

Integrated Project Delivery

Drew Seaman

Straub, Seaman & Allen

269.982.0056

dseaman@lawssa.com



Integrated Project Delivery

AIA Defines Integrated Project Delivery

A295-2008 General Conditions § 1.3.13

*Integrated Project Delivery is a project delivery approach that integrates people, systems, business structures and practices into a process that collaboratively harnesses the talents and insights of all participants to **reduce waste and optimize efficiency** through all phases of design, fabrication and construction.*

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AIA Definition – in IPD Guide

*Integrated Project Delivery (IPD) is a project delivery approach that integrates people, systems, business structures and practices into a process that collaboratively harnesses the talents and insights of all participants to **optimize project results, increase value to the owner, reduce waste and maximize efficiency** through all phases of design, fabrication and construction.*

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Consensus Documents –

Represents a new approach to construction contracting delivery – one that is founded upon an integrated, collaborative approach to design and construction, and greater alignment of the interest of all project participants with the overall success of the project. Construction has long been a fragmented process separated into disciplines of design, fabrication, construction and operation.

Unfortunately, the traditional way of doing business has too often been married with adversarial ethos; a zero-sum approach that focused on lowest cost and risk shedding.

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Nature of A/E Claims

The Owner and Contractors on a project are responsible for **75%** to **80%** of A/E Professional Liability Claims

and collect:

85% of insurance company's payments – after deductibles

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AIA C191-2009 – Multi-Party

§ 1.1 Integrated Project Delivery

- ▶ § 1.1.1 The Parties intend that the Project shall be delivered in a collaborative environment and shall endeavor to align individual interests with those of the Project. The Parties agree to contribute their knowledge, skill and services during all phases of the Project and to bring to bear their expertise for the benefit of the Project. The Parties shall collectively act to establish and accomplish mutually agreed-upon Project Goals that they shall set forth in the Target Criteria Amendment to this Agreement.

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Exhibits

- ▶ Exhibit A General Conditions of the Multi-party Agreement for Integrated Project Delivery
- ▶ Exhibit B Legal Description of Project
- ▶ Exhibit C Owner's Criteria
- ▶ Exhibit D Target Criteria Amendment
 - Exhibit AA: Target Cost Breakdown
 - Exhibit BB: Project Definition
 - Exhibit CC: Project Goals
 - Exhibit DD: Integrated Scope of Services
 - Exhibit EE: Project Schedule
 - Exhibit FF: Digital Data Protocol
 - Exhibit GG: Building Information Modeling Protocol

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Responsibilities

§ 3.1 Collaboration Responsibilities

- ▶ § 3.1.1 In addition to performing its individual responsibilities, each Party shall collaborate with the other Parties and key Project participants toward the successful accomplishment of the Project.

Collaboration shall occur during all aspects of design and construction of the Project.

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Architect's Responsibilities

- ▶ § 3.3.1.1 The Architect shall provide the Architect's Services, including planning, design and construction contract administration services, as set forth in the Contract Documents.
- ▶ § 3.3.1.3 Throughout the course of the Project, the Architect shall participate in the management process for the Work as required in the Contract Documents. Accordingly, the Architect shall provide the representatives identified in Article 2, Management of the Project, to serve on the Project Executive Team and Project Management Team.

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Project Executive Team

- ▶ § 2.1.1 The Project Executive Team shall make decisions as well as plan and manage the Project in such a manner as to allow the Parties to achieve the Project Goals and successfully complete the Project. The Project Executive Team shall exercise its authority in the best interests of the Project. The Project Executive Team may delegate its responsibilities to others, including the Project Management Team, if in the view of the Project Executive Team such delegation is in the best interests of the Project. The Project Executive Team is not responsible for supervising any Party's employees nor is it authorized to direct the actions of any Party's employees and shall not be responsible for the failure of any Party to perform its obligations.

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Project Management Team

- ▶ § 2.2.1 The Project Management Team is responsible for executing the decisions and directives of the Project Executive Team, or any Owner Directives issued pursuant to this Article 2. **The Project Management Team shall be responsible for the day-to-day management of the Project, including the scheduling and coordination of the Parties' activities required to complete the Project in a collaborative and integrated manner.** The Project Management Team is responsible for establishing the procedures and processes necessary to achieve Project Goals including such protocols and understandings as are necessary to implement collaborative technologies, such as Building Information Modeling. The Project Management Team is not responsible for supervising any Party's employees nor is it authorized to direct the actions of any Party's employees and shall not be responsible for the failure of any Party to perform its obligations. When appropriate, the Project Management Team shall plan and implement programs to improve Project performance and shall develop Recovery Plans as required by Section 5.4 of this Agreement.

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Insurance Provisions

- ▶ § 7.1 Insurance Program
- ▶ The Parties shall retain an insurance consultant to provide advice and assistance with respect to integrated insurance products such as Owner or Contractor-Controlled Insurance Programs or with respect to the individual insurance requirements for the Parties and other Project participants. . . .
- ▶ Any insurance program the Parties select shall be . . . structured to provide adequate coverage at reasonable cost, striving to avoid duplication in coverage or exposure gaps.

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Waivers of Liability

§ 8.1 General Waivers of Claims and Liability

- ▶ The Parties **waive all claims** against each other, **except** this waiver shall not extend to claims
 - .1 a Party's willful misconduct;
 - .2 arising out of any express warranty obligations
 - .3 against the Owner for payment of amounts due under this Agreement.
 - .4 arising out of any express indemnification obligations
 - .5 failure to procure the insurance required under the Contract Documents;

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-
- .6 to the extent insurance proceeds are available through insurance expressly required under the Contract Documents; and
 - .7 for damages arising from liens, claims, security interests or encumbrances against the Project filed by persons or entities not a Party to this Agreement.

▶ **Additional Waivers**

- Waiver of Consequential Damages
- Waivers of Subrogation

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Compensation

- ▶ Based upon Target Criteria and Target Cost
 - Incentive Compensation
 - if the Actual Costs are less than the Target Cost, then the Owner shall pay to the other Parties, as Incentive Compensation
 - Goal Achievement Compensation
 - Project Goals shall be set forth in the Target Criteria Amendment. For each Project Goal, the Owner and the other Parties shall agree either on an amount, or on the method to determine an amount, available to the other Parties as Goal Achievement Compensation

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General Conditions

§ A.2.1 Collaborative Performance

- ▶ Many of the duties and responsibilities set forth in the Contract are assigned to the Parties collectively. It is anticipated, however, that the Parties will complete Target Criteria Amendment, Exhibit DD: Integrated Scope of Services, to further allocate duties and responsibilities among the individual Parties and key Project participants. If a duty or responsibility is not specifically assigned in the Contract, the Project Management Team or the Project Executive Team shall delegate the responsibility to a particular Party. Throughout the Project, the Parties will use their best efforts to execute their duties and responsibilities in an expeditious and economical manner to achieve the successful completion of the Project.

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Single Purpose Entity

- ▶ Form a company:
 - FOR THE PURPOSE of planning, designing, constructing and commissioning the following Project
 - The Members intend that the Company shall achieve its object and purpose in a collaborative environment following the principles of Integrated Project Delivery. The Members, pursuant to separate agreements with the Company, are expected to contribute their knowledge, skill and services during all phases of the Project and to bring to bear their collective expertise at the most opportune time. The successful accomplishment of the Project is paramount and takes precedence over individual concerns or desires.

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- ▶ Imagine a project where:
 - 1. There are no conflicts in the design documents.
 - 2. Every pipe, duct and conduit fit within the area where they are to be installed.
 - 3. Change orders relate to only scope changes ordered by the client.

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- 4. The owner, design professional and contractor work together to solve problems.
- 5. There is no incentive for RFI's.
- 6. You actually get paid for what you do.

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▶ What makes this Possible

- 1. A “True” partnering relationship among the Owner, Design Professional, Contractor and Subcontractors.
- 2. Building Information Modeling (BIM)
- 3. Trust and Transparency

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Trust

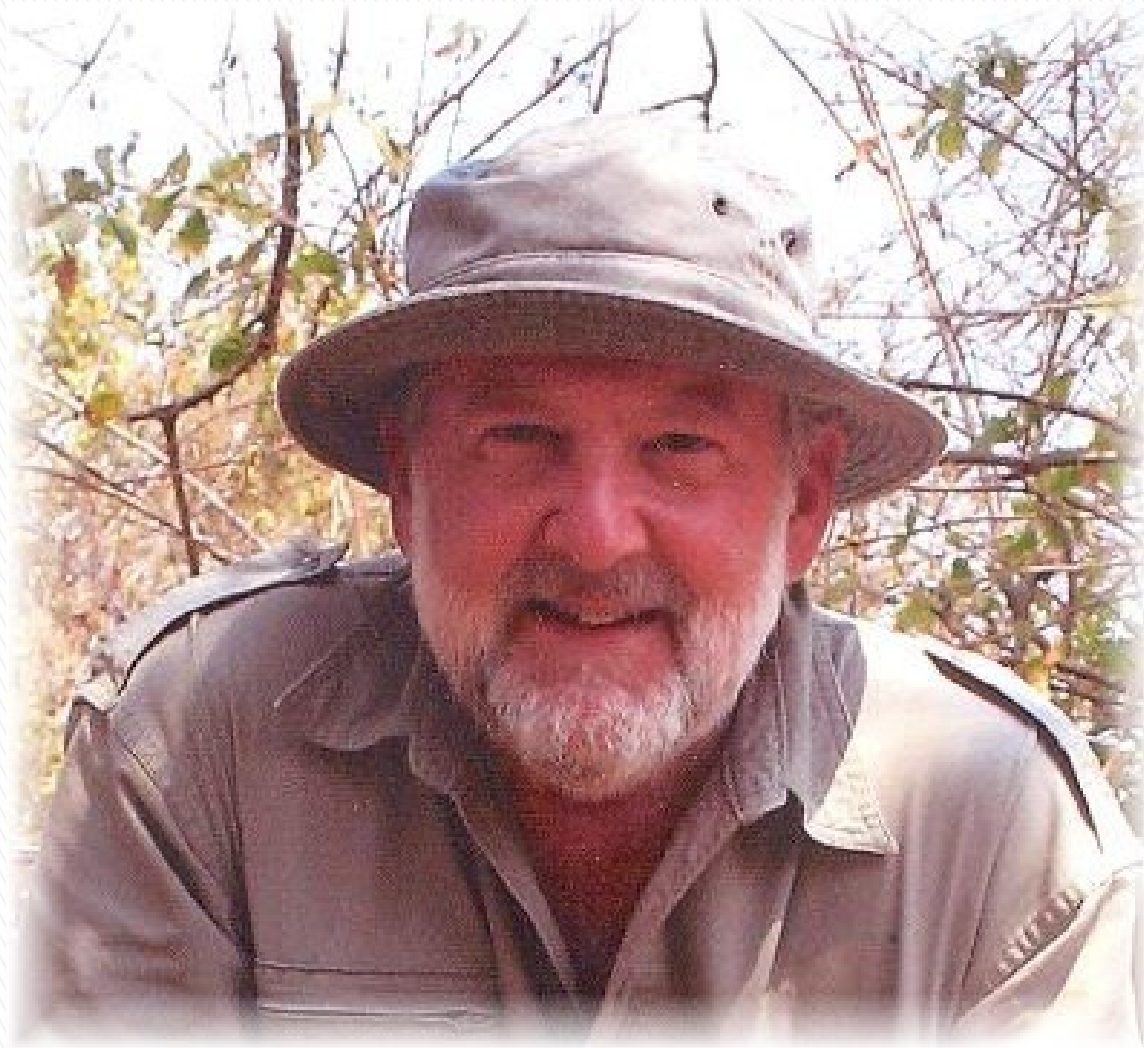
...PLACING YOUR INTERESTS UNDER THE
CONTROL OF ANOTHER WITH THE
EXPECTATION OF POSITIVE BENEFIT AND
THE AVOIDANCE OF MORE SERIOUS
CONSEQUENCES

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Lou Trama

LAWS OF TRUST

- ▶ Trust can be destroyed by a single event, while building trust is a slow process.
- ▶ Trust loses out to a win/lose mentality.
- ▶ Low Trust groups can be so unsuccessful as to self destruct.
- ▶ Trust is as much a communications problem as an attitudinal one.

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BENEFITS OF HIGH TRUST

- ▶ Stimulates Innovation And Creativity
- ▶ Greater Emotional Stability
 - Self Control
 - Originality
- ▶ Facilitates Acceptance
 - Openness
 - Creative Risk Taking

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CONSEQUENCES OF LOW TRUST

- ▶ Time Spent Guessing About Motives...
 - Defensive
- ▶ Communication Is Poor
- ▶ Good Ideas Are Rejected
- ▶ Delayed Implementation Of Anything

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Keys to IPD

- ▶ **PERSONNEL!!**
 - Change in Personnel – Potentially Bad
- ▶ Good Clear Contracts
- ▶ Collaborative Decision Making
- ▶ Jointly Developed and Validated Project Goals
- ▶ Trust
- ▶ Transparency
- ▶ **Qualified and Responsible Subcontractors**

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Team Member Requirements

- ▶ Full Disclosure
 - Open Financial Records on Project

- ▶ Full Partnering
 - Requires Trust between members
 - Three Musketeers – All for One (Project)
 - No allocation of fault – all responsible for mistake
 - Pre-Existing Relationship/Respect of Team Members

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Transparency

- ▶ IPD: a Guide AIA –
- ▶ Team is guided by principles of trust, transparent processes, effective collaboration, open information sharing, team success tied to project success, shared risk and reward, value-based decision making, and utilization of full technological capabilities and support

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Technology

- ▶ Technology is Key to IPD
 - BIM is a must
 - Project Management Software
 - Communication and Information Sharing
 - Multi-Party interface
 - Documentation

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Contracts

- ▶ Cannot just accept proposed contract
- ▶ Must undertake detailed review of proposed contract
 - Risk Allocation
 - Reward Allocation
 - Responsibilities
 - Liabilities
 - Clear delineation of scope of services
 - LIABILITY WAIVER

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Project Goals

- ▶ Jointly Developed and Documented
- ▶ Goals Validated as cost effective, workable, and constructible
- ▶ Early involvement of Structural and MEP
- ▶ If LEED you must identify level and steps to obtain it

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Phases of Project

- ▶ Conceptualization Phase
- ▶ Criteria Design Phase
- ▶ Detailed Design Phase
- ▶ Implementation Documents Phase
- ▶ Construction Phase

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Structural

▶ Potential Issues

- Changes between GMP (Detailed Design Phase) and Implementation Design Phase
 - Changes at this time will be Value Engineering and constructability
 - Documentation and Validation of Changes Must be Done
 - If Fast Tracked Transition from Phases and from Foundation to Structural should be documented
 - Since Collaborative Process – limited recrimination

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MEP

- ▶ Qualified and Reliable Subcontractors are key
- ▶ They Must buy into and actively participate in the Process
- ▶ Be Prepared to work with Contractors to improve efficiencies and performance
- ▶ Involve Commissioning Agent in Process early in process
 - Require sign off by all at each phase and system

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Learn From the Past

- ▶ Selection of Parties with Whom You Will Work
- ▶ Issue with Fast Tracking
- ▶ Hierarchy and Reporting Process
- ▶ Owner sophistication
- ▶ Quality of Contractor/Subcontractors
- ▶ Submittal Review – Contract Administration
- ▶ Documentation

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Not the Same Old Way

- ▶ Firms need legal and insurance advice
 - Identification of parameters of professional practice
 - Recognition of business/contractual exposures
 - Insurance coverage for new exposures and nonprofessional risks
 - Insurance coverage for others in collaborative positions
 - Must understand changing role, develop personnel for the role and assess potential risk of going forward
- ▶ It is still **Partnering – Requires Trust!**

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