

Project Delivery Tools: How do they work for NYC DDC and in other jurisdictions?

Currently Authorized

Design-Bid-Build (DBB) or Low-Bid Contracting

Required for most City capital projects. Laws requiring this system of procurement have been in place for decades.

Design-Build (DB)

Authorized in 2019 for select City capital projects. Since 2019, DDC has advanced 9 projects in the Borough-Based Jails Program and over 10 projects in its design-build-pilot portfolio, with more in the pipeline.

Proposed Legislation

Progressive (Phased) Design-Build (PDB)

Not yet authorized for City capital projects. Used by public owners including MTA and Battery Park City Authority in NYC and the states of California, Texas, Virginia, Florida, Washington. Common in the private sector.

The City seeks authorization to use this tool for climate resiliency infrastructure.

CM-Build (CMGC)

Not yet authorized for City capital projects under normal circumstances. Used by DDC under limited circumstances, including the COVID emergency and shelters for asylum-seekers. Used by NYC public owners including EDC, New York Public Library and Brooklyn Public Library, the Federal Government, and over 30 states. Common in the private sector.

The City seeks authorization to use this tool for renovations of existing buildings.

<p>Where is this tool used in NYC and around the country?</p>				
<p>What types of projects are best suited for this tool?</p>	<p>Traditionally used for projects with limited construction trade coordination and scope that is not impacted by existing conditions, like small-scale renovation and streetscape projects with limited risk of unknown field conditions or conflicts.</p>	<p>Best for new buildings and simple streetscape projects, where the project requirements and site conditions are well-defined upfront.</p>	<p>Well suited to complex projects where the requirements are heavily influenced by existing conditions that cannot be well defined ahead of time without on-site investigations built into the project.</p>	<p>Well suited to building renovations and alteration projects, where existing conditions require investigation and shape the approach. Additionally benefits projects where there may be multiple simultaneous projects/trades in a single building.</p>
<p>What are the contract(s) and how are they awarded?</p>	<p>Separate contracts for design and construction:</p> <ul style="list-style-type: none"> The contract for design is awarded using quality-based selection (QBS). At the end of design, the project is bid and a construction contract is awarded to the lowest qualified bidder through Competitive Sealed Bid (CSB). The builder is not involved during design, and the structure can create an adversarial relationship between the designer and the contractor. 	<p>Single contract for design and construction:</p> <ul style="list-style-type: none"> The contract for both design and construction is awarded to a single, integrated Design-Build team using best value selection as part of a two-step process (RFQ followed by RFP). This occurs early in project development, integrating the builder into the design process. 	<p>Single contract for design and construction:</p> <ul style="list-style-type: none"> The contract for both design and construction is awarded to a single, integrated Design-Build team using quality-based selection as part of a one-step process. This occurs earlier in project development than in traditional design-build, efficiently integrating the builder into the process for site investigations and design. 	<p>Separate contracts for design and construction:</p> <ul style="list-style-type: none"> The contract for design is awarded using quality-based selection. The contract for construction is awarded using best value selection. This occurs early in project development, integrating the builder into the process for site investigations and design.
<p>How does the City oversee contract award?</p>	<ul style="list-style-type: none"> Design and construction solicitations are advertised publicly through the Citywide procurement system, PASSPort. Procurement and contract award are overseen by the Agency Chief Contracting Office (ACCO) who manages the procurement and ensures the integrity of the contract award through various oversights and internal reviews. All contracts are subject to external oversight by the Office of Management and Budget, Corporation Counsel, the Mayor's Office of Contract Services, the Conflicts of Interest Board, the Department of Investigation, and the Comptroller. In addition, DDC's internal and independent Engineering Audit Office (EAO) verifies all payments and processes. The City bids and awards a single construction contract, and the contractor's bid includes work that they will self-perform as well as work they will award to subcontractors. The City has limited oversight into the award or pricing of individual subcontracts ('closed book contracting'). 	<ul style="list-style-type: none"> The design-build solicitation is advertised publicly through the Citywide procurement system, PASSPort. Procurement and contract award are overseen by the Agency Chief Contracting Office (ACCO) who manages the procurement and ensures the integrity of the contract award through various oversights and internal reviews. All contracts are subject to external oversight by the Office of Management and Budget, Corporation Counsel, the Mayor's Office of Contract Services, the Conflicts of Interest Board, the Department of Investigation, and the Comptroller. In addition, DDC's internal and independent Engineering Audit Office (EAO) verifies all payments and processes. 	<ul style="list-style-type: none"> The design-build solicitation is advertised publicly through the Citywide procurement system, PASSPort. Procurement and contract award are overseen by the Agency Chief Contracting Office (ACCO) who manages the procurement and ensures the integrity of the contract award through various oversights and internal reviews. All contracts are subject to external oversight by the Office of Management and Budget, Corporation Counsel, the Mayor's Office of Contract Services, the Conflicts of Interest Board, the Department of Investigation, and the Comptroller. In addition, DDC's internal and independent Engineering Audit Office (EAO) verifies all payments and processes. 	<ul style="list-style-type: none"> Design and construction solicitations are advertised publicly through the Citywide procurement system, PASSPort. Procurement and contract award are overseen by the Agency Chief Contracting Office (ACCO) who manages the procurement and ensures the integrity of the contract award through various oversights and internal reviews. All contracts are subject to external oversight by the Office of Management and Budget, Corporation Counsel, the Mayor's Office of Contract Services, the Conflicts of Interest Board, the Department of Investigation, and the Comptroller. In addition, DDC's internal and independent Engineering Audit Office (EAO) verifies all payments and processes. The construction manager (CM) awards each subcontract by bidding to a list of qualified vendors. The City signs off on all subcontracts and has transparency into pricing ('open book contracting'). For example, on the Covid Centers of Excellence, DDC approved 50-100 individual subcontracts on each project.
<p>When are costs established?</p>	<ul style="list-style-type: none"> The project budget is established during the planning stage. During design, cost estimates are conducted to ensure that the cost remains within budget, and any overruns are eliminated through design changes. Because the process does not include input from the builder nor involvement of market conditions, there may still be cost overruns when the project is bid. The construction contract is awarded for a lump sum amount. However, because bidders are incentivized to bid a low price to win the contract, this method is prone to change orders after award. As a result, the total cost of the work is not known until the project is complete. 	<ul style="list-style-type: none"> The project budget is established during the planning stage. The design-build contract is awarded for either a lump sum amount (when risks are well-defined) or a guaranteed maximum price (GMP). Under the GMP model, a binding initial target price is identified at award and a binding GMP is negotiated as design develops, with open book pricing for verification. During design, cost estimates are conducted to ensure that the cost remains within budget. Since the design-builder is responsible for all design and construction costs, any overruns can be proactively managed through design changes. 	<ul style="list-style-type: none"> The project budget is established during the planning stage. A target price is identified at award and a binding price is negotiated as investigations are conducted and design develops, with open book pricing for verification. During design, cost estimates are conducted to ensure that the cost remains within budget. Since the design-builder is responsible for all design and construction costs, any overruns can be proactively managed through design changes. 	<ul style="list-style-type: none"> The project budget is established during the planning stage. A target price is identified at award and a binding GMP is negotiated as design develops, with open book pricing for verification. During design, cost estimates are conducted to ensure that the cost remains within budget. Since the cost estimates are conducted in collaboration with the builder, any overruns can be proactively managed through design changes.
<p>How are M/WBEs and local workforce engaged?</p>	<p>The contractor is selected based on their bid amount and a responsibility determination, without consideration of track record or approach to engaging M/WBEs. Since there is a single prime contract with fewer opportunities for subcontracting, it can be difficult to drive high M/WBE participation in the construction phase.</p>	<p>The design-build team is selected based on many criteria, including their track record and approach to engaging M/WBEs and local workforce. There are more opportunities for subcontracting, expanding the ability to engage M/WBEs.</p>	<p>The design-build team is selected based on many criteria, including their track record and approach to engaging M/WBEs and local workforce. There are more opportunities for subcontracting, expanding the ability to engage M/WBEs.</p>	<p>The CM-builder is selected based on many criteria, including their track record and approach to engaging M/WBEs and local workforce. There are more opportunities for subcontracting, expanding the ability to engage M/WBEs.</p>