

CDBI pushes for proposal payments (September 13, 2000)

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WINNIPEG - The Canadian Design-Build Institute (CDBI) is intent on convincing owners to provide reasonable compensation to teams that submit compliant responses to requests for design-build proposals.

We're recommending that there should be honoraria, says David Morgan, a principal in Toronto's Dunlop Architects Inc. and the co-chairman of the two-year-old institute.

In its new practice manual, the institute notes that a design-build team may invest considerable time and energy when responding to a request for proposals (RFP). In addition, expensive presentation materials may also be requested.

"Owners must therefore be prepared to pay a reasonable fee for professional advice," the institute says.

"This remuneration should be proportional to the extent of service expected."

In an interview, Morgan said the construction industry has had some success in getting public-sector owners to acknowledge that there is a service and a benefit provided by teams responding to a design-build proposal call and that there should be some level of compensation.

The biggest challenge lies in convincing private owners that they should do this, he said.

One agency that has adopted a policy on payment of honoraria is the Department of National Defence, which has undertaken more than \$500 million in design-build projects over the past five years.

The department has developed a remuneration matrix, that stipulates minimum and maximum levels of payment based on the level of detail in the performance specifications and the project's degree of complexity.

Honoraria are paid to unsuccessful design-build teams only. Proposals must be technically compliant. Honoraria will only be paid under the two-envelope RFP process. Since the policy came into effect in April, honoraria have been paid on four projects.

Morgan said there is a belief in the industry that given the current level of construction activity, owners could have problems attracting responses to requests for proposals in the absence of some kind of compensation.

"Our feeling is that people will be unwilling to provide something for nothing," said Morgan, whose firm has been involved in such high-profile design-build projects as the National Trade Centre in Toronto.

Architect David Simpson, a partner in Winnipeg's Smith Carter Architects and Engineers Inc., who represented the architectural profession on a joint industry/federal government design-build task force, said consultants and contractors alike are investing substantial sums in proposal preparation.

Given that design-build is becoming a predominate project delivery mechanism, Simpson said architectural and engineering firms feel it is unfair to expect them to continue to provide free services.

"We feel that without an honorarium or a proposal fee, that there is more risk to the bidders, that there is more risk to the consultants and that is going to be reflected in their price,"he said.

"Risk reduces the quality of the proposals as well."

Smith, the current president of the Royal Architectural Institute of Canada, said design firms realize that expecting to be paid full fees for services on design-build proposals is "probably dreaming in Technicolour."

"On the other hand, (the feeling was that) we needed enough to cover some of our costs."

The joint task force is looking at a proposal whereby proponents would be remunerated for a percentage of the "reasonable" costs inherent in preparation and submission of a compliant proposal.