

2018

Project Delivery Symposium: Delivering the future

PROJECT DELIVERY STRATEGIES



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PROJECT DELIVERY STRATEGIES – Bennett
Greenberg



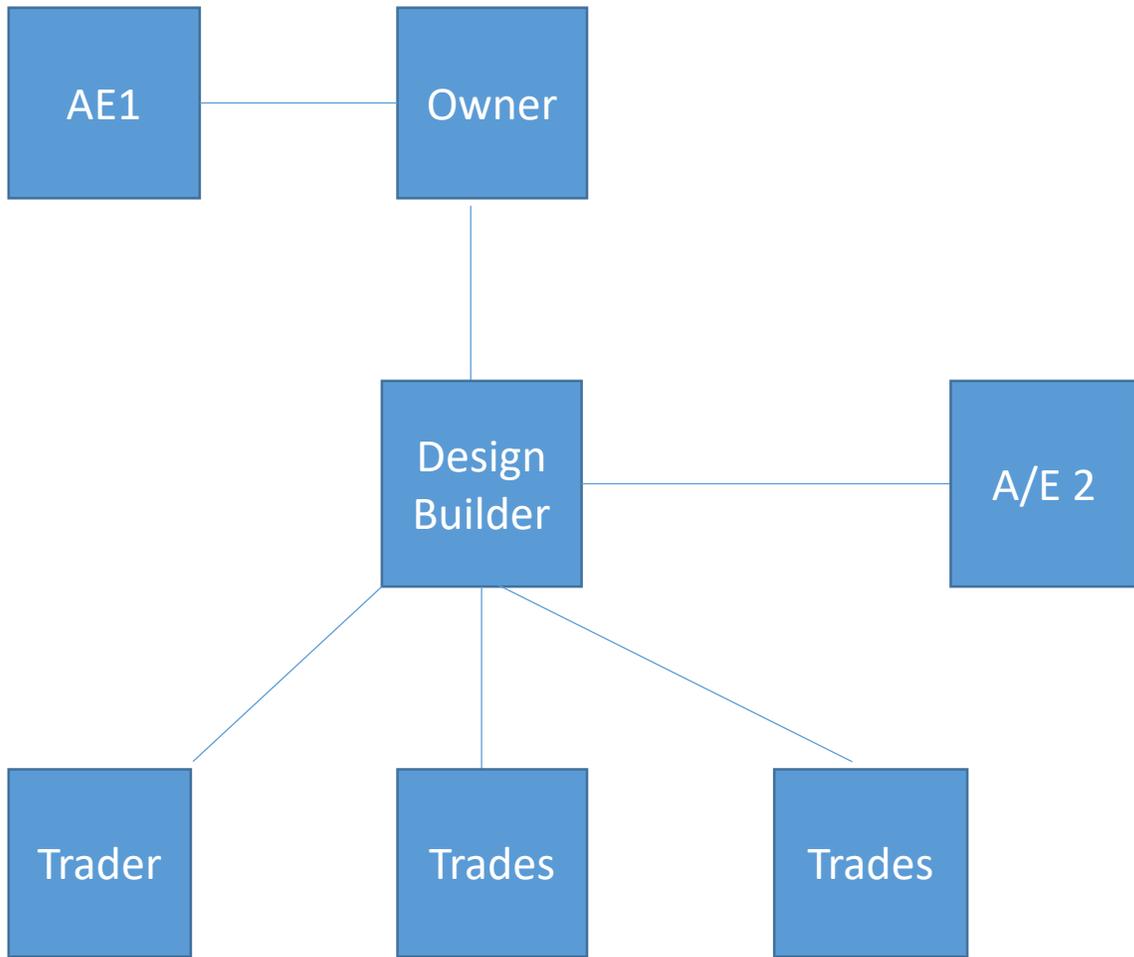
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Transferred Design Risk In Design-Build Procurements

- Bridging
- Wholesale Contract Assignment

Bridging



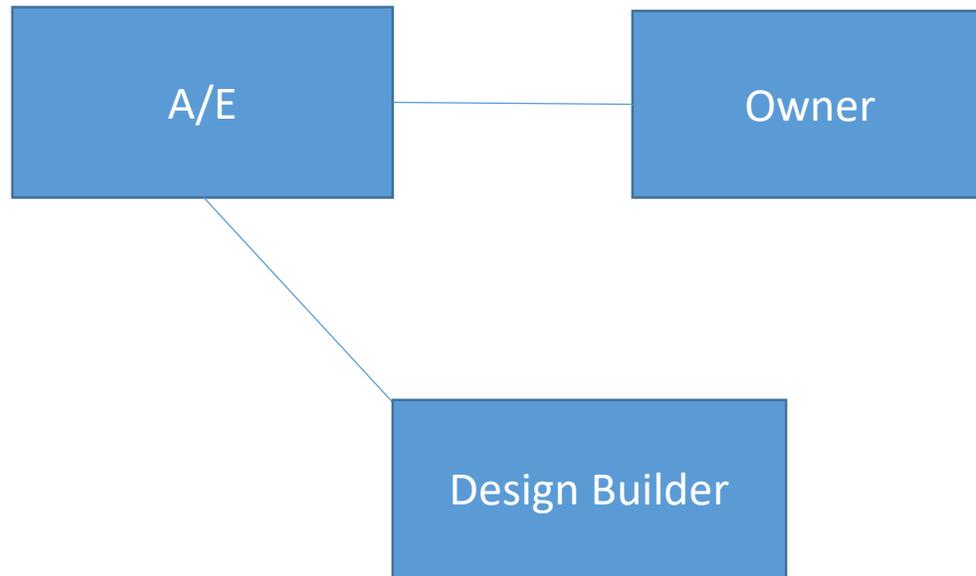
Why Owners Use It

- 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

Contract Assignment



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

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Craig Unger – DBIA



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Project Delivery Strategy

INOVATION 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



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PROJECT DELIVERY STRATEGY – Patrick Duke



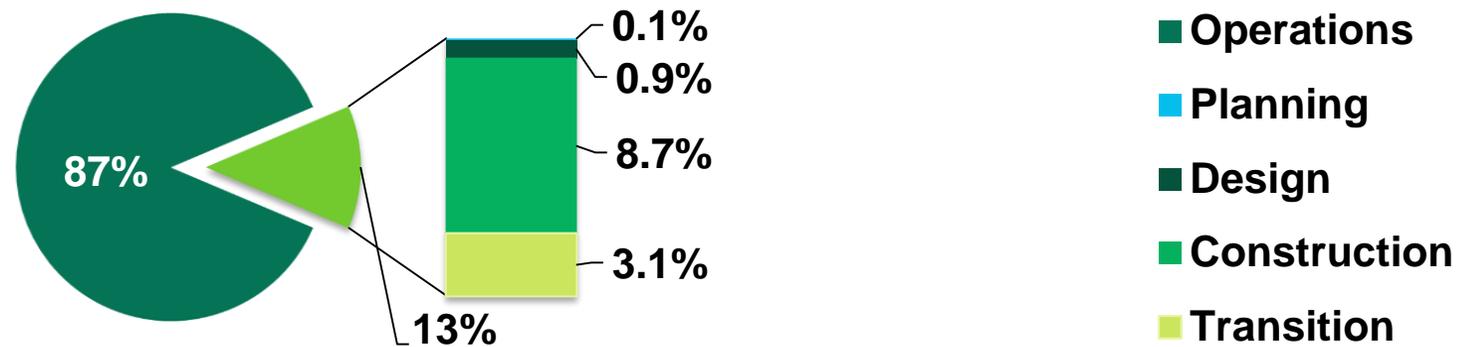
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An Owner's challenge

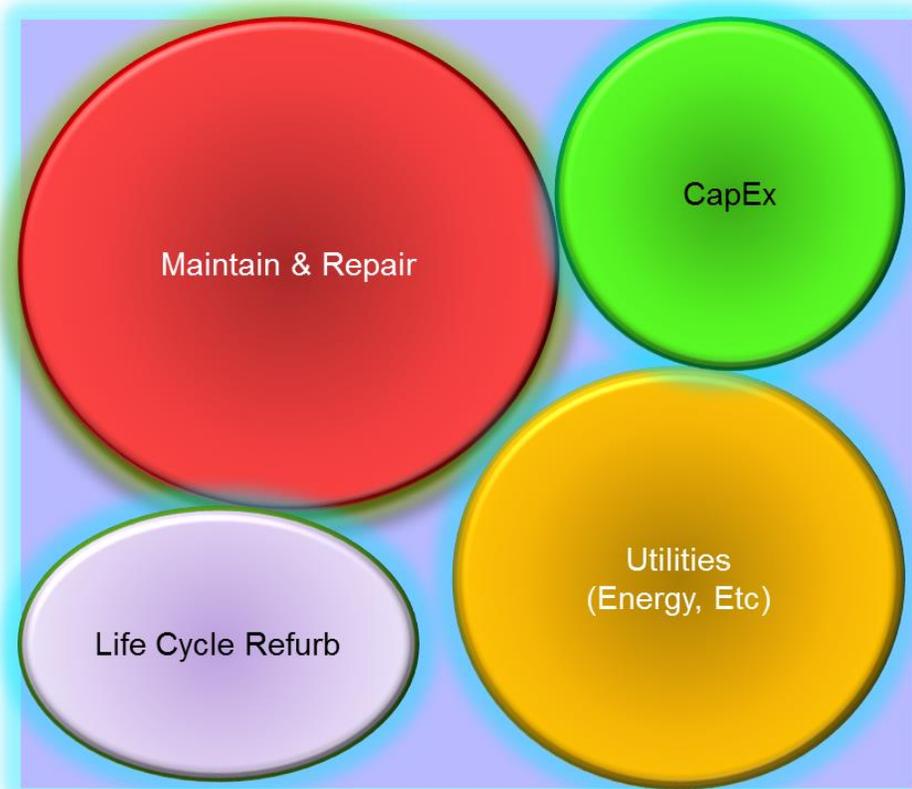
Owner's Capital Project Risk Elements



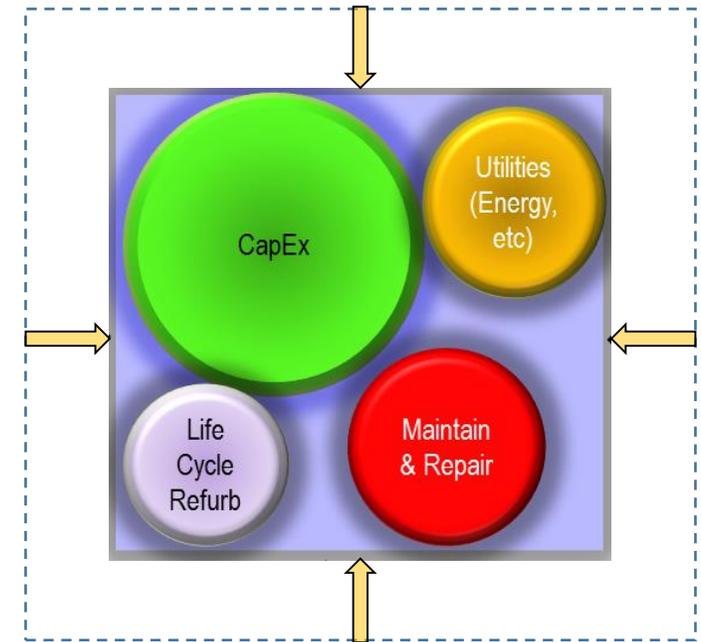
Healthcare Facility Life Cycle Cost Components



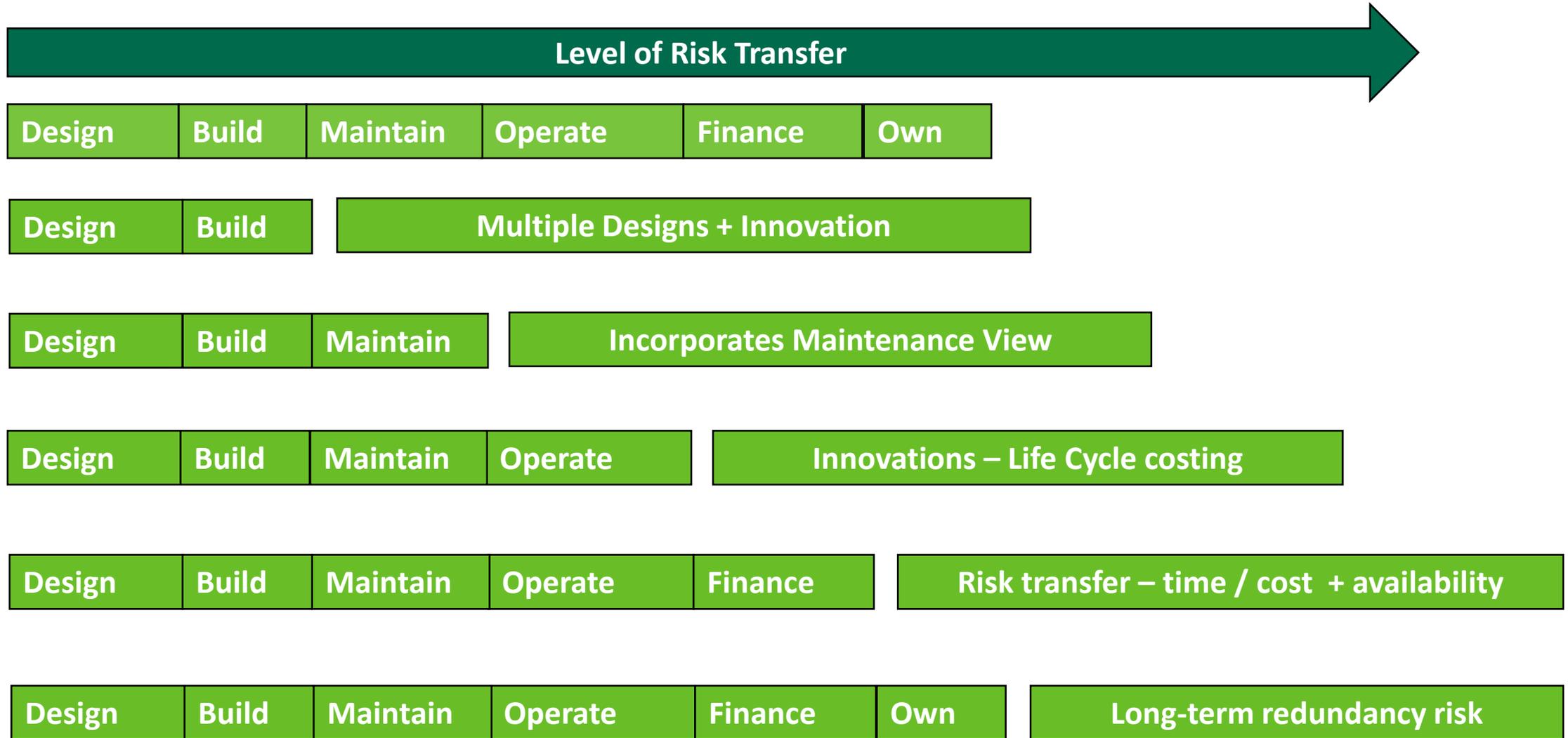
Whole of life delivery concept



- 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



Culture defines delivery models

Relational Versus Transactional Organization

Relational Organization

- Long term strategic approach to business
- Considers partnerships rather than today's transactions
- Negotiates in a relational manner
- Fears only "making a poor choice"
- Looks for experts they can trust
- Promotes a culture of continuous improvement
- Empowers all levels of organization and supports an "up the line" philosophy

Transactional Organization

- Reactive and short term approach to business
- Focused on today's transactions
- Focuses on the process of negotiation more than the outcomes
- Fears only "paying more than I had to pay or should have paid"
- Considers they have all the experts and answers
- Hinges every transaction on price
- Wants to win on their terms only
- Top down leadership culture



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Ed Hanzel



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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?



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