

# The Owner's Role in Successful Design-Build Project Delivery

**Northwest Construction Consumer Council**

Tulalip Resort Casino & Conference Center

October 23, 2013

presented by: Barbara Wagner



# Design-Build Institute of America (DBIA)

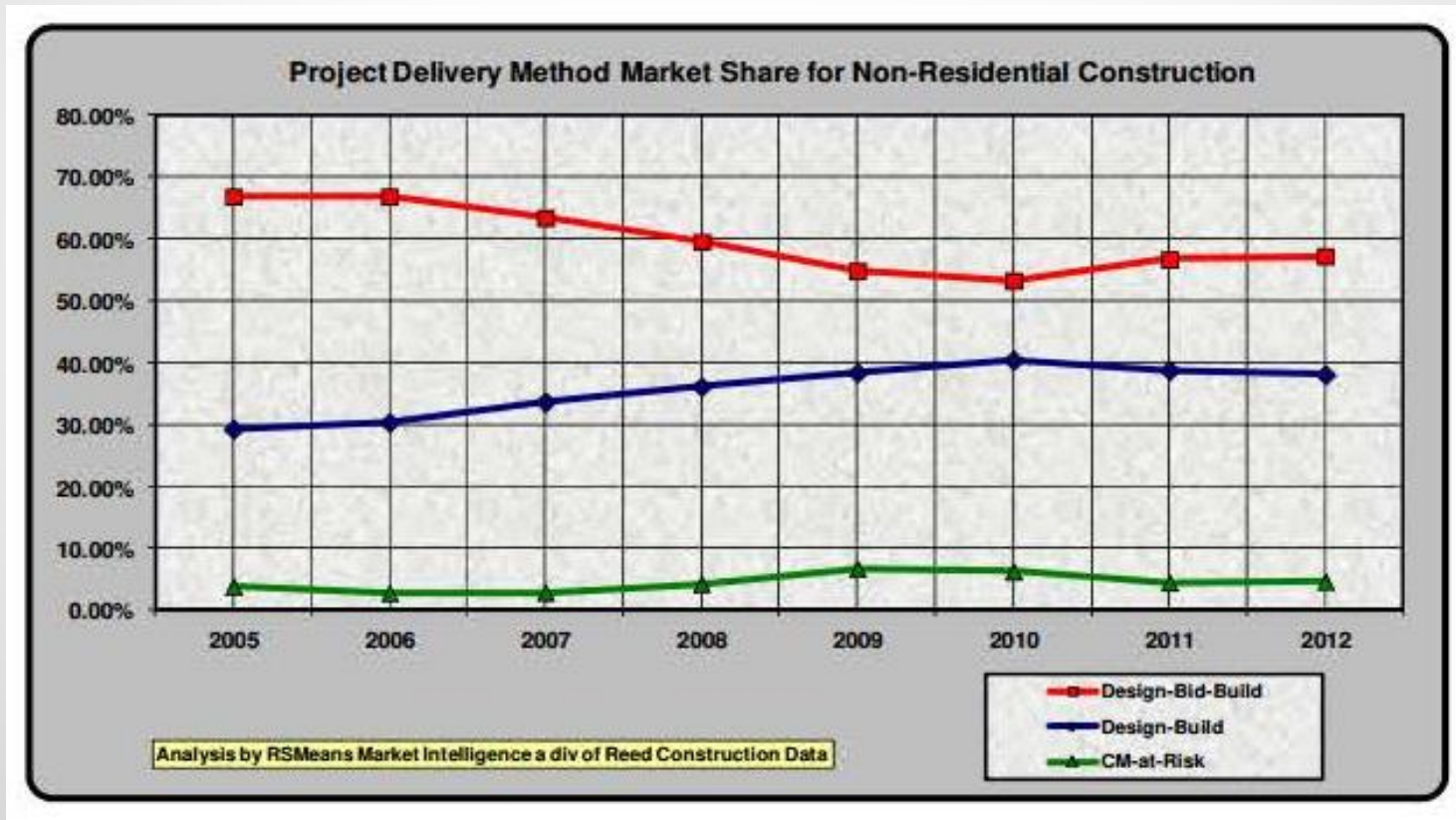
- **Washington, DC-based non-profit organization founded in 1993.**
- **Membership includes over 4,000 organizations and individuals who are leaders in the design and construction industry:**
  - **Public and private owners**
  - **Architects**
  - **Engineers**
  - **General and specialty contractors**
  - **Manufacturers and suppliers**
  - **College and university faculty and students**
  - **Legal and financial professionals**
- **Members are committed to utilizing design-build and integrated project delivery methods to achieve high performance projects.**

# About DBIA and Design-Build

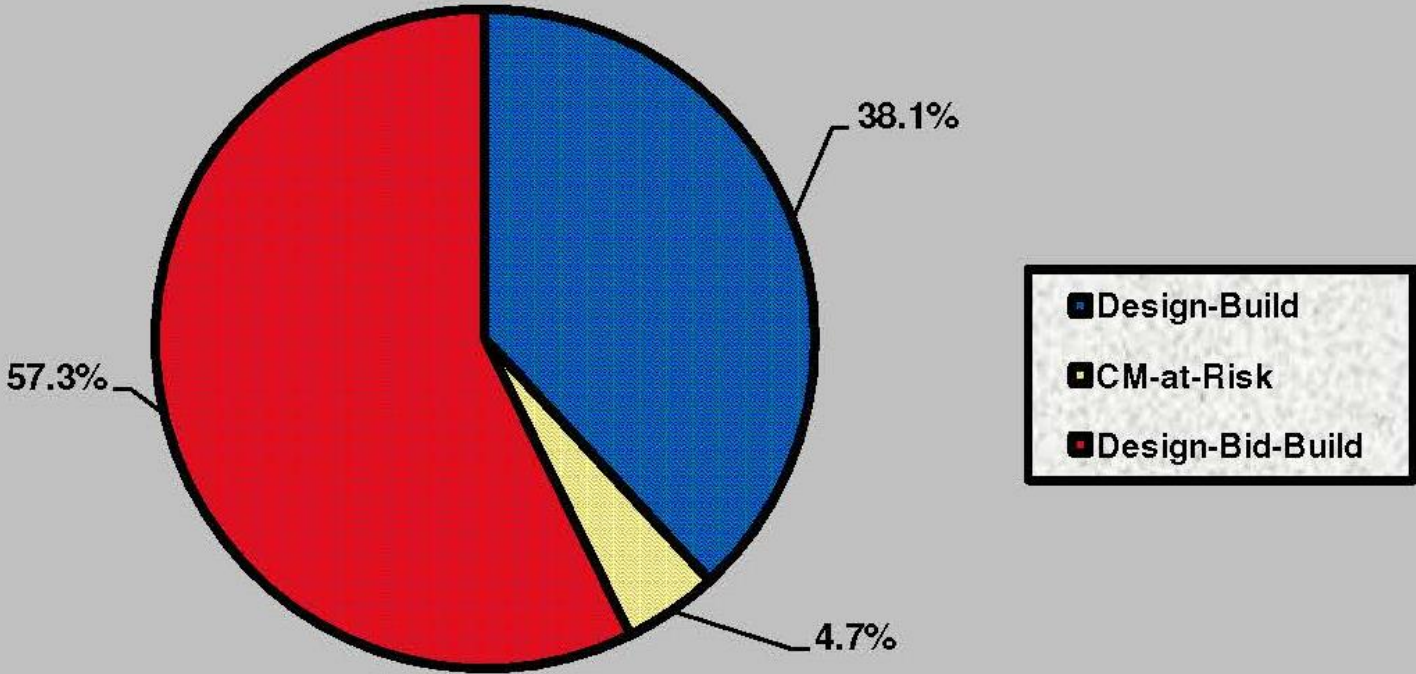
- **DBIA is the only organization that defines, teaches and promotes best practices in design-build.**
- **Design-build is an integrated approach that delivers design and construction services under one contract with a single point of responsibility.**
- **Owners select design-build to achieve best value while meeting schedule, cost and quality goals.**

# State of the Industry

- Design-Build is no longer an “alternative” delivery method

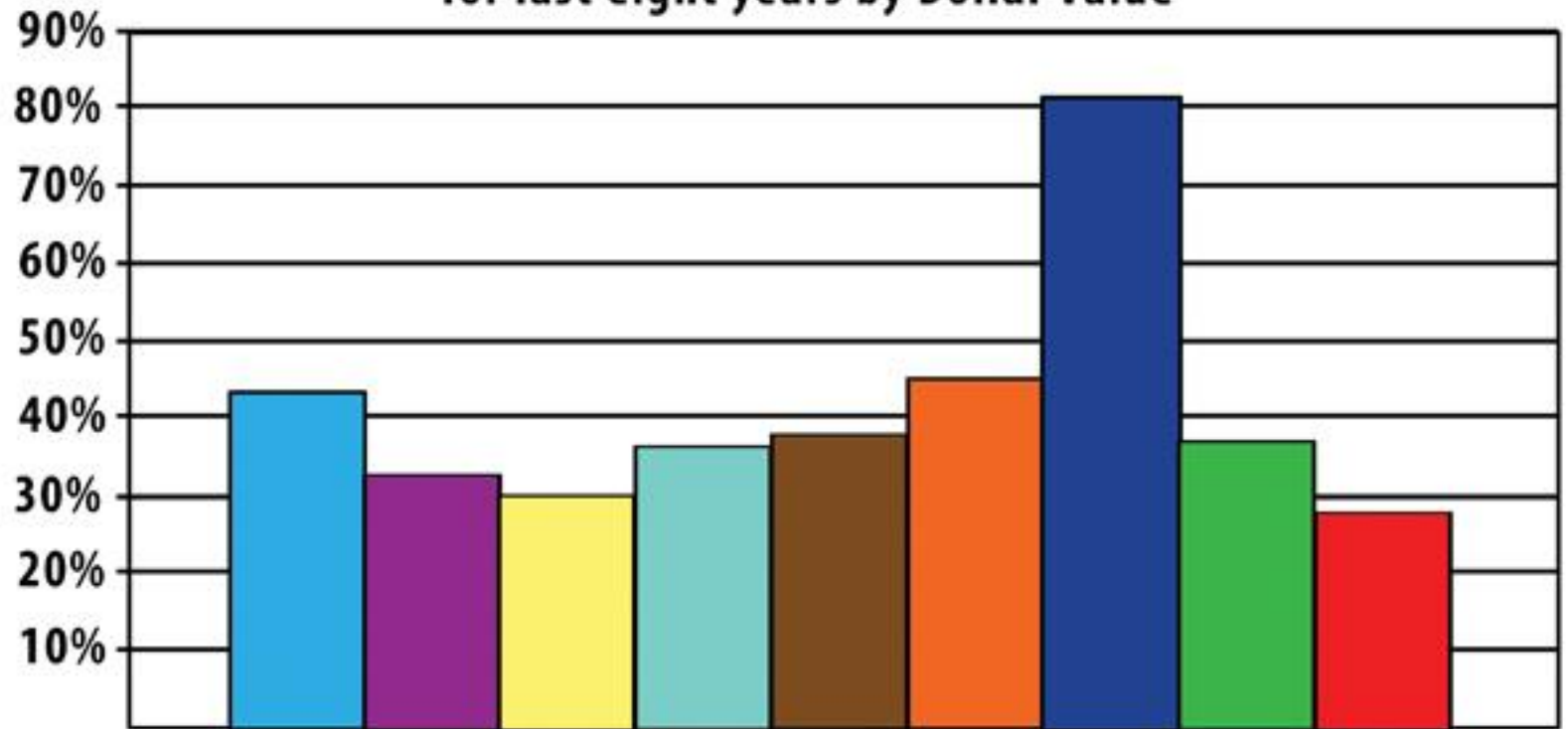


# Project Delivery Market Share for Non-Residential Construction Bids for 2012



Analysis by RSMeans Market Intelligence a div of Reed Construction Data

## Market Share of Design-Build by Building Categories for last eight years by Dollar Value



Market Share 2012

Commercial

Community

Educational

Government

Industrial

Medical

Military

Apartments

Retail

*Analysis by RSMean Market Intelligence a div. of Reed Construction Data*

# Design-Build Performance

(Comparison of Design-Build vs. CM at Risk vs. Design-Bid-Build)

- **6% Lower Cost**
- **12% Faster Construction Time**
- **33% Faster Project Completion**
- **Higher Quality in ALL Measured Categories**

*SOURCE: Construction Industry Institute (CII)/Penn State Research comparing 351 projects ranging from 5K to 2.5M square feet. Projects were of various types and from various industries.*

# Project Delivery Comparison (CII/Penn State Study)

	COMPARISONS			
METRIC	Design-Build vs. Design-Bid-Build	CM@R vs. Design-Bid-Build	Design-Build vs. CM@R	Level of Certainty
Unit Cost	6.1% lower	1.6% lower	4.5% lower	99%
Construction Speed	12% faster	5.8% faster	7% faster	89%
Delivery Speed	33.5% faster	13.3% faster	23.5% faster	88%
Cost Growth	5.2% less	7.8% more	12.6% less	24%
Schedule Growth	11.4% less	9.2% less	2.2% less	24%



# What Makes a D/B Project Successful?



# D/B Procurement: What the Owner Should Have BEFORE

Senior Leadership



Knowledge of Current Market Conditions



Educated & Trained in D/B Process



Risk Assessment Process

D/B Procurement:

What the Owner Should Have DURING

Fair, Open and Transparent Process



Communication



Clear Understanding of Criteria



Solid Documents

# Verizon Center



# Benefits of QUALIFICATION Focused Selection



Teaming

Collaboration

Driving  
Innovation

# Dignity Health

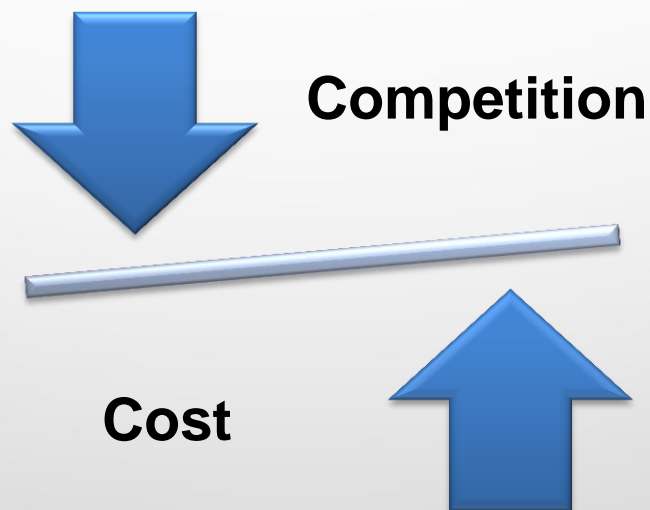


- **Providing Value for the Client**
- **Constructible Solution with Minimal Impact to Existing Operations**
- **Original Budget Cut by 1/3**

# The Cost of Doing Business

## Making a Procurement More Attractive

- Create a Short List
- Provide Stipends
- Limit Proposal Deliverables
- Reasonable RFP Duration



# Medical Center vs. Courthouse



**3 Year, \$3 Million+ Pursuit**  
Drawn-Out Proposal Process



**6 Month, \$500k Pursuit**  
Speedy Proposal Process



# Best Practices

- Stipends
  - Improves quality of competition
  - Encourages proposers to give full effort
- One-on-Ones
  - Allow the Owner to communicate their expectations
  - Ensure the desired criteria is being met

# CPR Program

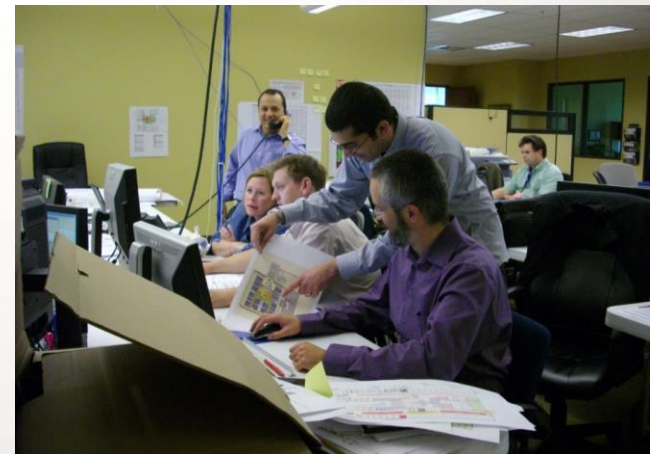
## Integrated Collaboration



- Integrated Mindset
- The RIGHT People
- Responsive Team Members
- Collaboration and Integration
- Trust and Respect
- Innovative Solution for the Client



# CPR Program Integrated Collaboration



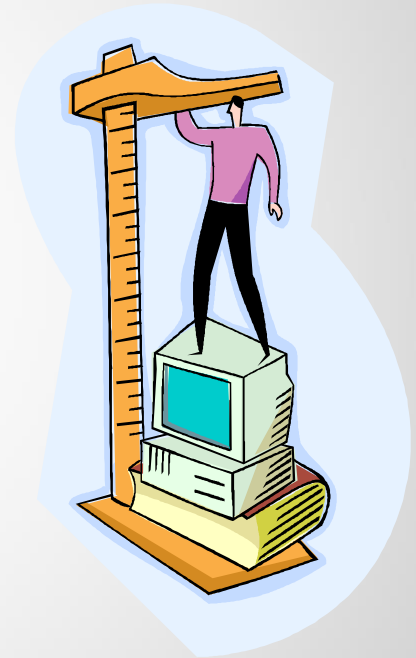
# Contracting Risk

- Identify Early and Often
- Be Specific
- Allocate Risk to the Appropriate Party  
-i.e., OSHPD to the Proper Agencies

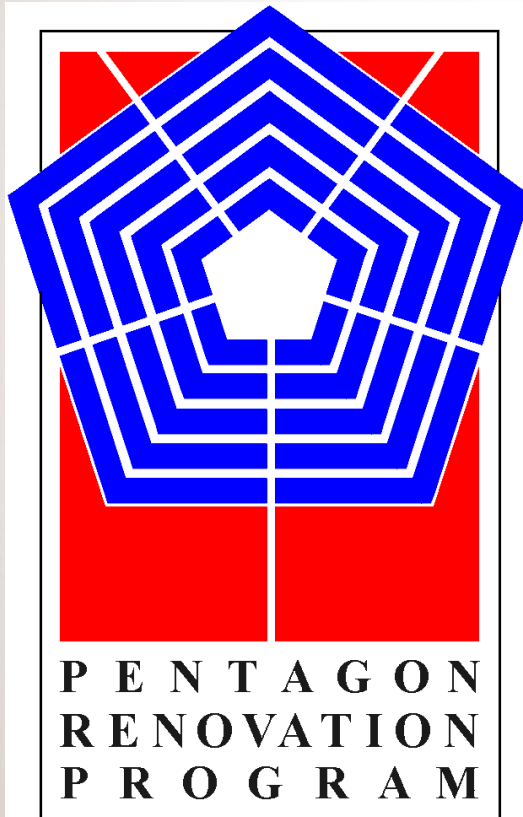


# Appropriate Contract Incentives

- Attractive to Owners and Design-Builder
  - Both Parties Share Risk and Reward
- Award Fees
  - Based on Contractor's Performance
  - Incentivizes subjective behaviors
- Cost Incentives
  - FPI and Cost with GMP
  - Provides a Strong Incentive to Contain Cost

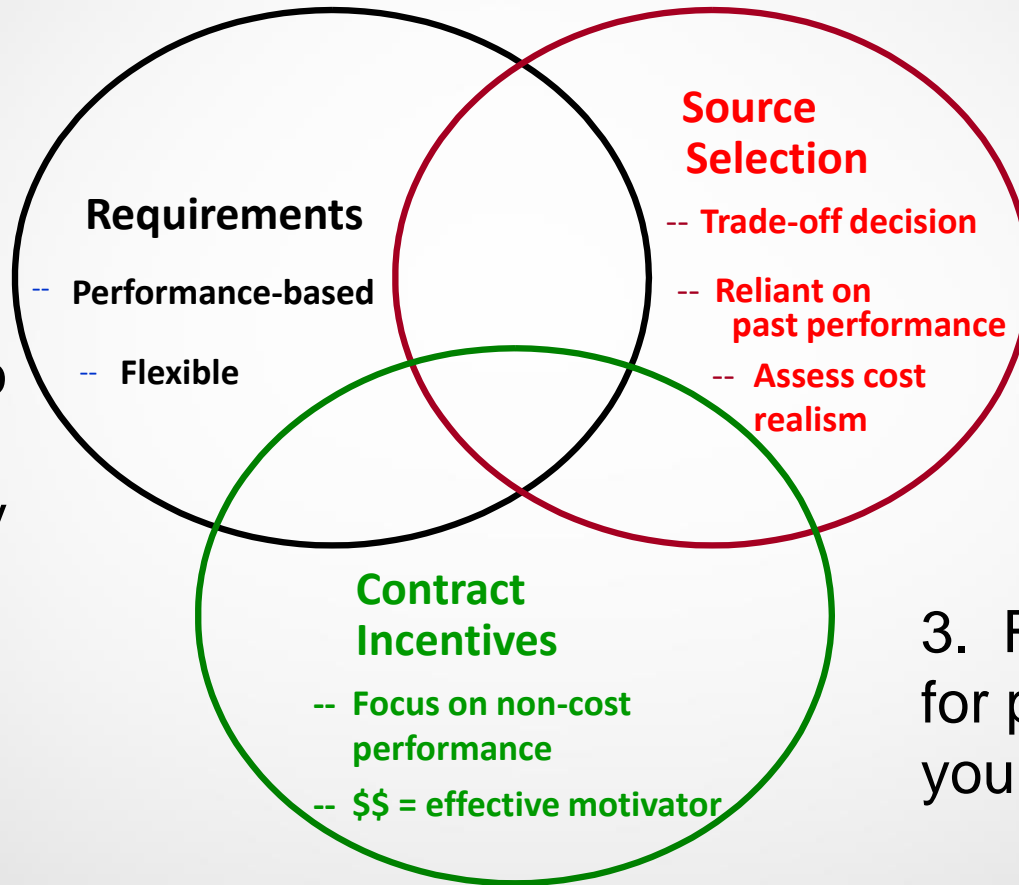


# Pentagon Renovation Program Integrated Collaboration



# PenRen Acquisition Strategy

2. Give them flexibility, opportunity to succeed & accountability



1. Pick the right D-B Team

3. Reward them for performing to your satisfaction

# Caltrans District 7 Headquarters





# Delivery and Execution

## Best Practices

- Establish an Executive Leadership Group
  - Monitor Execution, Facilitate Understanding
- Implement Timely, Effective Communication
- Interface Directly with Design-Build Team
- Stay Involved & Collaborative
  - Design-Build Delivery = Reduced, Not Eliminated, Burden

# Getting Owners on Board

- Fully Embrace a Collaborative Model
- Establish a “Two-Way Street”
- Commitment to the Design-Build Process
- **Creating the Environment of Trust that is VITAL to Design-Build Success**



**ANY QUESTIONS?**