



Alternate Construction Delivery Methods

Georgia Association for Learning Environments

June 27, 2023

Agenda

- How Big Things Get Done
- Project Methods
- Georgia Procurement Statutes
- Call to Action
- Question and Answer



\$2.7 Billion
IN TOTAL PROJECT VALUE

1998
FOUNDED TO SERVE
SCHOOL CUSTOMERS

270 Team Members

678
PROJECTS

Across 14 States

1,880+
BUILDINGS WORKED ON

\$500 Million
BONDING CAPACITY

640+
BUILDINGS ACTIVELY
MONITORED

\$195 Million
IN CUMULATIVE ENERGY
SAVINGS

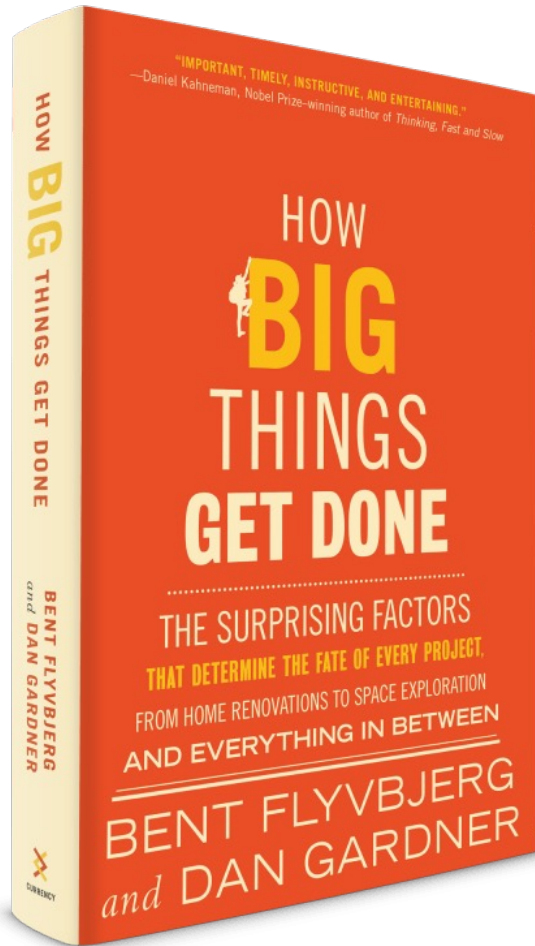
1 SOLE FOCUS
COMMITMENT TO 100%
CLIENT SATISFACTION

145
ENERGY STAR
CERTIFIED BUILDINGS

As of 6/2023

**99.5% of Projects are
Over Budget, Over
Schedule and Under
Benefits (n=16,000)**

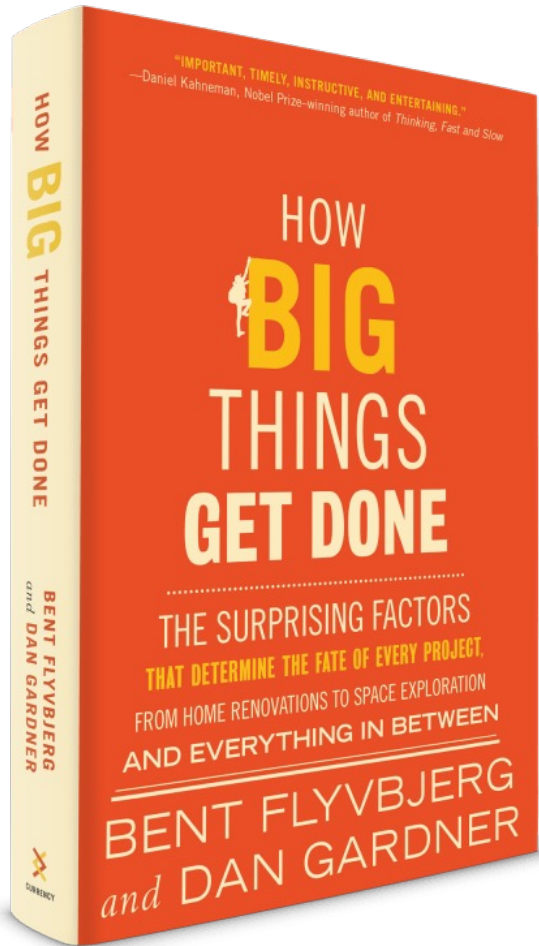
**Get the right Master
Builder and the MB's
Team**



Think Right to Left

**Reference Class
Forecasting—is your
project “really”
unique?**

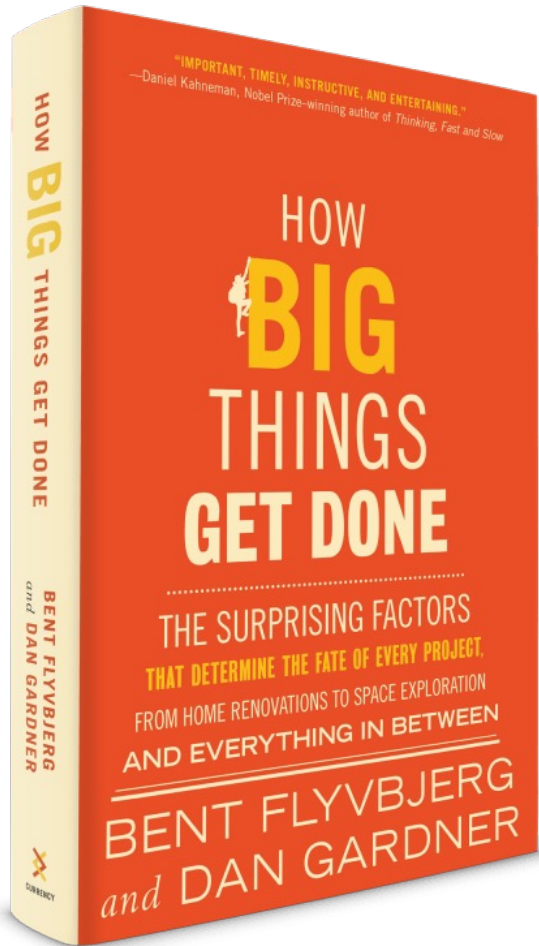
Why Do Projects Fail?



- Failure to ask, “*Why am I doing this project?*”
- Ignore experience – “The Who”
- Lack of accountability – Finger pointing
- They drag on...and on...and on...
- No “Black Swan”/Risk Mitigation discussion
- Does your project possess “*Phronesis*”?

Top Ten for Better Project Leadership

- 1. Hire a Master Builder**
- 2. Get Your Team Right**
- 3. Ask Why?**
- 4. Build With Lego**
- 5. Think Slow, Act Fast**
- 6. Take the Outside View**
- 7. Watch Your Downside**
- 8. Say No and Walk Away**
- 9. Make Friends and Keep Them Friendly**
- 10. Know that Your Biggest Risk is You**



“

“Developing a clear, informed understanding of what the goal is and why — and never losing sight of it from beginning to end — is the foundation of a successful project.”

”

Bridgette—What procurement method have you used on your most recent projects?



Why did you use X?



X



I'm not sure. Audrey, why did we use X?



It's what we've always used.

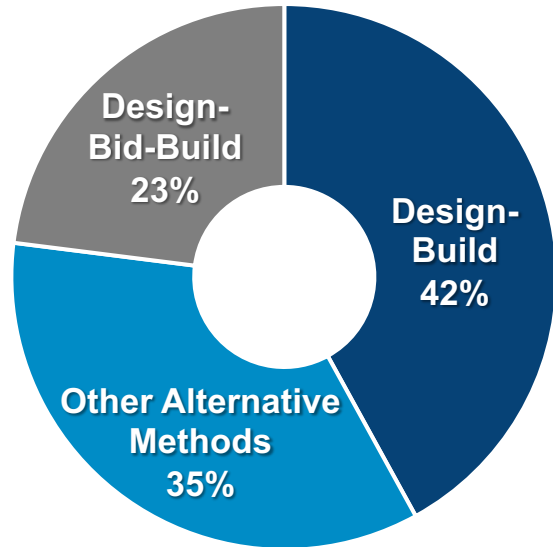


Project Delivery Methods

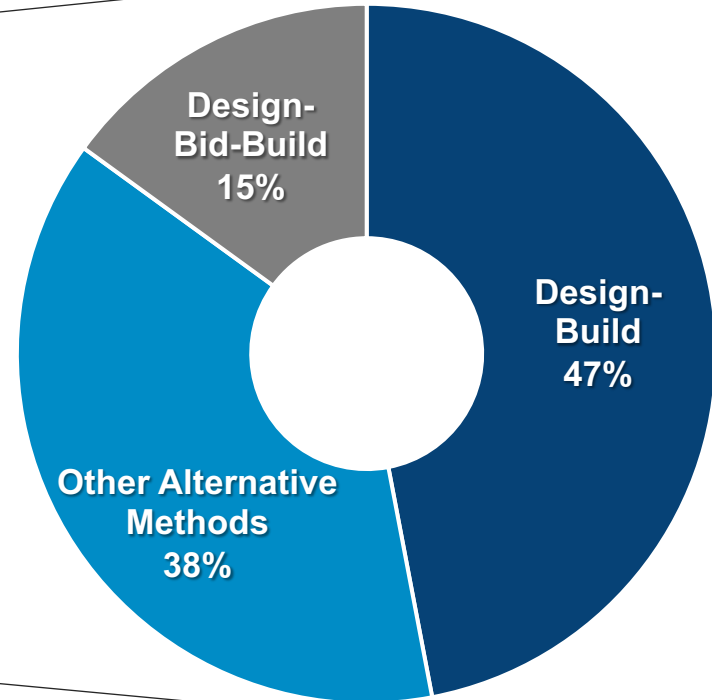
- **Design-Bid Build (DBB)**
- **Construction Manager as Advisor (CMa)**
- **Construction Manager as Constructor (CMc)**
Commonly referred to as Construction Manager at Risk (CMAR)
- **Design-Build (DB)**
 - **Performance Contracting (PC)**

Trends in Delivery Method Utilization

2016-2020 CPiP: \$3,225B

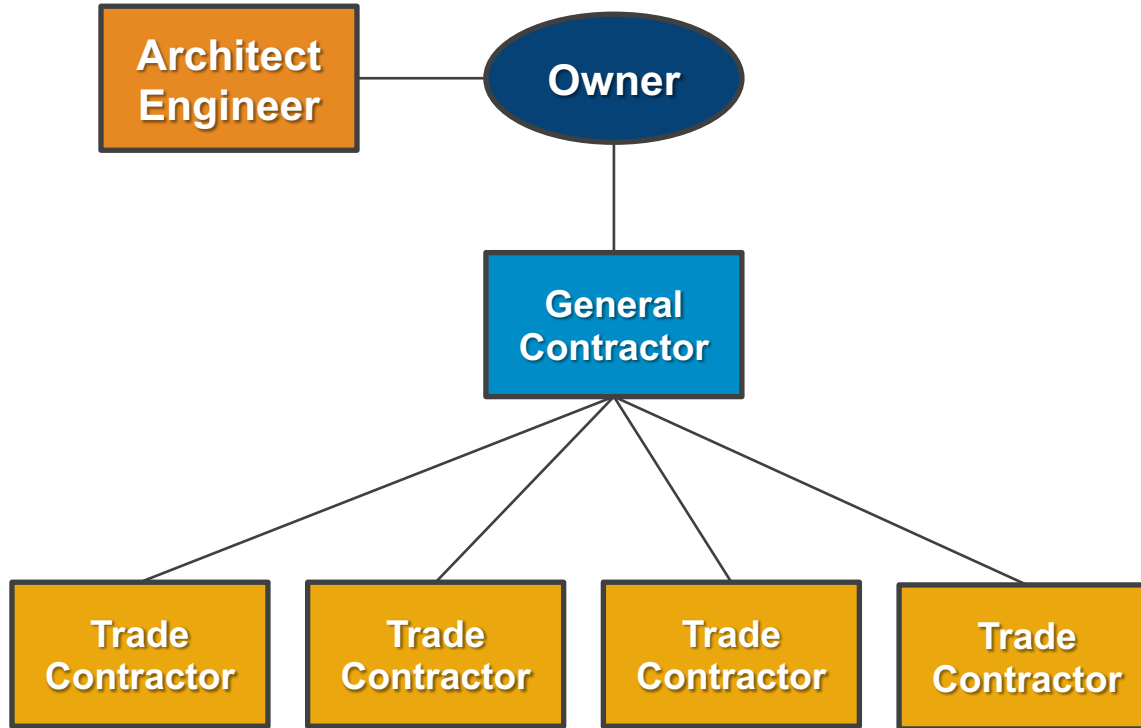


2021-2025 CPiP: \$3,724B



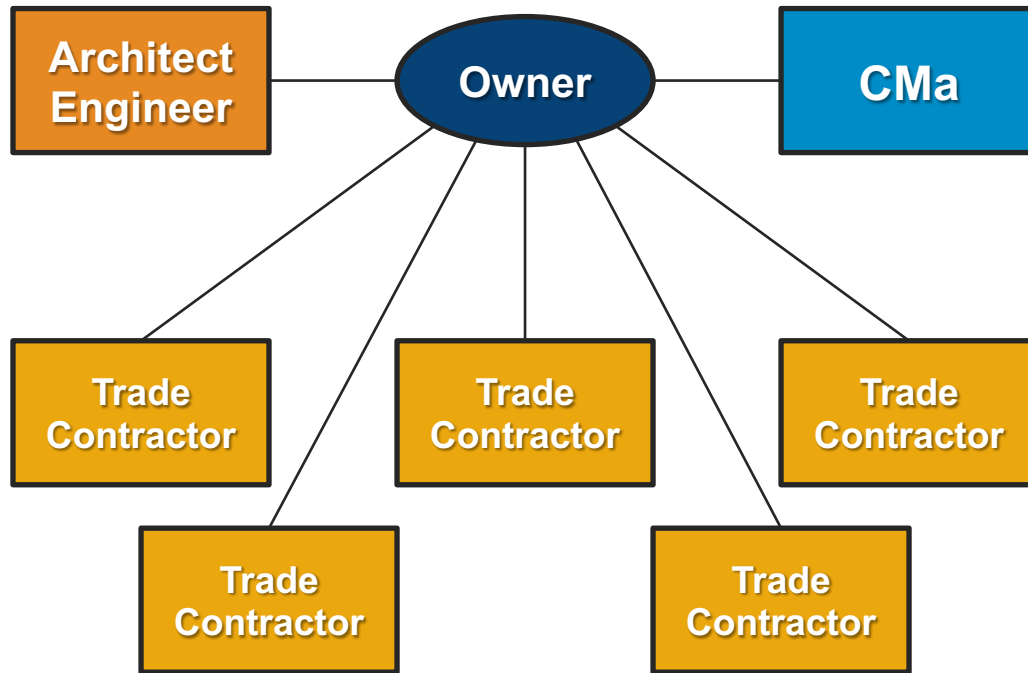
Source: Design-Build Utilization Combined Market Study, FMI, 2021

Design-Bid-Build



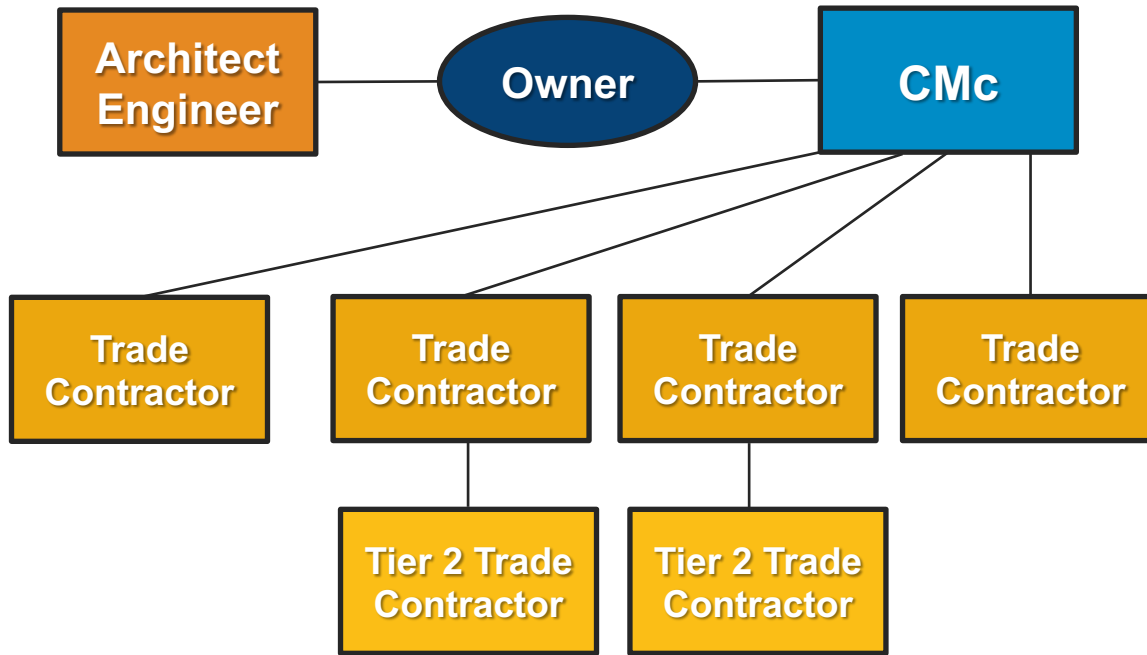
- Historically most common with single construction contract
- Typically bound by law to take “lowest, most responsive” bid
- Owner is liable for “gaps” in plans & specs, design errors & omissions
- May drive adversarial relationships between GC, Architect and Engineer

Construction Manager as Advisor



- Construction Manager is an independent advisor to the owner for design, cost, schedule and construction contract definition
- CM onsite to oversee quality
- “Lowest, most responsive” bid selection process
- CM typically has no contractual obligation for contractor performance or maintaining schedule and budget
- Owner holds several or many independent construction contracts
- Owner liable for “gaps” in plans & specs, designs errors & omissions

Construction Manager as Constructor



- CM onsite to ensure quality
- CMc holds trade contractor contracts like traditional DBB general contractor and should collaborate with A&E and Owner prior to bids
- CM may prequalify trades but typically still must take “lowest, most responsive” bids
- Owner liable for “gaps” in plans & specs and design errors & omissions

Design-Build Definition

DBIA



DESIGN-BUILD
INSTITUTE OF AMERICA

Design-Build is an *integrated approach* that delivers design and construction services under **one contract** with a **single point of responsibility** for architectural, engineering design and construction services. Owners select Design-Build to achieve best value while meeting schedule, cost and quality goals.

Project Accountability

Design-Build Delivery



One master chef

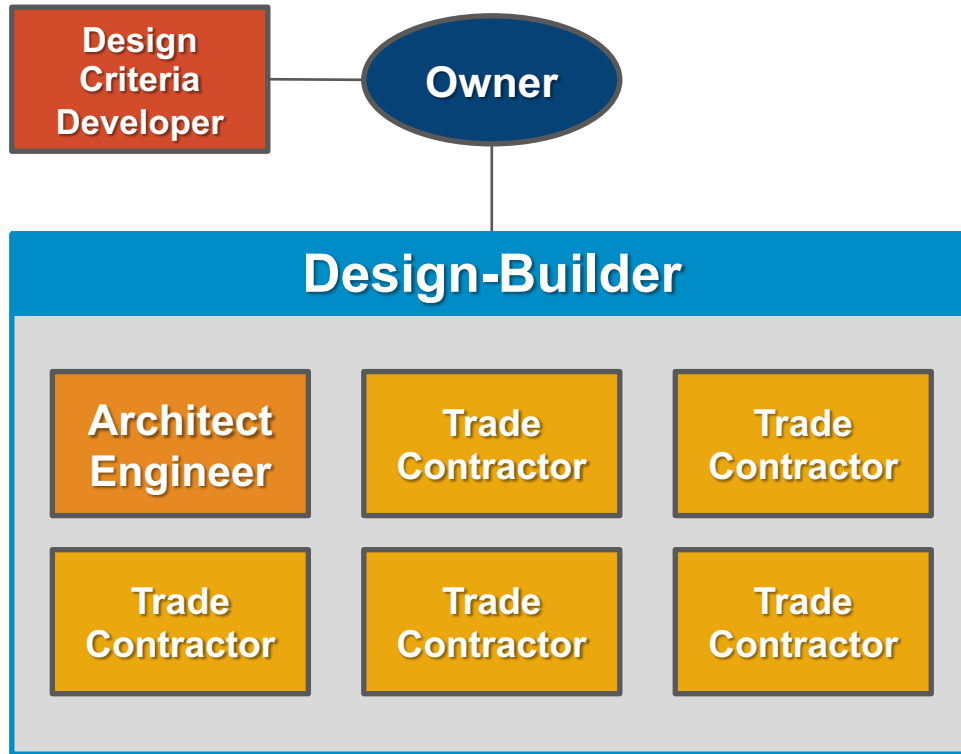
vs.

Other Delivery Methods (DBB, CMa, CMc)



Several chefs in the kitchen

Design-Build



- One Contract—Owner to DB
- Design Criteria Developer guides owner in DB selection process and may assist with preliminary programming and project definition
- The most **Collaborative** method as Owner, Design-Build, Arch/Eng, & Trade Contractors team early to define scope, cost and schedule
- Owner has full control for selection of team members, trade contractors & equipment
- Design Builder is responsible for “gaps” – **NO CHANGE ORDERS**

“

As I have come to expect, every aspect of the Design-Build project has been outstanding. I have always looked at more than just the price tag when dealing with a major renovation project. The level of quality, commitment, and final product is second to none.

David A. Chapman, Superintendent
South Vermillion Community School Corporation



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Owner Risk Transfer



One master chef

Design-Build is inherently different with risk allocation.

Having single point accountability for design and construction helps the owner avoid a situation in which the designer and contractor(s) are blaming each other for errors or omissions that impact costs and/or schedule.

“

The most significant consideration in our selection decision was a single point of contact with one contract. The board and I did not want any buck-passing or finger-pointing. With Design-Build, the buck started and ended with the Design-Builder. For our situation, time was critical, so this delivery method with sole accountability for both design and construction was right for this project

Jordan Sinz, District Administrator
Wisconsin Heights School District



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Trends in Delivery Method Utilization

METRIC	DESIGN-BUILD vs. DESIGN-BID-BUILD	DESIGN-BUILD vs. CMAR
COST GROWTH	3.8% less	2.4% less
SCHEDULE GROWTH	1.7% less	3.9% less
CONSTRUCTION SPEED	36% faster	13% faster

Source: DBIA Data Sourcebook, 2021

“

Given we were closing two elementary schools, the fast-track schedule was a huge part of our decision. We needed to start the 2022-2023 school year in the new elementary addition. It was made clear at the start and throughout the project that Design-Build is a partnership, and regardless of the complexity or challenges along the way, we were going to get the kids in at the start of the school year and we did.

Jordan Sinz, District Administrator
Wisconsin Heights School District



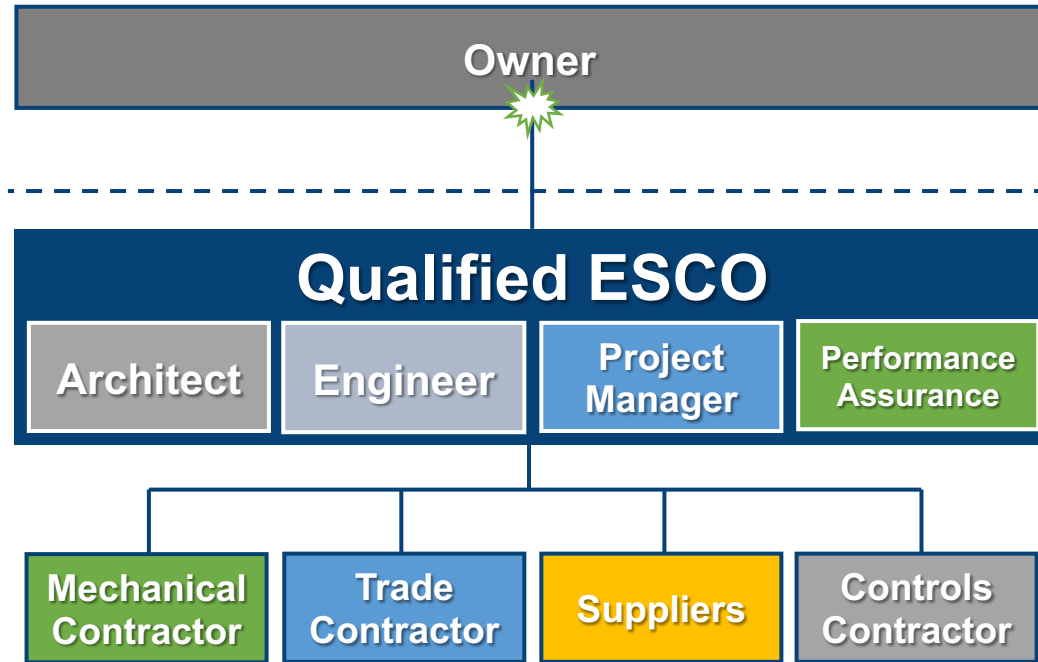
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Energy Savings Performance Contracts (ESPCs) Defined

Energy Savings Performance Contracting is an *integrated approach* that delivers guaranteed energy cost savings under **one contract** with a **single point of responsibility** for engineering design and construction services. Owners select Energy Services Company (ESCO) to achieve best value while meeting learning environment, cost, and performance goals.

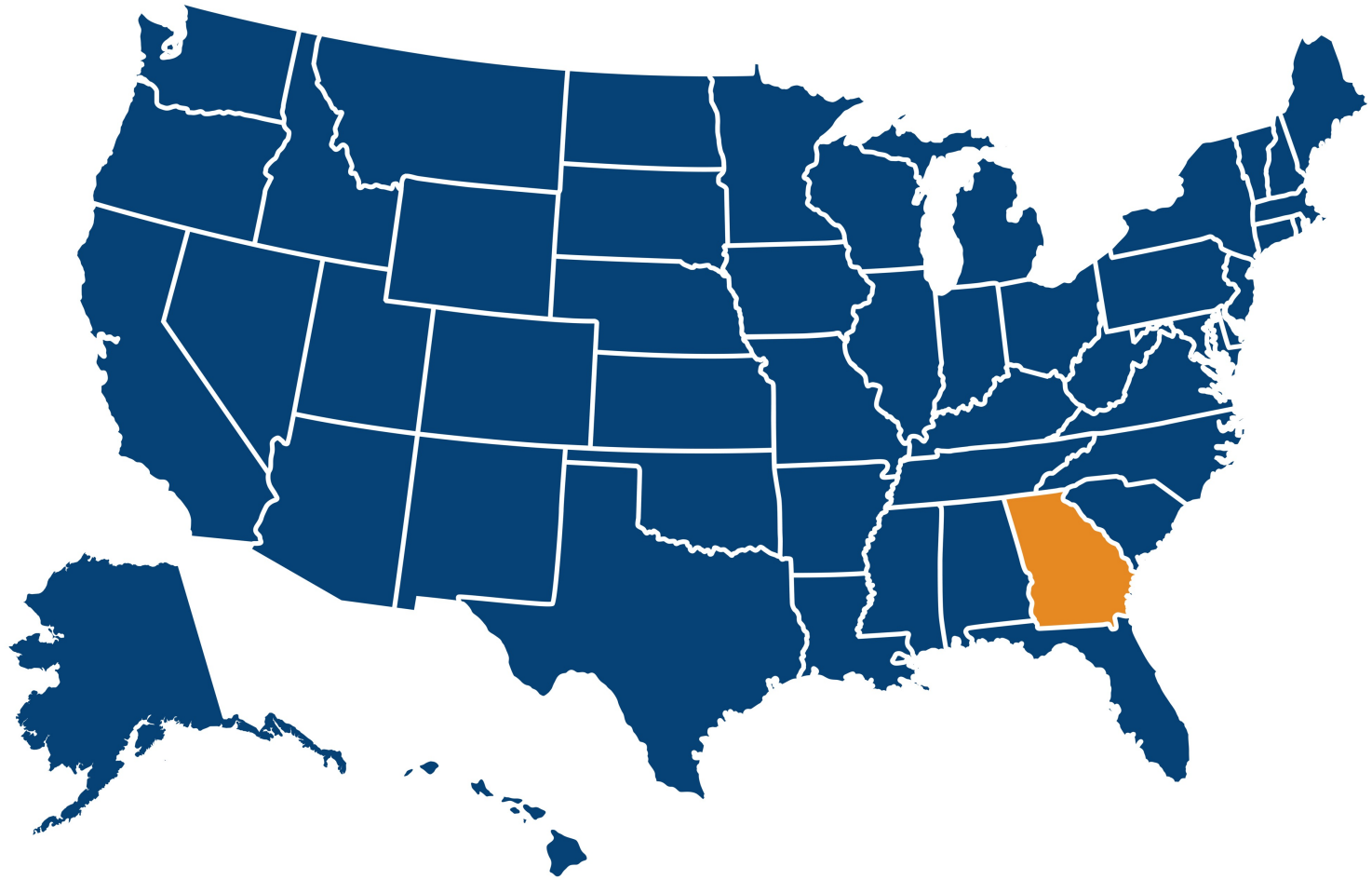
Energy Savings Performance Contracts(ESPC)



- Single point of Accountability
- Owner has final say in selection of contractors & equipment
- **No Change Orders** agreed to scope of work, including design errors, omissions & scope gaps
- Best for schedule sensitive projects - ability to streamline construction
- Owner could have limited input with designer prior to proposal creating design changes
- Final construction documents are not completed until after the selection process

Owner Benefits with Design Build/ESPC

Project Deliverables	Design-Build	Design-Bid-Build	CMc (CMAR)
Guaranteed Performance	YES	NO	NO
Guaranteed Maximum Price (GMP)	YES	NO	YES
Customer approved BEST VALUE sub-contractors and suppliers	YES	NO	NO
No Change Orders Guarantee	YES	NO	NO
Long-Term Project Accountability	YES	NO	NO



Procurement

Request for Proposal (RFP)

- The first step in the formal process of selecting a partner
- Allows for direct competition as the project is publicly advertised
- Utilized for all types of procurement processes
- District may select the provider who best meets the school system's needs

The Interlocal Purchasing System (TIPS)

- National purchasing cooperative that offers access to competitively procured purchasing contracts. Public owners can select firms to implement projects using TIPS without going through a traditional RFQ route
- Can only be used on ESPC and Job Ordering Contract (JOC)



Enabling Legislation

Governing Legislation:

- [O.C.G.A. 50-37-1](#)
- GESPC Code Valid for:
 - Public Schools (K-12)
 - Local Governments (Cities & Counties)
 - Public Higher Education
 - State Agencies

Energy Savings Performance Contracts Defined

Georgia Code § 50-37-2 – Guaranteed Energy Savings Performance Contracting > Definitions

(5) a contract between the governmental unit and a qualified energy service provider for evaluation, recommendation, and implementation of one or more energy conservation measures which shall include, at a minimum, the design and installation of equipment and, if applicable, operation and maintenance of any of the measures implemented, and guaranteed annual savings which must meet or exceed the total annual contract payments made by the governmental unit for such contract, including financing charges to be incurred by the governmental unit over the life of the contract.

Enabling Legislation

Design-Build Construction is an *integrated delivery method* that delivers design and construction services under **one contract** with a **single point of responsibility** for architectural engineering design and construction services. Owners select design-build to achieve best value while meeting schedule, cost, and quality goals.

Governing Legislation:

- [State Board Rules](#)
- [O.C.G.A 36-91-20](#)



Call to Action

- Read/Listen to *How Big Things Get Done*
- What does my 5-Year Plan look like?
- When is the last time I had a Facilities Study? Has our environment changed where we need to do this again?
- What evidence do I have that my internal and external teams know what our projects goals are and WHY?
- How does my current process ENABLE strong Collaboration and Communication? What am I doing to drive this?
- Learn from your peers and ask the questions.





Phronesis

Do you have the practical wisdom on your team to make this project part of the .5%?



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