

What is DBFMO, a very short explanation?

DBFMO stands for Design, Build, Finance, Maintain and Operate. Popularly DBFMO is known as integrated projects; Projects which looked beyond the construction or renovation phase. The use and operation is reflected in the design process, making life time costs will be central. This type of contract is used in various infrastructure and accommodation projects.

Via DBFMO buildings will be created with longer life, which better meet the needs of the user and which in the long run are cheaper in both operation and maintenance. To create a long term cheaper property with a longer life, requires knowledge from various specialties.

The client pays a consortium periodic, a fixed delivery fee, when the infrastructure or facility is commissioned. The consortium can thus meet the repayments, interest and operating costs.

In a DBFMO contract is the private party / consortium of market parties responsible for the financing, design and construction of an object, but also for building maintenance and supply of (part) of the services for a specified period (eg, 25 or 30 years). This means that there is no individually negotiation between architects, contractors, banks, cleaners and security companies, but with a consortium in which all the parties are united, and which is responsible for the total package, from design to maintenance.

The DBFMO consortium will compete with other consortium's for the tender procedure. This procedure is often set up in the form of a competitive dialogue. This tender form allows candidates to the contract, including discussing the functional specifications of the contract with the client and optimize. This also provides opportunities to align the construction and operation alike. The bidding consortium, also called the "best and final offer (BAFO) is filed, including a financing plan and (partly) committed financing from external providers of capital (banks).

Strenghts and weaknesses

strong:

In all phases of a development plan optimization possible, so do price optimization and cost savings.

Weak:

There must be a sound business case;

The project must be finance able for (cooperating) market;

The desire to achieve price optimization may lead to loss of quality;

It depends on the specific country laws how VAT is being handled, this can make a big difference financially;

For a swimming pool in Latvia this might be an option to create a major swimming pool of international dimensions.

If the municipality and other parties involved can cooperate together. And both the financiers and the municipality are willing to agree to a 30 year no risks contract to pay a monthly basic participation fee.