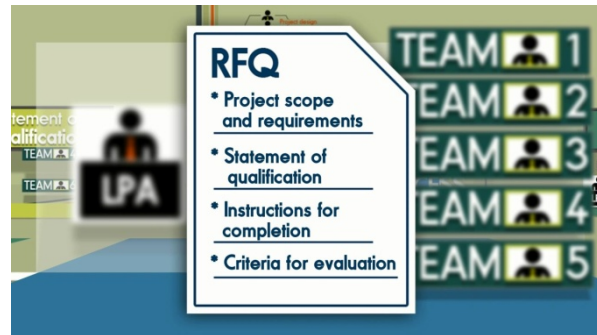
In phase one, three major steps occur: We start with the request for qualifications, or RFQ. This is the agency's first opportunity to share its vision of the project and the first chance for potential bidders to respond with how their experience can meet that vision. Next is the evaluation of statement of qualifications, or SOQ. In this step, the agency evaluates the SOQ based on pre-established criteria to determine the most qualified teams. Then, there is the short-listing of eligible teams. Typically three to five teams are chosen to be included in the short list and move forward in the process.

At this point, the agency moves into phase two of the procurement process. In the request for proposals, or RFP, the agency provides contract requirements to short-listed teams so they can prepare technical proposals and estimates. During evaluation and selection, the agency develops a cross-cutting evaluation team to score the technical proposals based on a weighted criteria.



Finally, we get to design and construction. Once the design-build team has been chosen, it can begin construction immediately while the design continues to develop. The LPA is providing oversight and review of design components and construction operations.

Now that we have seen the key steps, let's look at an example, to see how we may apply the process.



During phase one, our LPA – called Hometown LPA -- solicits letters of interest from prospective companies. Hometown then develops and issues a request for qualifications, or RFQ, to the teams that responded. The RFQ contains the description of the project scope and required work, a statement of qualification, instructions for completing the application and forms, and criteria for how the responses will be evaluated and scored. It is usually at this stage that companies form legal partnerships and develop project specific design-build teams. In our scenario, Quality Inc., Construct-It Inc., and Design-It Inc., respond to the RFQ by submitting their completed statement of qualifications. They also ask questions of the LPA for clarification. As interested teams, they are allowed to inquire about project details, such as scope, output or quantity of product, and the LPA's receptiveness to innovative ideas.

After receiving the completed statements of qualification from the design-build teams, Hometown LPA responds to the teams' questions. Hometown LPA uses the evaluation criteria defined in the RFQ to determine a short-list of eligible teams that will receive a request for proposal. The typical list of eligible teams is three to five, but it can vary depending on project requirements. In our example, Hometown LPA determines that Quality Inc. and Design-It Inc. are both eligible teams.

During phase two of the design-build solicitation process, Hometown LPA prepares and issues a request for proposal, or RFP, that goes to the list of eligible teams – in our case, Quality and Design-It. The request package includes the proposal document and the preliminary design. The two

eligible teams are invited to a pre-proposal meeting to discuss the project and may also conduct a field visit to the project site. Hometown LPA follows the communication rules as established in the RFP when responding to specific questions from either team, and can revise the RFP package as needed to maintain consistency in the proposals.

Quality Inc. and Design-It Inc. respond to the RFP with two parts – the price proposal and a technical concept, the design that shows how the team intends to complete the proposed work. Quality Inc. also provides an alternate technical concept that adds to, but doesn't replace, the original design requirements. Hometown LPA evaluates the proposals using the established criteria. Hometown can also allow oral presentations to clarify information or discuss questions from the competing teams. Price proposals are opened only after evaluation of the technical proposals.

Hometown LPA can use a variety of techniques to determine the best value proposal. It chooses to use a best-value technique, which divides the price by that team's technical score to get an overall score for each proposal. These overall scores are arranged from lowest to highest and the best value design-build team is selected. Hometown LPA selects Quality, Inc. to be the design-build contractor for this project primarily because they demonstrated a 20-percent reduction in construction time that increased their technical score.

Hometown LPA awards the contract to Quality Inc. and notifies Design-It Inc. that it was not selected. Since Design-It Inc. was not selected, a stipend is offered as reimbursement from Hometown LPA for a portion of the proposal development cost. Including a stipend is allowable – but not required – under Federal rules and its use is at the discretion of the project owners. When Design-It accepts this reimbursement, Hometown LPA takes ownership of the conceptual designs submitted and can incorporate those ideas into the project.

Quality Inc. begins construction on the project while still developing the design. Hometown USA provides overview of both the construction and the design as the project progresses.

From our example, you can see that design-build incorporates a two-phase process that allows you – the LPA – to select the best value firm. Using design-build allows you to combine design and construction into one contract and accelerate project delivery. Remember, you need to follow the design-build procurement process required by your State DOT to ensure your use of Federal-aid funds is not jeopardized.

So, be sure to check with your State DOT for additional information and guidance before using a design-build procurement process.

Additional Resources

- Links to regulations and guidance on design-build project delivery <http://www.fhwa.dot.gov/construction/cqit/desbuild.cfm>

The content of this document is not a substitute for information obtained from State departments of transportation, appropriate FHWA Division Offices, and applicable laws. Scenarios have been simplified for emphasis and do not necessarily reflect the actual range of requirements applicable to the scenario or this topic. This document was created under contract number DTFH61-11-D-00023 by the Federal Highway Administration, U.S. Department of Transportation, and is offered to the public to heighten and focus awareness of Federal-aid requirements within the local public agencies community and reinforces the importance of these necessary policies, procedures, and practices.

This Companion Resource is the script content for the video production of the same name.