

FACT SHEET
Alternative Project Delivery Method
Construction Manager / General Contractor (CMGC)

Background

Prior to the passage of MAP-21, FHWA required every State to implement their innovative practices through the Special Experimental Projects-14 (SEP-14) process. The new transportation bill expands the consideration of alternative project delivery methods such as Construction Manager/General Contractor (CMGC) under SEP-14.

Innovation has improved quality, reduced time, costs, and minimized construction impacts on recent Design-Build (DB) projects. But the risk transfer of DB from owner to contractor is not desirable on all projects. The traditional Design-Bid-Build (DBB) delivery method allow for limited opportunities to incorporate contractor innovation. At the same time, nearly all of the DBB project risk remains with the Agency.

Construction Manager/General Contractor (CMGC) project delivery is an integrated approach to planning, design, and construction. Owners, designer(s), and contractors work collaboratively to develop the project scope, optimize the design, improve quality, manage costs and share risks. With this method, the Agency is able to maintain control of the design process, provide constructability reviews by the actual contractors, and will also allow federal construction dollars to be secured earlier in the process.

However, the California State law, Public Contract Code requires all public entities to award the construction contract to the lowest responsible bidder. In addition, Cal. Gov. Code prohibits public agencies from contracting with the same firm for both the design and construction phases of a project. Therefore CMGC method will generally require specific State legislation. However there are exceptions, the California Constitution Article XI, section 3(a) gives cities the power to become charter cities with granted powers to regulate independent of state laws in those matters deemed to be a municipal affair. A charter city's laws will supersede a state law governing the same topic, which means these cities could implement the CMGC method without the need for special State legislation. General Law cities are bound by the State's general law so they will require special State legislation unless the State makes changes to the law to authorize the use of this method. Of California's 478 cities, 108 of them are charter cities. Currently there are two legislative actions, SB 1549 and AB 2498 awaiting approval to authorize the implementation of the CMGC method on both transit and transportation projects in California.

CMGC Method Overview

Early in the design phase, the Agency will issue a Request for Proposals (RFP) to interested CMGC firms. The firms will compete based primarily on their qualifications, but selection may include a price component. Once a firm is selected, Agency will enter into a contract for professional and technical services with the CMGC firm to assist with the project development. Potential tasks under this contract include conducting constructability reviews, participating in value engineering, risk assessments, providing feedback on costs, assisting with third party coordination (utilities, railroad, etc.) and working with the designers to optimize the cost benefits and the efficiency of the project.

As the design is finalized, the Agency and the CMGC firm will enter into negotiations for construction of the project. An Independent Cost Estimate (ICE) will be completed to assist in validating the CMGC Guaranteed Maximum Price (GMP) in addition to the Agency's Engineering Estimate (EE). If negotiations are not successful, the Agency may then advertise and award the project using a different delivery method (Design-Bid-Build or Design Build). At the discretion of the Agency, the CMGC firm may submit a bid with other competing firms.

The Agency and the CMGC may also have the option to negotiate and construct smaller work packages within the project. For example, the CMGC firm may see a need to procure items with long lead times in order to meet the schedule. Or, the CMGC may see a need to relocate utilities, clear and grub, or build cross-overs in advance of the construction of the larger project. The CMGC method allows for the advancement of these project components before the larger project begins.