



Presentation Preface

CPSM

Construction | Procurement 101 |

Part I

Professional Services | Procurement 101 |

Part II

Non-Professional Services | Procurement 101 |

Part III

Spring 2013



Construction and Professional Services Manual (CPSM) Provides Uniformity

- Implementation of legislation affecting state owned buildings
- Detailed procedures for state agencies' management of capital outlay appropriations
- Contracts, General Conditions, and Other Administration forms
- Procurement processes for professional services to assure use of best qualified designers
- Procurement processes for construction of buildings to assure maximum competition and best value



Construction and Professional Services Manual (CPSM) Provides Uniformity

- Process for inter-agency coordination and review of capital budget proposals
- Design standards to prevent gold-plating and to assure long service life of assets
- Building Official practices by DEB for permits, inspection and certificates
- Best Professional Practices, including minimum energy performance criteria



Variations with Special Capital Authorities

Prior to 2005:

- All Agencies followed the CPSM

After 2005:

- Tier 3 Institutions (VT, UVA, CWM, VCU) & Tier 2 Institutions with Capital Authority (VCCS)
 - Create their own version of the CPSM
 - Have different requirements for approval.
- Department of Corrections
 - Can use Design-Build Procurement without approval from DGS.
- Tier 1 and Tier 2 Institutions (JMU, ODU, VMI, GMU, RU, CNU)
 - Follow the CPSM.
 - Have different requirements for approval in an NGP project



Issues

- Agencies have incorrectly utilized DPS contracts for construction. This practice is inconsistent with the CPSM, VPPA, and the opinion of OAG staff. *
- Tier 2 & 3 Agencies have developed alternate versions of the CPSM



Part I - Construction

Construction Procurement Methods

1. Design-Bid-Build (DBB)
2. Construction Management (CM)
3. Design-Build (DB)
4. Job-Order-Contracting (JOC)
5. Energy Services Companies (ESCO)
6. Public Private Procurement Act (PPEA)
7. Pre-Qualified General Contractors
8. Negotiated (< \$2m) Tier 3 only
9. Small, Women, and Minority Owned Businesses (SWaM)
10. Change Order (CO-11, CO-11ae)

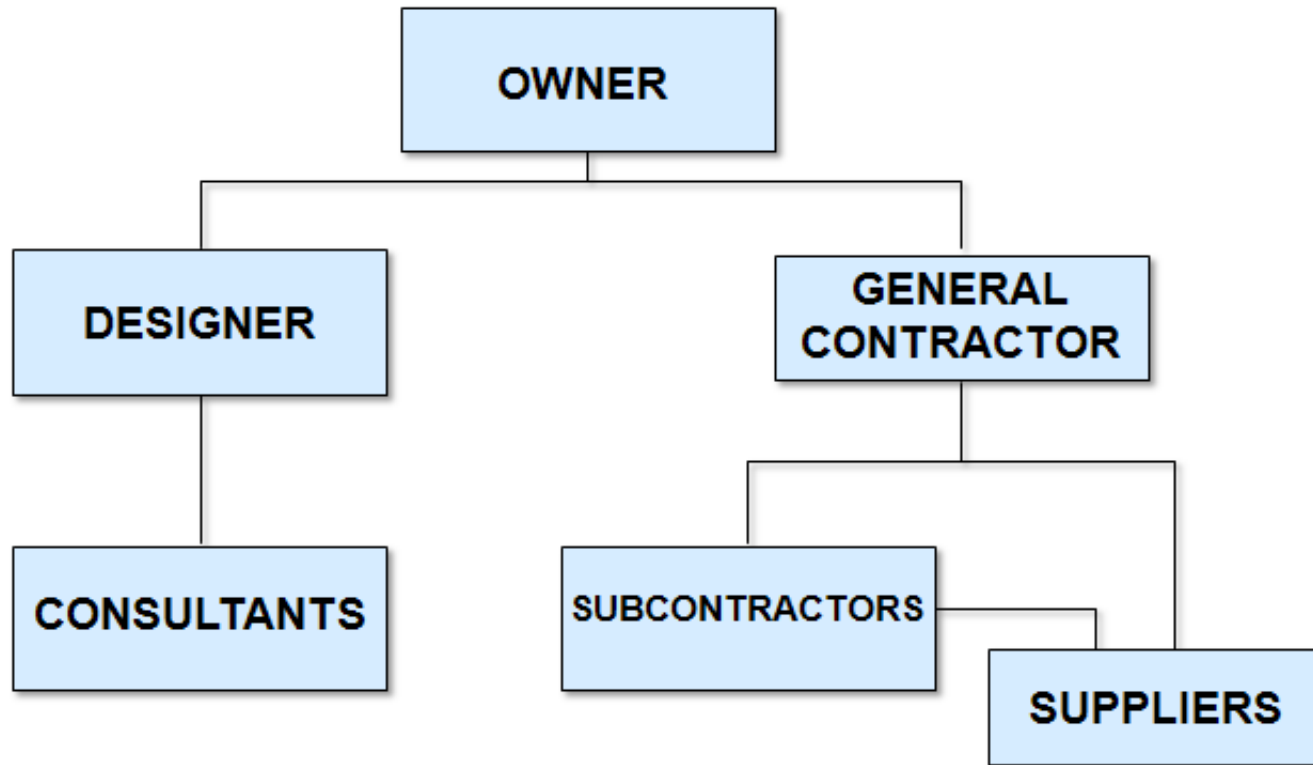
•Construction may be procured only by competitive sealed bidding, with the following exceptions:

- Design-Build
- Construction Management



Part I - Construction

Design-Bid-Build (DBB) – Default Method





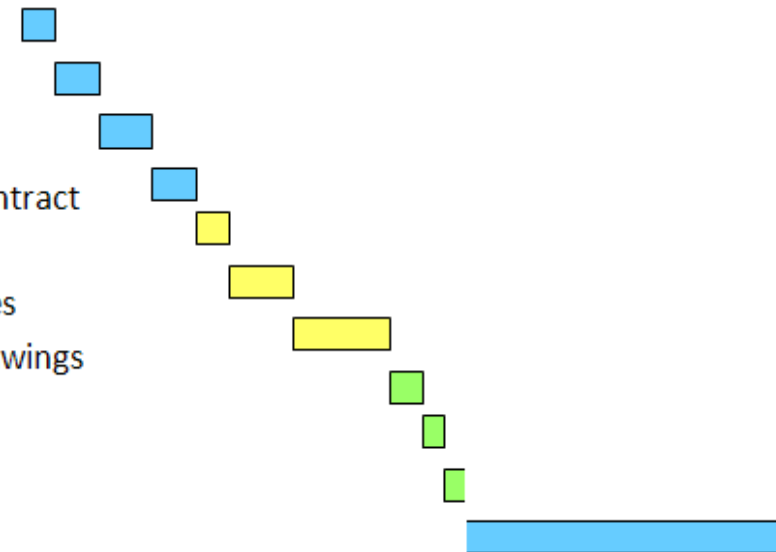
Design-Bid-Build (DBB) – Default Method

Part I - Construction

Sequence

1. Owner Engages Designer (A/E Contract)
2. Designer Designs Facility
3. Owner Engages Contractor (GC Contract)

4. Contractor Const
 - Request project & budget
 - Authorize project
 - Obtain A/E proposals
 - Select A/E & award design contract
 - Prepare/approve schematics
 - Prepare/approve preliminaries
 - Prepare/approve working drawings
 - Advertise & bid
 - Receive bids
 - Award construction contract
 - Construct project





Part I - Construction

Design-Bid-Build (DBB) – Default Method

Benefits:

- Maximum competition
- Cost effective
- Ideal for projects that do not require specialized expertise

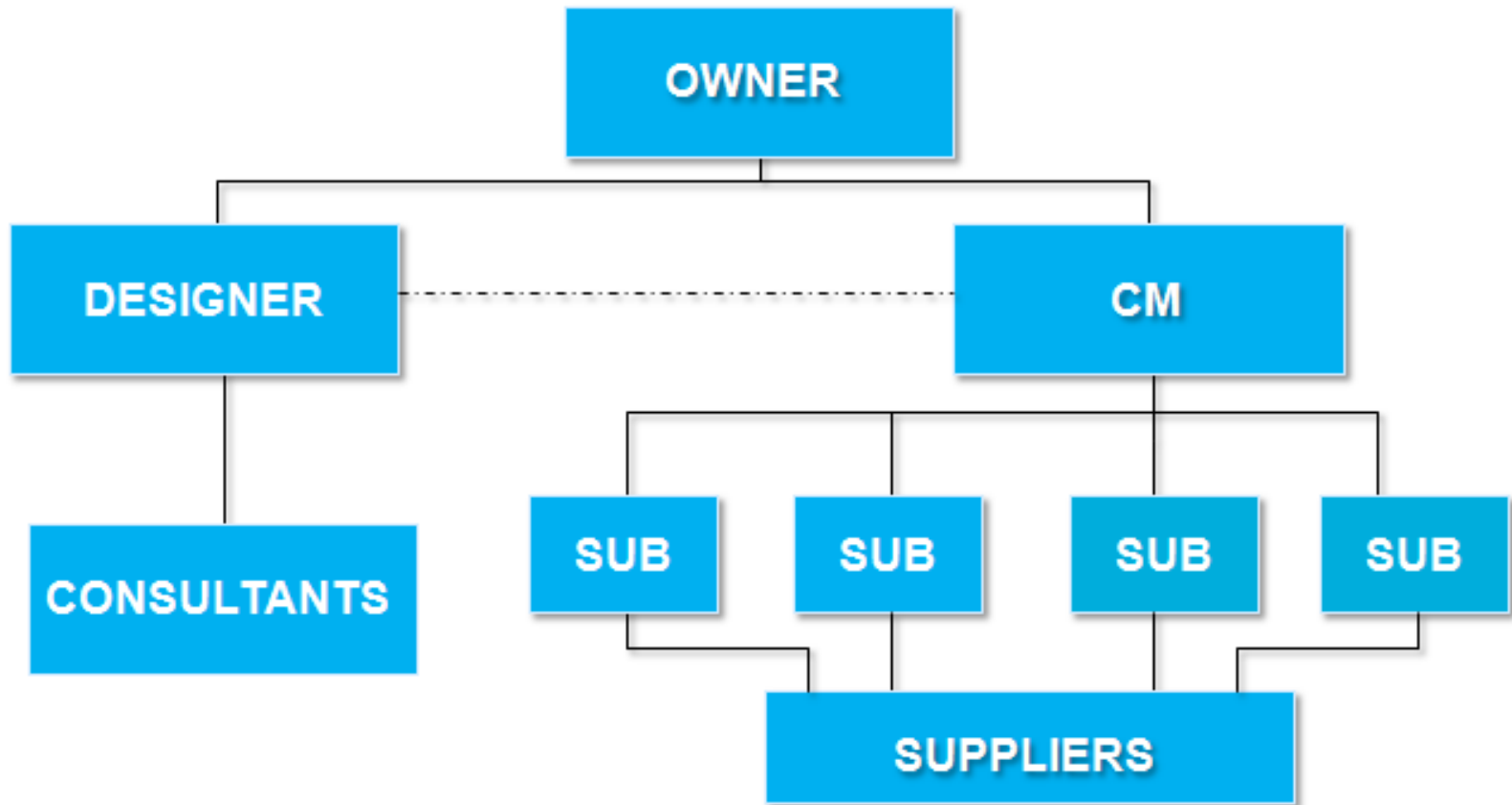
Issues:

- Higher probability of litigation
- Potential for increased change orders



Part I - Construction

Construction Management (CM)





Construction Management (CM) Part I - Construction

Sequence:

1. Owner's A/E designs project as usual.
2. CM Hired Early in Design Process to Assist With System Selection, Schedule, and Budget
3. CM provides a "Guaranteed Maximum Price" (GMP) before documents are complete
4. GMP includes
 - a) CM General Conditions Fee and profit
 - b) Cost of Construction (subcontract pricing)
 - c) Construction (CM) contingency.
5. Owner has A/E Project Manager/Project Inspector to perform construction period services



Part I - Construction

Construction Management (CM) cont.

Benefits:

- CM is engaged early to review documents to reduce conflicts and keep within budget
- CM is responsible to Owner to finish on time and within GMP
- Owner's A/E designs project and may produce trade packages for CM to bid out to begin construction earlier



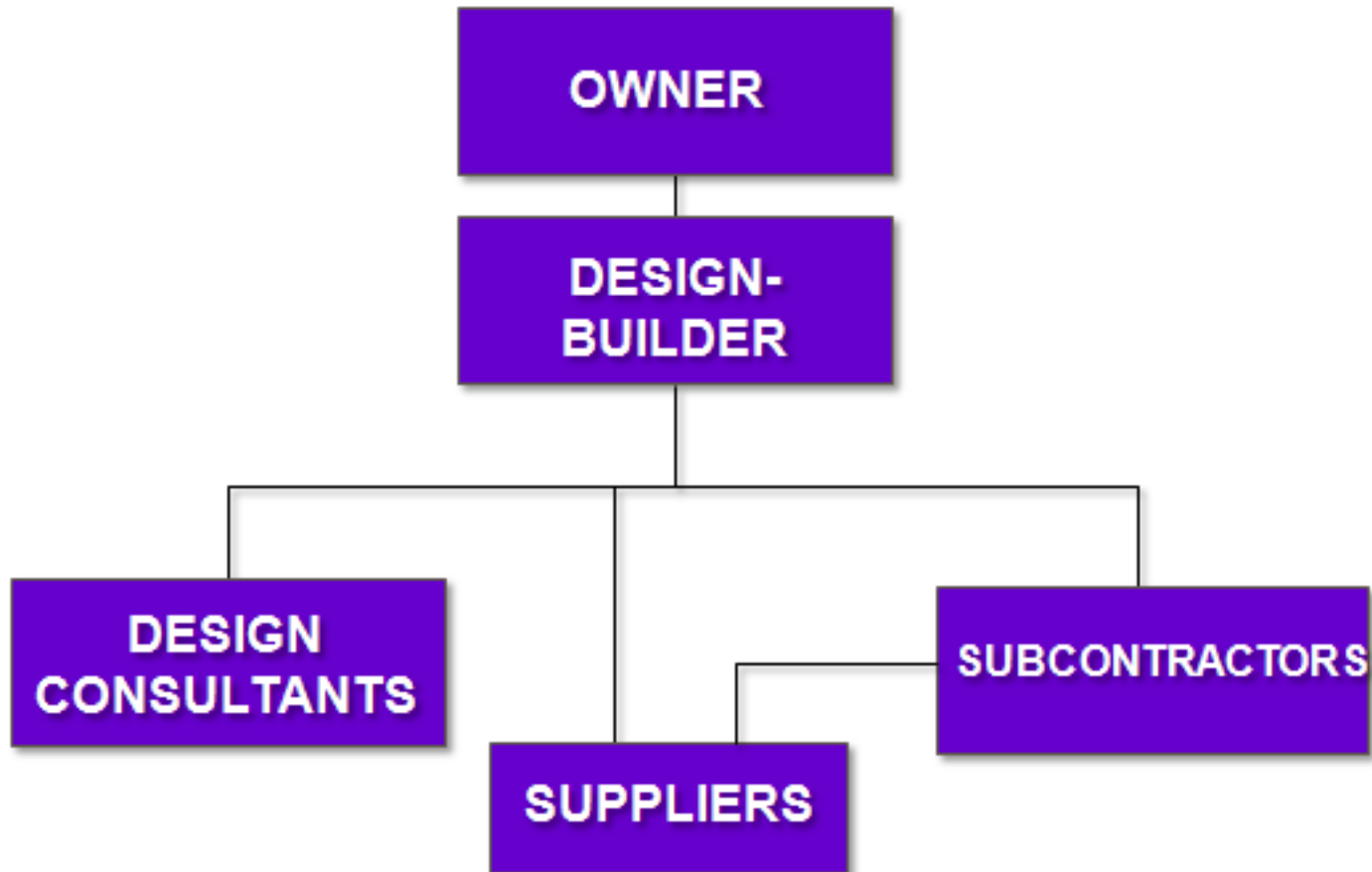
Construction Management (CM)

Issues:

- Alternate methods for selection and rather than the Secretary of Administration policies defining the criteria for CM at Risk and Design/Build,
- Becoming default method
- RFQ and RFP selection criteria are unrelated to the specific project *
- Justification for use of CM not included in RFQ
- Construction Manager selected too late
- Guaranteed Maximum Price (GMP) is accepted too early or too late



Design-Build (DB)





Design-Build (DB)

Sequence:

1. Agency/AE prepares Bridging Documents/RFQ/RFP
2. Proposers submit “Technical Proposal” and separate sealed “Cost Proposal”
3. Technical proposals evaluated
4. Cost proposals opened
5. D-B Contractor selected for award



Part I - Construction

Design-Build (DB)

Benefits:

- Single Point of Responsibility for Project Delivery
- Owner Must Define Basic Project Requirements
- Selection is a 2 step process
 - Qualification of proposers
 - Competitive Negotiation
- “Prequalification” process defined by CO-16
- 2 min / 5 max receive “Request For Proposal”



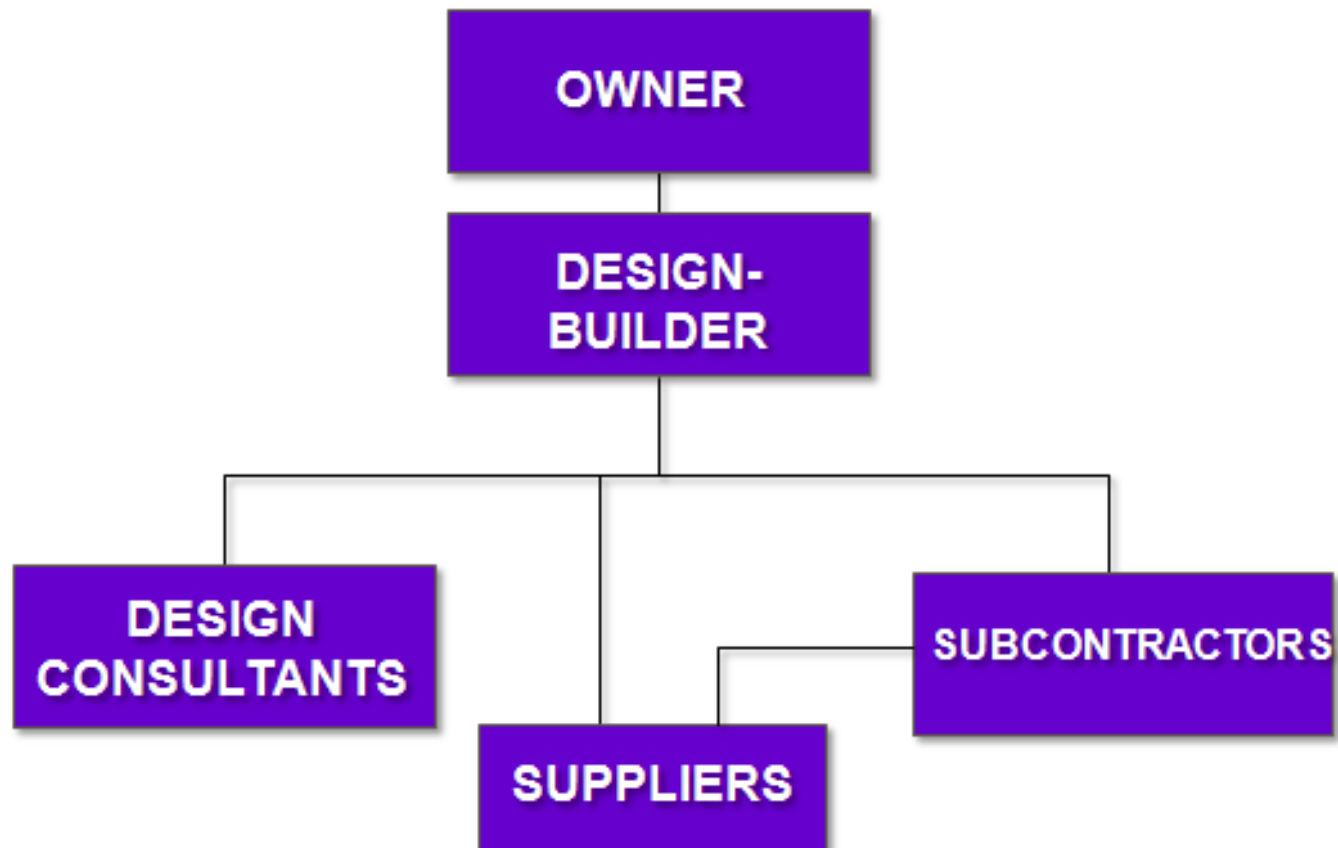
Design-Build (DB)

Issues:

- Scope of work and project requirements are not adequately defined in the RFP
- Prequalification selection criteria not customized to the specific project makes the RFP unclear
- Owner does not have benefit of the AE overseeing the work.



Job Order Contracting (JOC)





Job Order Contracting (JOC)

Part I - Construction

Sequence:

1. RFP
2. RFP/Response (from Class A contractor only) – 2 Parts:
 - a) Technical
 - b) Cost
 - a) Multiplier for unit costs in the JOC Unit Price Book/Supplemental JOC Unit Price List
 - b) Multiplier for non-pre-priced items.
3. Selection committee awards by:
 - a) Scoring the technical
 - b) Formula for pricing of pre-priced and non-pre-priced items.



Job Order Contracting (JOC)

Benefits:

- Mitigates construction delays, cost over-runs, and quality disputes for small simple and straightforward projects.

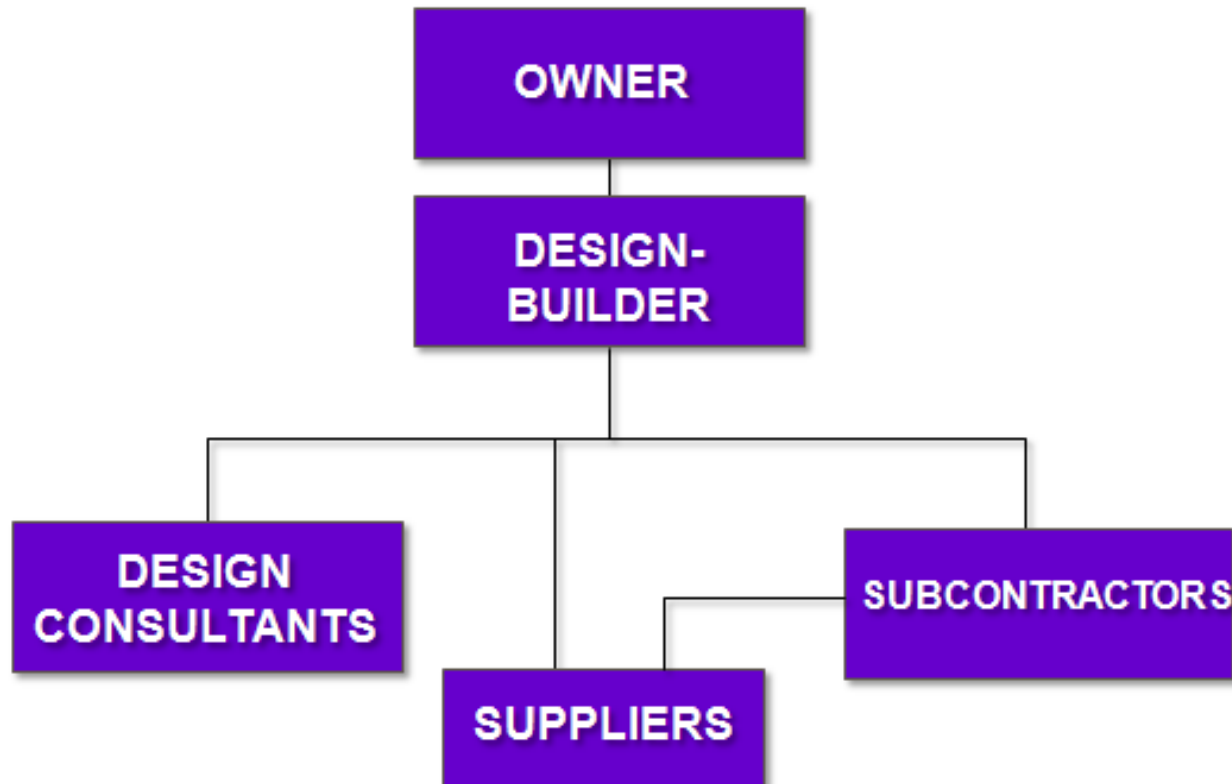
Issues:

- Method not yet approved
- Can only be used for small and straightforward projects
< \$400,000 Job / \$2,000,000 Term



Part I - Construction

Energy Services Companies (ESCo) (AKA Energy Performance Contracting)





Part I - Construction

Energy Services Companies (ESCo) (AKA Energy Performance Contracting)

Sequence:

- A minimum of four (4) ESCOs contacted.
- ESCOs provide their recommendations for schedule, projected payback schedule, and projected long/short term energy savings.
- The Owner negotiates with one or more ESCOs.
- DMME Reviews / Approves Scope



Energy Services Companies

Part I - Construction

(AKA Energy Performance Contracting / ESCo)

Benefits:

- Work is funded from savings
- Standard Contract @ DEB website

Issues:

- Work includes non-energy related work
- Work includes scope altering/repairing a building or a change of use
- Proposed savings are not adequately scrutinized



Part I - Construction

Public Private Procurement Act (PPEA)

Sequence:

1. RFP or Unsolicited Proposals
 2. Awarded by selection committee
 3. Financing provided by contractor or State (at State's discretion)
- More fully discussed by Chris Lloyd



Part I - Construction

Public Private Procurement Act (PPEA)

Benefits:

- Private Development
- Ability to address unique requirements
- Capital / Non-Capital / Other Funding
- Comprehensive Agreement
- Model Procedures @ DGS website



Part I - Construction

Public Private Procurement Act (PPEA)

Issues:

- Potential for increased time for project approval
- Limited competition due to cost
- Notification requirements to localities on State-wide PPEA



Prequalified General Contractors

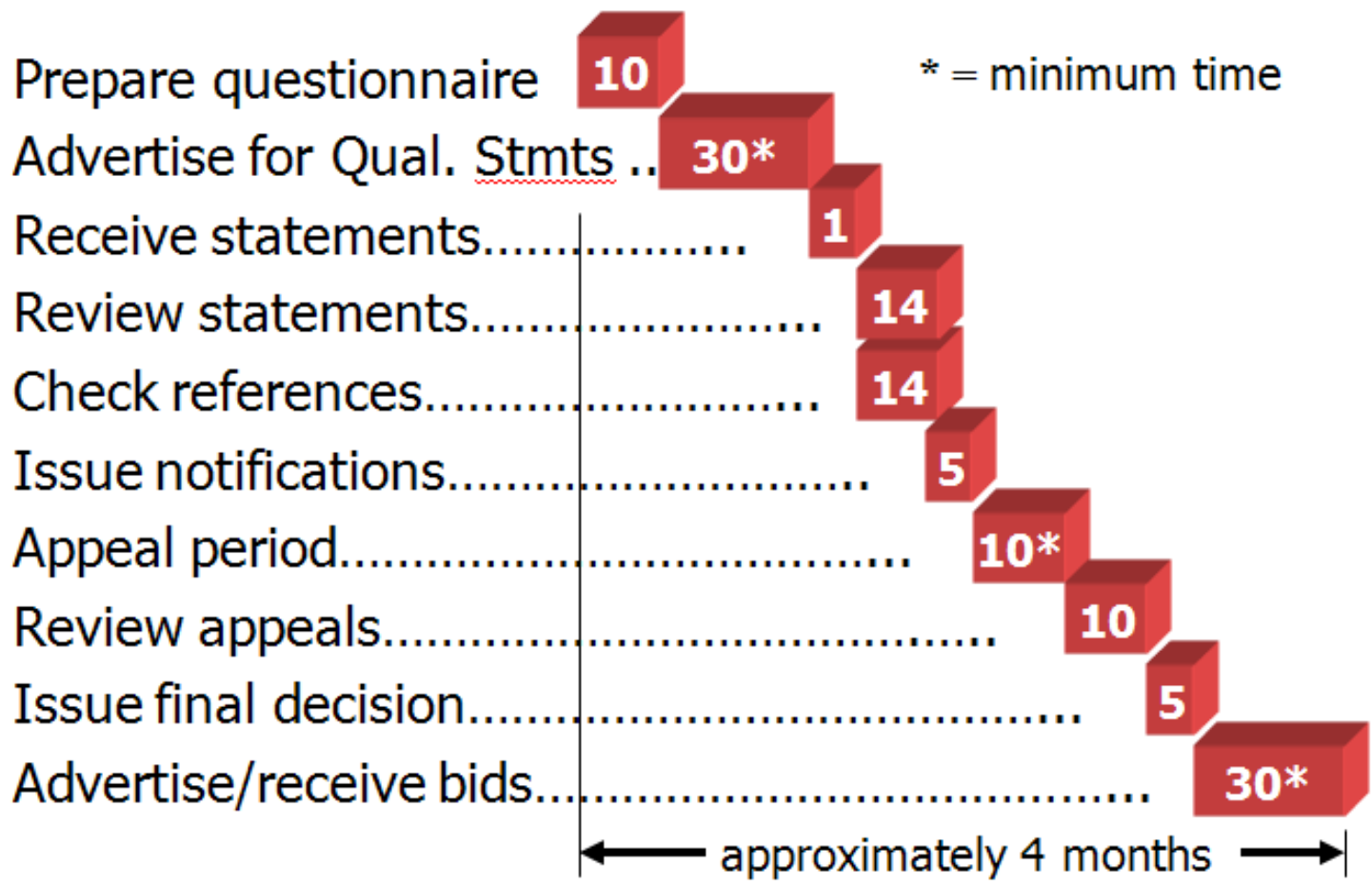
Where is it used:

- On projects which:
 - Contain sophisticated building systems
 - Involve unique conditions or issues
 - Require special skills or experience
 - Support of SWAM program for small projects



Prequalified General Contractors **Part I - Construction**

Sequence:





Part I - Construction

Prequalified General Contractors

Benefits:

- Used on projects which:
 - contain sophisticated building systems
 - involve unique conditions or issues
 - require special skills or experience



Part I - Construction

Small, Women, and Minority Owned Businesses (SWaM) Prequalified Pool

Benefits:

- DEB created list of pre-qualified SWaM vendors
- May be used by public entities statewide for:
 - New construction contracts --- up to \$250,000
 - Renovation contracts --- up to \$500,000
- DEB is advertising for additional contractors to join the pool. Contractors must be registered in eVA and have DMBE SWaM certification.
- For more information, visit:
<http://www.dgs.virginia.gov/DEBContracts>



Negotiated (<\$2m)

Part I - Construction

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Negotiated (<\$2m)

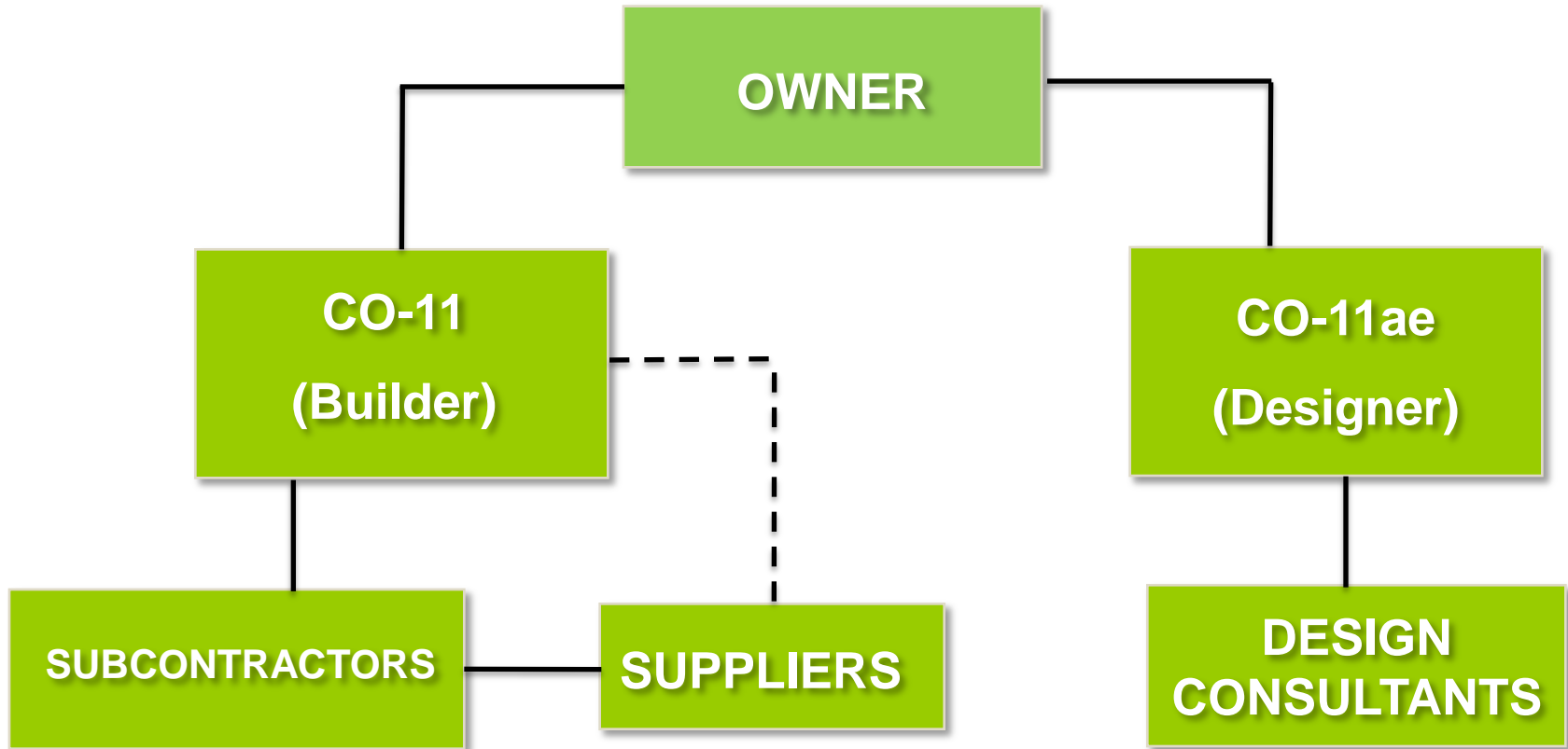
Part I - Construction

Issues:

- Tier 2 agencies have incorrectly interpreted and applied their authority for Goods and Services procurement to extend to construction procurement. *
- Cost benefits of competition are not realized
- Tier 2 and 3 agencies have used VASCUPP to negotiate and procure elements of construction outside of the standard construction procurement process.



Change Order (CO-11 & CO-11ae)





Change Order (CO-11 & CO-11ae)

Sequence:

1. Proposed Change Orders grouped into a change order
2. Agency drafts form
3. Signatures: Contractor / AE / Owner
 - Governor's designee (CO exceeds 25% or \$50k, whichever greater)



Part I - Construction

Change Order (CO-11 & CO-11ae)

Benefits:

- Quick
- Familiarity with the work

Issues:

- Complex changes are not conducive to effective negotiation
- Cost benefits of competition are not realized
- Local approval of Change orders for work up to 25% of the contract may change the approved project scope



Part II - Professional Services

Professional Services:

- Architects, Engineers
- Surveyors
- Geotechnical engineers



Part II - Professional Services

Qualification-based Selection Professional Services:

Sequence:

1. Identify services required
2. RFP (A/E Firm Data Forms)
3. Advertise / eVA
4. Award based upon Qualification and negotiations
5. Post notice and award



Part II - Professional Services

Professional Services Procurement Methods:

- Category “A” - Emergency
- Category “B” - Small Project
- Category “C” – Standard
- Category “Term”



Part III – Non-Professional Services

Non-Professional Services

- Cost Consultants
- Testing services
- Project administrators
- Inspectors/Clerk of the Works
- Value Engineering Services



Part III – Non-Professional Services

Non-Professional Services Procurement Methods

Issues:

- A/E Community would encourage these services to be procured as professional services