Issue Brief

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Reform Procurement Laws That Inhibit Good Design

AIA POSITION

The American Institute of Architects supports a federal procurement process that ensures compensation for design services is commensurate with the work performed.

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The Construction Consensus Procurement Improvement Act of 2017 (H.R. 679) would give architecture firms better odds of winning a government contract and save federal agencies time and money.

BACKGROUND

Design-build is a type of project delivery method where architects, engineers, and constructors team together to submit bids on federal work. To select teams the federal government generally employs a two-step selection process: in the first step, agencies review the qualifications of applicant teams and narrow the competition down to up to five firms; in the second step, teams develop designs, and a winner is selected based on the plans that are put forward.

The cost of competing is high for architects in design-build. Firms must provide detailed plans and schematics so that the general contractor can set an accurate price estimate. In some cases, firms perform up to 80 percent of the design work upfront as part of the second stage of the competition.

Architecture firms spend a median of $260,000 to participate in design-build competitions, with some spending over $1 million competing for large federal projects.

Architecture firms are reporting that in recent years the number of shortlisted firms for federal design-build projects has grown from three-to-five firms to as many as ten or more firms on a shortlist.

To combat this dynamic, the AIA supported language in the FY2015 National Defense Authorization Act which limited the number of shortlisted firms to five for military projects with a value of over $4 million. The language was later applied to civilian agencies, and both are now currently written into law.

H.R. 679 would build on these commonsense reforms by limiting the use of one-step selection, whereby the first step of shortlisting up to five firms (based on their qualifications) is skipped entirely. One-step selection is especially pernicious because there is no limit on

the number of firms which can compete, and firms often are not made aware of how many other teams they must compete against.

There are reports of firms spending hundreds of thousands of dollars, only to find out later that they faced competition of 20 or more teams and never had a reasonable chance of being selected. For smaller businesses often represents a sizeable portion of their annual revenue, and discourages them from pursuing federal contracts. The legislation mentioned earlier, which is bipartisan, would limit the use of one-step selection, thereby attracting talented firms to the federal stage while also streamlining the selection process and saving taxpayer dollars.