

DBIA POSITION STATEMENT

INTEGRATED PROJECT DELIVERY

The principles behind the integration of design and construction have been historically used in several different delivery models. **Integrated project delivery refers broadly to an approach in which key participants collaborate on the project from inception to completion.** All projects can benefit from enhanced collaboration and compensation structures that align rewards with overall project success.

DBIA actively promotes integrated project delivery principles. The design-build model is very well-suited to take advantage of techniques that can be helpful in achieving effective integration, such as Building Information Modeling ("BIM"), lean principles, incentive compensation structures and other collaborative techniques. These integration techniques in turn help to foster behaviors within the project team that are consistent with DBIA's core values. Those values embrace an environment of trust — characterized by integrity and honest communication, mutual respect for and appreciation of diverse perspectives and ideas, a commitment to innovation and creativity to drive quality, value and sustainability as well as professionalism, fairness and the highest level of ethical behavior. If a team can operate in accordance with these values, there is improved likelihood of superior project outcomes.

"Integrated Project Delivery" or "IPD" has recently come to refer to a contractual model where the owner, constructor, designer and potentially others enter into a single, multi-party contract. Although there have been relatively few projects delivered through the use of this multi-party model, the contract forms currently available anticipate that the owner, constructor and designer will enter into the same agreement, share some of the risks and rewards of the contract and potentially limit the liability among the parties. The multi-party forms also provide that management of the project is governed by a committee that strives for unanimous decision making.

Although both the design-build single entity model and this IPD multi-party model have features in common, including the goal to achieve effective integration, there can be substantial differences between these systems.

- **Selection method.** Best practices in design-build may use either qualifications based selection or a best value model, where price as well as non-price qualifications factors are taken into account. In the multi-party model, pure qualifications based selection is essential.
- **Degree of owner involvement.** In the design-build model, while the owner defines the performance expectations for the project, the design-builder is primarily responsible for managing the details of the design and construction effort. With this foundation, the owner can select its level of participation along a broad spectrum: from fully participatory to a more "hands off" approach. In the multi-party model, the contracting parties form a team which assumes joint responsibility for both the definition of the project and the management of the process. The owner participates on this team and is also the ultimate decision maker when the parties cannot agree. The owner, therefore, must have the willingness, capacity and skill to participate actively and make the decisions.
- **Price and schedule commitments.** In design-build, the owner typically receives a price commitment, either in the form of a lump sum agreement or a guaranteed maximum price, plus a commitment for dates of substantial and final completion. The owner retains the ability to pursue legal remedies against the design-builder to enforce these commitments. Conversely, in the multi-party model, the owner does not receive price or schedule guarantees from the other parties.

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The owner pays for the cost of the work, even if it exceeds the budgetary goal and even if the project is delivered late. The liability of the other participants is usually limited to the proportion of their fee that they put at risk and the designer and constructor are not otherwise at risk for overruns or delays. These characteristics of the multi-party model may be further reinforced by contract clauses restricting the owner's ability to pursue legal remedies from the other parties.

- **Accountability and risk.** The design-builder accepts risk for designing and constructing the project in accordance with the project criteria. The owner can look to the design-builder as a single point of accountability. In the multi-party model, by contrast, the owner contracts with at least two other parties and yet retains ultimate accountability and risk for decision-making and the project outcome.
- **Availability of model.** Design-build is legally authorized for most public projects, whereas the multi-party form is currently not available to public entities. There is no statutory authority for use of this model and certain features of the model may conflict with public procurement laws. The multi-party model is also much less widely used and accepted in the private sector.

DBIA supports the principles of integration espoused by the multi-party contract — full and open communication; incentive compensation structures; active collaboration among the owner, constructor and designer; and appropriate limitations of liability for the design and construction team. Consistent with a commitment to provide objective education on the various delivery models, and without diminishing the successes apparently achieved by some of the initial multi-party projects, DBIA believes that most owners will find design-build to be a more flexible option. Substantially all the integration techniques used in the multi-party model can be incorporated into the design-build model as desired for a given project. Design-build done right often achieves successful integration among the key project participants, leading to outstanding project results. For these reasons, DBIA promotes design-build performed according to its best practices as the most practical manner in which to achieve integrated project delivery.

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