

**MEETING MINUTES**

14 April 2015

901 Fifth Avenue, Seattle WA

| MEMBERS PRESENT                | Representing              | MEMBERS ABSENT     | Representing               |
|--------------------------------|---------------------------|--------------------|----------------------------|
| Vince Campanella               | *Contractors              | Greg Fuller        | *Specialty Contractors     |
| Steve Crawford                 | *School Districts         | Ralph Graves       | Washington Ports           |
| Mark Gaines                    | WSDOT                     | Lee Newgent        | *Construction Trades Labor |
| Bill Kent                      | DBIA                      | Alexis Oliver      | *OWMBE                     |
| Santosh Kuruvilla              | *Engineers                | Linneth Riley-Hall | Sound Transit              |
| Olivia Yang (for Alan Nygaard) | Higher Education          |                    |                            |
| Walter Schacht                 | *Architects               |                    |                            |
| Andrew Thompson (phone)        | *Contractors              |                    |                            |
| OTHERS PRESENT                 | Representing              | OTHERS PRESENT     | Representing               |
| Ato Apiofi                     | Ato Apiofi Architects     | Bob Maruska        | *Washington Ports          |
| Becky Barnhart                 | Integrus/AIA Spokane      | Brent Quinn        | McKinstry                  |
| Bill Dobyms                    | Lydig                     | George Shaw        | LMN Architects             |
| JC Letourneau                  | Schacht Aslani Architects | Janice Zahn        | Port of Seattle            |

\*CPARB Member

**WELCOME AND INTRODUCTIONS**

- Walter Schacht welcomed everyone to the kick-off meeting of the CPARB Design Build Committee. He noted that the goal of the meeting is to organize the committee and define its mission.
- Individuals attending the meeting introduced themselves.
- Bob Markuska noted that all discussions and documents related to the committee become part of the public record. He reminded the committee that ten or more CPARB members attending a committee would constitute a quorum of CPARB, which requires public notice.
- Walter noted that Greg Fuller and Ralph Graves sent their regrets for today’s meeting but would be participating in the future. Alexis Oliver did not receive notification of the meeting due to a typographical error in her email address but plans to attend in the future. He noted that Alan Nygaard had designated Olivia Yang to fill his position as a representative for higher education. John Palewicz of UW also plans to attend in the future. Nancy Deakins indicates that DES will provide a representative.
- Bob Maruska noted that the committee must manage its membership in relation to the requirement that a majority of members must be present to attain a quorum.
- CPARB nominated thirteen people to the Design Build Committee at the February meeting. A quorum was attained, seven attending in person and one by conference call.

**REVIEW AND APPROVE AGENDA**

- Walter Schacht reviewed the agenda and asked for revisions or additions. There was no follow-on discussion and the agenda was accepted without taking action.

**SELECT COMMITTEE CHAIR**

- Walter Schacht suggested that the committee select a chair and a co-chair in order to provide effective leadership and continuity. He suggested that one position be filled by a public owner. Walter offered to serve as chair.
- Bob Maruska agreed that one committee leadership position should be filled by a public owner.

**Olivia Yang moved, seconded by Steve Crawford, to appoint Walter Schacht as chair. The motion carried.**

- Walter indicated that he had asked Olivia Yang if she would serve as co-chair. Olivia said she was willing to do it. He cited her broad experience as a public owner, her specific experience with Design Build and her experience as a former member of CPARB. He noted her connection with the design, contracting and public owner communities on the eastside of the State.

**Vince Campanella moved, seconded by Steve Crawford, to appoint Olivia as co-chair. The motion carried.**

**DISCUSS DESIGN BUILD COMMITTEE MISSION AND GOALS**

- Walter Schacht shared a preliminary milestone schedule that aligned the committee's work plan with CPARB's May, September, November and December meetings and suggested that the committee target the completion of its efforts by the December Board meeting. The schedule indicates that a significant amount of work be done before the September Board meeting. He stated that the committee consider breaking into smaller groups to research specific topics.
- Walter suggested that the overall goal for the committee is to evaluate the current use of Design Build procurement, understand what is working and where there is room for improvement. The committee's work should target best practices guidelines that would enable public owners, architects, engineers, and contractors to utilize Design Build effectively. Walter indicated that it was not necessarily the intent to modify legislation related to Design Build.
- Becky Barnhart expressed concerns about the impact of Design Build on small firms. She noted that the process can be onerous in terms of cost and time commitment. Becky noted the importance of aligning the project scope and budget occur before the RFQ/RFP goes out.
- George Shaw observed that people have different ideas of what constitutes Design Build project delivery. He indicated the importance of clarifying the different forms of Design Build in order to develop a consistent understanding.
- George suggested the need to consider which forms of Design Build are appropriate given owner needs and project types. The goal should be deliver the best project with the best value for the owner.
- The group talked about the importance of creating an equitable balance between risk and reward, and creating a fair stipend. He suggested that competition based Design Build and progressive Design Build be considered separately.
- Santosh Kuruvilla stated that the committee should have a broader focus than just the application of Design Build to vertical construction. He noted the design continuity issues with this project delivery method.
- Vince Campanella indicated that most things that will be discussed by the committee will fall under the concept of best practices. He asked if the Project Review Committee (PRC) has the right tools to be able to evaluate proposed Design Build projects. He indicated that revisions to the application process might be in order.

- Vince noted the importance of aligning the project budget and scope before it lands on the desks of prospective Design Build teams. He asked if this was an issue that can be reviewed by the PRC.
- Vince noted the challenges with finding the best design partners in creating a Design Build team. He indicated that design firms limit the number of projects they pursue as a result of the risks involved. A best practices model should encourage a high level of participation.
- Mark Gaines referred to the five recommendations in the AELC report. He suggested that any one of them could be the focus of the committee's efforts and suggested that the group needs to determine its focus. Mark indicated that the committee should identify what already exists in terms of best practices guidelines from organizations such as DBIA and use those resources as a starting point.
- Mark asked how the committee would determine its role in the process and address issues such as fairness to small and large firms. He encouraged the committee to consider how its work would have an impact on the process.
- Bill Kent noted that the industry is changing in response to the needs and goals of public owners. Design Build is a favored procurement method for many. The committee should find a way to help the industry and public owners implement the project delivery tool in order to achieve the ultimate goal, which is to be good stewards of public dollars. The committee's goal should not be to rewrite legislation but to establish best practices.
- Bill said that the committee should aim to help owners achieve their goals for Design Build. It should address the fact that risk profiles are different for architects and engineers than others who are involved in the process.
- Walter Schacht noted that the issue of implementing best practices may be challenging and agreed it is important to consider how the committee's work will be implemented. Many projects are not reviewed by the PRC because they are administered by owners with agency certification. Certified agencies are reviewed every three years.
- Walter reviewed the process that led to the AELC report. He indicated that the original goal was to look at the impact of all forms of alternative project delivery on architectural practice. In the end, the design professionals turned all of their attention to Design Build.
- Walter gave an overview of the recommendations in the AELC report:
  - Cost and risk: competing for and implementing Design Build involves significant risks for design professionals and contractors.
  - Agency preparedness: agencies may not understand their obligations as partners in the Design Build process. Project scope and budget should be aligned before the selection process begins. This indicates that the predesign and/or bridging documents are complete before the RFQ is advertised. The design community is concerned that owners do not always understand their ongoing role as partners is once the competition has been awarded.
  - Participation: Small business are concerned about the opportunities to participate. The issue goes beyond small business inclusion. There are larger businesses who are interested in Design Build but are discouraged by RFQ criteria that requires previous experience on the part of the firm and/or previous experience between the contractor and the designer.
- Walter cited other issues of concern to architects. He noted a dispute over the Design Build award for a recent community college. The owner directed the winning team to use the design concept prepared by another competitor who has stated that represents an infringement of their intellectual property rights.
- Walter observed that one of the biggest challenges for architects is the loss of a direct contractual relationship with the owner. He noted that there might not be anyway to deal with the issue since

architects are not likely to be the prime for Design Build teams. He stated that architects will have to adapt and indicated that some firms prefer the opportunity to know who the contractor will be from the beginning of the job.

- Walter observed that not all public owners understand the differences between Design Build, Design Bid Build and GCCM. He talked about the impact on project cost due to the assumption of risk by contractors and wondered how escalation would be handled in the current market.
- Walter noted that the opportunity to learn from those owners who have used Design Build over a period of time and improved their process through their experiences would benefit everyone. He indicated that the committee might want to talk with public owners outside Washington State for best practices ideas and examples. He stated that the committee should explore evolving methodologies such as progressive Design Build and validation periods, which might give the owner more control over project decisions and increase fairness to Design Build teams.
- Olivia Yang stated that public owners are looking for a relationship with a designer and a builder that will provide the best outcomes. She noted that working with the Design Build team helps owners make choice. As a process it gets the owner closest to what they want. Olivia observed that Design Build helps owners spend money on the building, not on legal fees.
- Janice Zahn talked about the differences between progressive and traditional Design Build. She noted that the important factor is selecting the right method.
- Janice observed that traditional Design Build is much different than progressive from the standpoint of risk allocation - when risk is assigned and when the owner relinquishes control over the design. Once a cost is locked-in in traditional design build, it becomes little bit like low bid. With progressive, during the allocation period, there is a lot more that can be done.
- Janice noted that horizontal and vertical are not the same. She suggested the need to look at existing best practices and identify the gaps that need to be covered.
- Janice stated that the selection method drives what the implementation looks like. Progressive Design Build allows for a good relationship between owner, designer, and contractor due to a “dating period” before the price is set. Traditional, once locked-in, does not provide the same level of relationship with the owner. She asked, “with the industry changing, how do we morph and change with it?”
- Brent Quinn noted that the RFQ/RFP process is onerous. It is not affordable for small firms. Even large firms may not pursue project opportunities due to the cost and time involved. He noted that progressive Design Build is a positive trend.
- Bill Dobyms talked about educating owners about the value of the process. He indicated that owners do not always get the best combination of Design Build teams due to the cost of competing for the work. Major design firms tend to limit the number of projects they pursue each year to one or two. Sometimes the best talent is sitting on the sideline. Owners are not always getting the best.
- JC Letourneau stated that it would be beneficial to get small firms involved. Small firms often choose not to pursue Design Build projects because it is too risky and costly.
- Janice noted that progressive Design Build can help with the cost and risk issues because it is focused on qualifications, allowing more firms to compete at less risk. Her agency requests that DB teams not to select more than one or two key partners in order to “avoid locking everybody up.”
- Bill noted that much of the industry is far behind on understanding the benefits of progressive Design Build. People are hesitant about the method due to giving up control – “it’s too much too fast.”

- Ato said that the committee should focus on clarity. What does Design Build mean? He suggested Identifying other states' best practices and using them as a guide. Keep it simple in the first stage of evaluating design build. Give small firms an opportunity – clarity would help.
- George observed that progressive Design Build is “a brave new world.” Not many projects are underway. There is a lot more experience with competitive Design Build. The committee should focus on them separately because they are so fundamentally different.
- George noted that a key issue is finding an equitable balance between risk and reward. He identified some key aspects:
  - Stipend – the stipend should be based on the level of effort required.
  - Assurance of project funding – taking the risk must be balanced with a commensurate reward. Under the current system the construction funding often comes in a later budget cycle. The lack of assurance that the project will be funded affects the viability of taking on the risk. There needs to be an equitable risk/reward relationship.
- George identified the importance of a reliable, rigorous selection process, which is objective as possible and allows the best value proposal to be identified. The best proposal should rise to the top and be selected. He noted that is a lot of potential for variation in how best value is determined. If the price is variable and the proposed quality, program and scope are variable, the selection process is very complex. George wondered if the cost can be isolated. What are the different ways of evaluating the ultimate value? Can you fix a variable or multiple variables? Can the assessment of best value be clarified?
- George noted that these are the issues that architects are interested in discussing.
- Walter agreed with the need to improve competitive Design Build and understand opportunities for progressive Design Build. He related that his conversations with John Palewicz, who talked about his experience as an owner that there is value to the competitive process.
- Bob Maruska stated that progressive has been available to public owners for a very short time. He identified some of the unknowns about the progressive approach - how do you know you are getting true value because you aren't competing? Will the public owners be sophisticated and skilled enough to negotiate with contractors to get a fair and reasonable value?
- Bob observed that Design Build competitors should be “be careful about what you win.” Design Build can be high risk in terms of the commitments that teams take on. He said that firms have won Design Build projects but lost millions of dollars. Firms need to assess the risks beyond selection and competition. He encouraged firms to consider what a Design Build project means for them in terms of professional and financial risks. The traditional A/E – contractor relationship is changing to a contractor/subcontractor relationship, it's a significantly different business model.
- Bob noted that the contractor success rate in pursuing projects is much lower than the A/E success rate. Every A/E should negotiate clear terms and conditions negotiated with the GC at the outset of the pursuit.
- Ato Apiofi asked the committee should to consider the issues involved with team selection. He noted his professional experience with Design Build and stated the importance of each team member's competency and experience to the success of the team. Ato noted his concern that team participation is currently limited to a few, elite firms. Other qualified professionals, such as women, are frequently left on the outside looking in.

**SET AGENDA FOR FUTURE MEETINGS**

- Olivia Yang proposed breaking the issues into separate topics and holding small group discussions between regular committee meetings. She suggested that the committee identify preliminary topics and allow interested people to sign up to participate in exploring them.
- Olivia identified two initial topics to explore. The first would be to develop a definition of Design Build. What is it? What is it not? She identified several existing formats: old fashioned (bridging), progressive, validation and performance methods. She identified the project types as a related issue: vertical and horizontal, buildings versus non-buildings.
- Olivia identified the Design Builder selection process as the second initial topic to explore. She noted the issues that need to be explored include small firms versus large, the cost of competing, team selection, design management and the form of Design Build agreement.
- Olivia noted that design management is an important issue. She observed that owners and designers were exchanging scripts so to speak. Owners are doing less, the Design Build teams are doing more.
- Olivia identified funding, risk and reward as other key issues to explore.
- Bill Kent noted that there are best practices guidelines that the committee can build on, such as those developed by DBIA.
- The group discussed the idea that PRC review should be seen as more than just an approval process. It is also an opportunity for education. The committee needs understand how guidelines can be shared with owners in order to provide them with the appropriate guidance.
- Olivia noted that WSU will be hosting an event to engage owners, contractors and design professionals in a discussion about best practices. It is scheduled to occur in Pullman on July 30.
- Walter Schacht suggested that the committee focus on lessons learned with the goal of identifying what work rather than dwelling on mistakes.
- Olivia noted that owners are interested in how Design Build is impacting professional practice. They need to know what architects and contractors are experiencing in order to expand their perspective on the process.
- George Shaw noted that UC Irvine has been doing Design Build for twenty-five years. They started with bridging, which didn't work very well for them, and their process evolved over time. Evaluating best practices from public owners such as UC Irvine would contribute to the dialogue.

**MEETING SCHEDULE AND LOCATIONS**

- The group discussed the pros and cons of working as subcommittees. Given the manageable size of the group it was determined that it would be worthwhile for the group to work together through the next meeting and then determine how to organize.
- Walter suggested that all the parties to Design Build be prepared to discuss what has worked and what hasn't in the procurement process.
- Walter indicated that case studies could be drawn from literature or experience. It will be left up to individuals to present info as they see relevant and helpful. He noted that reviewing the case studies would likely require a three-hour meeting.
- Walter indicated that meeting locations should be held in a number of locations in order to make it convenient for folks from the east and west sides of the state to participate. Ellensburg would be a good middle ground. CWU might be willing to host a meeting.

- Olivia proposed starting with definitions of the different kinds of Design Build, pros and cons of each of these types, and which projects were better for a certain type of Design Build.
- Olivia suggested that the case studies should offer alternative solutions. Would we do it again and if not, how would we do it differently? How did you feel this impacted your job? How do you address this issue? What facilitated or hindered the issue?
- The next meeting should be in 2-3 weeks. Olivia and Walter will work on the schedule and location.
- Walter asked Bill Kent about the DBIA certification program. Bill will provide a description at a future meeting.
- Bob Maruska indicated that it is important for the committee to stay focused on a few issues in order to be successful.
- Walter noted the strong interest in Design Build procurement coming from the Legislature due to focus on energy performance.

**ADJOURN**

- The meeting adjourned at 4:15 pm.