

AMERICAN ASSOCIATION OF PORT AUTHORITIES



IVEY'S
CONSTRUCTION, INC

APRIL 26, 2019

INTRODUCTION: CM AT RISK

- Rocky Johnson, Vice President, Ivey's Construction, Inc.
- Over 40 Years Of Experience In
 - Design Build
 - CM at Risk
 - General Contracting
 - Subcontracts

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CONTRACTING METHODS

- Design Build: One Side Of The Spectrum
- Design Bid Build The Other Side
- CM At Risk: A Happy Medium?

RISK ANALYSIS

DESIGN BID BUILD

■ DOWN

- Schedule. Design must be 100% before beginning the bid process.
- Designer spends the money before you know it
- Real costs are not known until hard bids are returned
- Advanced design iterations are more costly to revise
- Very little constructability input from the builder
- No constructability input from the subcontractors
- Manufacturers and vendors blow smoke

■ UP

- Competitive Construction Bids
- Perception of comfort in an “established design”

RISK ANALYSIS

DESIGN BUILD

■ DOWN

- All your eggs in one basket
- Single point of failure in design builder
- Requires a high level of trust and good relationships

■ UP

- Schedule. An iterative design process allows foundations or deep foundations to begin well ahead of final design
- Would you rather have what you want or what you asked for?
- Very efficient conceptual design development
- Frequent budget checks on major line items

RISK ANALYSIS

- **CM at RISK**
- **DOWN**
 - Three legged stool syndrome
 - Designer vs. constructability/construction experience
- **UP (When Applied Early In The Design Process)**
 - Checks and balances: the best of both worlds

CM at RISK HIGHLIGHTS & HORRRRS



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FUNCTIONAL OR DYSFUNCTIONAL FAMILY?

- **HIGHLIGHT:** Owner, Designer and CM all working together toward the common goals of economic, schedule and aesthetic success
- **HORROR:** An arrogant, know-it-all Designer is in constant conflict with an arrogant, know-it-all CM, exacerbated if a weak Owner is unable or unwilling to lead

WHEN DO WE START?

- **HIGHLIGHT:** The CM is engaged early, at or prior to the 30% design iteration, allowing constructability and VE discussions to occur at the most efficient time
- **HORROR:** The CM is engaged after IFC issue, making constructability and VE discussions considerably more expensive from both design and schedule perspectives



REPORT THE NEWS OR MAKE THE NEWS?

- **HIGHLIGHT:** The Designer and the CM are constantly thinking outside the box, pushing the edge of the envelope to meet and exceed the Owner's dreams
- **HORROR #1:** The inflexible Designer takes any constructability or VE input as a violent attack on his or her competence, and hides behind an ultra-conservative interpretation of applicable codes and associated math to prove that what was drawn is the only sane way to proceed, effectively making the project DBB
- **HORROR #2:** The lame CM offers no significant input in constructability or VE, effectively making the project DBB



HOW MUCH IS IT GOING TO COST?

- **HIGHLIGHT:** The Owner, Designer And CM all work toward the established budget so that, through each design iteration, the Owner's core functionality and aesthetic goals are realized within the parameters of the budget
- **HORROR #1:** The Designer wings an initial value which mysteriously is equal to the Owner's budget, but when vetted by real world sub and vendor proposals was considerably off
- **HORROR #2:** A less than scrupulous CM is selected on prequalification's only, and then runs the costs up with a barrage of RCO's, blowing the budget

IN CONCLUSION

- A real understanding of GMP is critical to CM at Risk success, including reasonable contingency and allowances
- CM at Risk can offer the Owner, Designer and CM the best of all worlds, but only if all stakeholders understand and embrace the symbiotic relationship required for success