

## Comparison of General Contractor Selection Strategies

| Low Bid  | Negotiated Contract  |
|--|--|
| <b>Project Suitability</b>   |  |
| This project delivery strategy is better suited for projects that have clear, easy to define scope, low potential for unforeseen conditions and utilizing traditional technical solutions.                           | This project delivery strategy is better suited for projects that involve complex renovation with scope that is difficult to define and quantify, phased implementation, high potential for unforeseen conditions and includes untried technical solutions.  |
| <b>Project Delivery Description</b>  |  |
| A&E team prepares complete construction documents. These documents are bid competitively to a select group of General Contractors. Generally the lowest responsible bidder is selected.                              | Proposals are sought from a select group of General Contractors on a competitive basis. These proposals include their Overhead/Profit and General Conditions (costs to manage and administer the project). Their proposal will also include a project schedule, description of construction logistics and an initial construction cost estimate. The selection will be based on the cost of Overhead/Profit and the quality of the contractor, NOT on the lowest construction cost estimate. |
| In preparing their bid, the General Contractor will bid the work to subcontractors. While they are not obligated to accept the lowest cost, if they don't generally do so, they are not likely to be the low bidder. | The labor & materials that comprise the construction will be performed, for the most part, by sub-contractors. These sub-contracts will be competitively bid, though considerations of subcontractor quality and input from subcontractors during the design phase is more easily accommodated.  |
| The General Contractor will not be brought on to the project until just before construction commences.   | The General Contractor will be included as an integral part of a collaborative team as early in the process as possible.   |
| The contract with the General Contractor is in the form of a fixed price contract. This total price will be paid for the work as defined in the construction documents.  | The contract with the General Contractor is in the form of a Guaranteed Maximum Price (GMP) contract. This is the maximum price that the contractor may charge for the work as defined by the construction documents.  |
| Regardless of what the work actually costs. The General Contractor absorbs any added costs and retains any cost savings.   | If the cost of the work exceeds the GMP, the contractor absorbs the additional cost. If the cost is less than the GMP, often there is an agreement for the owner and contractor to share those savings. Another approach is to provide a contractor-controlled contingency within the GMP.   |
| The General Contractor is only obliged to present a summary of their overall budget. The actual costs and profit/loss on the project are not known to the Owner.   | All details of the construction cost are shared with the Owner.  |
| The general relationship between the Owner/Architect and Contractor often becomes combative.   | The general relationship between the Owner/Architect and Contractor is collaborative.  |
| <b>Construction Document Preparation</b>   |  |
| The Owner will rely on the A&E team to prepare comprehensive Construction Documents. The General Contractor has little or no input in preparation of documents or in developing technical solutions.                 | General Contractor & selected sub-contractors participate with the A&E team in the design to maximize constructability, cost effective solutions and completeness of documents.  |