

UNIVERSITY OF NEBRASKA
CAPITAL PLANNING and DEVELOPMENT
PROJECT DELIVERY METHOD PROCEDURES

UNFP 6.3.6.1

I. Reference and Application

- A. On November 7, 2008, the Nebraska Board of Regents approved a policy for Capital Planning and Development.
- B. Application: The procedures apply to all Board approved capital projects.

II. Objectives and Limitations:

The objective of these procedures is to provide guidelines necessary to comply with Board Policy (RP-6.3.6) *Capital Planning and Development* and ensure that during the Program Statement Phase of the Capital Development Process the optimum delivery method is identified in order to ensure that capital funds are converted into exceptional University facility solutions in a fiscally prudent, collaborative, efficient, and innovative manner.

III. Definitions

- A. Construction Firm: Any sole proprietorship, partnership, corporation, association, or other legal entity providing construction services.
- B. Construction-Manager-at-Risk (CMR): Project delivery method in which the selection is based on qualifications, not a low bid process. The CMR is selected at the same time as the A/E is selected or at some point during the design phase.
- C. Construction Services: Services within the practice of construction including the process of building, altering, repairing, improving or demolishing any University structure or building or other improvements of any kind to any University real property.
- D. Design-Bid-Build (DBB): Sequential project delivery method in which the A/E under one contract designs a project, the project is publicly bid, and the lowest responsible and responsive bidder constructs the project under a second and separate contract.
- E. Design-Build (DB): Project delivery method in which the selection is based on qualifications or best value. The Contractor and A/E are both part of the Design-Build team and the project is designed and built under a separate contract directly with the Owner.
- F. Design Services: Architect services, engineer services or landscape architect services. Also referred to as A/E services.

- G. Guaranteed Maximum Price (GMP): A cost-type contract (also known as an open-book contract) where the contractor is compensated for actual costs incurred plus a fixed fee subject to a ceiling price. The contractor is responsible for cost overruns, unless the GMP has been increased via formal change order (only as a result of additional scope from the Owner, NOT price overruns, errors, or omissions). Savings resulting from cost under runs are returned to the Owner. This is different from Design-Bid-Build delivery, where cost savings are typically retained by the contractor.
- H. Program Management (PM): Also known as Construction Management, this delivery method uses a qualification-based selection to provide professional services of an owner advocate working as an extension of the Owner's staff and in the Owner's interests in concert with one of the three delivery methods: CMR, DBB, or DB.

IV. Procedure

- A. The traditional Design-Bid-Build (DBB) remains the University's standard project delivery method, although each of the methods has its particular advantages and disadvantages. The Program Statement shall identify the recommended method of contracting and the rationale for that recommendation.
- B. The principal characteristics of each method are as follows:
 - 1. Design-Bid-Build (DBB): The projects best suited for this delivery method are projects that are not schedule-sensitive nor subject to potential change.
 - a. DBB is a traditional linear delivery process in which the contractor is selected at the completion of the design phase.
 - b. There are no pre-construction services from the contractor.
 - c. Bidders may or may not be pre-qualified.
 - d. There is an aggressive bid competition.
 - e. The contractor that presents the lowest responsive and responsible bid price is awarded the contract.
 - f. There is no Guaranteed Maximum Price, no (or very limited) opportunity to negotiate the bid and any cost savings are retained by the DBB contractor.
 - g. There is greatest potential for an adversarial relationship between the DBB contractor, the University, and the A/E.
 - 2. Construction-Manager-at-Risk (CMR): The projects best suited for this delivery method are new, renovation or complex projects that are sequence or schedule sensitive, difficult to define or subject to change.
 - a. The following issues must be considered in selecting the CMR delivery:
 - 1) A total project cost of \$6 million or greater
 - 2) Project complexities
 - 3) Project phasing requirements
 - 4) Necessity for preconstruction services
 - 5) Ability and availability of experienced CMR contractors
 - b. CMR method is conducive to a fast-track approach.
 - c. This method approaches the project in a team concept.
 - d. Selection is based on qualifications and best value, not a low bid process.

- e. The CMR is selected at the same time as the A/E is selected or at some point during the design phase.
 - f. The CMR initially enters into a Pre-Construction Contract to provide estimating, scheduling, value engineering, subcontractor design assist, and constructability reviews during design.
 - g. Subcontractors are competitively selected based on a combination of qualifications and bid price.
 - h. During the design phase a Guaranteed Maximum Price (GMP) is agreed to by the CMR and the University.
 - i. A second contract, the Construction Contract, is entered into after negotiation of the GMP.
 - j. The CMR may or may not self-perform the work.
3. Design-Build (DB): The projects best suited for this delivery method are new or renovation projects that are schedule sensitive.
- a. The following issues must be considered in selecting the DB delivery:
 - 1. The DB method is considered suitable only for the most basic or repetitive new construction projects where requirements can be precisely defined up front without extensive bridging documents. Such projects include parking structures or student housing and renovation projects with repetitive characteristics such as replacing windows.
 - 2. Successful DB requires a sophisticated Owner so there must be a campus understanding and experience with the method.
 - b. Once an agreement is reached, the Owner has little control over the design builder and may not get all of the features and finishes in the facility it envisioned at the outset – without additional cost.
 - c. The Owner, A/E and Contractor sometimes have different goals resulting in adversarial relationships.
 - d. Ability and availability of DB contractors and teams must be considered.
 - e. DB method is conducive to a fast-track approach.
 - f. This method provides a single point of accountability.
 - g. There is a loss of fiduciary accountability from the A/E to the University resulting in limited University involvement and design influence.
 - h. Selection is based on qualifications and best value, not a low bid process.
 - i. A GMP can be negotiated early in the process.
 - j. Subcontractors are competitively selected based on a combination of qualifications and bid price.
 - k. The DB may or may not self-perform the work.