

Beyond Bid-Build: Innovative Project Delivery Methods



A shift from chasing the lowest bid to achieving the best outcomes—safer, faster, and with better long-term value.



Many transportation agencies face tight budgets, price swings, staff shortages, and the loss of experienced workers, making it harder to deliver infrastructure projects efficiently. Traditionally, government contracts are awarded to the qualified lowest-priced bidder, but when bidders try too hard to offer the lowest price, they may underestimate the work. This can lead to lower-quality results, contract changes, delays, and higher costs, especially on complex projects. Alternative Contracting Methods (ACMs) offer a more strategic approach, allowing agencies to tailor procurement to a project's unique circumstances, helping agencies meet their goals faster, smarter, and with better long-term results.

BUILDING SMARTER, NOT JUST CHEAPER

Beyond Bid-Build strengthens widely used State-of-the-Practice contracting methods, such as **Indefinite Delivery/Indefinite Quantity (ID/IQ)**, which allows agencies to order work as needed; **Construction Manager/General Contractor (CM/GC)**, where a contractor helps during design and then builds the project; and **Design-Build**, where one team handles both design and construction to expedite delivery. These ACMs also expand the use of State-of-the-Art methods that are not widely-used, including **Progressive Design-Build**, which adds more collaboration and sets the final price after design is further developed; **Fixed Price Variable Scope (FPVS)** for Design-Bid-Build, where the agency sets the budget and bidders propose how much work they can deliver for that price; and **Best Value** for Design-Bid-Build, which selects a contractor based on both cost and qualitative criteria, not just the lowest bid.

Together, these approaches help agencies deliver projects more efficiently, saving time, money, and resources. Since 1990, FHWA has allowed Federal-aid recipients to test innovative yet competitive contracting techniques that do not always follow standard Title 23 procurement requirements. Agencies have used this flexibility through the years to innovate and test these ACMs to deliver their projects while ensuring procurements remain fair, competitive, and efficient.

BENEFITS

Increased Efficiency. Involves industry experts earlier so agencies can deliver complex projects with fewer staff and improves project decision making.

Cost Control. Uses early contractor input, clearer risk decisions, and verified pricing to prevent cost growth.

Schedule Confidence. Shorten timelines by buying materials faster, simplifying processes, optimizing schedules, and starting work earlier or concurrently with design.

Private-Sector Innovation. Encourages contractors to propose better solutions for safety, quality, traffic management, and long term performance.

Coordinating Risk. Assigns risks to the party best able to manage them, reducing delays and unnecessary costs.



STATE OF PRACTICE

- ▶ **Design-Build (DB):** One firm handles both design and construction, improving coordination, shortening schedules, and increasing cost certainty. Best suited for routine, non-complex projects. Since FHWA's formal adoption in 2003, 49 States have legislative authority to use DB, either on a limited basis or statewide.
- ▶ **Construction Manager/General Contractor (CM/GC):** The owner hires a contractor during design for preconstruction input and later negotiates construction pricing, enabling early work and reducing risk. Since FHWA's formal adoption in 2017, 33 States have legislative authority to use CM/GC.
- ▶ **Indefinite Delivery/Indefinite Quantity (ID/IQ):** Used for recurring needs with uncertain quantities; contractors bid unit prices and work is issued through task or work orders. Since FHWA's formal adoption in 2020, 21 States have used ID/IQ on Federal-aid construction projects.

STATE OF THE ART

Several State Departments of Transportation (DOTs) are currently implementing various ACMs with experimental approval from FHWA:

- ▶ **Fixed Price Variable Scope for Design-Bid-Build:** Michigan, Idaho, and Missouri have successfully used Fixed Price Variable Scope to maximize budgets on maintenance and rehabilitation projects.
- ▶ **Progressive Design-Build:** Ohio and Kentucky are using Progressive Design-Build for the Brent Spence Bridge Corridor to get early input from industry and simplify a complex project. Florida is also using Progressive Design-Build for emergency work and major interchange and interstate reconstruction.
- ▶ **Best Value for Design-Bid-Build:** Oregon and Colorado use Best Value to include technical skills and schedule when awarding contracts. New York used the Best Value method for the \$317 million Kosciuszko Bridge replacement. On average, Best Value projects in the State finished 2.9 months sooner than similar low-bid projects.

RESOURCES

[Alternative Contracting Methods Library](#)

[Construction Program Guide - ID/IQ](#)

[SEP-14 Program](#)



Except for the statutes and regulations cited, the contents of this document do not have the force and effect of law and are not meant to bind the States or the public in any way. This document is intended only to provide information regarding existing requirements under the law or agency policies.



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