

## **CPARB: Guidelines to PRC for evaluation of DBOM projects**

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## **DRAFT**

### **DBOM: Design Build Operate Maintain**

In this procurement model, the public owner, or agency seeks a private entity to provide design and construction for a new or renovated facility based on the agency's functional program. DBOM goes beyond the standard model of design-build in requiring that entity to also operate and maintain the facility for a number of years (usually 20-30 years) at the proposed cost and fee schedule.

A DBOM project generally includes the following characteristics:

1. Agency owns facility
2. Agency contracts with DBOM entity
3. Agency determines facility use, occupants and operational performance requirements.
4. Agency assigns responsibility and risk of Operation & Maintenance to DB entity for contract duration (greater than 3 years)

DBOM is a relatively new method of procurement, therefore many traditional contractors and subcontractors are not prepared to provide a bond for a 20-30 year project commitment. Consequently many firms could be excluded from responding to such a solicitation from an agency.

The goal of a DBOM procurement is to challenge the bidding entities to propose a facility solution that balances appropriately both the initial capital cost and the on-going long term operations and maintenance costs of that facility.

An agency seeking to outsource capital project delivery and maintenance of their facility due to staffing or other resource issues may be well-served to consider if their situation lends itself appropriately to alternative 63-20 procurement.

### **PRC Criteria for Approval of Agency to use DBOM**

Under current legislation, there are only two demonstration DBOM projects allowed, for a DBOM project with an O&M period of over three years. This legislation sunsets in 2013, and authority for any design build projects expire absent new legislation.

The following are criteria which the PRC should consider in approving the agency for one of those two pilot projects:

1. Agency must be certified in design-build
2. Agency must demonstrate that project meets existing criteria for design- build
3. Agency must demonstrate understanding of issues around the complexity of incorporating the O&M component into design-build
4. Agency must demonstrate that it has a reasonable approach to the unique process of developing and analyzing life cycle cost proposals for the DBOM project.

Specifically:

- a. How will the Agency evaluate the initial capital cost?
- b. How will the Agency structure its evaluation of the long term operating and maintenance cost?
- c. In evaluating the operations and maintenance costs, which costs are fixed And which are not? Which costs are deemed within the bidders' control, and which costs are not? How does the Agency intend to handle O&M costs which may change over time? (ie utility costs, labor costs)
- d. How will the procurement process allow for proposers to get information and ask questions while maintaining proprietary solutions?
- e. What is the Agency's general approach to risk allocation between the Agency and the DBOM entity?
- f. How does the Agency intend to make its selection of a DBOM entity in evaluating the combination of initial capital vs long term capital costs?

**Resources to Aid in Deliberations by PRC Panel:**

PRC panel shall include a minimum of two DBOM “experts” (either from within PRC or outside, selected by PRC chair and approved by PRC). DBOM experts are those individuals who have had experience in this procurement model and who can provide technical evaluation of Owner application and advise the PRC panel in its deliberations.