

# TYPES OF CONSTRUCTION PROJECT DELIVERIES

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When thinking about building a new structure, clients are often confronted with the challenging prospect of how to get started and which delivery method to select. Our guide covers the top 4 delivery methods in detail that can assist you decide on the most suitable method for your project.

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DESIGN BUILD - ENGINEERED WITH VALUE

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## DESIGN BUILD

Design Build is a project delivery method in which one business provides the architectural, engineering and construction in a single agreement. This creates a streamlined approach that enables clients to have a single point of contact throughout the process. The construction team entity is entirely responsible for any liabilities or risks that may arise including suppliers, materials, sub-contractors and any other related items.

In a "typical" construction project, the client or owner becomes the middleman between the designer and the builder. This puts them in the position of having to negotiate and settle issues that arise between the two parties who may or may not have worked together before. This can be particularly troublesome for an owner without construction experience. Design Build alleviates this problem and provides several benefits to any project.

## Benefits of Design Build

- Better communication requiring close collaboration with all members. Encourages a team approach towards achieving a successful project.
- From the client's perspective, this type of delivery is easier to manage. There are minimal conflicts as the general contractor and architect are working with the same set of requirements to create the best result.
- The commercial general contractor is chosen based on their experience, qualifications and proficiency rather than simply the lowest cost provider.
- Design Build can provide quicker delivery times since the design and building occur simultaneously with only a single selection phase.



## Downside to Design Build

- Complex RFP process.
- More details and requirements to vet resulting in a longer response time.
- Lower competition as not every construction business can put together a competent design and build team.
- Design Build requires more contract administration and management than other types of delivery.



## DESIGN BID BUILD

In the Design Bid Build construction project delivery, the client creates separate agreements with the architect or engineering firm to produce plans, as well as with the company that builds the structure. This traditional process is a sequence of events starting with design, then creating construction documents, the bidding process and then building.

The first step is to choose a design firm and once completed, the client will obtain bids from contractors to execute the job. Architects / engineers and the commercial contractor do not always collaborate and have no legal commitment to do so. The client typically takes on the risks related to ensuring the design plans are complete. For owners less familiar with construction, they may require a specialist to help ensure that the plans are detailed and meet all of their requirements.

For some clients, the Design Bid Build project delivery is a good method. This technique is helpful for owners that do not have specific competence in construction or real estate. Given that each stage of the process is separate, the procedure is easier to follow and more straightforward.



### Benefits of Design Bid Build

Easiest process to follow for those owners less experienced in construction.

Design Bid Build can result in the lowest cost construction project with higher amounts of competition for each part of the job.

### Downside to Design Bid Build

The delivery can take much longer, since construction can not begin until the plans are finalized and the construction documents are complete.

Since there are several agreements, there are several different people to contact during the project. The client functions as a go-between for the design and building concerns that frequently occur. Less experienced clients may be required to hire a project manager to oversee everything.



## COST + (OR COST PLUS)

A Cost + building delivery is also called a cost reimbursement delivery agreement, gives both sides comprehensiveness and convenience. This type of construction delivery enables the commercial general contractor to be fully paid every one of their costs detailed in the agreement, along with an extra amount for their own earnings.

Commercial contractors, like any other supplier, commonly sustain a variety of out-of-pocket expenditures throughout a project. These expenses could consist of travel costs, extra materials required, brand-new tools and other items. A Cost + agreement enables the contractor spend the funds in the best ways necessary to finish the job right, while understanding they will be appropriately compensated. Cost + delivery agreements need to spell out in specific detail, what items can be repaid and which expenses will not. There are three parts to a Cost + agreement:

### Direct Costs

These expenses are the standard ones sustained by a commercial general contractor for a specific project. These typically consist of materials, labor, tools and equipment.

### Overhead Costs

These indirect costs are the business related expenditures required to satisfy the agreement. These are normally outlined as a portion of total building and construction expenses, and are typically comprised of such items as plan printing, construction site visits, on-site trailers and management for the project.

### Profit

Like any other business operation, the commercial general contractor needs to make a profit for the job they are working on. In general, the profit is a percentage charge based upon the project labor costs.



## Benefits of Cost Plus

- Cost + deliveries put both the general contractor and the client on the same side.
- Provides clarity, plainly describing what will be compensated as well as what is not.
- High-quality projects as the general contract has the encouragement to use excellent materials and labor.
- Lower chance of an overbid project.



## Downside to Cost Plus

- The client has the greater risk for spending more on materials than expected.
- The commercial general contractor has less reason to be efficient since they will receive their profit either way.

# CONSTRUCTION MANAGER AT RISK (CMAR)

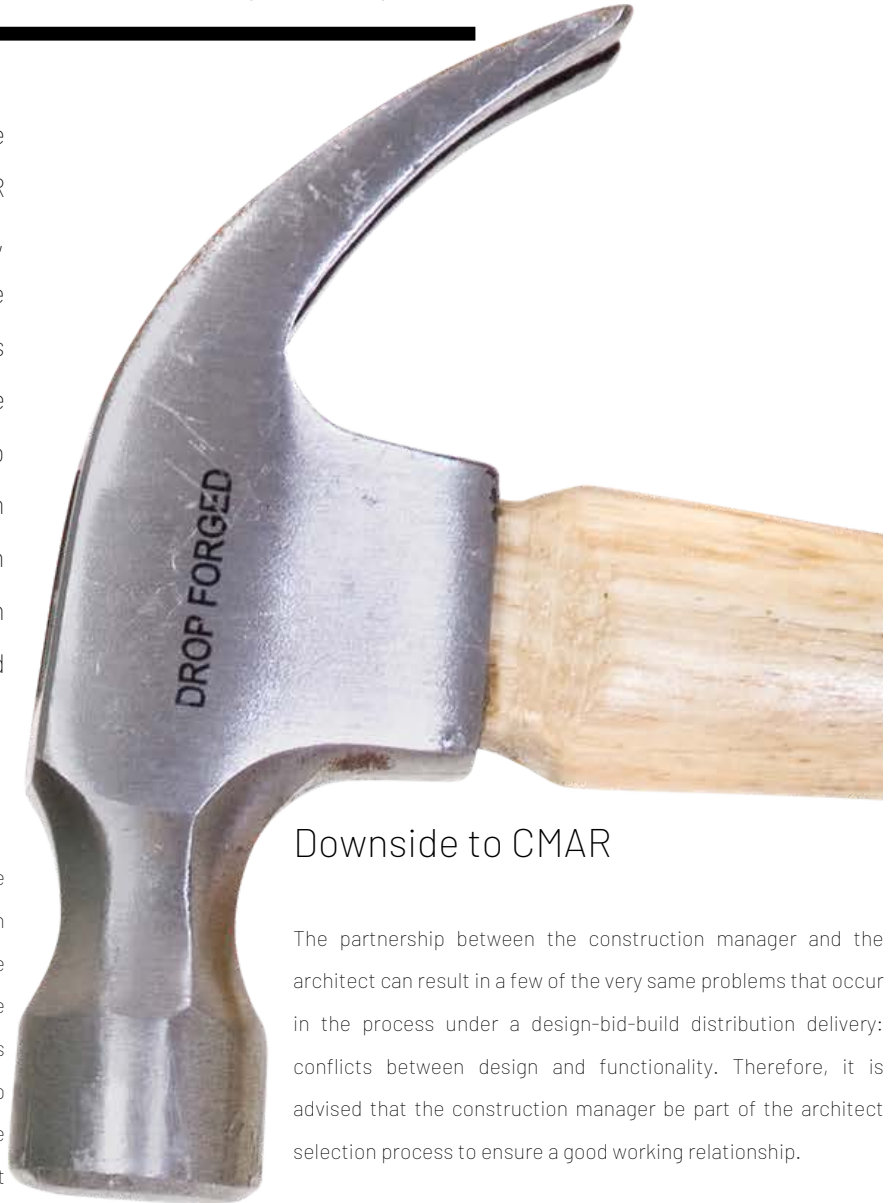
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Construction Manager at Risk is among the most common project delivery types. CMAR involves the creation of two agreements, one with the owner and another with the designer. What is unique about CMAR, is that it involves a dedication by the construction manager to finish the job within an established guaranteed maximum price. This total expense is based upon building requirements and construction documents, plus any other included features or jobs.

## Benefits of CMAR

There is a greater degree of expense control from the beginning of the project. An effective Construction Manager at Risk job would entail employing the construction manager early in the process and have them help choose the architect. While the design is being completed, the construction manager works up estimates for expenses. The process dictates that the architect is only able to proceed onto the subsequent stages of the project if the estimates are consistent with the budget, enabling the client to control the expenses.

There is lower risk to the client under the Construction Manager at Risk delivery, assuming the design and construction documents are comprehensive and there are contingencies included in the plan. The guaranteed maximum price gives the client a guarantee that their budget will be adhered to.



## Downside to CMAR


The partnership between the construction manager and the architect can result in a few of the very same problems that occur in the process under a design-bid-build distribution delivery: conflicts between design and functionality. Therefore, it is advised that the construction manager be part of the architect selection process to ensure a good working relationship.

The Construction Manager at Risk approach is best suited for significant projects. Smaller building projects may not work with this delivery approach.

The client might be economically responsible for the exemptions or variances in the agreement. This is why it is advised that the client be well versed in building and construction, to make certain that no important details are excluded in the agreement or plans. Clients who are not well versed in construction projects should use a different delivery method.







## WHAT IS THE RIGHT PROJECT DELIVERY METHOD?

It depends upon the nature of your project and what makes sense for the client, general contractor, architect and others in the team. Understanding the different types of delivery can help set expectations for a successful project.

After evaluating the pros and cons of each type of construction project delivery, you can better ascertain which type of agreement makes the most sense for your new structure.



## TEXAS ORTHOPEDIC & SPORTS MEDICINE

**Location:** Houston, TX

**Size:** 136,800 sq. ft

**Scope:** Design Build

CIVE is an upscale Design-Build firm, specializing in top down build process driven by value engineering – from state-of-the-art architecture, leading edge engineering, high quality construction and elite project management.

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