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Questions related to specific products and services may be addressed at the conclusion of this presentation.
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Managing Director CBRE Healthcare

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Principal and CEO of
Unger Security Solutions
Transferred Design Risk In Design-Build Procurements

• Bridging
• Wholesale Contract Assignment
Bridging
Why Owners Use It

• Help Define Progress and Scope
• Distrust of Design-Build Process
• Risk Transfer
Downside of Bridging

• Confusion As to Roles of AE1 and A2
• Split Design Liability
• Increased Costs To Owner
Assignment Can Take Place At Any Stage
Why Owners Use It

• Need To Get A/E On Board Before Selection of A Design-Builder
• Risk Transfer
Downside of Contract Assignment

• A/E and DB Contractor May Not Be A Good Fit
• A/E Is Serving Two Masters
• Insurance Considerations
Project Delivery Strategy

INOovation IN DESIGN-BUILD

• Best Value Integrated Design-Build

• Progressive Design-Build

Design-Build – first build the Team ... then build the Project
Best Value Integrated Design-Build

• Select Best Design-Build Team
  • Qualifications Based Selection
  • Past Performance

• ... with the Best Proposal (solution)
  • Quality – Quantity
  • Energy Efficient – Durable – Sustainable – Ease of Maintenance - etc

• ... within Budget
Progressive Design-Build

• Design-Builder selected by Owner early in Project’s life
• Design-Builder selected primarily, if not exclusively, on qualifications
• Final Project price & schedule commitment is not established as part of the selection process
• Two phases of work
  • Preliminary design & pre-con services
  • Final design & construction, once the Parties have agreed upon price & other commercial terms
Progressive Design-Build (cont’d)

• Design-Builder collaborates with Owner during Phase 1 to create or confirm Project’s basis of design

• Design-Builder advances design
  • Decisions based on cost, schedule, operability, life cycle & other considerations
  • Ongoing, transparent, cost estimates to achieve budget requirements
Progressive Design-Build (cont’d)

- Formal commercial proposal for Phase 2
  - “Appropriate” level of definition, often at 40-60% design completion
  - Dependent on amount of control Owner desires to maintain over design definition & reduction of contingency

- Phase 2 initiated upon acceptance of commercial proposal
Why Owners Choose Progressive D-B

• Interest in contracting with Design-Builder very early in design process
  • Complex projects requiring high level of collaboration
    • Site issues: i.e., easements; permitting; ROW’s; NEPA; etc
  • Higher degree of cost certainty & transparency during design development
    • Owner wants to remain actively involved in making design decisions

• Avoids time & expense of Owner creating design baselines for procurement
  • Streamlines & simplifies procurement process
Why Owners Choose -Progressive D-B (cont’d)

• Ability to use early work packages & fast track
• Removes some of Owner’s time pressures in reviewing & acting upon design submittals
• Allows Owner participation in subcontractor & supplier selection
• Offers transparency into Design-Builder’s proposal cost
• Provides collaborative way to establish “single point of responsibility” – there is no design “handover”
Thank You

QUESTIONS – COMMENTS?

*Design-Build – first build the Team ... then build the Project*
2018

Project Delivery Symposium: Delivering the Future

PROJECT DELIVERY STRATEGY – Patrick Duke
An Owner’s challenge

Owner’s Capital Project Risk Elements

Healthcare Facility Life Cycle Cost Components
Whole of life delivery concept

- Decisions in one cost category will impact the others
- Driving down construction costs can have an adverse impact on long term costs
- Long term “Whole of Life” costs instead of first cost construction
- Good decisions during design process consider Value for Money and best investment approach
- Results in lower whole-of-life facility cost (the “box” is smaller)
## Risk transfer defines delivery models

<table>
<thead>
<tr>
<th>Level of Risk Transfer</th>
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<tbody>
<tr>
<td>Design</td>
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Risk transfer defines delivery models.
<table>
<thead>
<tr>
<th>Relational Organization</th>
<th>Transactional Organization</th>
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</thead>
<tbody>
<tr>
<td>Long term strategic approach to business</td>
<td>Reactive and short term approach to business</td>
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<tr>
<td>Considers partnerships rather than today’s transactions</td>
<td>Focused on today’s transactions</td>
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<tr>
<td>Negotiates in a relational manner</td>
<td>Focuses on the process of negotiation more than the outcomes</td>
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<tr>
<td>Fears only “making a poor choice”</td>
<td>Fears only “paying more than I had to pay or should have paid”</td>
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<td>Looks for experts they can trust</td>
<td>Considers they have all the experts and answers</td>
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<td>Promotes a culture of continuous improvement</td>
<td>Hinges every transaction on price</td>
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<td>Empowers all levels of organization and supports an “up the line” philosophy</td>
<td>Wants to win on their terms only</td>
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<tr>
<td>Top down leadership culture</td>
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**Culture defines delivery models**

- PGF
- IPD
- IPD Lite
- CM at Risk
- Design-Build
- Hard Bid

**Capital Project Delivery Model Fit**
2018
Project Delivery Symposium: Delivering the future
PROJECT DELIVERY STRATEGIES
Ed Hanzel
30 Years Delivering Construction Projects

• First 10 years a mixture of CM GMP and Lump Sum Contracts

• Last 18 years only CM GMP at Risk Contracts for 2 Health Care Clients

• Currently on an IPD Team Delivering a Project for one of those Clients
Lump Sum/Hard Bid

- Can work if:
  - Owner know exactly what they want to build
  - Design Team has the time to fully design and coordinate the contract documents
  - Contractors provide complete & responsible bids

- But.....
  - Owners make changes thru the process = change orders
  - Design Team time constraints = change orders
  - Competitive Bidding = cut corners and find change order opportunities

- Constant – Contractural and Confrontational Culture
GMP – CM At Risk

• Design and Budget not Collaborative - Check-in’s along the way to validate design and budget
• Value Engineering with rework to fix budget problems
• Subcontractor input after design
• User input limited
• Mockups and BIM occur late in the process
• Owner the referee for design and construction issues
Integrated Project Delivery

- Committed and Engaged Owner
- IPD Agreement with Shared Risk Reward of Owner/Designer/Contractor
- Jointly Developed Project Cost
- Target Value Design Process using constant Cost Modeling
- Innovative tools – BIM/Goggles/Mockups and Simulations
- Target Value Design Process using constant Cost Modeling
- Subcontractor Involvement
- Last Responsible Moment for Decisions
Thank You

QUESTIONS – COMMENTS?