

# VIEWPOINT

## MOUNTAIN STATES

From the **ENR** Mountain States Community

**MOUNTAIN STATES**



**John C. Hoelscher**  
is a principal at  
RTA Architects in  
Colorado Springs.

## Multi-Party Integrated Project Delivery Offers Real Benefits

**BY JOHN C. HOELSCHER**

The term integrated project delivery is frequently used in the AEC industry these days. But there's a big difference between "IPD-like" and true IPD multi-party contract projects.

Penrose-St. Francis Health Systems recently broke ground on one of the few true-IPD projects in Colorado to use a multi-party agreement. The project, by RTA Architects, GE Johnson Construction and Penrose-St. Francis Health Systems, is a \$102-million expansion of the St. Francis Medical Center (SFMC) in Colorado Springs. The team is delivering benefits beyond the norm because of the structure of a true IPD agreement.

An IPD multi-party agreement requires the team to deliver the project using lean-design methodologies. Unlike traditional agreements, IPD is a relational vs. a transactional contract. Based upon mutual trust and transparency by all parties, the key to IPD's success is equally shared responsibility—reflected in profits and losses—among all contractual team members. Collaboration is intrinsic to the agreement.

Here are the cardinal rules a team must follow when executing a real multi-party IPD project:

- When improvements in the

design result in increased cost, offsetting savings must be found elsewhere that do not compromise value or project goals.

- Over-budget projects may not proceed without a "path back," a list of owner agreed-upon reductions in scope or quality to be implemented without diminishing project goals.
- The design team must agree that any scope that exceeds target cost will not be added. If the project must add scope, the owner's needs were not understood fully in the first place.
- The transition from design to construction must be meticulously managed to ensure that target cost is indeed achieved.

Two key trends in IPD have proven valuable for RTA Architects: target-value design (TVD) and co-location.

TVD delivers better customer value and collaborative design concepts within project constraints, starting early in the project. In contrast to TVD, traditional design requires individual disciplines to develop design concepts independently during project phases. Cost estimates are prepared for the individual systems, which then are combined to arrive at the project budget. This approach invari-

ably results in value engineering to bring the project back within budget. Scope and cost are often adjusted in a disjointed way that extends the schedule and may not meet the owner's conditions of satisfaction (CoS).

Conversely, TVD allows designers to talk concurrently with the people who will execute the design, avoiding value engineering altogether. The owner's CoS is met the first time around, and the project remains on schedule.

Co-location is integral to a true IPD project. The entire team gathers at one location, called the Big Room, where the actual design and production work is done. At SFMC, the project team utilized space at an adjacent medical office building two full days a week to work together, resolve problems and coordinate systems in real time.

Compared with a traditional design process, IPD brings true partnership and collaboration through shared risk and reward, trust and mutual respect—and a contractual commitment to work as a team. The process helps owners achieve cost and schedule targets more accurately through efficiencies gained early on and usually results in fewer surprises during the project.