



City of Greenville, North Carolina

Meeting Date: 11/7/2013
Time: 7:00 PM

Title of Item:

Establishment of Criteria for a Design-Build Delivery Method for Construction Contracts and Approval of Using the Design-Build Delivery Method for the Convention Center Renovation and Addition Project

Explanation:

Abstract: In accordance with recently passed Session Law 2013-401 (HB 857) regarding the addition of design-build delivery method for construction projects, the Public Works Department is submitting, for approval, the criteria that the City must establish to utilize this method of delivery. Additionally, Public Works is requesting approval to utilize the design-build method of delivery for the renovation and additions to the Greenville Convention Center. Due to the need for the project to be complete by early summer 2015, this delivery method will provide the needed flexibility to complete the project on time and within budget without sacrificing quality.

Explanation: Part 1: Establishment of Criteria. On August 23, 2013, the Governor signed into law Session Law 2013-401, House Bill 857, authorizing governmental entities to utilize the design-build delivery method for construction contracts. The first step in the process for utilizing the design-build delivery method is that a governmental entity is to establish in writing the criteria used for determining the circumstances under which the design-build method is appropriate for a project. The criteria proposed is the following:

Criteria for Determining Whether the Design-Build Delivery Method is Appropriate for a Project

(Criteria 1) *The extent to which the City can adequately and thoroughly define the project requirements prior to the issuance of the request for qualifications (RFQ) for a design-builder.* The design-build delivery method may be used if it is determined that, for the project, the City has professional personnel that are both qualified and experienced to thoroughly define project requirements prior to the issuance of a request for qualifications for a design-builder. Consideration will be given to the qualifications and experience of the personnel in the Public Works Department and the availability of professional personnel in the areas of purchasing, finance and legal to assist in the development of an RFQ.

(Criteria 2) *The time constraints for the delivery of the project.* The design-build delivery method may be used if a project has a firm date by which a facility must be operational and the normal delivery method is likely not to be timely (typically RFQ, study, design, bid and construct). The size and cost of a project will dictate complexity and schedule.

(Criteria 3) *The ability to ensure that a quality project can be delivered.* The design-build delivery method may be used if it is determined that, for the project, the City has professional and experienced personnel to ensure that the design-build firm will provide a quality project within the budget constraints established by Council. Consideration will be given to the qualifications and experience of the personnel in the Public Works Department.

(Criteria 4) *The capability of the City to manage and oversee the project, including the availability of experienced staff or outside consultants who are experienced with the design-build method of project delivery.* The design-build delivery method may be used if it is determined that, for the project, the City has professional and experienced personnel that are knowledgeable of design-build projects or, in the alternative, experienced consultants local to Greenville are available to be retained to perform the construction management of a design-build contract.

(Criteria 5) *A good-faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities.* The design-build delivery method may be used if it is determined that, for the project, requirements will be imposed which ensure that contractors will comply with the M/WBE goals set by Council.

(Criteria 6) *The criteria utilized by the City, including a comparison of the costs and benefits of using the design-build delivery method for a given project in lieu of the other delivery methods identified.* The criteria utilized by the City when considering a design-build delivery method for a project will be as follows:

- Is the project well defined and does it include qualitative and quantitative characteristics that make a design-build contract more appropriate than other methods of delivery?
- Is the project timeline overly constrained and will it be necessary to have the facility complete and operational within a short timeframe?
- Will it be necessary to have beneficial use of a portion of the facility while it is under construction?
- Given the scope of the project, is there a maximum budget that must be adhered to in order to allow negotiations and flexibility to make appropriate decisions on scope as the project progresses?
- Does the design-build delivery method meet the ultimate operational goals established for a given facility and the quality of product achieved as a result of a more fluid and flexible delivery method?

In general terms, if it is determined that the expected expense of a design-build project will be no more than ten (10%) greater than the expected expense of a

traditional RFQ, study, design, bid and construct project, the design-build delivery method may be utilized.

Part 2: Applying the criteria to the Convention Center Renovation and Addition Project. The second step for the process in determining whether to use the design-build delivery method for a project is to apply the criteria to the project. In applying the criteria to the Convention Center Renovation and Addition Project, it is recommended that the design-build delivery method be used for this project. This determination is based upon a review of the above criteria as it relates to this project as follows:

Criteria 1: Through the Public Works Department, the City has professional personnel that are both qualified and experienced to thoroughly define project requirements prior to the issuance of a request for qualifications for a design-builder. Additionally, professional personnel are available in the areas of purchasing, finance and legal to assist in the development of an RFQ.

Criteria 2: The Greenville Convention Center requires renovation in order to remain a competitive and attractive establishment. In order to rehabilitate this facility so that it is eligible to host the North Carolina Association of County Commissioners the construction must be completed by June, 2015. This is a period of approximately 18-months. Typical procedure would be to procure a design consultant, complete design and then undertake construction. This process would take approximately 24-30 months thus preventing the Convention Center from hosting the County Commissioner conference. The Design-Build process provides the best option for the City to meet this timeframe.

Criteria 3: Within the Public Works Department, the City has professional and experienced personnel to ensure that the design-build firm will provide a quality project within the budget constraints established by Council.

Criteria 4: Within the Public Works Department, the City has professional and experienced personnel that are knowledgeable of design-build projects. Should it become necessary to contract the construction management of a design-build contract, there are experienced consultants local to Greenville that are available.

Criteria 5: The City complies with G.S. 143-128.2, G.S. 143-128.4. The City has an established and successful M/WBE program which requires contractors to comply with the M/WBE goals set by Council.

Criteria 6: As stated under Criteria #2, one of the benefits of the Design-Build process is that it may reduce the overall project schedule by 6 to 12 months. This has a direct benefit on the project budget. The design-build delivery method is not expected to involve any additional expense than the expected expense of a traditional RFQ, study, design, bid, and construct project. The budget for the renovation of the Convention Center is \$4 million. By reducing the time frame by 12 months, we are eliminating the price escalation that would occur within that year. Additionally, the scope of the design efforts will be reduced. This enables more of the approved project budget to go directly towards the physical improvements of the facility. It is expected that the design-build process

will enable an extra 5% of existing funds (about \$200,000) to be allocated to the construction over what our typical design-bid-build process would allow. These benefits to both the project schedule and cost make the design-build option more appealing than the more conventional design-bid-build in this instance.

Fiscal Note:

There is no fiscal impact to the establishment of this policy and approval of the utilization of design-build delivery method.

Recommendation:

Approve the criteria for use of the design-build delivery method and authorize City staff to move forward with use of the design-build delivery method for the renovations and additions to the Greenville Convention Center.

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