



DESIGN-BUILD BUYER'S GUIDE:
PROCUREMENT, CONTRACTS AND PROJECT EXECUTION



KORTE

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DESIGN-BUILD BUYER'S GUIDE: PROCUREMENT, CONTRACTS AND PROJECT EXECUTION

Design-Build is a construction delivery method that provides owners a single point of contact for design and construction services. One entity holds single-source responsibility and contractual risk for pre-construction, design and construction stages of the project. This entity manages all contracts, including those with subcontractors, equipment vendors and materials providers.

There are three phases of Design-Build projects:

Procuring Design-Build services

Contracting for Design-Build services

Design-Build project execution

This guide covers the benefits of Design-Build, shows what Design-Build project execution looks like in practice and provides guidelines for procuring Design-Build services and contracting with Design-Build entities.

1. PROCURING DESIGN-BUILD SERVICES

When approaching a major construction project, you face many decisions directly tied to the project's critical path. These include design, construction, contract formats, selecting a construction solutions provider and more. You don't just want a builder, you want a problem solver — a partner — who delivers innovative construction solutions and provides the best value through each decision. After all, this construction project may be one of the biggest investments your company ever makes. This section covers the crucial aspects of procuring Design-Build services and selecting a Design-Build partner.

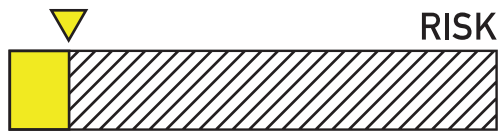
BENEFITS AND ATTRIBUTES OF DESIGN-BUILD

Design-Build affords many advantages over construction management at risk (CMR) and design-bid-build (DBB). Design-Build is the fastest, most cost-effective method, and it offers the best quality. Design-Build provides:

The Korte Company has constructed
45,028,579 square feet
of Design-Build projects.

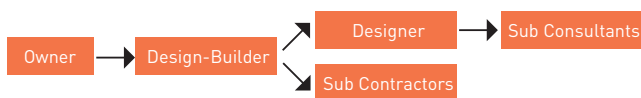
Minimizes owner risk¹

- 79% of owners agree and say it's the primary reason they chose Design-Build



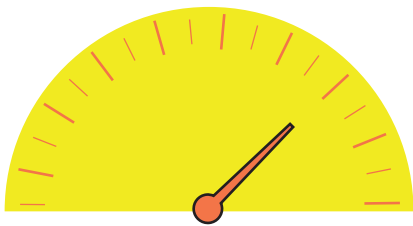
Single-source responsibility

- One entity controls design and construction
- Elimination of contractual disputes
- Flexibility for Design-Builder to form the best team with partners



Speed²

- 20% of Design-Build projects finished ahead of schedule compared to 13% of CMR and 7% of DBB projects
- 33.5% faster than DBB; 23.5% faster than CMR



Cost savings²

- 6.1% lower cost than DBB; 4.5% lower cost than CMR

Flexible, competitive bidding

- Qualifications based (selecting the most qualified Design-Builder)
- Best-value (selecting Design-Build team with the best-value proposal)

The highest quality product — DB outperformed DBB in every category²

- Startup
- Callbacks
- O&M
- Exterior and structure
- Interior
- Environmental
- Equipment

Creative solutions within the design phase

- Early involvement of the construction team enhances constructability
- Maximizes team cohesion



Strong solutions for complex projects

- Large construction projects
- Challenging job sites
- Tight schedules and fast-track projects
- Construction phasing

Manage design alternatives for best-value solutions

- Construction team partners with designers from project onset
- Collaboration of owner and design team provides innovative solutions that reflect owner needs
- Assess and maximize elements which bring greatest value to the owner
- Team can identify, track and evaluate solutions and their impact on best value

A delivery method accepted by federal, state and local agencies

- Established the Best-Value, Two-Phase Source Selection Process³

Sources

1. "Project Delivery Systems: How They Impact Efficiency and Profitability in the Building Sector." McGraw Hill Construction SmartMarket Report 2014
2. "Comparison of U.S. Project Delivery Systems." Mark Konchar & Victor Sanvido. Journal of Construction Engineering and Management, Vol. 124, No. 6 (1998), pp. 435-444
3. Design-Build Institute of America – Federal Government Model

IMPLEMENTING THE DESIGN-BUILD PROCUREMENT PLAN

There are Two Principal Methods – each with unique attributes and advantages that are project specific

Qualifications-based selection

- Enhances the collaborative benefits of Design-Build team
- Establishes qualitative and quantitative criteria to be evaluated
- Relative importance of evaluation criteria is clearly defined
- Focuses heavily on qualifications of Design-Builders and key team members
- Has teams demonstrate history of successful Design-Build project delivery
- Requires early participation of core trade contractors

Best Value Selection

- Specific criteria are defined to obtain price and technical proposals
- Establishes a clear evaluation and selection process Ensures the process is fair, open and transparent
- Values both technical concepts and price within the selection process
- Encourages open and candid exchange of concepts, concerns and ideas
- Conducts confidential meetings with shortlisted proposers prior to the submission of technical and price proposals
 - Protects proprietary information of the proposers
 - Provides proposers the opportunity of a debriefing session



2. CONTRACTING FOR DESIGN-BUILD SERVICES

The use of fair and clear contracts is key to any delivery process. It's important to note key differences between Design-Build contracts and those for other delivery systems. One should fully understand contract language and its practical application. It's equally important to understand Design-Build principles and incorporate them into the contracts of the entire Design-Build team.

Design-Build contracts should be fair, balanced, and clear

- Identify significant project specific risks
- Reasonably allocate risks to the party best capable of addressing and mitigating that risk
- Encourage communication between stakeholders

Good Design-Builders align performance with owner goals

- As a trusted and proven Design-Build contractor, The Korte Company can do this
- The Korte Company was founded in 1958 and has been successfully delivering Design-Build projects since 1963
- The Korte Company is a founding member of the DBIA
- More than 90% of our business is Design-Build



DESIGN-BUILD CONTRACTUAL RELATIONSHIP

Traditional Project Delivery



Owner must manage **two** separate contracts; owner becomes middleman, settling disputes between the designer and the contractor. Designer and contractor can easily blame one another for cost overruns and other problems.

VS

Design-Build Project Delivery



Owner manages only **one** contract with a single point of responsibility; designer and contractor are on the same team, providing unified recommendations, not excuses.



3. DESIGN-BUILD PROJECT EXECUTION

To deliver a project of the highest caliber, it's essential to create direct and real-time communication between the Owner and the Design-Build team. The process is called Interactive Collaboration and has been proven to produce successful facilities for some of the most innovative companies throughout the U.S.

Aggressive schedules are possible

- Projects can be fast-tracked
- An early start is achievable
 - Design-Build teams “nest” multiple project phases, purposely starting elements of construction early (during design)
 - Results in expediting design and construction for faster delivery
 - Similar to just-in-time (JIT) inventory in manufacturing

Subcontractors participate from the onset of a project, providing benefits

- Open communication and Interactive Collaboration
- Unique, added value — team members with different areas of expertise and skill sets suggest innovative solutions

Design-Build teams comprised of Design-Build subcontractors and partners

- Projects are a collaborative effort among a unified team
- Partners have often worked together on other projects
- Most specialty contractors have specific Design-Build experience

Owner and Design-Builder work toward a common goal — The Job

- Facilitates collaboration between Owner and Design-Builder
- Enables Owner and Design-Builder to define and set project goals
- Resources are focused on cost-effective solutions that reflect best value and quality
- The Job is the Boss

Open communication between key team members

- Communication is most powerful tool in collecting ideas and constructing ideas with real value
- Direct and real-time communication facilitates efficient and real-time solutions
- Knowledgeable, innovative decisions are made by those who are most capable

A corporate vision is realized

- Vision is represented through tangible design and construction elements
- Represents long-standing value and transforms the attributes of the corporate vision into a physical entity
- A result of the Design-Build approach

The Design-Build project team ensures the continuous integration of design and construction

The Design-Build project team ensures construction schedules are met

- Owners receive clear, realistic and expeditious submittal and review processes
- Design-Builder facilitates and monitors significant elements of the project
- Key stakeholders interface directly with Design-Build team to review and manage progress
- Decisions that impact project goals, including schedule, are evaluated and executed in a collaborative environment
- Transparency supports the Owner's ability to make informed decisions throughout the Design-Build process
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Project Ownership

- Owner defines and directs most cost-effective use of funds
- Directly influences how and where to invest in the project
- Opportunities can be assessed and acted upon
- Results in a product that best reflects Owner's needs and corporate vision

