Alternative Project Delivery Methods

Wastewater Agencies traditionally utilize design bid build (DBB) for delivering capital improvement projects. The DBB project delivery method requires that the project owner contracts out the design and/or completes the design work in-house, and then solicits fixed-price bids from contractors to perform the work so that the construction work is competitively bid and awarded to the lowest responsive bidder. However, circumstances can exist where a DBB approach does not fit the wastewater agency’s needs. For instance, the wastewater agency may have a very tight timeframe to complete the project, work by an existing contractor might be intertwined and/or interfere with a proposed project, a project might need a contractor with specialized expertise or experience not readily available on the market, and/or emergency situations. Some believe that utilizing alternative project delivery methods provide greater flexibility in the contract award process, higher quality construction work, fewer change orders, fewer claims, faster project completion, lower overall project cost, greater cost certainty and more opportunity for project innovation. It is important for Wastewater Agencies to know what alternative project delivery methods are legally available to them when it comes to effectively and efficiently implementing capital improvement projects. California Public Contracting Code (Ca PCC) is the authority under which most agencies execute DBB projects. However, even within the Ca PCC and a myriad of other statutes outside of the Ca PCC, most agencies have authorization to use alternative delivery methods to execute capital improvement projects.

Problems with DBB

Based on experience what have been some of the issues your agency has faced when utilizing DBB for project delivery?

- Awarding projects to low performing or problematic contractors, repeatedly
- Longer time to complete project (no efficiency gained from overlapping design and construction)
- Low bid contract award sometimes result in contractor trying to make up costs in change orders

Alternative Project Delivery Methods and Potential Benefits

Based on experience what alternative project delivery methods have been utilized successfully by wastewater agencies and for what reasons? What strategy is used by agencies to identify best fit “delivery method” for a project? What benefits were realized when utilizing alternative project delivery methods?

- Design Build/Progressive Design Build (DB/PDB) – Shorter project deliver schedules/Price certainty
- Construction Manager at Risk (CMAR) – Project risk placed on contractor
- Energy Conservation Contracts (ESCO) – Project savings used to finance project
- Job Order Contracting (JOS) / Indefinite Delivery Indefinite Quantity (IDIQ) – Shorter service procurement time

Lessons Learned / Pitfalls / Challenges

Based on experience what problems have wastewater agencies encountered when pursuing alternative delivery methods for projects?

- Alternative Delivery Methods may not be a panacea (no one size fits all)
• Uncertainty over whether or not your agency has legal authority to use alternative project delivery methods
• Difficult for agency to embrace a change in how to execute capital improvement projects (comfort level)
• Difficult to change staff culture on how project delivery methods are promoted/executed within agency