Alternative Contracting Methods Project Selection Guidelines

Section 40-902, Idaho Code describes the contracting process for Design-Bid-Build (DBB) projects. Section 40-904 and 40-905, Idaho Code allows the Department to use Design-Build (DB) and Construction Manager/General Contractor (CMGC) contracting methods under certain circumstances. 23 CFR 636 describes FHWA's policies and procedures for utilizing design-build contracting on federal-aid projects.

The Department will evaluate and identify candidate projects each year as part of the Idaho Transportation Improvement Program (ITIP). Districts, Divisions, and Sections shall use this project selection guideline to evaluate projects and submit recommendations with their ITIP submittal. State Code limits the use of alternative contracting methods to 20% of the highway program annually.

Not all projects should necessarily be evaluated, only those that are most likely to be suitable for alternative contracting methods. The process for evaluating nominated projects may also be initiated during project development of conventional design-bid–build projects when applicable.

A Project Selection Team, composed of Department personnel and representatives of the consultant and construction community, will review the recommendations and funding parameters in state code to determine whether nominated projects will be recommended to the Board.

Alternative Contracting Method Descriptions

Alternative contracting methods are distinguished by the manner in which contracts between an agency, designers and contractors are formed, and the technical relationships that exist between each party inside those contracts. Each contracting method can be appropriate for a variety of projects. A project must be examined to determine how it aligns with the attributes of each available method.

- **Design-Bid-Build (DBB)** is the traditional project delivery method in which the designer furnishes complete design plans, and then the project is advertised as a separate construction contract. In DBB, the agency "owns" the details of design during construction and, as a result, is responsible for most risks and the cost of any changes encountered in construction. This is traditionally a unit-price, low-bid contract.

- **Construction Manager/General Contractor (CMGC)** is a project delivery method in which the design and construction manager are contracted separately. It allows the Department, designer and contractor to be active in the design process and allows for collaboration during design reviews and customization to a single contractor's techniques, processes, and methods. The contractor is given an exclusive opportunity to negotiate a Guaranteed Maximum Price (GMP) for the work.

- **Design-Build (DB)** is a project delivery method in which the design and construction services are included in the same contract. The major benefit of this contracting method is time savings because the design and construction activities overlap and construction approach can be customized to the contractor. This method typically uses a two-step process consisting of a qualifications-based selection (RFQ) and a best-value determination based upon technical and price components of the short-listed firms (RFP).

Project Nomination and Selection Process

In assessing whether alternative contracting methods are appropriate, the primary considerations have been summarized in the Contracting Method Evaluation Matrix in Attachment A.

The Contracting Method Evaluation Matrix provides a framework to investigate the opportunities and risks of each contracting method. It also provides guidance and consistency in evaluating the suitability of alternative contracting methods and subsequent nomination of projects. The objective of this process is to determine how each contracting method aligns with the project characteristics, Department needs, policy or regulatory issues, and life cycle requirements.

This analysis will be summarized on the Alternative Contracting Project Nomination Form, which will be attached to the Project Charter (form ITD-0332) when officially submitted for consideration.

The opportunity and risk evaluation process involves an examination of seven separate factors relating to each delivery method. Upon examination of each factor, the process asks users to rate the contracting methods in terms of their appropriateness for each factor. The process can be summarized in the following steps:

a. **Understand the Factor:** Read the brief description of each factor.

b. **Analyze the Contracting Methods:** After understanding the factor, assess all opportunities and risks corresponding to each alternative contracting method.

c. **Complete the Factor Summary Table:** Review the opportunities and risks that apply to each contracting method and analyze their implications. Complete the summary opportunities/risks table at the end of each factor section. A key is provided to rate each alternative contracting factor:

    M - Most appropriate
    A - Appropriate
    L - Least appropriate
    X - Not appropriate

An example of one completed factor is shown below.

	DBB	**CMGC**	**DB**
	Opportunity/Risk	*Opportunity/Risk*	*Opportunity/Risk*
1. Complexity/Innovation	A	M	X

In this example, one can observe that, for the project complexity factor, CMGC is the most appropriate contracting method based on the evaluation of opportunities and risks, and DBB is an appropriate method. However, DB is not applicable in terms of opportunities or risks. Therefore, the DB contracting method will be eliminated from further consideration. As a result, the two remaining alternative contracting methods to evaluate for this project are DBB and CMGC.

By following the same procedure for the other remaining factors, the summary opportunities/risks table will provide a structure for documenting the alternative contracting method decision.