Plano
City of Excellence

Memorandum

Date: May 24, 2023

To: Mark D. Israelson, City Manager

Via: Jack Carr, Deputy City Manager

From: Paul Kunze, Facilities Division Manager

Subject: Facilities Project Delivery Methods

For the City of Plano Facilities Division there are two project delivery methods that are used: Design-Bid-Build (DBB) and Construction Manager at Risk (CMAR).

There are two versions of DBB, both lead to a fixed fee contract based on a completed set of design contract documents. They are Request for Bid (RFB) and Competitive Sealed Proposal (CSP). RFB is awarded solely on the proposed cost, and CSP is awarded based on an evaluation of the contractor's experience and the proposed cost. For a DBB contract, the design is developed prior to releasing to proposed contractors.

For some complex projects, the Facilities Division utilizes the delivery method of Construction Manager at Risk (CMAR).

Construction Manager at Risk is defined as: A delivery method that entails a commitment by the construction manager to deliver the project for an established amount, often a Guaranteed Maximum Price (GMP). The construction manager acts as a consultant to the owner in the development and design phases. During Construction, the CM will assume additional obligations and will undertake construction responsibilities, typically being placed in a legal position similar to that of a general contractor.

Guaranteed Maximum Price (GMP) is defined as: A contractual form of agreement wherein a maximum price for the work is established based upon an agreed to scope. Established with an understanding by the parties that the actual cost of the work could be more or less.

The guaranteed maximum is not a guarantee for all project costs, it is only for the scope of work that is established by the agreed to contract design documents. If the original scope is revised, typically by owner directive or unforeseen conditions, the costs may change accordingly. If the project cost is less than the GMP, it is typically recognized through project savings. Savings may be a result of subcontractor contract vs. bid cost savings, savings on administrative cost for early finished construction activities and any remaining unused contingencies. The CMAR typically has a contractual shared saving incentive to perform more aggressively in these areas. The CMAR is responsible to cover cost increases of market conditions, bid omissions and omissions as part of the guarantee.

I would be happy to discuss this further with anyone having any related questions or concerns.