

WASTEWATER FACILITY DEVELOPMENT PROCUREMENTS

DESIGN/BUILD WRAP VERSUS MODIFIED DESIGN/BUILD

1. DESIGN/BUILD WRAP APPROACH

COMPANY RESPONSIBILITY

Bid Price

Construction Fund

- Project Hardcosts
- Royalty Payment (if any)
- Fixed Profit (specified % of Project Hardcosts)

Project Management Fund (bid price)

Contingency Fund

- Company Fault Events
- Subcontractor Fault Events

Payment and Performance Bonds/Letter of Credit

MUNICIPAL RESPONSIBILITY

Contingency Fund

- Force Majeure Events
- Municipal Fault Events

Pass Through Costs



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DESIGN/BUILD WRAP APPROACH

FEATURES

- **Suggest RFQ/RFP (or separate) approach with contract negotiated and finalized before final RFP issued. Otherwise, to select based on a proposal will shift negotiation leverage on contract to municipal disadvantage. Limit number of negotiation meetings. Key is to extend competition during process on terms favorable to municipality with pricing and performance standards (within parameters) to be filled in by the proposer. Little or no room for proposer protest.**
- **Company to propose lump sum price to escalate to notice to proceed. Components of price not broken down.**
- **Company secures all subcontractors (on its own terms).**
- **Company assumes all risk in its control. Liable for passage of Acceptance Tests (at least Minimum Acceptance Standard with appropriate buy down or damage) and required to provide Equipment that meets minimum technical requirements – specific quality or better. If not met, Company liable for financing.**
- **Parent Guaranty normally required.**
- **One entity to look to for contract performance.**



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