

## INTEGRATED PROJECT DELIVERY VS. PURE DESIGN-BUILD

### Introduction

“Integrated Project Delivery” (IPD) has recently come to refer broadly to a contractual model where the owner, constructor, designer and potentially others enter into a single, multi-party contract for design and construction.\* Although there have been relatively few projects delivered using this model, the model contract forms anticipate that the owner, constructor and designer will enter into the same agreement, share some of the risks and rewards of the contract, and potentially limit the liability among the parties. The multi-party forms also provide that management of the project is governed by a committee that strives for unanimous decision-making. Hypothetically, under an IPD regime, the parties will share equally in both the rewards of a successful project and the consequences of one that is not.

On the other hand, pure or classic design-build delivery provides that a single entity performs both design and construction services. A single contract between the owner and design-builder clearly places responsibility upon the latter for project scope, cost, schedule and performance. This single-point responsibility means that the owner does not mediate between the conflicting interests and loyalties of the architect and contractor. If project goals are not met, the owner holds the design-builder directly responsible.

### Commonalities of IPD and D-B

Both approaches strive to achieve effective integration through full and open communication, incentive compensation structures, and active collaboration among the parties. Both seek to foster behaviors and values characterized by trust and integrity and a commitment to integration and innovation.

Working relationships among the parties allow construction to start earlier. Opportunities are present in both models for innovation, troubleshooting, and value engineering. Both encourage active collaboration among the owner, constructor and designer.

### IPD Contracts

Currently industry IPD contracts face limitations that design-build contracts do not. First, D-B project delivery and D-B contracts can accommodate virtually all project types, sectors and sizes – from small private commercial buildings to large public water treatment facilities.

The IPD contracts proposed so far are applicable to a limited scope of project types because they require detailed and sustained owner-involvement throughout the design and construction process. The high level of owner involvement required for IPD may be exacerbated in public projects, where regulatory and bureaucratic processes may discourage or prohibit shared decision-making and risk-taking. Moreover, the IPD contracts have not been significantly tested by the courts, and there remains potential ambiguity as to indemnification, licensing laws, and insurance standards.

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\* The model contracts upon which this paper is based are *Tri Party Agreement for Integrated Project Delivery*, American Institute of Architects family C195; and Associated General Contractors *ConsensusDocs 300*.

## Practice Distinctions

Although possessing certain commonalities, in practice there can be substantial differences between IPD and design-build:

- *Procurement method.* Best practices in design-build may use either qualifications based selection or a best value model, where price as well as non-price, qualitative factors are taken into account. In the multi-party IPD model, only qualifications-based selection may be used.
- *Degree of owner involvement.* In the design-build model, the owner defines the performance expectations for the project (often with the design-builder's input), while the design-builder is responsible for managing the details of design and construction. The owner can select its level of participation along a broad spectrum: from fully participatory to a more delegatory approach. In the IPD model, the contracting parties form a team which assumes joint responsibility for both the definition of the project and the management of the process.
- *Price and schedule commitments.* In design-build, the owner typically receives commitments for price and completion date early in the process. In the multi-party IPD model, the owner does not receive price or schedule guarantees from the other parties. The owner pays for the cost of the work, even if it exceeds the budgetary goal and even if the project is delivered late.
- *Accountability and risk.* The design-builder accepts risk for designing and constructing the project in accordance with the project criteria and the owner can look to the design-builder as a single point of accountability. In the multi-party model, by contrast, the owner contracts with at least two other parties and yet retains ultimate accountability and risk for decision-making and the project outcome.

## Summary

While IPD, as described in the model contracts cited above, is based upon the same principles which have given rise to design-build and to its current widespread use, it lacks the latter's focus upon single-source responsibility and accountability. While endeavoring to bring the parties to a single table, it does not provide clear responsibility for project cost, schedule, and performance.

On the other hand, virtually all of the integration techniques used in the multi-party model, and more, can be incorporated into the design-build process. Design-build properly executed more fully achieves integration among the participants and leads to the desired project outcomes.

Additionally, the IPD contracts have not been judicially tested in the areas of indemnification, licensing, and insurance, leaving them susceptible to conflicting interpretations and enforcement. Finally, while design-build is authorized for most public projects, the multi-party form may conflict with public procurement laws.