Playbook: Executing Progressive Design-Build (PDB) with Other Transaction Authority (OTA)

Directorate of Contracting
U.S. Army Corps of Engineers
BUILDING STRONG®

Version 1.0, Dated 12 JUN 2026

TABLE OF CONTENTS

1.0 EXECUTIVE SUMMARY 3
2.0 PRE-AGREEMENT: PLANNING, SOLICITATION, & AWARD 4
2.1 Delegation of Authority 4
2.2 Market Intelligence & Industry Outreach 4
2.3 Plan of Action 5
2.4 Request For Approval 6
2.5 Evaluation Plan 6
2.6 Finalize Requirements Package 6
2.7 Notice To Industry 7
2.8 Issue Request For Qualifications (RFQ) 7
2.9 Statement Of Qualifications / White Papers 8
2.10 Down Select 8
2.11 Pitch Presentations 8
2.12 Qualifications Based Selection 8
2.13 Negotiate OT Agreement Phase 1 Services 9
2.14 Award OT Agreement Phase 1 Services 9
3.0 AGREEMENT PHASE 1: DESIGN & PRE-CONSTRUCTION SERVICES 11
3.1 Schematic Design Development 11
3.2 Design Development 12
3.3 Pre-Design and Construction Decision Points 14
3.4 Negotiate Agreement Phase 2 – Final Design & Construction 14
4.0 AGREEMENT PHASE 2: FINAL DESIGN & CONSTRUCTION 16
4.1 Authorize Phase 2 Construction: 16
4.2 Final Design & Construction Documents: 16
4.3 Construction: 16
4.4 Redzone / Beneficial Occupancy: 17
4.5 Turnover / Construction Complete: 17
5.0 EXECUTION MINDSET & POST-AWARD ADMINISTRATION 18
5.1 The PDB w/OTA Execution Mindset 18
5.2 Common Challenges & Mitigation Strategies for PDTs 18
5.3 Establishing the Execution Framework 19
5.4 Leadership and Governance: Key Administrative Roles 19
5.5 Administrative Agreements Officer (AAO) 20
5.6 Agreements Officer Representative (AOR) 20
5.7 The Phased AOR Strategy 21
5.8 Partnering Across the Project Lifecycle 21
5.9 The Issue Resolution Ladder 22
6.0 CONCLUSION: A NEW PARADIGM FOR PROJECT DELIVERY 23
APPENDIX A – TEMPLATES & SAMPLES 24
APPENDIX B – LINE ITEM STRUCTURING 25

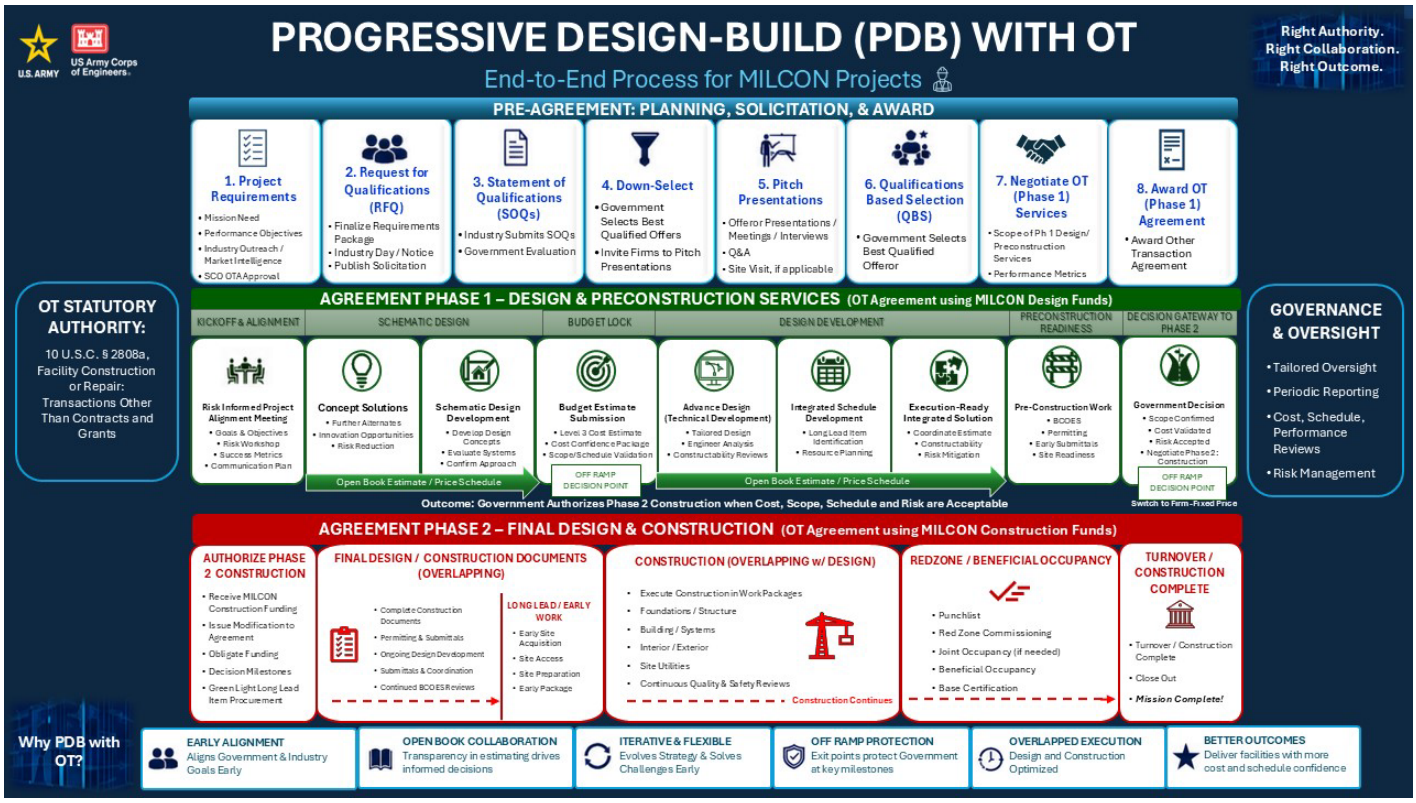
1.0 EXECUTIVE SUMMARY

The successful execution of Progressive Design-Build (PDB) construction project via Other Transaction Authority (OTA) procurement method requires a fundamental mindset shift across the entire USACE Project Delivery Team (PDT). This playbook provides a flexible, sequential framework for a collaborative and streamlined alternative to traditional contracting. Because OTAs operate entirely outside the Federal Acquisition Regulation (FAR), the negotiated Agreement becomes the sole governing document. This demands a pivot from rigid, regulatory compliance to a focus on commercial agility, problem-solving, and shared risk to deliver best-value solutions.

The PDB with OTA (PDB w/OTA) model is justified for projects where traditional methods are not optimal, particularly when facing challenges of urgency, specialized expertise, and complexity. This approach fosters a true partnership between the government and the design-builder, allowing for an iterative design process, real-time problem-solving, and continuous cost modeling. The process is divided into distinct phases: a competitive, qualifications-based selection to choose a design-builder; a collaborative design phase to progressively develop the scope and establish a fixed price; and a final design and construction phase, often accelerated with fast-tracking.

Success hinges on proactive, early integration of construction expertise, a commitment to transparent "open-book" estimating, and a culture of collaborative decision-making. This playbook is the definitive guide for PDTs to navigate this non-FAR environment, reduce administrative friction, and deliver critical projects with greater speed and innovation.

Figure 1. PDB w/OTA Process Overview Placemat



2.0 PRE-AGREEMENT: PLANNING, SOLICITATION, & AWARD

This section outlines the foundational steps required to initiate a PDB w/OTA project, from establishing the OTA authority to selecting the most highly qualified design-builder.

2.1 DELEGATION OF AUTHORITY

Before initiating a project, the source and delegation of authority must be clear.

- Source of Authority: 10 U.S.C. § 2808a grants the authority to use OTA for facility construction and repair.

- Delegation:

  - The Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASA(ALT)) delegated this authority to the Head of the Contracting Activity (HCA) at USACE. Reference 23 FEB 2026 Memorandum For Head Of The Contracting Activity, Subject: Request for Delegation of Authority Under Title 10, United States Code, section 2808a (Facility construction or repair: transactions other than contracts and grants) to the U.S. Army Corps of Engineers, Head of the Contracting Activity.

  - The HCA has delegated this authority to the Senior Contracting Officials (SCOs). Reference 12 JUN 2026 Memorandum, Subject: Delegation of Authority Under Title 10, United States Code, section 2808a (Facility construction or repair: transactions other than contracts and grants) to the U.S. Army Corps of Engineers, Senior Contracting Officials

- The authority allows for a follow-on production contract or transaction (i.e., construction) without further competition, provided competitive procedures were used for the initial transaction and the design-builder successfully provided a complete and useable facility or, a complete and useable improvement to a facility.

- The use of PDB w/OTA is only authorized for Department of War (DoW) projects.

- Current Procuring Contracting Officers (PCOs) may be issued an Agreements Officer (AO) warrant by their SCO after completing required WARU training and completion of an Agreement Officer Review Board (AORB).

2.2 MARKET INTELLIGENCE & INDUSTRY OUTREACH

Market Intelligence is required to understand the industrial base, identify potential sources, and justify the chosen acquisition approach. Market Intelligence for OTs is an active, outbound scouting process. The authority of 10 USC 2808a does not contain a requirement that industry be a non-traditional defense contractor (NDC). However, due to the flexibilities inherent with OTA, and the desire to utilize more novel collaborative methods, implementation of 2808a through a PDB approach may attract NDCs. Note that NDCs oftentimes do not monitor standard government channels like the System for Award Management (www.sam.gov). To increase the

industrial base of government contractors, it is recommended to utilize more active market research than under a traditional procurement. Methods can include early Industry Days, construction trade shows, communication with construction industry groups (Ex: AGC, DBIA, CMAA, etc.), and direct communication with prospective offerors. This effort should also involve assessments of current market trends and new construction methodologies, as well as common commercial terms, data/property rights, or pricing conditions that may apply. Small Business requirements do not apply in the same manner as they do with a FAR contract, but AOs may consider the benefits of Small Business participation. It is imperative that the Market Intelligence conducted confirms that there is adequate industry support of the PDB w/OTA method versus other delivery and procurement methods.

Applicable Templates & Samples:
2.2.1 Market Intelligence Report Template

2.3 PLAN OF ACTION

A comprehensive Plan of Action is the roadmap for the entire acquisition, detailing the strategy from planning to administration. The PDB w/OTA process is executed as follows:

Steps	Key Actions
Plan & Prepare	Define project goals, confirm the use of PDB w/OTA, and develop the acquisition strategy and schedule.
Qualify	Issue a Request for Qualifications (RFQ) to prequalify design-builder teams based on qualifications and experience. Shortlist up to three teams.
Select	Invite shortlisted teams to interactive "Pitch" meetings to evaluate their technical approach and collaborative capabilities. Select the single most highly qualified design-builder.
Negotiate	With the selected design-builder, negotiate the terms and design fee for the Progressive Design-Build Agreement (Phase 1).
Execute	Award Phase 1 OT Agreement and issue the Notice to Proceed (NTP). The team then collaborates on design development, refines scope, and establishes a budget for the design build construction project.
Award & NTP	Review and negotiate a Guaranteed Maximum Price (GMP) for construction within the established budget. Upon acceptance and receipt of funds, amend the OT for Agreement Phase 2 (Final Design & Construction) and issue the NTP.

The Plan of Action should address how the PDT will progress from planning to the conclusion of a successful construction project. The document shall detail the specific project conditions that warrant a PDB w/OTA approach versus other approaches, including a summary of the Market Intelligence that indicates industry support with the approach. Some examples of project conditions that may warrant an OTA approach could include:

- Collaboration: The project's complexity demands a highly collaborative and iterative design process inherent to the PDB method.

- Access to Specialized Expertise: The project would benefit from a broader industrial base to ensure access to the most qualified contractor, which includes those who may be non-traditional defense contractors.

- Flexibility and Risk Management: The OTA structure allows the scope to adapt as the design progresses, reducing risk by negotiating the final price based on a mature design.

- Urgency and Speed: The project has a critical schedule that cannot be met with traditional, FAR-based contracting.

Applicable Templates & Samples:
2.3.1 Plan of Action Template

2.4 REQUEST FOR APPROVAL

Formal approval must be obtained from the SCO via a memorandum that references the delegating authority, describes the project, justifies the PDB w/OTA strategy, and requests approval to proceed. The Plan of Action should be a referenced enclosure to the request to enable the SCO to understand the justification for using PDB w/OTA and the plan for execution.

Applicable Templates & Samples:
2.4.1 Request for Approval to Use PDB w/OTA Memorandum Template

2.5 EVALUATION PLAN

An Evaluation Plan ensures a fair and defensible selection. The plan details the two-step evaluation process of Statements of Qualifications (or White Papers) and Pitches, that will culminate in a final recommendation of a single design-builder that is most advantageous to the government. It is important to focus on the criteria which are true discriminators and will enable the Government to distinguish which of the PDB firms will be the most highly qualified. The evaluation criteria need not be overly complicated. The Plan also establishes an Evaluation Board, whose members must sign Conflict of Interest (COI) and Non-Disclosure Agreements (NDA). The Evaluation Plan can be summarized within the Plan of Action and then included as an Appendix or be further outlined within a separate document.

Applicable Templates & Samples:
2.5.1 PDB w/OTA Evaluation Plan Template – PENDING
2.5.2 Evaluation Board Training PowerPoint Sample

2.6 FINALIZE REQUIREMENTS PACKAGE

The PDT will collaborate on Requirements Package documentation to prepare for solicitation issuance. The Requirements Package should include such items as a Scope of Services (SOS), draft Division 01 Specifications, solicitation content including submission and evaluation instructions, and proposed Agreement Articles (i.e. Terms and Conditions). Depending on whether any early concept design exists that the Government wants to include, that should be part of the requirements package as well. Note that one of the unique aspects of PDB is that a concept design need not be developed at the time of solicitation. Rather, the earlier the design-

builder is awarded an agreement, the more options to include collaboration on potential different concepts the design-builder will be able to provide.

Early coordination with District Office of Counsel is key to ensuring the solicitation as appropriate and vetted Articles, understanding that these Articles will be negotiated with the selected design-builder prior to Agreement Phase 1 award.

2.7 NOTICE TO INDUSTRY

Before the official solicitation is released, a Special Notice should be issued to inform industry of the upcoming PDB w/OTA solicitation, announce the Industry Day (recommended), and provide key project details. Responses from industry are not required. If responses are received, complete additional final revisions to the requirements package post-Industry Day to address any critical feedback received from Industry.

Applicable Templates & Samples:
2.7.1 Special Notice – Industry Day Language Template
2.7.2 Special Notice – Industry Day Sample
2.7.3 Special Notice – Draft Solicitation Sample
2.7.4 Industry Day PowerPoint Sample

2.8 ISSUE REQUEST FOR QUALIFICATIONS (RFQ)

The RFQ (also referred to sometimes as a Request for White Papers) is the official document that launches the competition. Although the Competition in Contracting Act (CICA) does not apply to OTs, competitive procedures should be utilized to the maximum extent possible. The RFQ must provide all necessary project information, including an overview, schedule, draft SOS, draft construction specifications, a detailed explanation of the PDB w/OTA process, submission requirements, evaluation criteria, and proposed Articles. If there is a concept design that has been developed and which the district wants the PDB Agreement to incorporate, then that should be attached as well.

The RFQ shall be posted to the Government point of entry www.sam.gov or via the PIEE Solicitation Module. AOs may utilize other platforms outside of www.sam.gov to broaden the advertisement of the RFQ to industry including NDCs. There is no mandated timeframe for the length of posting the RFQ. It should be posted for a reasonable duration for thorough industry review of the solicitation package and allow industry time to prepare the requested information in the RFQ, as well as enough time for industry inquiries and solicitation amendments, if applicable. Thirty (30) days has historically been the minimum amount of time needed to allow industry to respond to a Federal Government Construction requirement.

Applicable Templates & Samples:
2.8.1 PDB w/OTA Solicitation Template – PENDING
2.8.2 PDB w/OTA Solicitation Attachment – SOS Template – PENDING
2.8.3 PDB w/OTA Solicitation Attachment – Draft Division 01 Specs – PENDING
2.8.4 PDB w/OTA Solicitation Attachment – SOQ Template – PENDING
2.8.5 PDB w/OTA Solicitation Attachment – Pitch Meeting Process - PENDING
2.8.6 OT Agreement (Articles) for PDB Template

2.9 STATEMENT OF QUALIFICATIONS / WHITE PAPERS

The first competitive part of the competition is the receipt and PDT evaluation of the Statements of Qualifications (SOQs) or White Papers. This submission focuses on identifying the most qualified teams based on qualifications, not price. Submissions are concise (e.g., 20 pages or less) and include evaluation criteria like:

- Team Composition & Organization
- Past Relevant Experience
- Any other factors as determined by the PDT.

2.10 DOWN SELECT

The government will evaluate the submissions and typically select three design-builder teams to provide pitch presentations where the Evaluation Team will be able to further assess qualifications. The evaluation should be documented to demonstrate that all elements of the submission were considered and provide clarity on how the Evaluation Team determined that the three firms selected have the greatest potential for being the most highly qualified firm and a good fit for the project.

Applicable Templates & Samples:
2.10.1 Down Select Memorandum Template – PENDING

2.11 PITCH PRESENTATIONS

The most qualified teams are down selected and invited to an interactive pitch presentation. This is an oral presentation which can be in varied format to include virtual or in-person presentations or formal interviews. The presentation will include a Question and Answer (Q&A) session to evaluate the team's real-time innovative design-build solutions, collaboration, and problem-solving abilities, not to discuss price. If appropriate, a site visit prior to pitch presentations can be offered.

2.12 QUALIFICATIONS BASED SELECTION

Upon conclusion of the pitch presentations, the Evaluation Team will come to consensus on who is considered the most highly qualified design-builder. The Evaluation Team will brief the AO on the evaluation. The decision of which entity is the most highly qualified firm shall be documented and signed by the Evaluation Board Chair (or Source Selection Authority if different from the AO) and AO. The rationale used to select the design-builder should have enough detail to demonstrate that evaluation procedures were followed and that a fair evaluation occurred. Negotiations for the Agreement Phase 1 begin only after the final selection of the most highly qualified design-builder by the AO.

Applicable Templates & Samples:
2.12.1 Qualifications Based Selection Memorandum Template - PENDING

2.13 NEGOTIATE OT AGREEMENT PHASE 1 SERVICES

The Government team will negotiate the price of Agreement Phase 1 – Design & Preconstruction services with the selected design-builder. The AO will request a price proposal from the selected design-builder and the Government will evaluate the pricing prior to beginning negotiations. An Independent Government Estimate (IGE) should be developed for Agreement Phase 1 prior to receipt of the design-builder's proposal.

The Government should have a plan of the key elements it indicates to negotiate. Some key negotiation areas in addition to pricing may be:

- Articles
- SOS
- Payment Schedule
- Profit

When negotiating profit, teams should still utilize the USACE weighted guidelines, but the risks should generally be considered lower on a PDB with OTA.

No Christian Doctrine applies to the terms of an Agreement. All terms are legally negotiable. As such, the team must coordinate closely with counsel to ensure all applicable laws that still apply (ex: fiscal, criminal, general laws, etc.) are included.

The Government must fully fund the agreed upon design milestones in the Agreement Phase 1. Typical milestones are: concept or basis of design, schematic, design development, construction documents, and issue for construction. Agreement Phase 1 can have multiple negotiated segments for the various design milestones (Ex: concept design, schematic design, etc.). This can be beneficial in aligning with off ramp decision points. This negotiated segment method would be appropriate for instances in which the Government only has enough initial MILCON Design funds to deliver the schematic design. If the Government breaks the Agreement Phase 1 into severable milestones via multiple line items, a complete deliverable and tangible benefit must be received for each line item. The Agreement Phase 2 award must be fully funded by MILCON Construction funds.

2.14 AWARD OT AGREEMENT PHASE 1 SERVICES

The AO shall document the award determination, describing the key negotiation agreements and the price analysis that occurred. The AO must document that the Government has agreed upon a reasonable price for Agreement Phase 1. Protests can still occur on OT awards; therefore it is critical that the documentation for the action demonstrates that (1) the OT authority was properly utilized and (2) that the evaluation was fair.

A Determination of Responsibility is not required, but an awardee under an OT Agreement must be a registered entity within www.sam.gov and not be excluded from Government awards. Awards shall be made within ACWS and award announcement made on the Government point of entry.

The Government can provide feedback to unselected firms (sometimes referred to as "Feedback Sessions"), however these are not debriefings and the Government should not utilize

debriefing terminology. The Government may notify firms of their non-selection after various decision points (i.e., at the Down Select time or after Pitch Presentations) and may provide feedback either after award of the Agreement Phase 1 or at the conclusion of the applicable step in the selection process. Teams may decide to wait to notify firms of non-selection until the award is finalized, as it maintains the Government's ability to go back to another design-builder in the competition if the negotiations with the selected design-builder fail. Providing feedback is not a requirement but is important to ensure trust by industry in our OT evaluation process and has feedback to increase their chance of success in the future.

2.14.1 Agreement Award Memorandum Template - PENDING

3.0 AGREEMENT PHASE 1: DESIGN & PRE-CONSTRUCTION SERVICES

Following negotiation and award of a fixed price for Agreement Phase 1, the design and pre-construction services begin. This phase is dedicated to collaborative design, risk reduction, and the transparent development of a firm price for construction.

PDB Stage Mapping:

Traditional Benchmark	PDB Industry Name	Focus Area
15% – Planning / Parametric	Concept / Basis of Design (BoD)	Budget & Program Alignment
35% – Concept / Schematic	Schematic Design	BoD Validation
65% – Interim / Design Development	Design Development	Cost Certainty & Long-Lead Planning
95% – Final Design / Draft Final	Construction Documents	Constructability & Execution Planning
100% – Corrected Final Design	Issue for Construction (IFC)	Final Detailing & Permitting

3.1 SCHEMATIC DESIGN DEVELOPMENT

3.1.1 Kickoff / Alignment Meeting: Immediately following the Phase 1 OTA award, a comprehensive, multi-day summit is held with all key stakeholders (USACE, End-Users, design-builder). The goals are to establish a collaborative culture, develop multiple Courses of Action (COAs), identify risks and data gaps, and achieve vertical and horizontal alignment on project objectives.

3.1.2 Concept Solutions: The design-builder develops multiple distinct COAs or "Basis of Design" alternatives. A Schematic Solution Meeting is held to collaboratively select the final COA.

3.1.3 Advancing from Concept to Schematic Design: The joint team establishes a continuous collaborative rhythm with discipline-specific review teams and "over-the-shoulder" reviews to advance the selected COA.

3.1.4 Government Reviews: ER 415-1-11, Biddability, Constructability, Operability, Environmental, and Sustainability (BCOES) reviews remain a mandatory requirement for PDB projects. This initial review aligns with the document's Schematic Design phase and functions as an initial budget validation. The objective of this review is to validate the project's BoD after the initial Risk-Informed Project Alignment Meeting and Schematic Design development. This review confirms that the selected COA is aligned with the budget, program requirements, and mission-critical objectives. This initial review should focus on:

- Verification of the initial scope and technical requirements.
- Validation of the chosen design concept against the original Budget DD Form 1391.

- Confirmation of alignment before advancing to the more detailed Design Development phase. Reviews can happen informally "over-the-shoulder" or the team can determine the milestones at which the design-builder will submit for review as the modeling progresses, eliminating the need for massive, delayed comment-resolution periods.

- Continuous Cost & Risk Trending: The design-builder's lead estimator will provide bi-weekly cost and schedule trend reports. If design progression in any area causes the estimated cost to trend upward toward the Military Construction (MILCON)Programmed Amount ceiling, or introduces new schedule risks, the team will immediately pause and implement corrections before further design hours are expended.

3.1.5 Joint Schedule Development & Funding Lock-In:

The collaborative schedule is strategically driven by critical funding milestones tailored to the project's appropriation. For MILCON projects, activities are sequenced to meet the MILCON Lock-in Date, where the Programmed Amount (PA) must be formally finalized. The Government will utilize the design to date and submit the Budget Estimate Submission (BES) package inclusive of an updated DD Form 1391 addressing the current estimated project costs.
The ultimate goal of this phase remains identical: to deliver a mature, risk-informed design and an open-book cost estimate that confidently locks in the required funding amount before proceeding.

3.2 DESIGN DEVELOPMENT

3.2.1 Purpose: To collaboratively advance the design, conduct site investigations, and incrementally refine scope, schedule, and cost in an "open-book" environment until a mature state is reached (historically ~65% design).

3.2.2 BCOES Reviews

i. Design Development Reviews: At a minimum, a second review shall take place during the Design Development phase as the project approaches maturity for Agreement Phase 2 negotiation. This stage corresponds to the Final Design & Construction Validation. The objective of this review is to conduct a comprehensive technical and constructability review of the mature design package before it is used to solicit final subcontractor pricing and establish the GMP (fixed price ceiling) for final design and construction. This review should focus on:

    - In-depth review of the developed design for cost certainty, constructability, and operability.

    - Evaluation of plans for long-lead item procurement and early works packages.

    - Ensuring the design is sufficiently complete to support a reliable IGE and a firm design-builder proposal.

ii. Pre-Negotiation BCOES Backcheck: The government team will then conduct a formal backcheck review to verify that all comments have been satisfactorily addressed. Upon

successful completion of the backcheck, the design is officially designated as ready for the negotiation of the GMP.

iii. Post-Negotiation Final BCOES Verification: This is the final validation check performed after the Agreement Phase has been successfully negotiated but before the final Agreement Phase 2 (via OT Agreement modification) is executed. The objective of this review is to perform a comprehensive audit to ensure every element negotiated between USACE and the vendor is accurately reflected in the final, legally binding Agreement. This review should focus on:

- Cross-referencing negotiation "redlines" to the final Agreement text.
- Verifying the final negotiated price, schedule, risk register allocations, and payment milestones.
- Ensuring all Division 01 General Conditions and administrative articles are correctly incorporated.
- This final verification certifies that the project is ready for a seamless transition into the final design and construction phase.

iv. By integrating these iterative BCOES reviews, the PDB process ensures continuous alignment, mitigates risk, and provides leadership with the assurance that the final Agreement is executable and delivers the best value.

3.2.3 Integrated Schedule: A collaborative tool merging design, procurement, and construction activities into a single, interdependent timeline.

3.2.4 Resource Planning: Teams should identify critical-path elements—such as early site preparation, structural foundations, or procurement specifications for long-lead mechanical and electrical equipment—that warrant accelerated design maturity. By progressing these targeted components to a 'Ready-for-Construction' or 'Ready-for-Procurement' state prior to GMP agreement, the team enables immediate fast-tracking and early works execution upon the award of Agreement Phase 2. This proactive approach mitigates supply chain volatility, condenses the overall delivery schedule, and ensures a seamless operational transition from design development into physical construction. Before deciding to fast-track, the PDT must carefully weigh the benefits against the risks. Identify these "fast-track candidates" in the Risk Register.

3.2.5 Execution Ready Integrated Solution: Agreement Phase 1 culminates in a comprehensive package containing matured design documents, the updated Joint Risk Register, the refined open-book estimate, and the integrated schedule. This serves as the package for the design-builder to solicit subcontractor pricing.

3.2.6 Independent Government Estimate (IGE): A completed IGE is mandatory before entering Phase 2 negotiations to serve as the government's benchmark for evaluating the design-builder’s proposal for Agreement Phase 2 services.

3.3 PRE-DESIGN AND CONSTRUCTION DECISION POINTS

There are two primary off ramp points within Agreement Phase 1. One is at the Budget Estimate Submission step when the project is typically at a 35% design level. An off ramp at this point may be due to such things as uncertain construction funding, inability of current design to meet anticipated budget limitations, or design-builder collaboration challenges. The other main off ramp is at the final step of the Agreement Phase 1 path in which the Government and design-builder negotiate a GMP for the final design and construction effort. An off ramp at this point is typically due to the inability to negotiate an agreed upon budget for Agreement Phase 2. The decision to off-ramp should not be taken lightly and should occur at the 35% design level, if possible, to avoid lost effort on behalf of the Government and design-builder.

If a fair and reasonable price within the budget is agreed upon, the project proceeds to Agreement Phase 2. If not, the contractual off-ramp allows USACE to retain the design and procure construction separately. Coordinate with Counsel if planning to off ramp.

3.4 NEGOTIATE AGREEMENT PHASE 2 – FINAL DESIGN & CONSTRUCTION

3.4.1 Initiate Negotiations: The transition from Phase 1 to Phase 2 is not automatic. It is contingent upon the Government's formal acceptance of a negotiated construction price (and price for any other remaining activities) for Agreement Phase 2. Once the design is mature and the IGE finalized, the government validates the scope and is positioned to negotiate the Agreement Phase 2 services. The design-builder submits its final price proposal based on the open-book estimate and actual subcontractor bids. USACE and the design-builder then negotiate pricing for the construction effort. Under no circumstance shall the Agreement reflect a cost reimbursement model that would violate 10 U.S.C. 3322.

3.4.2 Negotiation Process:

Action Items	Primary Objective
Compare the Builder's Open-Book Estimate against the IGE.	Isolate the delta. Confirm no unapproved scope additions.
Conduct a joint review of variances. Examine material, labor, and supply chain assumptions.	Align on the root cause of discrepancies rather than haggling numbers.
Review the shared Risk Register. Assign cost values to remaining unknowns.	Finalize transparent risk pools and criteria for contingency use.
Map agreed-upon costs to measurable milestones.	Ensure payment triggers align with commercial practices and progress.
Draft the formal modification to transition the OT into the execution phase.	Lock in the construction cost including long-lead item procurements and proceed to Agreement Phase 2.

3.4.3 Negotiation Best Practices & Common Pitfalls:

Best Practice	Description	Pitfall to Avoid
Enforce Real-Time Flagging	Require the design-builder to highlight cost increases the moment they are identified.	Allowing a significant cost spike to be presented for the first time at negotiation.
Leverage Commercial Standards	Accept commercial estimating formats (e.g., MasterFormat) the builder uses natively.	Forcing the builder to retrofit data into rigid Government formats.
Maintain Collaborative Tone	Treat negotiation as a joint problem-solving exercise to maximize value.	Taking an adversarial stance, which destroys trust.

4.0 AGREEMENT PHASE 2: FINAL DESIGN & CONSTRUCTION

Upon execution of Agreement Phase 2, the project moves into the construction phase. The collaborative partnership continues, but with an increased focus on construction quality, safety, and performance against the executed Agreement. The design is finalized in this phase and construction commences. Agreement Phase 2 operates similarly to a standard construction project with some differences noted below.

4.1 AUTHORIZE PHASE 2 CONSTRUCTION:

Receive MILCON funding and complete the execution of the Phase 2 modification to the OT Agreement. Issue the NTP, which is the formal authorization to begin Phase 2. Hold a Pre-Construction Conference to align all parties before mobilization.

4.2 FINAL DESIGN & CONSTRUCTION DOCUMENTS:

*This overlaps with construction efforts.

4.2.1 Long Lead Item Procurement: Purchase of materials and equipment with long delivery times begins early in Agreement Phase 2 and can be authorized prior to 100% design upon approval by the AO.

4.2.2 Fast Tracking/Early Work: Prioritizing specific design packages (e.g., Demolition, Site/Civil, Structural) enables an early start to construction. If the decision is made to do fast-tracking, or any early work prior to Agreement Phase 2 is to be completed, a modification shall be executed by the AO and MILCON funding must be utilized.

4.2.3 Finalize Design (100%): The remaining design elements are completed.

4.3 CONSTRUCTION:

*This overlaps with design and construction document finalization efforts.

4.3.1 Progress Meetings: Regular meetings are held to review things like construction progress, schedule, submittals, and budget performance against the negotiated price.

4.3.2 Agreement Administration: All actions, including Change Management, must refer strictly to the negotiated Articles in the Agreement.

4.3.3 Change Order Management: Involves managing any proposed changes to the scope utilizing methods like a Change Order Log. All changes require technical review, cost analysis, and approval by the AO (or AAO if delegated the applicable change authority). Modifications to document changes to scope and price of construction efforts occur within Agreement Phase 2.

4.4 REDZONE / BENEFICIAL OCCUPANCY:

Construction winding down and final efforts to wrap up the project are underway in this step. Things to address include: working punchlist items, red zone commissioning (assuring that all systems and components are designed, installed, tested, and operated according to the owner's requirements), joint occupancy if needed, beneficial occupancy, and base certification.

4.5 TURNOVER / CONSTRUCTION COMPLETE:

Final inspections, punch list completion, delivery of as-built drawings and O&M manuals, and formal acceptance of the facility by the Government occurs. The completed facility is formally transferred to the End-User. The project can now be closed out.

5.0 EXECUTION MINDSET & POST-AWARD ADMINISTRATION

This section covers the essential mindset for OTA execution, establishes the administrative framework, and outlines the final design and construction phase.

5.1 THE PDB w/OTA EXECUTION MINDSET

- Embracing the Non-FAR Mindset: PDTs must consciously pivot away from traditional, rigid FAR-based procedures and embrace commercial agility and innovative partnerships. The focus is on problem-solving and delivering best-value solutions.

- The Agreement is the Ultimate Authority: The negotiated Agreement is the contract. There is no FAR "safety net." All administration, execution, and dispute resolution must adhere strictly to what is written in the Agreement.

- Critical Need for Early Construction Integration: Construction personnel must be actively involved from the very beginning to ensure constructability, accurate cost modeling, and proactive risk mitigation.

5.2 COMMON CHALLENGES & MITIGATION STRATEGIES FOR PDTS

Challenge Category	Description of Friction Point	Mitigation Strategy & Implementation Steps
Regulatory Withdrawal	Absence of familiar FAR parts can lead to "paralysis by analysis."	Strategy: Establish a "New Normal" Framework. Action: Utilize this PDB w/OTA Playbook as the definitive guide.
Loss of Standard Clauses	Standard protections (e.g., Changes, Disputes) are not automatic.	Strategy: Develop an "OTA Article Library." Action: Curate a repository of pre-vetted, commercial-style terms.
Cultural Inertia	The "This is how we've always done it" mentality is a major hurdle.	Strategy: Mandate Early Partnering Workshops. Action: Require integrated workshops to define shared goals and a "project-first" culture.
Increased Negotiation Burden	An OTA requires the PDT to negotiate nearly every aspect.	Strategy: Conduct Commercial Acumen Training. Action: Implement targeted training on commercial negotiation tactics.
Risk Aversion	Fear of future audits may lead teams to "re-insert" FAR-like language.	Strategy: Provide Leadership "Top Cover." Action: Establish a formalized risk matrix approved by leadership. Eliminate FAR references.
Early Construction Role	Construction must be at the table during design, a major shift from traditional roles.	Strategy: Restructure Resourcing Timelines. Action: Shift personnel profiles to bring construction representatives onto the team early.

5.3 ESTABLISHING THE EXECUTION FRAMEWORK

- Division 01 as a Negotiation Baseline: In a PDB w/OTA, a pre-drafted Division 01 (General Conditions) serves as the negotiation baseline for administrative, procedural, and temporary facility requirements, which is then collaboratively finalized with the design-builder.

- Codifying Critical Administration Articles: The "rules of engagement" must be explicitly written into the Agreement.

Administration Area	Purpose and Importance in an OTA	Critical Elements to Negotiate
Agreement Administration Processes	Establishes day-to-day operational governance since FAR oversight does not apply.	Roles and authorities, communication protocols, submittal review timelines, and Quality Assurance/Quality Control (QA/QC) responsibilities.
Payment Terms	Prompt Payment Act with commercially driven financial terms.	Clear milestones triggering payment, invoicing procedures, and documentation requirements.
Change Management	Defines how to handle out-of-scope work without the FAR "Changes" clause.	Mechanisms for bilateral modifications and strict notification timelines.
Duty to Perform (Disputes)	Prevents project abandonment during a disagreement.	Explicit language requiring the vendor to continue work pending dispute resolution.
Fast-Track Design-Build Execution	Capitalizes on OTA flexibility to overlap design and construction.	Phased deliverable schedules and identification of resource constraints.

5.4 LEADERSHIP AND GOVERNANCE: KEY ADMINISTRATIVE ROLES

- Having the right leadership within the region and districts to ensure collaborative team efforts is essential to the success of project execution via this PDB w/OTA delivery method. Because OTAs operate outside the FAR, they require a shift from rigid regulatory administration to proactive, commercial-style project management.

- To maintain the required speed and cost effective nature of USACE construction administration, the PDB w/OTA method will rely on two critical roles: the Administrative Agreements Officer (AAO) and the Agreements Officer Representative (AOR). Upon Agreement Phase 2 award, specific Authority Letters must be formally issued to these individuals to define the exact limits of their decision-making power.

  Applicable Templates & Samples:
  5.4.1 AAO Appointment Letter Template - PENDING

5.5 ADMINISTRATIVE AGREEMENTS OFFICER (AAO)

The AAO assumes the day-to-day administrative governance of the Agreement, functionally replacing the traditional Administrative Contracting Officer (ACO). Their primary focus is maintaining the commercial health of the partnership and ensuring all actions align with the negotiated OTA terms.

AAO Parameter	Description
Roles & Responsibilities	Executes bilateral modifications within their authorities, oversees payment structures (Schedule of Values or Milestone Payment Schedule), manages formal correspondence, and ensures compliance with the specific, negotiated articles of the Agreement rather than FAR clauses.
Knowledge & Experience	Must possess high-level commercial business acumen, construction experience, advanced negotiation skills, and an understanding of non-traditional contracting methodologies. Requires the ability to operate comfortably in a "gray space" without relying on standard regulatory default clauses.
Training Requirements	Completion of WARU OTA specific courses, and specialized training on PDB methodologies.
Authorization Mechanism	A formal Authority Letter must be issued by the AO to the AAO immediately upon agreement award, explicitly detailing the scope and limitations of their authority to bind the Government.

5.6 AGREEMENTS OFFICER REPRESENTATIVE (AOR)

The AOR serves as the technical heartbeat of the project, replacing the traditional Contracting Officer's Representative (COR). The AOR is the primary point of contact for the design-builder and is responsible for driving the collaborative culture required for a successful PDB execution.

AOR Parameter	Description
Roles & Responsibilities	Provides technical oversight, monitors the integrated schedule, evaluates the open-book estimate, leads the Government's participation in collaborative team meetings, and acts as the first line of defense on the Issue Resolution Ladder (discussed below).
Knowledge & Experience	Requires a robust background in engineering, architecture, or construction management. Must understand commercial construction practices, cost modeling, and how to evaluate performance-based outcomes rather than prescriptive specifications.
Training Requirements	Mandatory training in OTA administration, collaborative partnering techniques, dispute resolution, and commercial "open-book" cost estimating.
Authorization Mechanism	A formal Authority Letter must be issued upon agreement award, clearly defining the AOR's technical authorities, inspection responsibilities, and limits regarding cost or schedule modifications.

5.7 THE PHASED AOR STRATEGY

Because the PDB w/OTA model involves two distinct phases with vastly different skill sets, the PDT should strongly consider appointing specialized AORs for each phase, or ensuring the designated AOR possesses deep expertise in both design management and field execution.

Phase Specialization	Primary Focus and Skillset
Design-Phase AOR	Focuses heavily on pre-construction collaboration. Key duties include managing the alignment summits, driving the BoD, coordinating iterative BCOES reviews, and heavily scrutinizing the development of the open-book estimate and Joint Risk Register.
Construction-Phase AOR	Takes the lead upon execution of the Agreement Phase 2 work oversight. Focuses on fast-track field execution, commercial QA/QC, schedule adherence, field-level dispute resolution, and managing early procurement milestones.

5.8 PARTNERING ACROSS THE PROJECT LIFECYCLE

The nature of partnering evolves as the project moves from initial selection through final execution, but the underlying requirement for open communication remains constant.

Project Phase	Partnering Focus	Key Implementation Mechanisms
Pre-Agreement (Selection & Phase 1)	Establishing cultural fit and building mutual trust. The Government evaluates the builder's collaborative capability, and both parties work to transparently define the scope, identify risks, and develop the open-book estimate.	Interactive "Pitch" sessions during selection, initial risk-alignment summits, and daily meetings to develop the BoD.
Post-Agreement (Phase 2 Execution)	Maintaining established trust when field challenges inevitably arise. The team must transition from theoretical design collaboration to rapid, joint problem-solving during physical construction.	Recurring formal partnering check-ins, continuous "over-the-shoulder" field reviews, and strict adherence to predetermined dispute resolution frameworks.

5.9 THE ISSUE RESOLUTION LADDER

- A critical tool for sustaining post-agreement partnering is the Issue Resolution Ladder. To prevent minor disagreements from eroding trust or stalling the critical path, the PDT and the design-builder must collaboratively establish an informal evaluation matrix prior to reaching the need to invoke the Disputes Article.

- This ladder empowers team members to solve problems at the lowest possible level of management (e.g., between the on-site Project Engineer and the Superintendent). If the issue cannot be resolved in the field level, then the issue gets elevated in accordance with the Disputes Article. This ensures rapid decision-making, prevents schedule delays, and preserves the collaborative working relationship at the tactical level.

6.0 CONCLUSION: A NEW PARADIGM FOR PROJECT DELIVERY

The shift from traditional, FAR-based contracting to a PDB model executed via OTA is more than a change in process; it is a fundamental evolution in how USACE conceives, procures, and delivers mission-critical infrastructure. This playbook has provided a comprehensive roadmap for navigating this new paradigm, but its successful implementation ultimately depends on the commitment of the PDT to embrace its core principles.

Success no longer hinges on rigid adherence to a pre-written regulatory script. Instead, it is found in the disciplined application of commercial best practices, the cultivation of genuine partnerships, and the relentless pursuit of value. By fostering a culture of trust, transparency, and shared risk, the PDT unlocks the true potential of its industry partners. The open-book collaboration at the heart of PDB with OTA demystifies costs, mitigates risk early, and ensures that the final negotiated price is both fair and reasonable.

The PDB with OTA framework is not a shortcut, but a strategic accelerator. It demands more upfront planning, higher business acumen, and a deeper level of engagement from every team member. However, the rewards are significant: faster delivery schedules, greater collaboration, and facilities that are better aligned with the end-user's mission.

By internalizing the guidance within this playbook, PDTs are empowered to move beyond the limitations of traditional delivery and become true "Owners of Choice." This approach will not only deliver superior projects but will also strengthen the industrial base, ensuring USACE can continue to provide engineering solutions for our Nation's toughest challenges with unmatched speed and certainty.

APPENDIX A

DOCUMENT TEMPLATES & SAMPLES

OTA for Construction SharePoint
https://usace.dps.mil/sites/KMP-CT/SitePages/OTAs-FOR-CONSTRUCTION.aspx

1. PDB w/OTA Process Overview Placemat
2. Market Intelligence Report Template
3. Plan of Action Template
4. Request for Approval to Use PDB w/OTA Template
5. PDB w/OTA Evaluation Plan Template – PENDING
6. Evaluation Board Training PowerPoint Sample
7. Special Notice – Industry Day Language Template
8. Special Notice – Industry Day Sample
9. Special Notice – Draft Solicitation Sample
10. Industry Day PowerPoint Sample
11. PDB w/OTA Solicitation Template – PENDING
12. PDB w/OTA Solicitation Attachment – SOS Template – PENDING
13. PDB w/OTA Solicitation Attachment – Draft Division 01 Specs – PENDING
14. PDB w/OTA Solicitation Attachment – SOQ Template – PENDING
15. PDB w/OTA Solicitation Attachment – Pitch Meeting Process - PENDING
16. OT Agreement (Articles) for PDB Template
17. Down Select Memorandum Template – PENDING
18. Qualifications Based Selection Memorandum Template - PENDING
19. Agreement Award Memorandum Template - PENDING
20. AAO Appointment Letter Template – PENDING

APPENDIX B

LINE ITEM STRUCTURING: ALIGNING WITH COMMERCIAL PRACTICE

In traditional FAR-based contracting, Contract Line Item Numbers (CLINs) are often structured around rigid government accounting requirements, which can create administrative friction and disconnect payments from the actual flow of work. Because OTA operates outside the FAR, the government has more flexibility to structure line items more closely with commercial industry standards. However, there are fiscal constraints that require the Government to track different types of funding (Ex: MILCON Design, MILCON, O&M) which may limit the flexibility of the CLIN structure even in an OT environment.

In a PDB w/OTA structure, the Government should align its financial structuring with the builder's native Work Breakdown Structure (WBS) and Schedule of Values (SOV) when negotiating the Milestone Payment Schedule. This facilitates transparent, open-book estimating and ensures that payments are tied directly to logical project milestones and commercial trade packages.

The Shift in Financial Structuring

The government should adopt a structure that reflects how the facility will actually be designed and built.

Aspect	Traditional Government Approach	PDB Industry Standard (OTA Approach)
Primary Framework	Rigid CLINs based strictly on funding types and FAR mandates.	SOV based on Construction Specifications Institute (CSI) MasterFormat or Uniformat.
Estimating Alignment	Builder must translate commercial data into government formats.	Government evaluates the builder's native "open-book" estimate in its original commercial format.
Payment Triggers	Sometimes based on percentage of completion of broad, vaguely defined CLINs.	Tied directly to observable, measurable milestones or specific trade-package completion.
General Conditions	Occasionally buried or spread across multiple vague line items.	Explicitly broken out (Division 01) and negotiated transparently as a distinct cost element.

Recommended Phased Line Item Structure

In a PDB w/OTA, the line item structure should naturally evolve as the project progresses from Agreement Phase 1 (Design & Preconstruction Services) into Agreement Phase 2 (Final Design & Construction). Below is the recommended approach to structuring the agreement.

Agreement Phase 1: Design & Preconstruction Services

During Agreement Phase 1, line items should reflect professional services, collaborative milestones, and the progressive development of the budget.

Remember that the Agreement Phase 1 will be limited to including only the line items for which money is available. There is not an incremental funding authority available for PDB w/OTA under 10 USC 2808a. Also note that depending what milestones and activities are included, they will need to be broken out to ensure that the right type of funds can be traced to the appropriate activity.

Line Item / Milestone	Description & Commercial Purpose
Alignment & Concept Development	Covers the initial alignment meetings, collaborative teams, and the development of the BoD.
Schematic Design (SD)	Delivery of the 35% design package, and the initial budget alignment required for MILCON lock-in.
Design Development (DD) & Open-Book Estimate	Advancement of the design to a mature state (e.g., 65%), completion of BCOES reviews, and delivery of the transparent, open-book pricing package.
Preconstruction Site Investigations	Specific line items for necessary geotechnical surveys, utility potholing, or hazardous material testing required for a complete design.

Agreement Phase 2: Final Design & Construction

Upon successfully negotiating the GMP and amending the OTA for Agreement Phase 2, the line items transition to a construction-focused SOV.

Line Item / Trade Package	Description & Commercial Purpose
General Conditions (Division 01)	Transparent breakout of project management, temporary facilities, site security, and mobilization.
Fast-Track Packages (If Applicable)	Distinct line items for strategically advanced work, such as Early Site Prep, Demolition, or Deep Foundations.
Long-Lead Procurement	Separate items to fund the early authorization and purchase of critical-path materials (e.g., switchgear, structural steel).
Core Construction (By Trade/Division)	The bulk of construction costs broken down by native commercial trade divisions (e.g., Concrete, Masonry, MEP Systems, Finishes) rather than facility zones.
Final Design Completion	Funding to take the Design Development package to 100% Construction Documents (CD) concurrent with early construction.
Commissioning & Turnover	Specific milestones for final testing, End-User training, and official facility handover.

Best Practices for the PDT:

- **Adopt MasterFormat:** Encourage the use of CSI MasterFormat for the Schedule of Values. This is the language industry speaks, and it will dramatically speed up the Government's ability to review the open-book estimate against the IGE.

- **Tie to the Integrated Schedule:** Every line item and payment milestone must be directly mapped to an activity on the collaboratively developed Integrated Master Schedule.

- **Avoid Sub-CLIN Proliferation:** While transparency is critical, creating hundreds of micro-line items creates an administrative burden. Keep the structure high-level enough to be manageable but detailed enough to verify progress and appropriately track funding streams.