



NEGOTIATION: DESIGN BUILD

There are two delivery methods commonly used in construction in order to secure contracts: design build and design bid build. Today we will explore the benefits of the design build method.

Using the design build process, the owner hires one party to do both the design and the construction for a single project under one contract. The work is then performed by the contractor or subcontracted out to other companies. This method requires high levels of collaboration between all parties, while the risk and responsibility of the project is held by the general contractor.

There are several benefits to this delivery method:

Single Point of Contact

For the owner, there is only one point of contact for the project if any questions or concerns arrive.

Quicker Delivery

The design build method eliminates the bidding process, taking a significant portion of time off of a project.

Single Contract

Instead of dealing with different contracts with a designer and a contractor, there is only one contract in place, removing some risk for the owner.

Combined Services

All parties involved are working together under the same contract, eliminating possible conflict and miscommunication between separate parties.

Cost-Effective

Design and construction are being done concurrently, which allows the designs to be created with the most cost-effective materials and methods.

But Not Perfect for Every Project...

NEGOTIATION: DESIGN BUILD CONT.

The design build process is an effective delivery method, but it is not perfect for every job.

Design Professionals are Not Independent in Design Build

An architect or engineer may want to be cautious about design build projects.

In a design bid build format, the economic loss rule bars claims by subcontractors against design professionals for negligence or misrepresentation, but in a design build format, there may not be a defense.

Owner Risks from Design Build

Some of the savings promised by design build may turn out to be illusory, because the owner may need to hire other experts to keep the project on track. In a design bid build format, the architect plays an important role in resolving disputes between the owner and the general contractor, and may have duties to observe the progress of the work. When the architect works for the design builder, its allegiance is to the builder and not to the owner. And in a design build project, the architect hired by the builder is rarely paid to perform any construction observation services, much less to inspect the work. The builder observes the work itself. This creates some interesting problems for dispute resolution. “Interesting” means expensive to resolve and involving lawyers, courts or arbitrators. As a result, an owner may decide it needs a construction manager to protect the owner’s interests, and to perform tasks the architect traditionally performed. The cost of an independent manager adds to the cost and reduces the net savings to the owner.

Weigh the benefits of each process in order to decide the best choice for your project.

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