JOPLIN CITY COUNCIL
WORK SESSION
MONDAY, NOVEMBER 14, 2022
5TH FLOOR COUNCIL CHAMBERS
602 S. MAIN ST.
5:45 P.M.

Notice is hereby given that the City Council of the City of Joplin, Missouri, will hold a work session beginning at 5:45 p.m. on Monday, November 14, 2022, in the 5th Floor Council Chambers, 602 S. Main Street to discuss the topics below. This meeting can be view via livestream at http://www.joplinmo.org/182/Video-Multimedia

AGENDA

1. Development Operations Assessment Presentation
2. Construction Project Delivery Methods Presentation
3. Adjourn

Notice posted at 1:20 pm on this 10th day of November 2022. (RSMo 610.020)

The City of Joplin is committed to comply with the Americans Disability Act. The Joplin City Council Chambers is wheelchair accessible. Request for reasonable special accommodations must be made 48 hours prior to the meeting. Please email the City Clerk's office at hnagy@joplinmo.org or call (417) 624-0820 ext. 1220 for assistance.

Ad Omnia Parata



Construction Project Delivery Methods

Design-Bid-Build (DBB) vs. Construction Manager at Risk (CMAR)

COJ Team | November 14, 2022

CONSTRUCTION DELIVERY METHODS

Introduction

- Construction Project Goal: Lowest Cost Construction at Highest Quality in Shortest Period of Time
- Elements of any construction project delivery are:
  - Design
  - Bidding
  - Construction
- Currently, the City has only utilized the Design-Bid-Build method for construction projects, also known as the traditional “low-bidder” model, which is the only method allowed under the purchasing policy

CONSTRUCTION DELIVERY METHODS

Introduction

- However, there are two different allowable methods to deliver a construction project for municipalities:
  - Design-Bid-Build and Construction Manager at Risk
- Missouri State Statute also allows for the Construction Manager at Risk (CMAR) method for municipalities
- This presentation will describe:
  - The two types of delivery methods
  - Advantages and considerations for each method
  - State Statute requirements in order to utilize the Construction Manager at Risk method

CONSTRUCTION DELIVERY METHODS

Design-Bid-Build Method

- Design team, selected based on qualifications, works directly for the City and produces a set of construction documents that are used for the basis of a competitive bidding process = *Design*
- Contractors submit bids for the scope of work as defined in the contract documents and the lowest bidder typically is awarded the project = *Bid*
- Selected Contractor completes the project = *Build*

CONSTRUCTION DELIVERY METHODS

Construction Manager at Risk (CMAR) Method

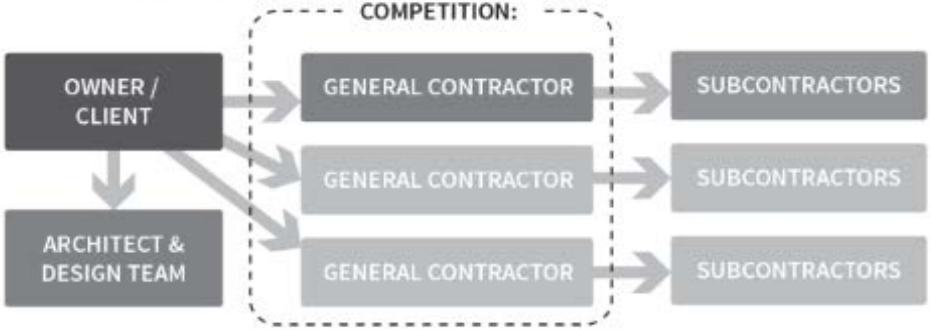
- Construction Manager at Risk assumes the risk for the construction project at a contracted price as a general contractor and provides consultation regarding construction during and after the design of the project
- Construction Manager commits to delivering the project within a Guaranteed Maximum Price (GMP)

CONSTRUCTION DELIVERY METHODS

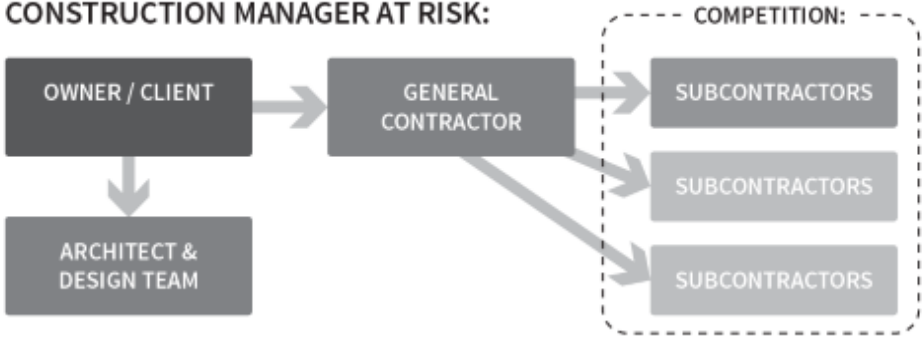
Construction Manager at Risk (CMAR) Method

- Construction Manager is part of the team at the beginning of design
- Construction Manager acts as a consultant to the City during the development and design phases
- Construction Manager acts in the best interest of the City by managing and controlling construction costs to remain within the GMP

DESIGN-BID-BUILD:



CONSTRUCTION MANAGER AT RISK:



CONSTRUCTION DELIVERY METHODS

Design-Bid-Build Advantages and Considerations

DESIGN-BID-BUILD

Advantages	*Considerations*
Owner controls design and construction	Requires significant owner expertise and resources
Design changes easily accommodated prior to start of construction	Shared responsibility for project delivery
Design is complete prior to construction awarded	Owner at risk to contractor for design errors
Construction cost is fixed at contract award	Design and construction are sequential, typically resulting in longer schedules
Low bid cost, maximum competition	Construction cost unknown until contract award
Relative ease of implementation	No contractor input in design, planning or value engineering (VE)
Owner controls design/construction quality	General contractor chosen on price rather than qualifications
Clear distinction between teams	Particularly susceptible to Change Orders, i.e. cost increases
Greater Transparency	Challenging Construction Implementations
More opportunities for Fair Bidding	Owner bears brunt of project challenges

CONSTRUCTION DELIVERY METHODS

Construction Manager at Risk Advantages and Considerations

CONSTRUCTION MANAGER AT RISK

Advantages	*Considerations*
Transfer of responsibility for construction, and some risk, from owner to Construction Manager	Reduced owner control of construction
Construction cost known and fixed during design	Design changes after construction begins are costly
Construction Manager has total control of construction and all subcontractors	Potentially conflicting interests as both Construction Manager and contractor
Construction may start before design completion, reducing project schedule	To ensure competitive bidding process, require multiple bids from subcontractors for major trades
Improved cost estimating at early stages of project	To ensure transparent accounting of project cost, require an open book policy from CMAR for overhead costs, markups and contingencies
Collaborative team structure	
General contractor chosen primarily on qualifications, secondarily on price	
Construction Manager is owner advocate, managing in owner's best interest	
Construction Manager takes burden off owner in managing and coordinating project	

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- Cities may use CMAR method for the following civil works projects if the project is in excess of $2,000,000:
  - Roads, Streets, Bridges, Utilities
  - Wastewater Plants and Conveyance Facilities
  - Airport Runways and Taxiways
  - Storm Drainage and Flood Control
  - Transit

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- Cities may use CMAR method for the following non-civil works projects if the project is in excess of $3,000,000:
  - Buildings
  - Site Improvements
  - Other Structures

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- Cities shall publicly disclose at a regular meeting its intent to utilize the CMAR method and the selection criteria at least one week prior to publishing the RFQ
- Before or concurrently, City shall select, based on qualifications, an engineer or architect to prepare the construction documents

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- City may provide or contract, independent of the CMAR, inspection services, testing of construction materials, and engineering necessary for acceptance of the project by the City
- Selection of the CMAR shall occur in a two step process

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- Step 1:
  - Prepare RFQ which includes general information on the project site, project scope, schedule, selection criteria, time & place for receipt of responses, and other relevant information
  - Selection criteria may include CM's experience, past performance, safety record, proposed personnel and methodology, and other factors
  - Fees and prices may not be requested in this step

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- Step 2:
  - City may request five or fewer construction managers, selected solely based on qualifications, provide additional information, including the CMAR's proposed fee and its price for fulfilling the general conditions
  - Qualifications shall account for a ***minimum*** of 40 percent of the evaluation
  - Cost shall account for a ***maximum*** of 60 percent of the evaluation

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- City required to publish the RFQ in a newspaper in the county once a week for two consecutive weeks prior to opening the proposals
- For each step, the City will receive, publicly open, and read aloud the names of the CM's
- Evaluations must occur within 45 days from the opening and be based upon the specified criteria

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- City is required to interview at least two of the top qualified offerors as part of the final selection
- City shall select the CM that submits the proposal that offers the best value for the City based on the published selection criteria and the ranking evaluations

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- CMAR is required to publicly advertise and receive bids from trade contractors or subcontractors for performance of all major elements of the work other than minor work that may be included in the general conditions
- A CMAR may seek to perform some of this work themselves by submitting sealed bids in the same manner as others
- City can restrict CMAR from submitting bids to perform certain portions of the work

MISSOURI STATE STATUTE REQUIREMENTS

Construction Manager at Risk (CMAR) Method

- CMAR and City, or its representative, will review all trade contractor, subcontractor or CMAR bids
- If CMAR submitted bids, City shall determine if their bid offers the best value
- After all bids have been evaluated, award of all subcontracts will be made public
- Home rule municipalities may utilize the CMAR option if they have adopted this method via ordinance, rule or regulation

MISSOURI STATE STATUTE REQUIREMENTS

Construction Project Delivery Options

- Staff seeks the ability to add the CMAR project construction delivery method to the City's toolbox through appropriate revisions to the purchasing policy as set forth in Missouri State Statutes
- This will allow staff the ability, within the required State regulations, to evaluate and choose the best project delivery method that will result in the Lowest Cost Construction at the Highest Quality in Shortest Period of Time

Questions?

