

**TESTIMONY
OF
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BEFORE THE
PENNSYLVANIA
HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION
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Good afternoon, Chairman Neilson, Chairman Benninghoff, and Members of the Committee,

My name is David Boss, and I am a National Practice Consultant for HNTB Corporation. Thank you for allowing me to present testimony today regarding various procurement processes used in the development of transportation infrastructure projects with particular emphasis on the method of design-build best value procurement.

HNTB is a national engineering and infrastructure solutions firm with over 6,000 employees. We maintain 5 offices in Pennsylvania with a staff exceeding 200 people. Now in business for well over a century, HNTB provides services that address transportation issues including financing, legislation, planning, design, construction, community outreach and ongoing operations.

I would like to point out that HNTB delivers design-build projects across the country both as an agency representative helping establish program requirements, identify best practices and preparing procurement documents, and as a designer working with contractors to develop and implement design-build solutions for complex infrastructure projects. So, we can offer perspectives from both sides.

As a National Practice Consultant, I focus primarily on working with agencies across the country with their programs including various forms of design-build procurement methods and contracts. Please note that, in preparation for today's testimony, I have consulted with my colleagues within HNTB who deliver design-build projects with contractors. I have been with HNTB for 12 years of my 38-year career in transportation which also includes 14 years with a national design-build contractor. I am a licensed Professional Engineer in Texas (#68303) and I

hold an Associate certification as a Design-Build Professional from the Design-Build Institute of America (DBIA).

The most common contracting method for road or transportation projects is where an agency prepares a design and awards a construction contract to the bidder with the lowest price. This method is called design-bid-build (DBB). For some time now, on more complex projects, Pennsylvania and other jurisdictions have utilized design-build (D-B) where the designer and contractor are procured as a team. The Pennsylvania Code currently requires low price award for design-build projects.

However, another method for procuring a design-build team is called “best value” selection which uses a ranking system that combines a price score and a technical score to measure the overall value of a proposal. This method is widely used across the country where agencies are seeking innovation that will provide additional benefits for a particularly complex or sensitive project. The question at hand is whether to add best value as another “tool in the toolbox” for Commonwealth transportation agencies on design-build projects where such additional benefits are believed to be achievable. Even if best value is added, however, low price will certainly remain the most appropriate method of procuring projects in certain situations.

The Code of Federal Regulations in Title 23, Part 636, allows best value selection for design-build on Federal aid projects and defines it as “...any selection process in which proposals contain both price and qualitative components and award is based upon a combination of price and qualitative considerations.” Best value allows an agency to define how it values, overall, a mix of price and qualitative considerations, which may include shorter construction durations, reduced traffic disruption, improved operational efficiency, or other factors it has determined to be important for a particular project.

It is typically used in a two-step procurement where, first, prospective teams submit qualifications, and then the agency selects a shortlist of teams based on those qualifications to receive the Request for Proposals.

Another typical feature is that proposers may suggest Alternative Technical Concepts to the agency’s preliminary design during the procurement process. The concepts must be equal or better to the agency’s solution and often result in cost and time savings. The agency retains the right to either accept or reject proposed alternative technical concepts before a proposer may use them in preparation of their final proposals.

Best value scoring is defined in the Request for Proposals which sets forth a formula by which a single ranking score is calculated that represents the combination of price and qualitative factors. Typically, price is weighted as approximately 50-80% of the ranking score. The qualitative factors or “technical score” are assigned point values so that proposers can understand the relative weightings and craft their proposal accordingly. Agencies that use best value design-build seek to calibrate a formula that will result in a range of technical scores so that proposals that offer additional benefits can be compared with lower cost solutions that do not. This allows what is truly the “best” value to be determined.

A 2016 industry survey by DBIA showed a 600% increase in the use of design-build on transportation projects from 2002 to 2016 and that agencies used best value 87% of the time.

My personal observations on why best value selection for design-build is attractive to agencies is that experience across the country has shown that collaboration between contractors and designers in a competitive procurement is a source of innovation in technical solutions, in construction planning and other factors. This leads to creative technical proposals that address unique project challenges such as reduced right-of-way, sensitive management of environmental impacts or attention to local community concerns and improve results for public users through shorter construction durations or improved traffic operations, for example. Best value selection is the optimal method to capture these outcomes because the agency awards technical points for such benefits, further incentivizing design-build teams. Such benefits are not proposed or weighed in DBB or low bid D-B.

In a similar vein, best value selection for design-build is attractive to contractors and designers because they can receive technical points for their innovative approach, particularly through Alternative Technical Concepts. They see best value as a way to apply their experience and expertise for the benefit of their client and the public.

Granted, the introduction of best value selection may cause some temporary consternation in the local contractor and designer markets while both climb the learning curve, and as the Commonwealth agencies discern how to fit DBBV practices into their existing procurement systems. Again, experience from other jurisdictions has shown that a steady pipeline of design-build best value procurements under a consistent set of rules will result in a robust and competitive market once all the parties are up to speed.

In summary, it can safely be said that HNTB – both as an agency representative and as a design-build partner – believes that adding best value selection as an option for design-build projects would be a step forward that would result in the Commonwealth receiving creative proposals, capturing innovation, and indeed realizing “best” value on its most important projects.

And HNTB is not alone in this judgement. Leading industry organizations such as the American Consulting Engineers Council and the Design-Build Institute of America consistently list best value selection as a best practice in design-build procurement.

Chairman Neilson, Chairman Benninghoff, and Members, we thank you again for this opportunity and would be happy to answer any questions that you may have.

References:

ACEC Research Institute: *Design-Build State of Practice – Recommendations for Agencies and Industry on effective Project Delivery, October 2022*

Design-Build Institute of America: *Design-Build Done Right: Design-Build Best Practices – Universally Applicable (any project, any sector, any size, any variation of design-build delivery), 2023.*