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DESIGN-BUILD

In general, design-build refers to project delivery through a single entity that is responsible to the client for providing comprehensive design and construction services.

Design professionals involved in design-build projects need to consider a number of risk management factors, including:

- ✓ Their role in the design-build entity
- ✓ Contracts
- ✓ Licensing
- ✓ Insurance and surety bonding
- ✓ Liability exposure

(Other project delivery alternatives to the design-build method are discussed at the end of this section.)

In general...

Because design-build contracts are often customized, design professionals should obtain legal advice before signing.

There are many possible design-build contractual scenarios. The situation where the contractor acts as the design-builder and retains the design professional is quite common and does not normally require any special insurance arrangement by the design professional. Frequently on these types of projects the design-builder's relationship with a design professional is established by contracts such as those published by the Associated General Contractors of America, Inc. (AGC).

The arrangement that involves a joint venture between the design professional and a contractor is more complex, and standard professional liability insurance typically does not cover projects undertaken on this basis. However, such a project can be underwritten.

Design-build changes the roles of...the design professional

For an initial high investment of time and money, coupled with slow initial reward, the design professional is providing documents upon which the contractor is basing its proposal, a proposal that usually has a guaranteed maximum price (GMP). In other words, no price increases will be considered post-award, as control of all aspects of the bidding process is in the hands of the contractor. The contractor has based its GMP on the design professional's preliminary drawings. We discuss this situation in detail under '*Design Growth.*'

...the contractor

There can be some inherent tension between contractors and design professionals in the design-build method. Contractors often make decisions based on economics, whereas design professionals have a duty to base decisions on public safety and sound design principles. The usual conflict between the contractor and design professional relates to the design professional's decisions being based upon the quality of the design, including long-term performance, durability and lower maintenance objectives. The design-build contractor may or may not share these objectives. Also, the contractor may not be prepared to offer anything more than minimum design standards,

whereas the design professional will recognize that the minimum standard does not necessarily offer a solution in the best interests of the client or the public.

When considering design-build projects, design professionals must weigh a high initial commitment of time and money against a low reward. The checklist, '*How to Evaluate a Design-build Project*,' offers some hints about the proposal stage.

...and the client

In the early days of design-build, the client was not involved in preliminary design beyond basic project parameters. Today, the client is often involved with some conceptual designs so that, when final price proposals are submitted, the basic requirements are clearly being met by the proposed design. In the early stages of design-build, for example, the client might have simply specified a 'sports arena.' Now, the client might retain a consultant to perform some preliminary programming and design to outline general project requirements; in this example, perhaps seating capacity, rink size, concession space and HVAC specifications. The design-build team then further develops a detailed price proposal and design to deliver the project.