

2018

Project Delivery Symposium: Delivering the future

PROJECT DELIVERY STRATEGIES



The American
Institute
of Architects

Project Delivery

an **AIA** Knowledge Community

This presentation is protected by U.S. and international copyright laws.

Reproduction, distribution, display and use of the presentation without written permission of the speaker is prohibited.

This program is registered with the AIA/CES for continuing professional education. As such, it does not include content that may be deemed or construed to constitute approval, sponsorship or endorsement by the AIA of any method, product, service, enterprise or organization.

The statements expressed by speakers, panelists, and other participants reflect their own views and do not necessarily reflect the views or positions of The American Institute of Architects, or of AIA components, or those of their respective officers, directors, members, employees, or other organizations, groups or individuals associated with them.

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

Moderator:

Greg Gidez AIA DBIA

Director of Design Services
Hensel Phelps

Panelists:

Bennett Greenberg

Partner
Seyfarth Shaw LLP

Patrick Duke

Managing Director CBRE
Healthcare

Ed Hanzel

Project Executive
LF Driscoll Company, LLC

Craig Unger DBIA

Principal and CEO of
Unger Security Solutions



Project Delivery

an **AIA** Knowledge Community

2018

Project Delivery Symposium: Delivering the Future

PROJECT DELIVERY STRATEGIES – Bennett Greenberg



The American
Institute
of Architects

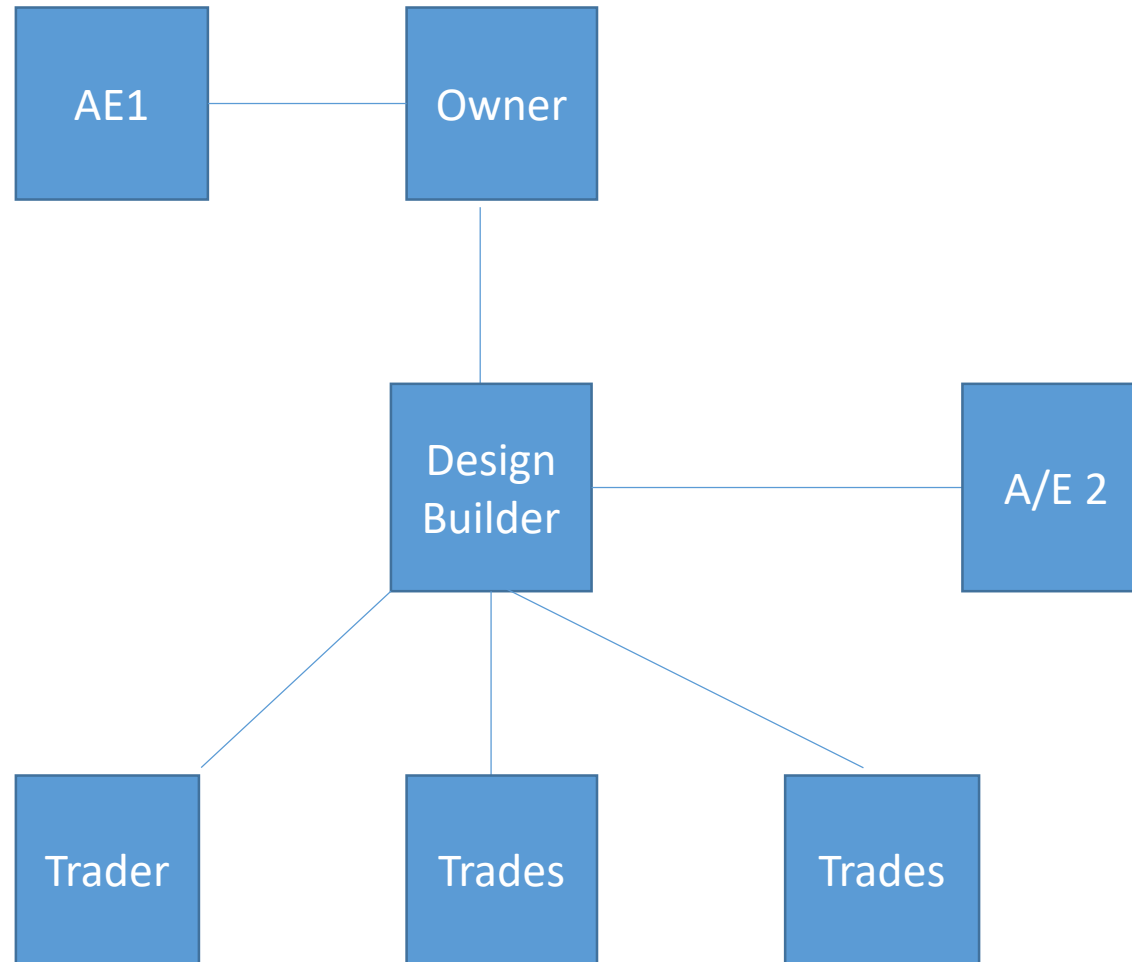
Project Delivery

an **AIA** Knowledge Community

Transferred Design Risk In Design-Build Procurements

- Bridging
- Wholesale Contract Assignment

Bridging



**The American
Institute
of Architects**

Project Delivery

an **AIA** Knowledge Community

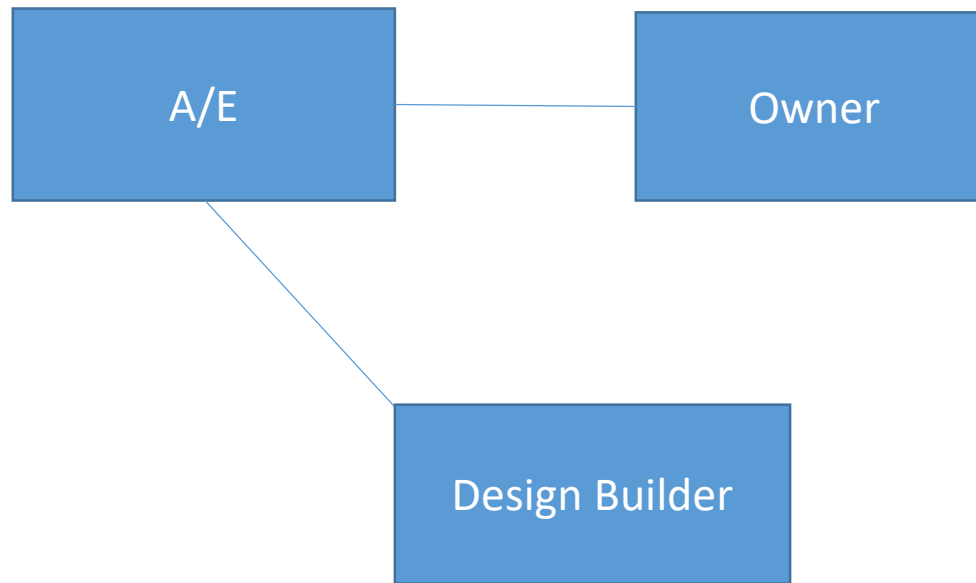
Why Owners Use It

- 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

2018

Project Delivery Symposium: Delivering the Future

PROJECT DELIVERY STRATEGIES

Craig Unger – DBIA



Project Delivery
an **AIA** Knowledge Community

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



The American
Institute
of Architects

Project Delivery

an **AIA** Knowledge Community

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



The American
Institute
of Architects

Project Delivery

an **AIA** Knowledge Community

2018

Project Delivery Symposium: Delivering the Future

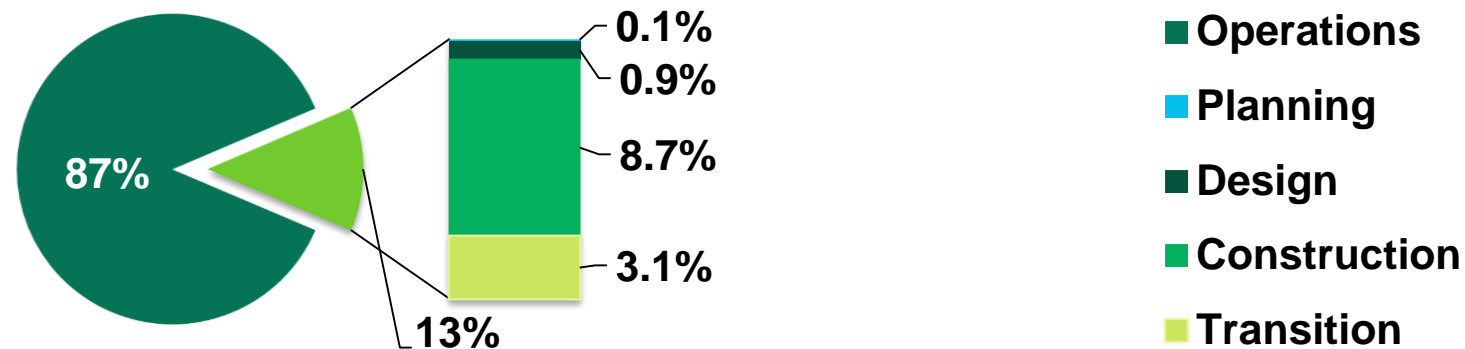
PROJECT DELIVERY STRATEGY – Patrick Duke

An Owner's challenge

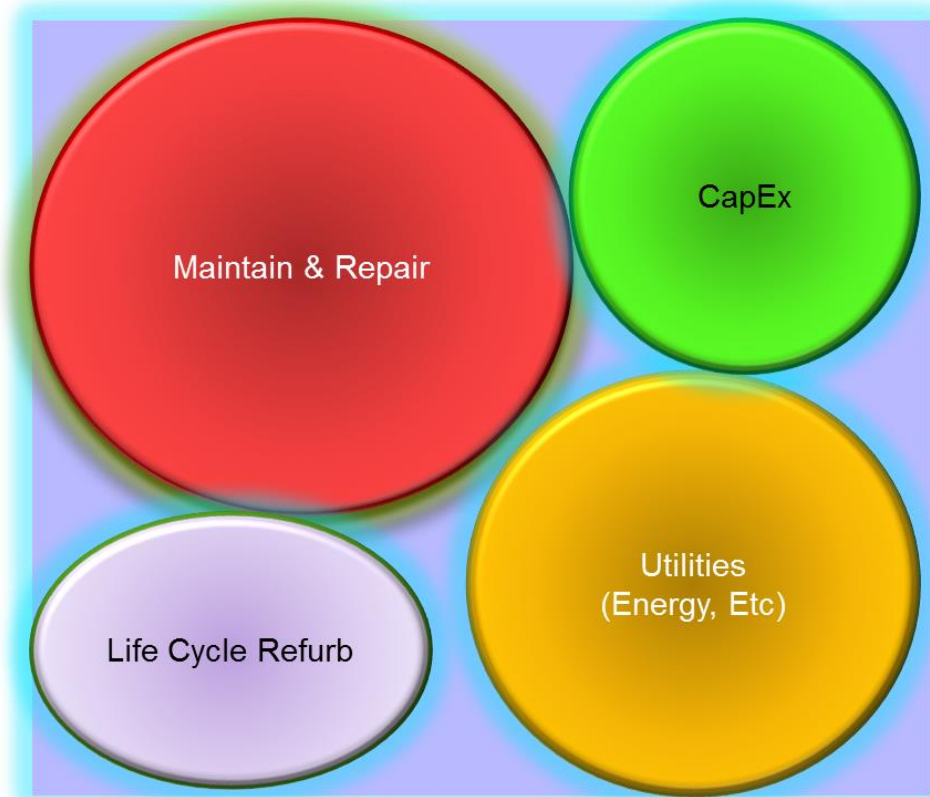
Owner's Capital Project Risk Elements



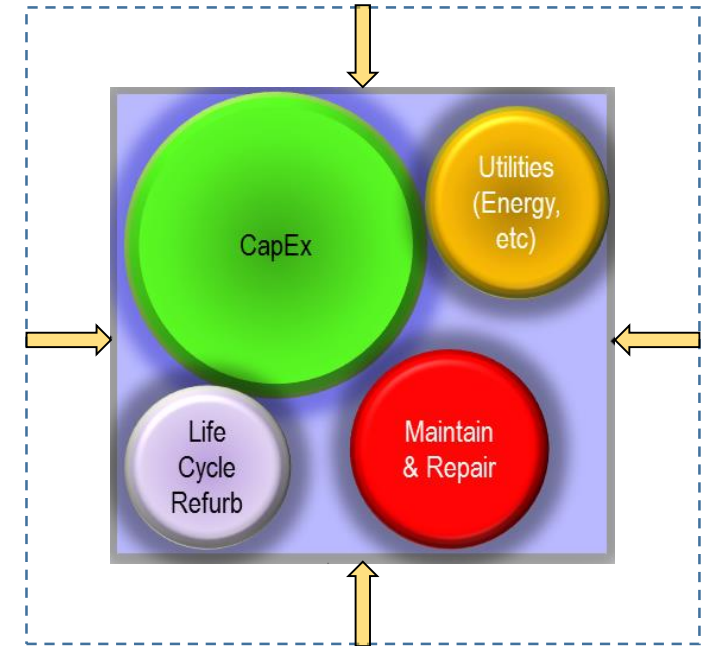
Healthcare Facility Life Cycle Cost Components



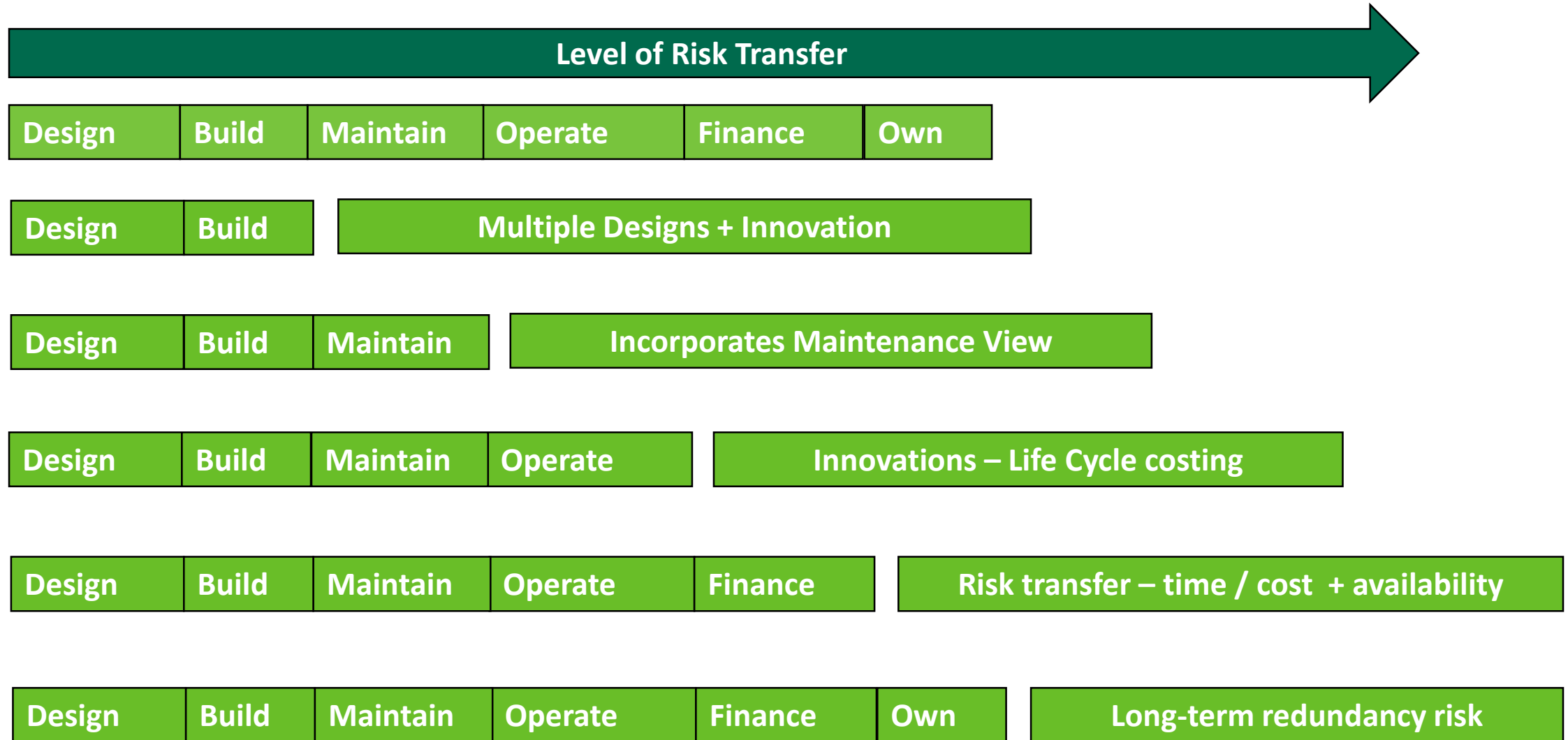
Whole of life delivery concept



- 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



Culture defines delivery models

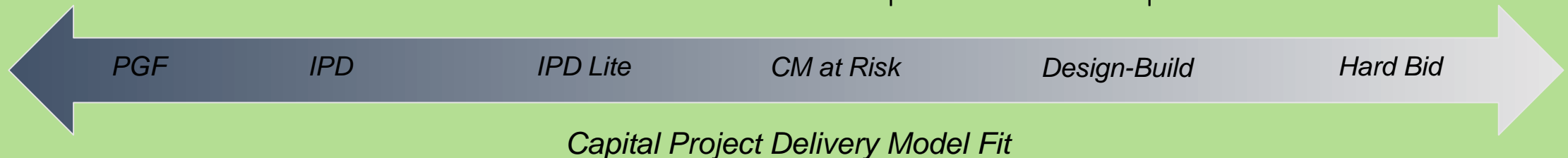
Relational Versus Transactional Organization

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



The American
Institute
of Architects

Project Delivery

an **AIA** Knowledge Community

2018

Project Delivery Symposium: Delivering the future

PROJECT DELIVERY STRATEGIES

Ed Hanzel



The American
Institute
of Architects

Project Delivery

an **AIA** Knowledge Community

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?



**The American
Institute
of Architects**

Project Delivery

an **AIA** Knowledge Community