



# Integrated Design – Build at the UW

**WSU DESIGN – BUILD FORUM  
JULY 26, 2019**

UNIVERSITY *of* WASHINGTON



# Agenda

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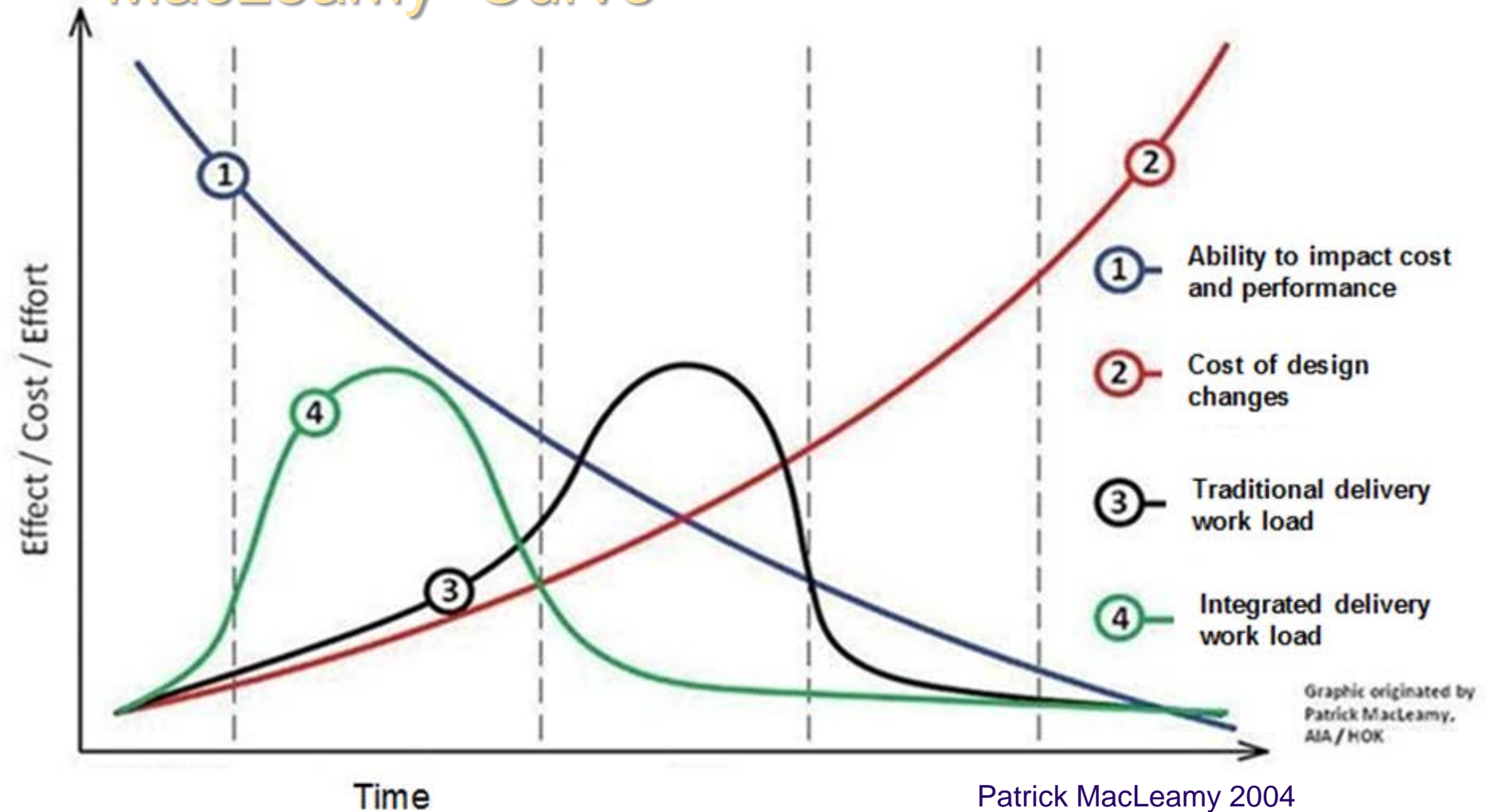
- **A LITTLE HISTORY**
- **INTEGRATED DESIGN BUILD-  
WHAT IS IT?**
- **BUSINESS EQUITY**
- **LESSONS LEARNED**

# A Little History

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- **A LEGACY OF GC/CM**
- **NEW LEADERSHIP**
- **A DIFFERENT ATTITUDE ABOUT SCOPE, COST, AND RISK**
- **HOW WE'RE USING INTEGRATED DB NOW**
- **MOVING THE INDUSTRY**

# MacLeamy Curve



# Integrated Design Build

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- **BELIEF THAT TOGETHER EVERYONE ACHIEVES MORE.**
- **UNIVERSITY DESIRES AN ACTIVE ROLE IN PROJECT DEFINITION, DESIGN AND CONSTRUCTION DECISIONS.**
- **POSITIVELY IMPACT COST, SCHEDULE, BUILDING PERFORMANCE AND QUALITY, AND MAXIMIZE VALUE BY INCORPORATING VALUE ADDED INCENTIVE ITEMS TO THE BASE PROGRAM.**

UNIVERSITY *of* WASHINGTON

- **INCREASE PREDICTABILITY AND MANAGE**



# Design Build Contract

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## **INITIAL CONTRACT – PROJECT DEFINITION PHASE**

### **COMPENSATION: CHARGEABLE COST**

- **TARGET PROGRAM**
- **BASE TARGET COST**
- **VALUE ADDED INCENTIVE ITEMS**
- **TASK MATRIX**
- **MILESTONES**
- **INCENTIVE DISTRIBUTION**

# Design Build Contract

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## **AMENDMENT #1 –**

### **DESIGN/PRECONSTRUCTION PHASE**

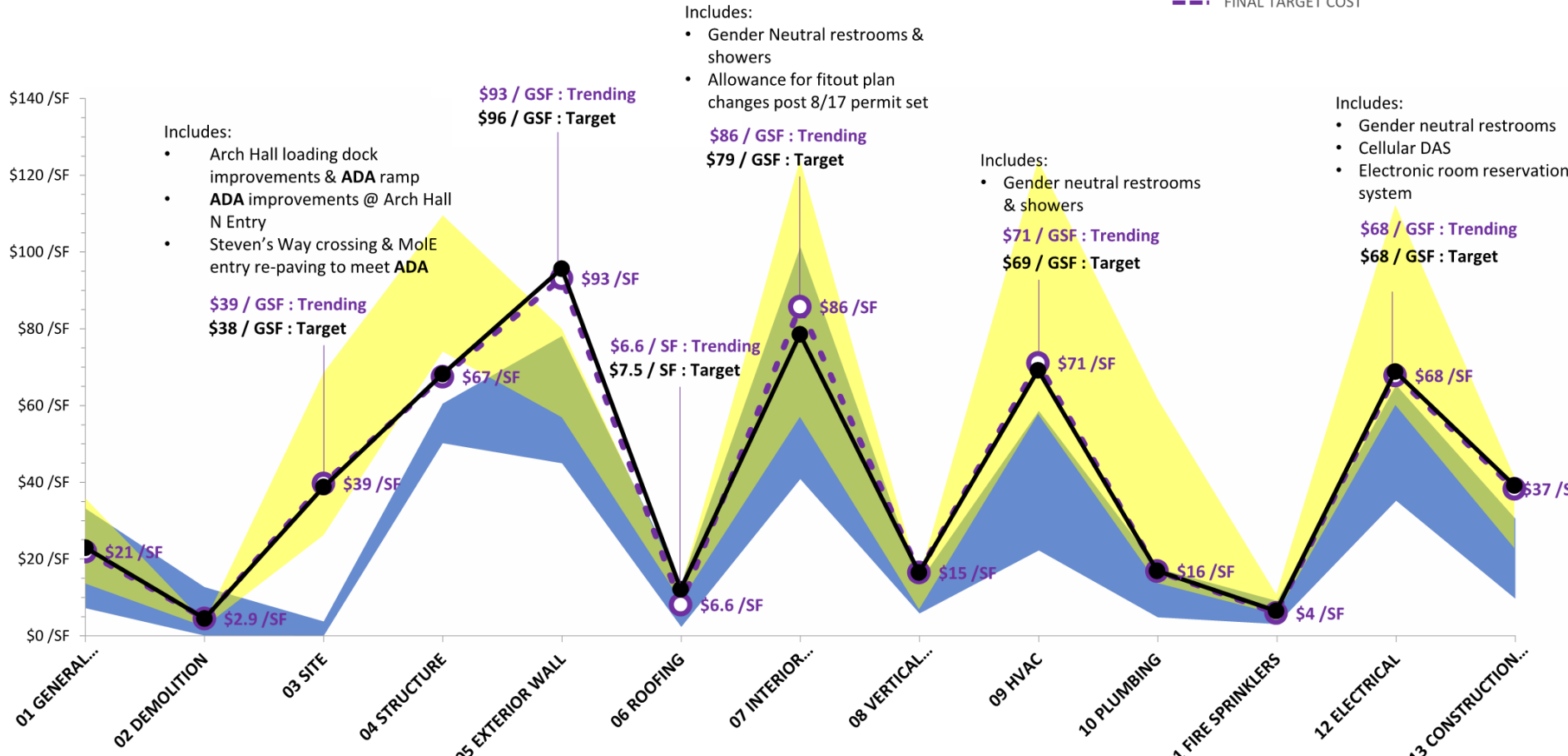
**COMPENSATION: CHARGEABLE COSTS, NTE AN AGREED AMOUNT, AND PROVISIONALLY EARNED INCENTIVE.**

- **IMPLEMENTATION DOCUMENTS**
- **FINAL TARGET COST**
- **UPDATED:**
  - **VALUE ADDED INCENTIVE ITEMS**
  - **TASK MATRIX**
  - **MILESTONES**
  - **INCENTIVE DISTRIBUTION**



# TRENDING BUDGET

- PRIVATE DEVELOPMENT CLASS A OFFICE
- RANGE OF UNIVERSITY PROJECT COSTS
- BASE TARGET COST
- - - FINAL TARGET COST



# Design Build Contract

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## **AMENDMENT #2 – CONSTRUCTION PHASE**

**COMPENSATION: CHARGEABLE COSTS, NTE  
FINAL TARGET COST, AND POSSIBLE  
EARNED INCENTIVE.**

- **CONSTRUCT THE PROJECT**

# Design Build Contract

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**RISK AND REWARD SHARED BY THE PARTIES, INCLUDING RISK/REWARD TRADE AND CONSULTANT PARTNERS.**

**▪ CHARGEABLE COSTS: ACTUAL COSTS, INCLUDING OVERHEAD, INCURRED BY THE DESIGN-BUILDER AND RISK-REWARD TEAM MEMBERS IN THE PERFORMANCE OF THE WORK, SUBJECT TO THE FINAL TARGET COST.**

**▪ INCENTIVE COMPENSATION: AN AMOUNT THAT IS BASED ON PROJECT OUTCOME AND MAY BE PROVISIONALLY EARNED UPON TIMELY ACHIEVEMENT OF A MILESTONE AND/OR INCORPORATION OF AN ADDED VALUE INCENTIVE ITEM.**

**▪ IC MAY BE PROVISIONALLY EARNED BUT WILL NOT BE DUE UNTIL FINAL COMPLETION.**

# Design Build Contract

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## ▪ INCENTIVE COMPENSATION (IC)

▪ IF FINAL ACTUAL COST IS LESS THAN FINAL TARGET COST, IC INCREASED BY 10% OF THE DIFFERENCE (SAVINGS)

▪ IF FINAL ACTUAL COST EXCEEDS FINAL TARGET COST, IC IS REDUCED DOLLAR FOR DOLLAR BY THE AMOUNT OF THE DIFFERENCE UNTIL IC HAS BEEN ELIMINATED.

ANY REMAINING EXCESS CHARGEABLE COSTS ARE SPLIT BETWEEN OWNER AND DESIGN BUILDER UNTIL MAXIMUM CONTRACT AMOUNT (MCA) IS SPENT

IF MCA IS EXCEEDED, DESIGN BUILDER AND OWNER SHARE RESPONSIBILITY FOR ALL OTHER CHARGEABLE COSTS AT 80/20

# Business Equity

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**BUSINESS EQUITY % PARTICIPATION BY *BUSINESS EQUITY ENTERPRISE* DESIGN AND CONSTRUCTION FIRMS COMMENSURATE WITH THEIR AVAILABILITY TO DO THE WORK.**

## **THE UW APPROACH:**

- **"INCLUSIVE" INCLUSION**
- **CAPTURE UTILIZATION AT ALL TIERS**
- **PROJECT-SPECIFIC, COLLABORATIVE ASPIRATIONAL GOAL-SETTING**
- **UW-APPROVED INCLUSION PLAN A CONDITION OF AWARD**
- **MONITORING AND REPORTING ON PROGRESS OF INCLUSION PLAN**
- **INCENTIVE DISTRIBUTION**

## **EXPECTATIONS**

- **SHARED VALUES**
- **COMMITMENTS TO SUCCESS**
- **COLLABORATIVE EFFORT**



# Lessons Learned

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- **UNINTENDED CONSEQUENCES FOR TEAM SELECTIONS**
- **TEAM SELECTION: A NEW APPROACH**
  - **BUILDER FIRST, THEN ARCHITECT**
  - **HOW TO DO THE "CHEMISTRY TEST"?**

# Lessons Learned

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- **PROJECT DEFINITION IS HARD**
- **ATTITUDE AND COMMUNICATION ARE [ALMOST] EVERYTHING**
- **WORK THE TARGET VALUES START TO FINISH**
- **WHAT TO INCENTIVIZE, AND HOW MUCH?**
- **TRACKING VALUE ADD ITEMS IS NOT SO EASY**
- **RENOVATIONS- WRONG JOB FOR THE TOOL?**
- **CONTINGENCY MANAGEMENT IS CRITICAL**
- **MAGIC HAPPENS- SOMETIMES**

# Questions?

