

SELECTION OF DESIGN-BUILDER: BEST VALUE VS. QUALIFICATIONS-BASED

Introduction

Design-build is a project delivery method under which the owner contracts with a single entity which is responsible for both design and construction of the facility. There are two principal methods for procurement of design-build services, known as *best value* selection and *qualifications based selection* (QBS).

The purpose of this paper is to set forth the attributes, advantages and disadvantages of each selection process. It does not attempt to address the detailed procedures for procurement under each one, processes which are covered elsewhere herein.

Best Value Selection

Under best value procurement, the owner either engages, or has on staff, a criteria professional who provides programming and schematic design, usually to between 10 and 25 percent of the total design effort. This information, often referred to as the criteria package, is then used to obtain price and technical proposals from multiple design-builders, each of whom (a) develops the criteria package to a considerably more advanced stage of design, submitting those design documents with its proposal, and (b) provides a lump sum price for design and construction services. Selection of the design-builder is made on the combined basis of technical quality of the proposed design and price, using a formula to score the proposals. The criteria professional often, and valuably, continues in the role of owner's representative.

Advantages:

- Criteria package provides a clear definition of the project to all parties
- Firm price is known at an early stage
- Owner may select from multiple design solutions
- Multiple price proposals provide perception of greater competition

Disadvantages:

- Substantial proposal expense is incurred by the competing design-builders. This often requires reimbursement (honoraria) to unsuccessful proposers
- Potential exists for split responsibility between criteria professional and design-builder
- It is more difficult to make design changes after design-builder's proposal is accepted; "barrier" syndrome
- Construction cost tends to be higher due to inability to continuously refine design and cost after proposal is accepted

Qualifications Based Selection

Under QBS procurement, the design-builder is selected in much the same way as a design professional or construction manager is chosen, based upon qualitative factors such as experience, financial capability, and proposed project team. After selection, the design-builder provides design services beginning with project definition and programing, just as a traditional A-

E would, but also provides budgeting, scheduling, constructability input, and project leadership from inception. Firm construction cost (GMP) is guaranteed by the design-builder at a point during the design development phase. An independent owner's representative may be engaged to oversee the process and provide coordinated point of contact.

Advantages:

- The design-builder is responsible for design from inception, there being no "handoff" or division of responsibility between criteria professional and design-builder
- Construction cost tends to be lower due to continuous interaction among owner, designers, constructors and the construction marketplace
- Total delivery time is usually reduced due to seamless continuity of project definition, design development, and construction phases
- Owner's expense of criteria package development, evaluation of proposals, and honoraria to unsuccessful proposers is eliminated

Disadvantages:

- Firm price is not determined until later in the process; however, budget management is available from the outset
- A greater degree of judgment, and evaluation of intangibles, is required of the owner
- Apparent price competition at the prime contract level is reduced
- Owner's ability to choose from multiple separate designs is reduced

Summary

Generally speaking, best value selection is most successful for projects of lesser complexity and scope, where project requirements can be identified and set forth in the criteria package. It is also the superior approach where procurement policy (public or private) requires price-based competition.

Qualifications-based selection permits the owner to bring the design-builder into the project at the outset, using the design-builder's expertise in programming, project definition, innovation, budgeting and scheduling. This approach is particularly suited to projects where the complexity, technical risks and/or evolving scope make it difficult to prepare a clear and stable criteria package at the outset.