

City of Lawrence
Administrative Policy

SUBJECT Alternative Project Delivery Procedures		APPLIES TO Construction & Reconstruction of Certain Public Improvements	
EFFECTIVE DATE May 3, 2018	REVISED DATE		
APPROVED BY Governing Body		TOTAL PAGES	POLICY NUMBER

I. GENERAL PROVISIONS

A. Introduction

The City of Lawrence strives to make the best and most cost-effective use of construction funding. The traditional design-bid-build project delivery method will continue to be the primary method of procurement; however, alternative project delivery may be considered when several factors indicate alternative delivery is in the best interest of the public. Regardless of the delivery system, the City awards design contracts through a qualifications-based process and awards construction contracts to the lowest, responsive, responsible bidder based on pre-established criteria.

B. Purpose and Objectives

The purpose of these Alternative Project Delivery Procedures is:

1. To identify factors considered when determining the best delivery method for a project
2. To provide guidelines for the evaluation process used to select vendors on the alternative project delivery team
3. To promote accountability and transparency with best practices for project management and oversight

C. Charter Ordinance No. 45 and Purchasing Policy

The Alternative Project Delivery Procedures shall be subject to Charter Ordinance No. 45 and the City's purchasing policy and procedures, as amended.

II. RECOMMENDATION OF DELIVERY METHOD

A. Project Factors

It is essential to choose an overall project delivery and contracting strategy that

effectively and efficiently delivers the project. The assigned Project Manager in consultation with the Department Director, Finance Department, City Attorney, and City Manager shall consider several factors when recommending a project delivery method, including but not limited to the following:

1. Clarity of the project scope
2. Project phasing considerations
3. Technical complexities of the design
4. Regulatory requirements
5. Land acquisition timing and challenges
6. Schedule requirements
7. Potential scope changes during construction phase
8. Desire to encourage innovation and/or contractor input during design
9. Cash flow or funding cycles impacting the project budget
10. Special financing
11. Unusual budget constraints
12. Public perception
13. Experience with particular delivery system
14. Internal resources to manage particular delivery system

B. Construction Delivery Methods

The City has traditionally used the design-bid-build delivery method. Other delivery methods may be considered and recommended for approval. Most alternative delivery methods used by public entities today are a variation of two methods:

1. Construction Manager at-Risk (CM at Risk or CMAR) – A delivery method that entails a commitment by the CM for construction performance to deliver the project within a defined schedule and price, either fixed or a guaranteed maximum price (GMP). The CM acts as a consultant to the City in the design phase of a project, but as the legal equivalent of a general contractor during the construction phase.
2. Design-Build (DB) – A delivery method which combines architectural and engineering design services with construction performance under one contract. Variations include:
 - a) Bridging – The City selects a designer to develop the design documents to a specific point (usually schematic level) prior to selecting a DB team. A lump sum fixed price or GMP is provided by the DB team who then completes the design and constructs the

project while staying below the GMP.

- b) Progressive DB – The team of designers and contractors is selected at the beginning of the project. The DB team issues the GMP during the later stages of design.

C. Comparison of Delivery Methods

Traditional Design-Bid-Build (DBB)	Construction Manager at Risk (CMAR)	Design-Build (DB)
Two separate contracts with designer and contractor	Two separate contracts with designer and contractor	Single point of contact
• Designer selected based on qualifications • Project competitively bid to select contractor	• Designer selected based on qualifications • CM selected on qualifications & best value • CM provides guaranteed price before construction begins	• DB team selected based on qualifications & best value with a guaranteed price provided before construction begins
OWNER BENEFITS: • Owner controls design and construction • Can result in the lowest total construction cost due to the open field of bidding competition	OWNER BENEFITS: • Collaboration between designer and contractor throughout design Transfer of responsibility for construction, and some risk, from owner to CM • Construction cost known and fixed during design • Construction may start before design completion, reducing project schedule	OWNER BENEFITS: • Collaboration between designer and contractor throughout design Transfer of design and construction risk from owner to the DB team • Construction cost known and fixed during design, price certainty • Construction may start before design completion, reducing project schedule
OWNER RISKS: • General contractor chosen primarily on price, secondarily on qualifications • Owner at risk to contractor for design errors • Contractor not involved during design • Design and construction are sequential, typically resulting in longer schedules • Construction cost unknown until contract award	OWNER RISKS: • Potentially conflicting interests as both CM and contractor • Owner must require the CM to get multiple bids from subcontractors for all the major disciplines / trades to ensure competition • Owner must require an open-book policy to ensure transparent accounting of project cost • Reduced owner control of construction	OWNER RISKS: • Potentially conflicting interests as both designer and contractor • Owner must provide a comprehensive performance specification • Owner may need an independent agent acting as their advocate throughout the project. • Reduced owner control of design and construction

DBB BEST SUITED FOR: Projects that are budget sensitive, but not schedule sensitive. Projects that are not subject to change.	CMAR BEST SUITED FOR: Projects that are schedule sensitive, difficult to define, or subject to potential changes. Projects requiring a high-level of construction management due to multiple phases, technical complexity, or multi-disciplinary coordination.	DB BEST SUITED FOR: Projects that are highly time sensitive with clear performance requirements. Projects that value collaboration and have flexibility for innovation.
---	--	---

D. Finding and Authorization

Before the City may undertake the construction or reconstruction of any public improvement using an alternative project delivery method, the Governing Body shall find that the authorized alternative project delivery method is in the public interest. The City will proceed with the vendor evaluation and selection process defined in Section III.

III. EVALUATION AND SELECTION PROCESS

A. Selection Committee

All proposals submitted shall be evaluated by an Selection Committee consisting of at least three (3) City employees. Other participants may be included as deemed appropriate. All evaluators shall be trained in the evaluation of proposals under this section. Evaluators must review each proposal independent of any other evaluator. After individual evaluations have been completed, the Selection Committee may meet to discuss. Evaluators must complete and sign conflict of interest statements to assure fairness and integrity.

B. Evaluation Process

For alternative delivery projects, the City shall solicit competitive proposals from vendors. The Selection Committee may interview the prospective vendors as part of the evaluation process before selecting a vendor and proceeding with contract negotiation.

1. Request for Qualifications (RFQ) – A RFQ may be used to narrow down the number of vendors before the competitive RFP process is used.
2. Competitive Proposals – Proposals shall be submitted through a Request for Proposal (RFP). A RFP shall contain, at a minimum:
 - a) Instructions that clearly describe the information that is required to

be submitted in the proposal.

- b) The City's requirements, deliverables, scope of work, timelines, goals, and objectives regarding the project.
- c) Evaluation criteria and an explanation of how criteria will be assessed and weighted. Criteria may include applicable and appropriate qualifications, proposed personnel, project experience, past performance information, execution methodology, project risk and value assessments, and financial information. Costs, fees, and financial information shall be evaluated separate from all other information in the proposal. Weights shall be expressed in a numeric format. No one evaluation criterion weight may exceed more than 35 percent of the total evaluation criteria weight.
- d) A schedule identifying the proposal due date and anticipated date of award.

- 3. Interviews – Discussions and clarifications may be conducted with responsive and responsible vendors after all evaluations and scoring of the proposals have been completed. In conducting interviews, the procedures will focus on the qualifications and proposed approach brought forward by each competing vendor. Information from one vendor's proposal and/or interview responses will not be shared with competing vendors.

C. Contract Negotiations

The vendor whose proposal is determined to be the most advantageous, taking into consideration costs and all evaluation criteria, shall be selected for contract negotiation. Negotiation shall be undertaken to obtain a contract incorporating the scope of services, method of contracting, costs, and terms and conditions determined to be fair and reasonable to the City. If negotiations with the most qualified vendor are not successful, the City at its discretion may continue with the next most qualified vendor. The City also reserves the right to not award a contract or to solicit new proposals. In conducting negotiations, there shall be no discourse of any information derived from proposals submitted by competing vendors.

IV. PROJECT MANAGEMENT AND OVERSIGHT

A. Project Manager

1. Qualifications

- a) City will assign a Project Manager that has knowledge and experience with the selected alternative project delivery method.

- b) Project Manager will be familiar with the City's processes related to the type of project being constructed.

B. Scope Management

1. Contract Terms

- a) City shall determine the contract used for the project.
- b) A reasonable effort will be made to use the City's standard agreement or an industry standard contract agreement.
- c) Contract language shall include an option to discontinue alternative delivery and switch to traditional design-bid-build delivery when it is in the City's best interest for the project.

2. Quality Control

- a) Project Manager will be involved in both the design and construction phases of the project for consistency.
- b) Project Manager will review construction specifications and drawings prior to the start of construction.
- c) Project Manager will review inspection reports and material testing reports to ensure construction quality meets requirements specified in the contract documents.

3. Scope Changes

- a) Project Manager will document scope changes in the City's project management system and bring significant scope changes to the attention of the City Manager in a timely matter.

C. Cost Management

1. Tracking and Reporting

- a) Project Manager will use the City's project management system for tracking and reporting costs for the duration of the project.
- b) Project Manager will review budget and expenditures for the project at least monthly.

2. Cost Estimates

- a) Cost estimates provided by vendors during design will include details, such as quantities and unit cost backup, to allow the City to

see how subsequent changes to the project scope will impact the overall cost of the project.

3. Open Book Costing Method – Vendors may be required in the RFP or contract to provide an open book approach for the project. Open book is typically available for Cost plus Fee contracts, including those with a GMP. Open book is defined by the following:
 - a) A competitive bid process will be used for subcontracted work.
 - b) Subcontractor bid proposals will be analyzed and tabulated in a bid book and made available to the City for review.
 - c) Subcontractor award recommendations will be based upon the most competitive and complete proposals received through the bidding process.
 - d) Bid results will be compared on a line item basis against the most recent project budget and any savings resulting from the bid process will be segregated and returned to the City.
 - e) An auditable trail will be provided from start to finish.

D. Communication

1. City's project management system will be used to facilitate project team collaboration and streamline the exchange of documents and drawings.
2. City will provide transparency to the public through public meetings, project status reports, and updates posted on the City website as appropriate.

E. Reviews of Vendor Performance

1. City will conduct performance reviews of the awarded vendor related to the vendor's performance in the areas of: overall quality, ability to minimize cost increases, ability to maintain schedule progress, professionalism, risk mitigation capability, and similar factors.
2. At a minimum, the City will conduct such performance reviews at the end of the project. City reserves the right to provide updated performance reviews at interim phases of the project, such as at design phases and other project milestones.