

PROCUREMENT GUIDE FOR OWNERS

# WHY DESIGN + BUILD?





## DESIGN + BUILD: A TURN-KEY APPROACH TO PROJECT DELIVERY

Not limited to any particular project type, Design + Build procurement offers the fastest route to project completion through a single point of responsibility, transparent processes, and the teamwork inherent in a pre-established contractor/architect relationship, all managed via a single contract. For many owners this is the simplest and most responsible procurement process.

### WHAT IS DESIGN + BUILD?

Simply put, Design + Build is a single contract construction delivery method with a single point of contact through all phases of design and construction.

Your Design Builder manages and is responsible for all contracts within these processes—including those with architects, engineers, subcontractors, and vendors.

## PROJECT DELIVERY METHOD COMPARISON

Choosing the optimal project delivery method for your project is the first step to a streamlined project process.

	DESIGN-BID-BUILD	CM@R	DESIGN + BUILD
	<i>Also known as "traditional" procurement.</i>	<i>CM@R stands for "Construction Manager at Risk"</i>	<i>A Design - Builder consists of a partnered general contractor and architect.</i>
<b>COST CERTAINTY</b>	Competitive bids by general contractors. Drawings are developed independent of builder input, cost certainty is dependent upon quality of drawings and quality of contractor drawing review.	General contractor is hired based on qualifications and fees. Guaranteed maximum price (GMP) is developed in the preconstruction process. Initial drawings may be subject to changes in order to achieve acceptable GMP.	Design - Builder is hired based on qualifications. Budgets are identified at the start of the project, and the GMP is dynamically developed throughout the design + build process to meet budget.
<b>FINANCIAL RISK ASSIGNMENT</b>	Owner holds financial risk, i.e. construction cost overages.	Loven Contracting holds financial risk.	Loven Contracting holds financial risk.
<b>DESIGN COORDINATION</b>	No design coordination / constructibility reviews between architect and general contractor. Bid is based on final drawings.	General contractor reviews and comments on design and constructibility.	General contractor and architect collaborate from project start for design and constructibility.
<b>ADMINISTRATION &amp; OWNER TIME REQUIRED</b>	Requires more Owner time due to Owner acting as liaison between architect and contractor. Owner or architect administration.	Requires less Owner time, due to general contractor working directly with architect to achieve GMP, and contractor being responsible for construction administration.	Requires more Owner time at the start to clearly define scope and budget in collaboration with Design - Builder. Design builder is responsible for construction administration.
<b>VALUE ENGINEERING</b>	Design complete before contractor is hired. No formal budgeting or VE process in the design stages. Final drawings may require revision for budget or if constructibility issues are identified.	General contractor is hired during design process, and contributes VE in development of GMP. Enables more opportunities for constructibility review and alternate methodologies.	Design - Builder team structure enables VE throughout entire process. Collaboration from start to finish ensures no constructibility issues.
<b>SCHEDULE</b>	Linear process, slowest delivery method.	Enables fast-track construction through overlap of design and preconstruction processes.	Enables fastest-track construction through collaborative design process, faster permitting.
<b>CLAIMS</b>	Owner liable to general contractor for design errors, risk of claims for design gaps.	Owner liable to general contractor for design errors, claims less likely with proper coordination.	Owner not liable for design errors. Claims less likely due to full-process coordination.

*Selection of the ideal project delivery method offers the Owner the opportunity to assign financial risk and the burden of administration and project management workloads in a manner that best fits their organizational structure, while pursuing a best-in-class product.*

#### **DESIGN-BID-BUILD**

This is the traditional delivery method, wherein the Owner first hires an architect and works with them to design the entire project. Once drawings are complete, the Owner then hires a general contractor to build the final design.

Owners generally choose this method when they want to retain full awareness and control of every design decision.

The general contractor is selected through a lowest qualified bid process after the design is complete and has no collaborative interaction with the architect during the design process. Designers and contractors bear no responsibility toward each other and **the Owner bears all risk associated with the completeness of the design documents.**

*Contracts: There are two contracts associated with this delivery method, between the Owner and the architect and the owner and the general contractor.*

#### **CM@R**

In the Construction Manager at Risk process, the Owner first hires an architect and quickly thereafter hires a general contractor (based on qualifications and fees). Early engagement of the general contractor facilitates a robust preconstruction process, including value engineering and development of a final GMP (Guaranteed Maximum Price).

Owners generally choose this method when a GMP is essential to the budgeting process and if fast-track construction is required to meet desired occupancy dates.

The designer and contractor coordinate throughout preconstruction, reducing the risk of gaps in the design. **The Owner bears all risk associated with the completeness of the design documents.**

*Contracts: There are two contracts associated with this delivery method, between the Owner and the architect, and the Owner and the general contractor.*

#### **DESIGN + BUILD**

Design + Build enables the Owner to hire a teamed architect and general contractor, with a single point of contact throughout the design and construction processes. This Design - Builder works with the Owner to develop the programming and scope early in the process.

Owners generally choose this method when they want to simplify the administration requirements, and when both fast-track delivery and cost savings are essential.

The general contractor and designers work collaboratively throughout the process to deliver a final product that meets the scope and programming requirements developed in partnership with the Owner in the design phases. **All risk associated with the completeness of the design documents is assigned to the Design - Builder.**

*Contracts: There is one contract associated with this delivery method, between the Owner and Loven Contracting, and the Design - Builder.*

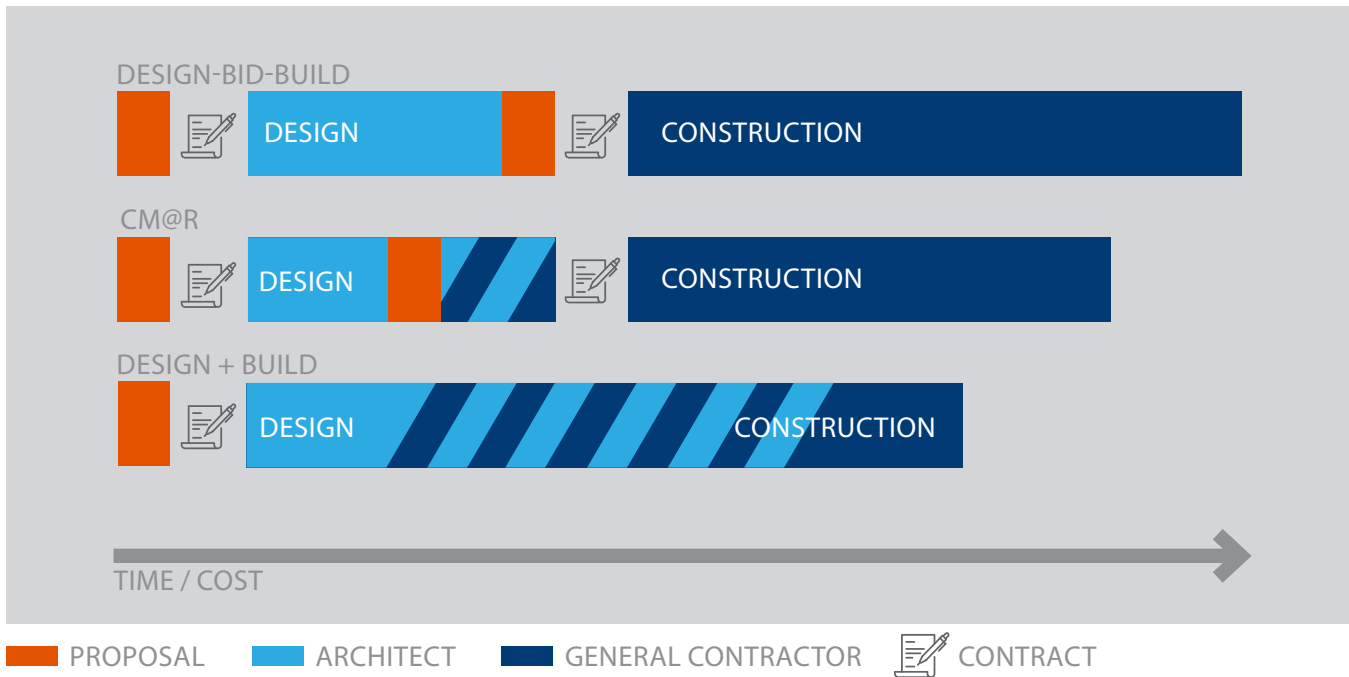
#### **WHAT ABOUT IPD?**

Integrated Project Delivery is a tailored version of Design + Build and includes the Owner, architect, and general contractor as equal parties to the process. The Owner hires a teamed architect and general contractor, and the three parties work together throughout the design and construction processes.

Owners generally choose the IPD delivery method when they want and are able to participate in every step of the preconstruction process and when fast-track delivery is essential to success.

**All risk associated with the completeness of the design documents is assigned to the IPD team, which includes the Owner.**

*Contracts: There is one three-party contract associated with this delivery method, between the Owner, architect, and general contractor.*



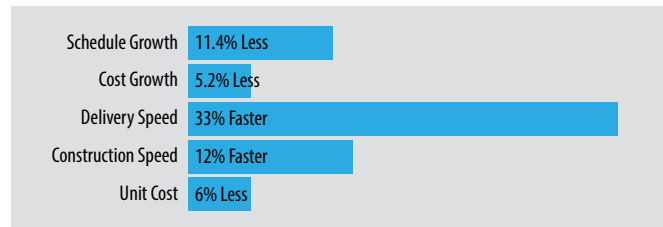
### COST AND SCHEDULE PERFORMANCE

As illustrated above, both cost and time to completion are improved by selecting a more collaborative delivery method. Design + Build is on average 23% faster than CM@R and 33% faster than Design-Bid-Build. In both cases, the savings are aided in part by Early Procurement and Change Order Reduction:

**Early Procurement:** The close collaborative relationship between the designer and builder facilitates quick decision-making and enables early procurement of high cost long-lead items. Particularly in times when materials costs are volatile, this may produce significant savings for project owners.

**Change Order Reduction:** Because the financial risk is born by the Design + Build entity, the motivation to ensure accuracy of drawings and complete owner agreement to all aspects of the design prior to the start of construction is very high.

### DESIGN + BUILD VS. TRADITIONAL VS. CM@R PROCUREMENT



Above: A Penn State Study found that compared to the Traditional - RFP Process, Design + Build projects had a 6% reduction in change orders, delivered 33% faster overall, and cost 6% less. Top: The same study showed that both cost and time to completion are improved by selecting a more collaborative delivery method, with Design + Build on average 23% faster than CM@R and 33% faster than Design-Bid-Build.



## **YOUR VISION COMES FIRST:** OUR DESIGN RESOURCES DELIVER EXPERTISE & EXPERIENCE

Your vision comes first in any Design + Build partnership. Our design partners are carefully selected based on project type experience, capacity, and capabilities to be the best fit for you. Loven Contracting also offers in-house design services when speed to market and project budget are of the utmost concern.

As a part of the initial project evaluation, our preconstruction team will work with you to identify your priorities. Based upon these priorities, we will identify the best possible resources for your project, whether schedule, budget, sector expertise, location, or sustainability are at the top of your list.

Contact our team for more information or to discuss your project:

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