

Design/Build

Teaming Checklist



Endorsed by:

American Institute of Constructors

American Society of Landscape Architects

Associated Builders and Contractors

Construction Management Association of America

Design-Build Institute of America

Engineers Joint Contract Documents Committee

Mechanical Contractors Association of America, Inc.

Sheet Metal and Air Conditioning Contractors' National Association Inc.

Surety Association of America Provided by The Joint Committee of

The American Institute of Architects

The Associated General Contractors of America

Design/Build Teaming Checklist

Provided by
The Joint Committee of the
AIA and AGC





In conjunction with:

American Institute of Constructors

American Society of Landscape Architects

Associated Builders and Contractors, Inc.

Construction Management Association of America

Design-Build Institute of America

Mechanical Contractors Association of America, Inc.

Sheet Metal and Air Conditioning Contractors' National Association Inc

Surety Association of America

Engineers Joint Contract Documents Committee (EJCDC)

American Consulting Engineers Council

American Society of Civil Engineers

National Society of Professional Engineers

As design/build and other single-source project delivery teams become more prevalent, the Joint Committee of the The American Institute of Architects (AIA) and Associated General Contractors (AGC), with comments by the Design/Build Teaming Agreement Industrywide Coalition, have produced a checklist to promote valuable and timely discussion of key points of departure between the design and construction partners within a single-source team, regardless of leadership structure. Although this is not a comprehensive checklist for every team in every configuration, it is the hope of the AIA, AGC, and the Coalition that this will be a "jumping off" point for teams looking into a partnering arrangement.

This document can be a valuable team-building tool for all single-source project delivery team contract scenarios. Although design/build is the term that most often is used describing single-source project delivery it should be understood that this document can be helpful in many other delivery methods such as construction management (CM), CM agent, CM/GC, or project management approaches.

Much of the value of this tool is in the process itself. The inherent respect and understanding gained by the team members for each other's process and expertise can be the most valuable by-product of the process. The cohesiveness of the team will surely be tested at some time during the project, and this exercise tends to strengthen the team's group problem-solving skills while addressing issues that will reduce the probability of the problems arising in the first place.

This document is intended to be used as a primer checklist for team building and negotiation, however, it is not an all-encompassing document. Each individual project and different teaming configuration will produce unique variations and issues.

Numerous issues regarding the ability for the team to compete and successfully obtain the project must be explored. Prior to the competition process, many items such as the following need to be discussed and resolved.

- Team selection and corporate cultural values
- Legal considerations
- Getting the job
- Risk management
- Value engineering
- Financial considerations
- Definition of roles
- Owner's considerations.

The AIA and AGC express their deep appreciation to members who devoted their time and expertise to developing these guidelines. Of special note are Brad Buchanan, AIA, and Ed Haselden, AGC.

Team Selection/Cultural Values

Sufficient time should be expended between the design/build team members to assure that the cultural values and corporate philosophies of the companies are compatible with one another. In many cases, the answer to the correct team selection criteria rests with gut instincts and intuitive feelings on the part of the principals within the companies. The partners within the firms should make sure that there are no conflicts of interest and that there are clear, defined problem-solving techniques and criteria for dispute resolution, and they should engage in either formal or informal partnering sessions, as necessary, to ensure a compatible, cohesive joint existence.

Considerations	Remarks
Is this the right team?	
Will we sign a teaming agreement?	
Who will sign a teaming agreement?	
Have all necessary parties been included in the teaming discussions?	
Who will be the team leader?	
What questions should you ask of one another prior to entering into any written agreement?	
Why does each member of the design/build team need the other members?	
Are there mutually beneficial levels of experience by size and category?	
Are the groups technologically compatible?	
Are both members competent to compete?	
Does either member have any previous history with the client? Or with each other?	- · · · · · · · · · · · · · · · · · · ·
Are there other agendas that the individual team member need to discuss?	
Additional Notes	

Legal-Jurisdictions and Corporate Structures

The first determination regarding legal relationships or corporate structures is to determine if the team will be a joint venture or that of a prime contract/subcontract relationship. Either structure can accomplish the same results. It is imperative that a mutually acceptable, unilateral contract be established between the designer and constructor. Many standard industry contracts exist, including those published by the AIA, AGC, and EJCDC. Many companies have further developed their own custom contracts to meet their specific needs.

Considerations	Remarks
Changes of law	
Political risk and governmental interferences	
Patent infringements and royalties	
Consideration for price	
The claims process	-
Dispute resolution	
Licensing issues and procurement laws	·
Confidentiality issues	
Alternative venues for dispute resolution such as arbitration or mediation	<u> </u>
Termination provisions of the agreements	
Discussion of what final contract format will be used	
Additional Notes	

Getting the Job

Considerations

Many issues regarding the marketing process need to be explored as well. These issues include cost of marketing and who absorbs such costs. Additionally, the team needs to decide upon the basis of its internal compensation, such as lump sum, cost plus, with or without a guaranteed maximum price, unit prices, and any shared provisions. It is important to note that a shared savings provision should be discussed not only with the owner of the project but also regarding shared savings between constructor and the design team member.

Remarks

Discussion of which member's fee dollars are at risk and to what extent	
Risk versus reward for the prime versus the sub	
Discussion of what happens if the team is unsuccessful	
Discussion of the extent of required design and detailing for the proposal phase of the project	•
Overall scope of the agreement	
Discussion of how the team will handle a potential "Best and Final Offer"	
Discussion of individual team staffing that will work on the projects	
Discussion of team member exclusivity	
Discussion of disclosure of any team member conflicts	
Points at which a design/build team member can or cannot withdraw	
Discussion of disbursement of fees, stipends, or honorariums	
Discussion of final approval process of proposals	
Additional Notes	

Risk Management

Discussions regarding risk within the design/build concept probably is the most evasive issue that exists within the industry. Many firms form a design/build relationship without giving proper thought to all of the risks associated. The purpose here is not to define how to deal with the risks but merely to list possible risks that must be studied and considered.

Considerations	Remarks
Insurance issues	
Bonding and surety	
Workers compensation insurance	
Errors and omissions insurance	
General liability insurance	
Design errors and omissions revealed during construction	v .
Revisions to the drawings if the project is over budget	<u> </u>
Construction defects	
Third-party litigation	
Catastrophes	
Price increases due to inflation	
The designer's limits of liability and the constructor's ability, or inability, as the case may be	
Differing site conditions discovered during the course of construction	
Indemnity clauses	
Pollution coverage	
Errors and omissions of the design entity	
Liabilities of the construction entity	
Definition of standard of care	
Environmental/pre-existing conditions	
Responsibilities for liquidated damages to the constructor and/or to the designer	
Responsibilities for health and safety issues on the project	

Risk Management (continued)

Considerations	Remarks
What happens when a team member fails to fulfill its obligations?	· · · · · · · · · · · · · · · · · · ·
Who covers deductibles, if they occur?	· · · · · · · · · · · · · · · · · · ·
Automobile and inland marine coverage	
Additional Notes	

Value Engineering

The process of value engineering a design to better conform successfully to the team's agreed objectives can be one filled with opportunity and challenge. The successful team knows how to use the tools available while keeping the project goals in mind.

Considerations	Remarks
Constructibility of the design	
Applicability to the specific builder's skills and labor force	
Relationship to budget and schedule	
Cost issues with respect to document revisions	
Criteria for evaluating a "value engineered" item	
Who are the stakeholders in the project, including all internal and external customers?	
Do we understand the root causes of this project?	
Have we identified where the project program requirements are versus large tolerance?	
Do we understand the elements that contribute to costs and why?	· · · · · · · · · · · · · · · · · · ·
What do we know as fact? What are we assuming? Who are the best sources of information?	
Do we have a good definition of what it means to achieve best value for this project?	
Do we understand how to apply risk-management principles to the design elements?	
Have we established realistic longevity goals? Do we have the means to evaluate the life-cycle costs of the solution?	
Will we allow time and resources to adequately test alternatives that may produce better value? What is the threshold for acceptable return on these resources?	
Will we contact a certified value specialist for assistance early enough?	
Pre-award value engineering	
Post-award value engineering	
Additional Notes	

Financial Considerations

The risks and rewards are many in any design/build relationship.

Considerations	Remarks
Cash flow of the D/B entity	<u></u>
Project financing	
Team financing	
Sources of capital	
Accounting responsibilities	
Payment of taxes	
Phantom income to the D/B entity; tax burdens may exist prior to actual profits being distributed	
Retainage and related effects	•
Risk vs. reward	<u> </u>
Performance incentives	
Shared savings scenarios to owner and design/builder	
Shared savings scenarios to designer/constructor	
Additional Notes	

Definition of Roles

The integration of the design and construction process provides tremendous opportunities for greater value and best solutions; however, this very integration can cause confusion in defining the roles of the team members. Extensive discussion regarding these potential scenarios will benefit the entire team.

Considerations	Remarks
Marketing	
Site analysis	, a
Soft cost management	
Schematic design	
Design development	
Construction documentation	· · · · · · · · · · · · · · · · · · ·
Construction administration	
Bidding and negotiation	-
Interiors	-
Fixture, furniture, and equipment specification	
Contingency management	
Pricing package definition	
Bid package definition	
Design-phase cost control	
Permitting	
Construction-phase cost control	
Information management	
Project scheduling	
Owner communication	
Planning, zoning, and regulatory agency processes	
Quality assurance and quality control	
Correction of work responsibilities for both design and construction	

Definition of Roles (continued)

Considerations	Remarks
Level of documentation and specification	
Level of flexibility within the documents and specifications	·
Definition of the project budget	
Change orders; who originates and how? And who pays?	
Definition of additional architectural, engineering, and other design professional services	
Schedule definition:	
Notice to proceed	
Milestone dates	
Date of substantial completion	· · · · · · · · · · · · · · · · · · ·
Force majeure, including delay claims and costs	
Payment processes; draw requests and associated timelines	
Tests and inspections	
Intellectual property issues; ownership of documents	
Press releases and press communications	
Claims and litigation	
Safety	
Constructibility review	
Additional Notes	

Owner's Considerations

In a design/build relationship coordinated communication is a must within the project team. Communicating and working with the owner needs to be managed congruently by the entire team by resolving the following contingencies:

Considerations	Remarks
Coordinating the owner's required insurance:	
Builder's risk	3
Loss of use and consequential damages	
Clarification of owner's roles and responsibilities	
Processes for formal approval and acceptance of design and major milestones	
Assurances of owner's financial ability	•
Definition of allowances	· .
Definition and management of the owner's contingency fund	
Definition of budget and schedule guarantees, if any	1
Award fee	
Definition of roles with respect to who communicates to the owner	
Definition of the point of contact with the owner	
Owner contractual flow down to prime/sub	
Additional Notes	

Provided by

The Joint Committee of the AIA and AGC





In Conjunction With:

















Engineers Joint Contract Documents Committee (EJCDC)





