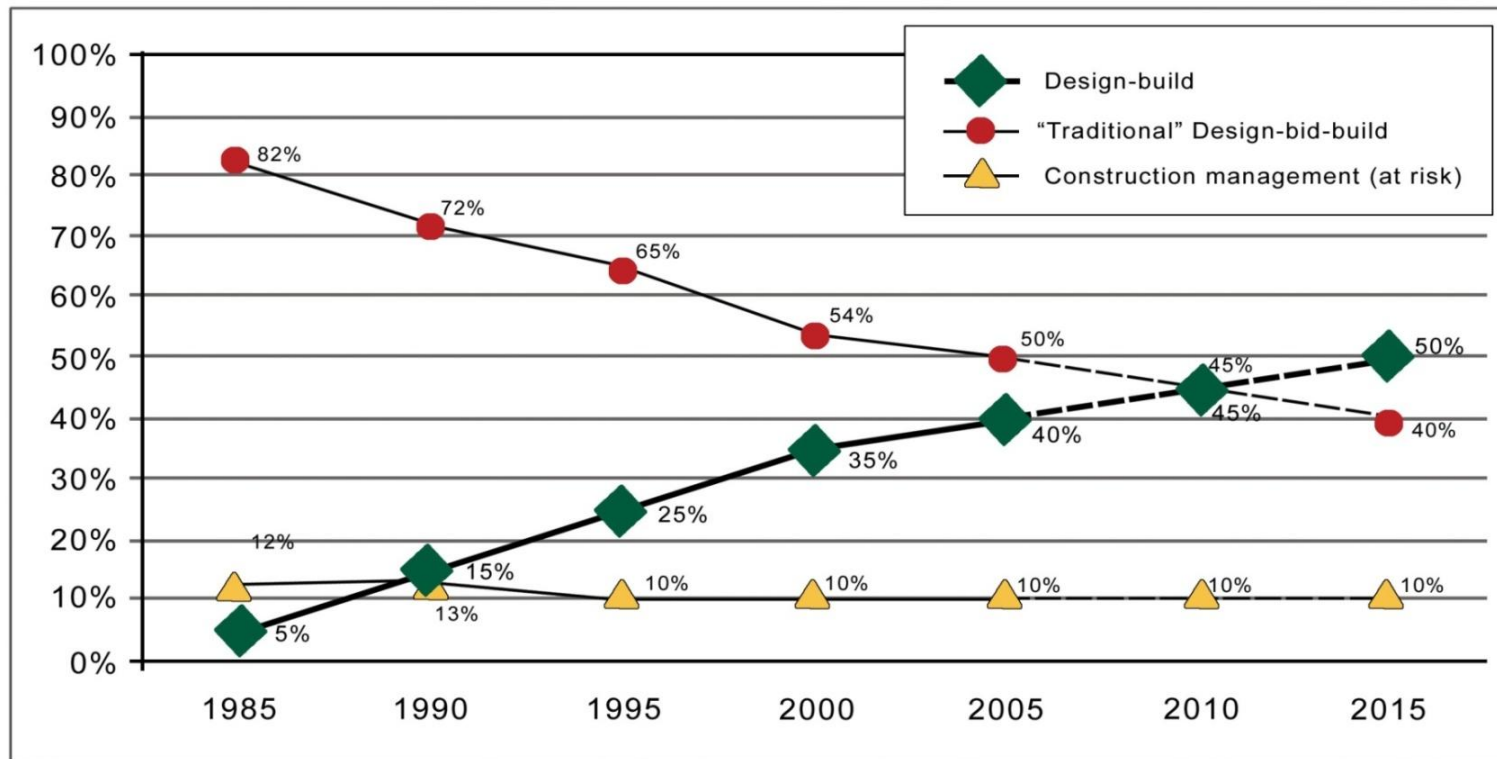


DESIGN BUILD / DESIGN ASSIST

- MARKET PENETRATION OF MAJOR PROJECT DELIVERY SYSTEMS
- ORGANIZATIONAL STRUCTURE
- HOW PROJECTS ARE BUDGETED
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- MONITORING PROJECT PROGRESS
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- ADVANTAGES OF DESIGN / BUILD

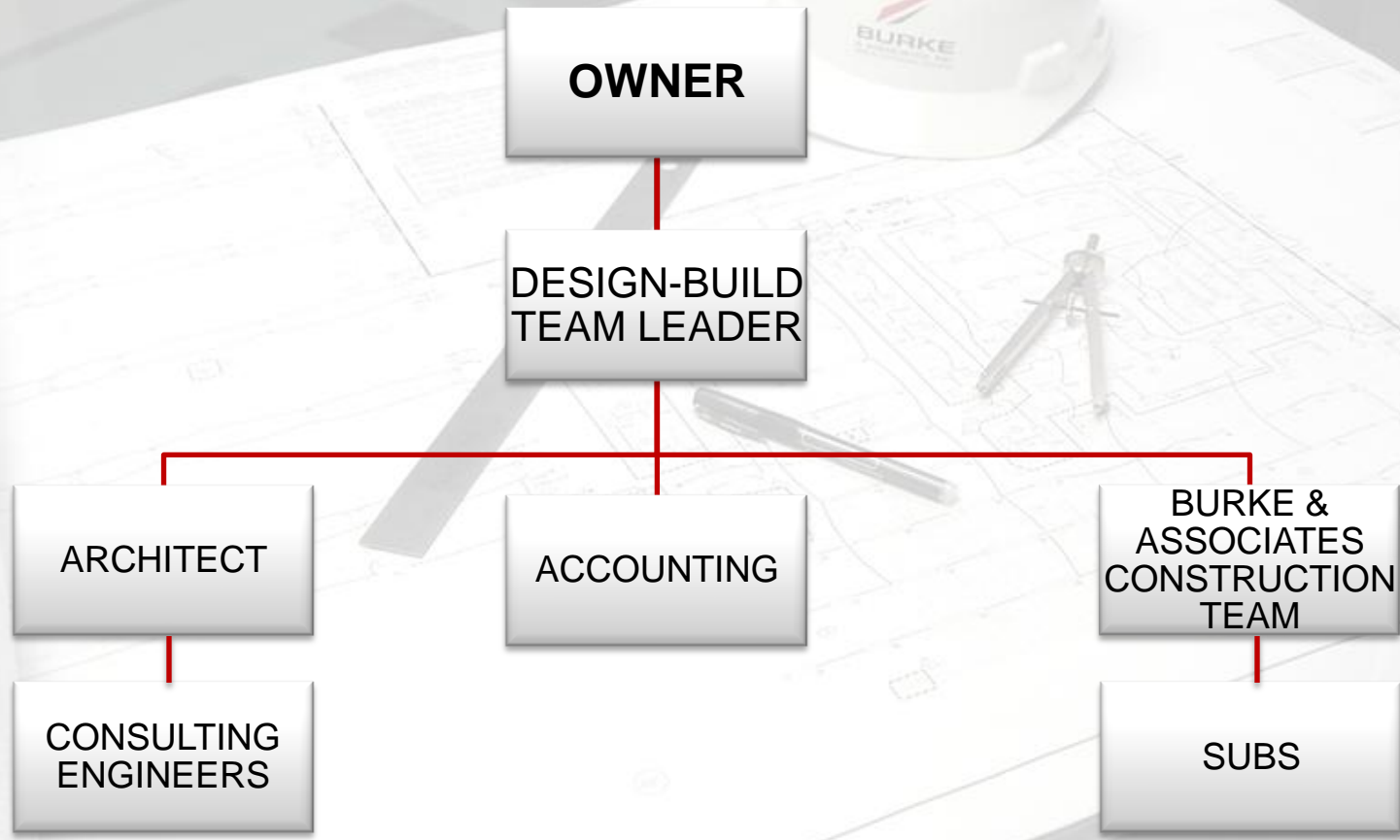
MARKET PENETRATION OF MAJOR PROJECT DELIVERY SYSTEMS

Non-Residential Design and Construction in the United States



Design-Build Institute of America 2005

ORGANIZATIONAL STRUCTURE



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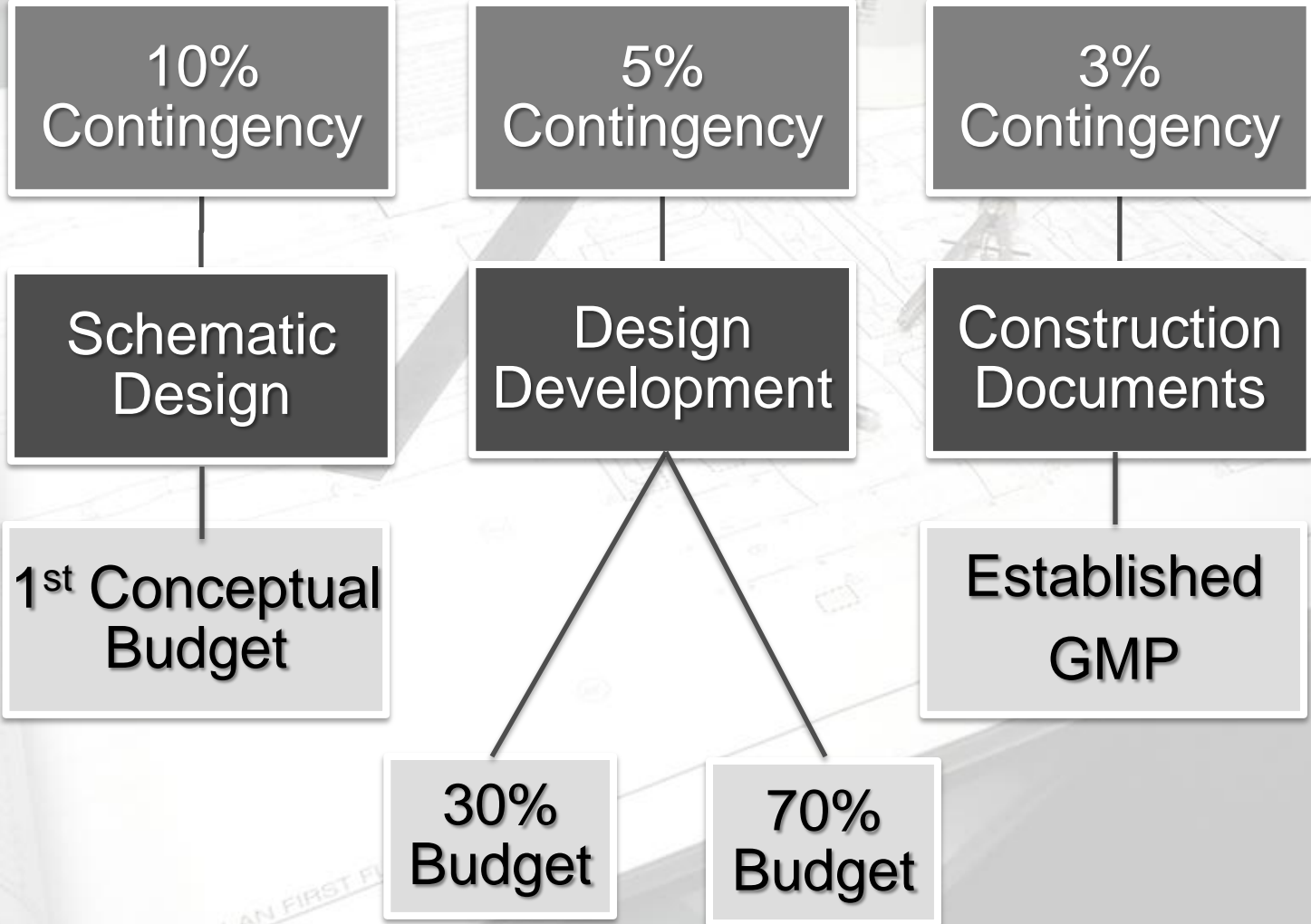
HOW PROJECTS ARE BUDGETED

- Burke Construction Group, Inc. Pre-Construction & Value Engineering Design Team & Key Subcontractors
- Estimating System follows a standard CSI (Construction Specification Institute) 16-Division format :
 - Division 1 – General Conditions
 - Division 2 – Site Work
 - Division 3 – Concrete
 - Division 4 – Masonry
 - Division 5 – Steel
 - Division 6 – Carpentry
 - Division 7 – Thermal and Moisture Protection
 - Division 8 – Doors and Windows
 - Division 9 – Finishes
 - Division 10 – Specialties
 - Division 11 – Equipment
 - Division 12 – Furnishings
 - Division 13 – Special Construction
 - Division 14 – Conveying Systems (Elevators)
 - Division 15 – HVAC, Plumbing and Fire Protection
 - Division 16 - Electrical

ESTABLISHING THE GUARANTEED MAXIMUM PRICE (GMP)

- The GMP is the price established by the Design / Builder, which is the basis of the contract and the amount that will not be exceeded.
- Typically, the GMP includes all estimated costs (design fees, QAA testing, labor, material, equipment, subs) plus an amount for overhead and profit plus a contingency.
- Owner will be invoiced for only the actual project costs plus overhead and profit.
- If actual costs exceed the GMP, no additional costs to the Owner will be incurred unless there has been an increase in scope.
- If actual costs fall below the GMP, difference remains with the Owner.

DESIGN-BUILD ESTIMATING FLOWCHART



FORM OF CONTRACT

Contracts typically take the following form:

Cost Plus a Percentage Fee

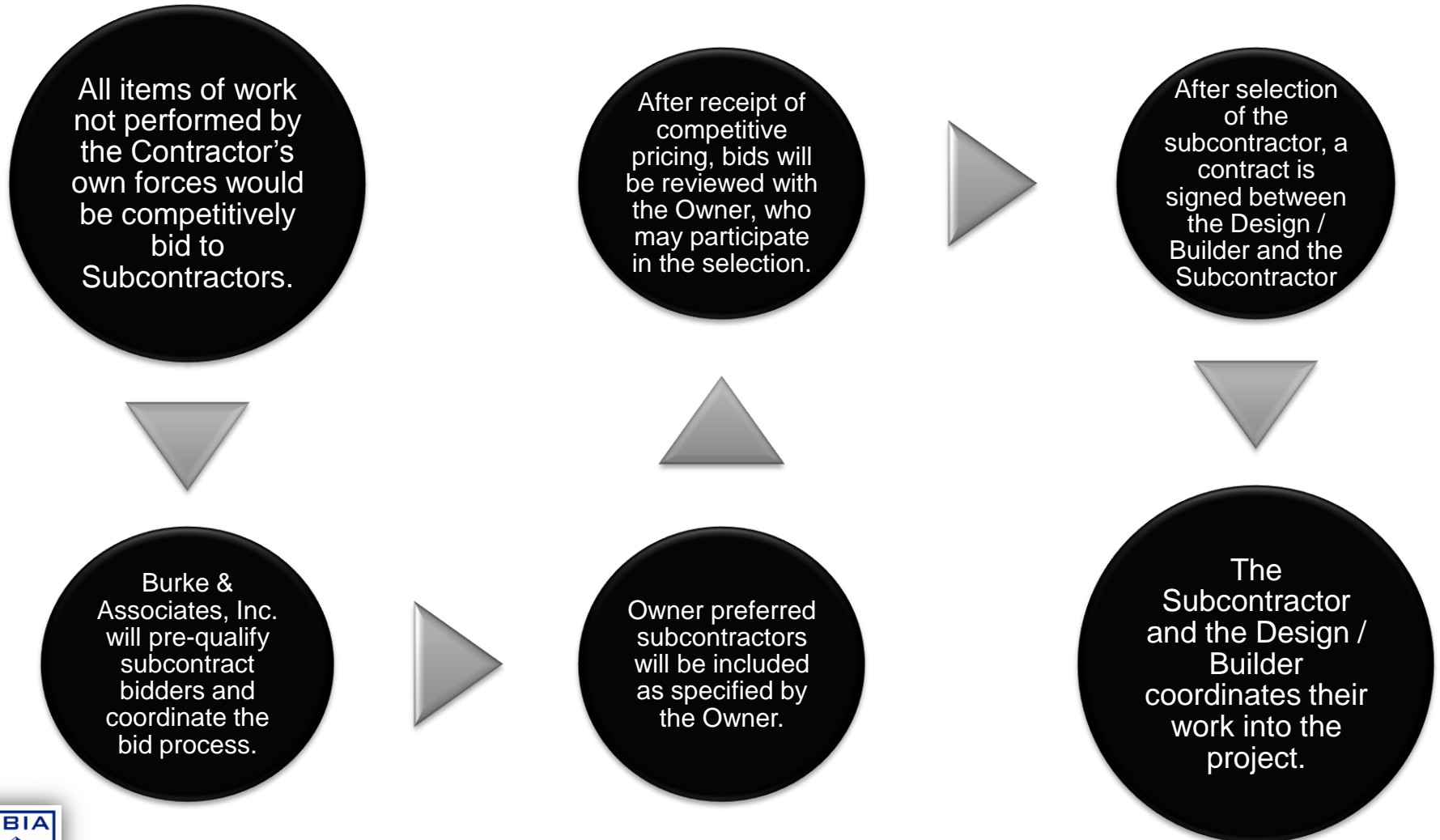
- Reimburses the Design / Builder for all direct project costs incurred (including labor, material, equipment, and subcontractors plus a fee
- Fee is establish as a percentage of the direct project costs
- Contract is written for the GMP

MONITORING PROJECT COSTS

Direct Labor and Material Cost

- After a budget is established, the estimated labor, material, equipment and subcontract costs are assigned a code number for tracking throughout the project.
- Each “coded task” is traced throughout the project to monitor actual costs as compared to the estimate
 - The Owner can be provided with periodic reports for each task.

BIDDING PROCESS



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CONTINGENCY FUND

- A contingency amount is included in the budget and is part of the GMP.
 - The Contingency line item is used to store money that derives from the various “coded tasks.”
 - If final costs are less than the budget for the task, the additional money is deposited into the contingency account.
 - If final costs exceed the budget for the task, the money is withdrawn from the contingency account.
 - Any Subcontracts that are above or below the budget are handled in a similar manner.
 - After the end of the project, all money remaining in the contingency is returned to the Owner.
- Periodically, the Owner can be provided with a schedule showing the status of the contingency fund.

CHANGES

Any work requested by the Owner that increases the scope of the work will be estimated ahead of time.

Reviewed with the Owner, and the GMP price is increased by that amount by written change order.

Additional items of work are broken down on a coded budget line item and costs are monitored in a similar manner as in the existing project scope.

Contractor takes the risk of guaranteeing the increased total project cost.

If an Owner reduces the scope of work, the GMP price is reduced accordingly and the budget line item is removed from the reports.

MONITORING PROJECT PROGRESS

MEETINGS

- The Design / Builder will coordinate meetings on a regular basis (typically weekly) which are attended by the Builder, Architect, Engineers, major subcontractors, vendors, and Owner's representative.
- Agenda items are reviewed at these meetings typically include the following:
 - Coordination Issues
 - Project look-aheads
 - Budget review
 - Schedule updates
 - Owner concerns
- Design / Builder prepares and distributes minutes of the meetings that outlines actions and responsibilities.
 - Minutes are reviewed and updated at each meeting

SCHEDULES

- A schedule is prepared at the beginning of the project
 - Outlines major tasks and “critical path” of the project through design, jurisdiction approvals and construction
 - A working tool that is used to guide the design and construction team
 - Reviewed and updated at each meeting

INVOICING

Monthly – using
AIA G702 / G703
Pay Application

Design Builder will
provide the Owner with
the following reports as
needed or requested

List of all
miscellaneous invoices
including the amount
and to whom paid

List of all subcontractor
invoices received

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ADVANTAGES OF DESIGN BUILD

- Design / Build method of project delivery is the least costly method of delivering the project.
- Design / Build projects have a higher possibility of meeting the Owner's expectations.
- Results in the quickest delivery of the finished project.
- Allows Owner's input on a selection of subcontractors and vendors.
- Uses the "partnering" of all the participants who have, as their goal, the completion of a successful project on time and on budget.
- Using a team with good chemistry and is experienced in this method of project delivery.
- Least litigious of all project delivery methods.
- Open Book process.