Washington State
DEPARTMENT OF
ENTERPRISE SERVICES

# Design-Build Delivery


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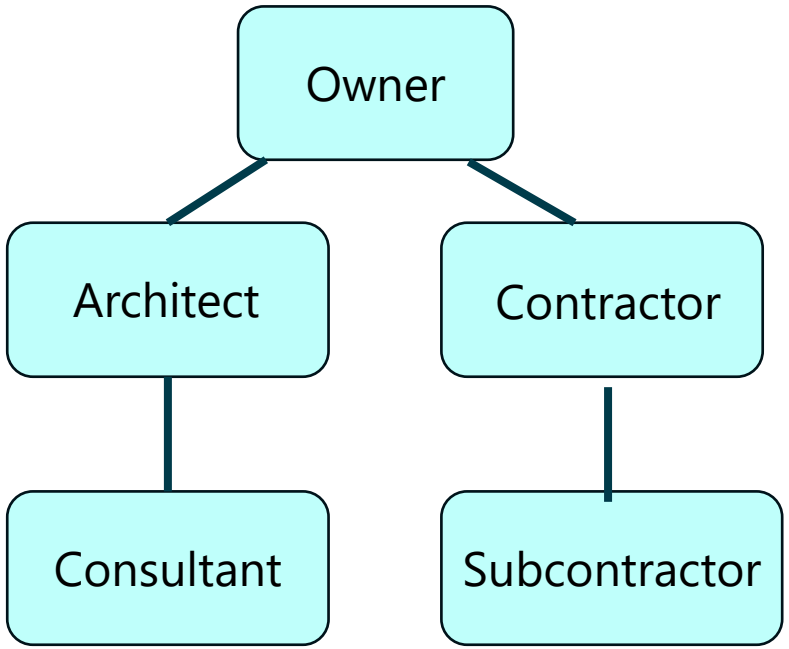
*NOVEMBER 2025*

# TRADITIONAL PROCUREMENT

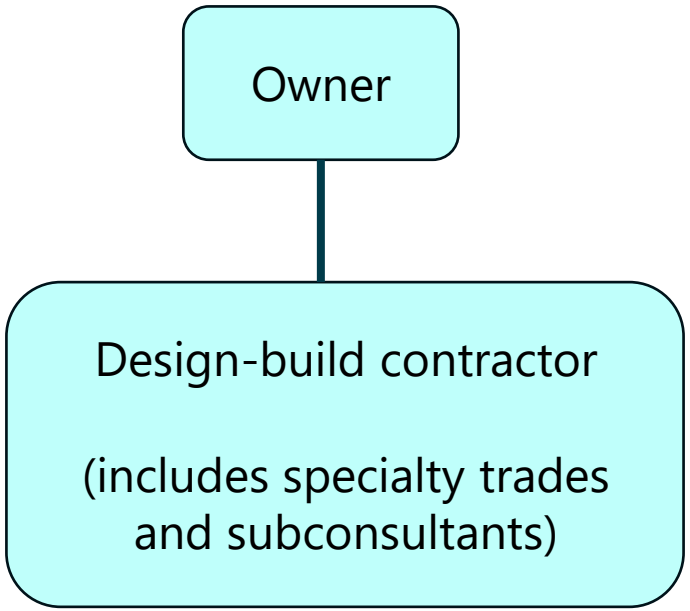
- **Traditional approach:** Owner has separate contractual relationships with the architect and contractor
- **Owner-architect agreement**
- **Owner-contractor contract:** Typically based on the lowest responsive bid
- **Design-bid-build and Spearin doctrine risk:** Owner owns the design and is responsible to pay contractor for design errors and omissions, requiring contingency coverage.

# CONTRACTUAL DELIVERY STRUCTURE

**Design-bid-build**




**Design-build**



# DESIGN-BUILD CONSIDERATIONS

- Budget
- Schedule delivery speed
- Complexity of delivery
- Risk assessment with allocation of risks
- Owner’s readiness and organization

# THE FUNDAMENTAL QUESTION

Does the owner have sufficient staff and delegated decision-making authority to support the fast-paced nature of design-build?

# DESIGN-BUILD PROCUREMENT METHODS

# PROGRESSIVE DESIGN-BUILD DEFINITION

Uses qualifications-based or best value selection, followed by a process where the owner then moves toward a design and contract price with the team.

**Key point:** Design-builder retained early in the project.

# PROGRESSIVE DESIGN-BUILD SUMMARY

This progressive design-build procedure includes a two-phased contract process.

**Phase I:** Establishing major design elements and negotiating a guaranteed maximum price, (GMP) within the maximum allowed design construction cost, (MADCC) for completing project.

**Phase II:** Governs the completion of design, construction, commissioning, performance guarantees, and other aspects of scope and terms sufficient to complete the project.

# PROGRESSIVE DESIGN-BUILD PHASE I

- Both price and scope are not fully established.
- Design scope is performance-based, owner’s performance requirement (OPR).
- Completion of Phase I is followed by Phase II where full contract terms are established.

# PROGRESSIVE DESIGN-BUILD PHASE II

- Approximately 30% design, the parties finalize the contract terms in signing the design-build contract.
- Guaranteed maximum price (GMP) design-build contract with finalized terms. That follows through construction and closeout.

# BENEFITS OF PROGRESSIVE DESIGN-BUILD

- Contractor participation during design provides effective management of project costs.
- Significant acceleration of the project schedule.
- By allowing for overlap with the design and construction phases, the design-build method allows for a compressed schedule, resulting in early procurement of subcontractors and designers.

# BENEFITS OF PROGRESSIVE DESIGN-BUILD

- Collaborative approach enables risk mitigation.
- Reduces the risk of change orders and construction claims, providing a more predictable budget for the owner.
- Brings the contractor, architect, and owner/DES together early in the process to allow for a more collaborative project, resulting in greater innovation and collaboration, critical in a complex project.

# TRADITIONAL DESIGN-BUILD DELIVERY STYLES

# TRADITIONAL DESIGN-BUILD DESIGN COMPETITION

## Step 1

Owner provides owner's project requirements (OPR), which means performance of the built environment.

## Step 2

Shortlisted finalists (usually three) provide schematic designs and cost estimates.

## Step 3

Owner selects design-builder based on experience, design, and price.

# MANAGING RISK OF DESIGN COMPETITION

- Owner selects design-build teams who are experienced in design competitions
    - Requires early collaboration and experience in conceptual estimating
    - Most risk to design-builder
- Priced using guaranteed maximum price (GMP)
- Incentivizes design-builders to come in under GMP or lump sum
    - Savings
    - Performance

# TRADITION DESIGN-BUILD DESIGN COMPETITION

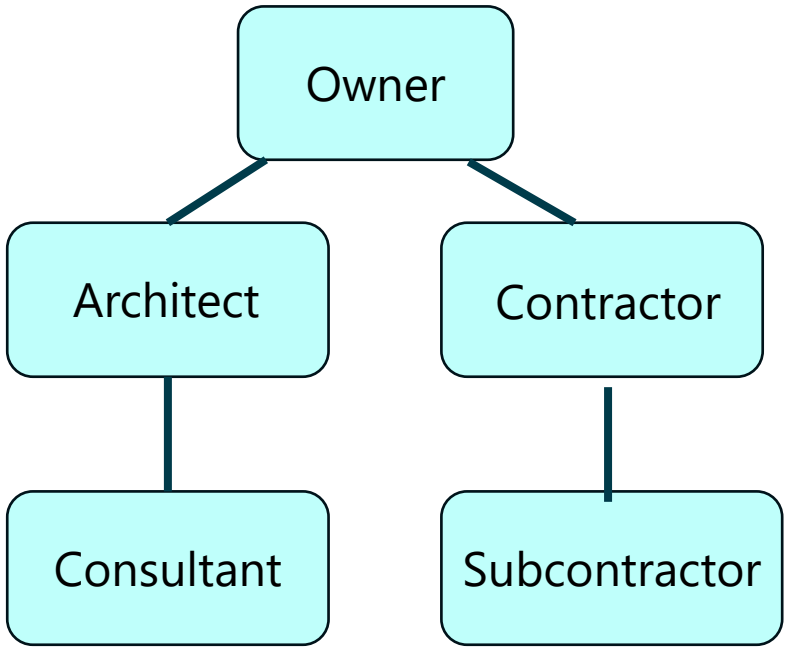
- **Pros:**
  - Price established at procurement.
  - Owner gets to select between several different design ideas.
- **Cons:**
  - Most expensive for design-build teams, particularly designers due to risk in estimating at early design.
  - Owner not involved in the design until after schematic design phase.

# BRIDGING DOCUMENTS

- Note: While this delivery method is used in the construction industry, DES does not use this method
- Owner design-builder relationship remains
- Owner develops design to approximately 30%
- Design-builder relies on the design for the purposes of pricing
- Owner selects based on experience and price

# RECAP OF THE DESIGN-BUILD STRUCTURE

**Design-bid-build**

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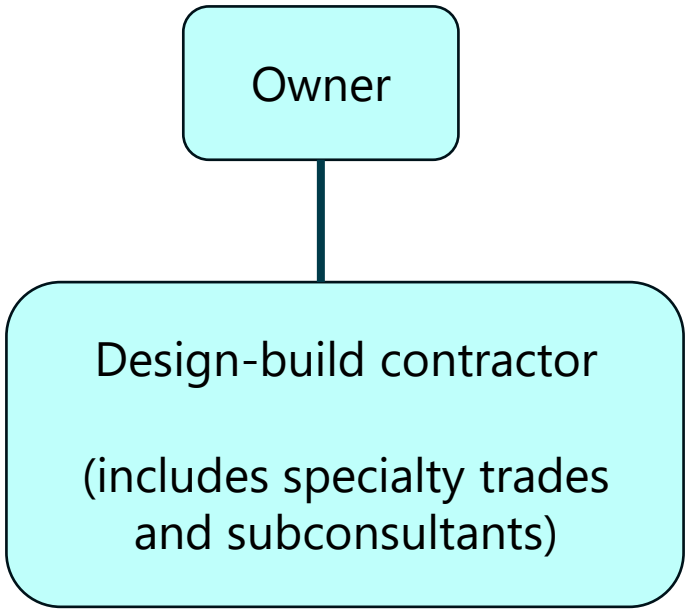

# QUESTIONS?

# THANK YOU


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