NEWSPAPERS & TECHNOLOGY

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Special delivery ... of a building?

A newspaper can be delivered in many ways — by U.S. mail, in a street rack, to a roadside tube, by a carrier to your door, by a hawker on a street corner, on the Web and by special delivery.

A newspaper facility or addition can be delivered in many ways as well. But which delivery method is the best for each individual newspaper?

When I speak of how a renovation project, building addition or whole new facility is delivered, what I mean is, how is the project delivered to the newspaper by the architect, engineer, and contractor. What delivery method should be used?

A licensed architect, engineer and contractors are necessary for every major building project. Consultants, designers, interior designers, landscape architects, space planners, estimators, developers, and construction managers are all optional. But how do you combine these disciplines and methods to deliver your facility in the safest, fastest, and most cost-effective manner? Which team do you choose? What delivery method do you chose?

Traditional

The reason this is called the traditional method is that it is considered by most people to be the safest, most efficient, and most proven delivery method. The design-bid-build method has been developed to give newspapers the best possible chance of getting a project done according to the drawings, on time, and on budget.

This method consists of an architectural firm, in conjunction with all the engineering disciplines, producing a set of drawings and specifications that accurately depict the scope of your project. Clients are given copies of the drawings as the project progresses so they are always aware of the scope. The final documents, which include drawings and specifications, are called contract documents, construction documents, working drawings, or CDs. The contract documents are just that, a "contract" between the client and the builder. The architect is employed to ensure that the facility they designed is built in accordance with the CDs.

These drawings and specifications are sent out to be bid on by several general contractors. Their prices and qualifications are compared, and a general contractor is selected by the client. The architect is employed by the client to make sure the general contractor builds the facility in accordance with the contract documents. The general contractor works with the architect to assess the practicality of constructing certain details in accordance with the drawings.

In both cases, the client's best interest is the goal. This results in a good system of checks and balances. When complete, the architect is responsible for the facility for life, and the contractor is usually responsible for his work for one year.

Fast-Track

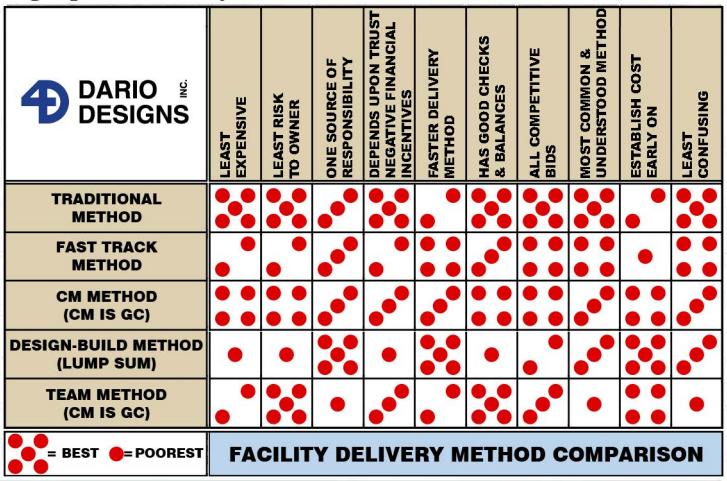
The fast-track method is nothing more than the traditional method with parts of the contract documents being sent out to different contractors or sub-contractors at various stages of the project. For example, long lead items such as the chiller, electrical switch gear, and even the steel can be sized, specified and bid out early so they do not hold up the job at a later date. They can still be competitively bid, and there is still the inherent checks and balances because the architect and contractor watch each other. However, there are both additional risks and advantages in this method.

The major advantage is time savings. For example, if the architect bids out the site work before the rest of the drawings are complete, the project can begin sooner. This gets the client in quicker, which often results in earlier operational savings. The risk is that it is more likely that all of the underground utility decisions have not yet been clearly defined, and making changes during normal drawing process may involve reworking some of the already completed site work. The client would pay for this in a change order. Whenever things are done in this manner, there is a risk-and-reward tradeoff that everyone should be aware of. The risk is field changes. The reward is time savings.

Construction Management

The construction management method in its purest sense is nothing more than hiring a construction manager to work with the architects and contractors up front. The construction manager can either coordinate with a general contractor or several subcontractors, or act as the general contractor himself. In this example we will assume the construction manager is the general contractor, since this seems to be more common.

Here is where the client gets what is called value engineering, which is when a general contractor is brought in during the early stages of a project to add value to the job by critiquing the drawings. The general contractor looks for easier or more economical ways of constructing the



facility prior to the completion of the contract documents. This can often save the client time and money. But, if a lot of value is not realized by bringing the contractor in early, then the client paid extra money for nothing more then a higher level of comfort.

However, if you have committed to this general contractor early on, then there is no opportunity for competitive bidding at the general contractor level, and the construction price can be, and often is, much higher.

If the construction manager is not the general contractor, it becomes an additional cost above and beyond the traditional method. Value engineering can be used in all the methods by simply paying a general contractor for this service up front without committing the entire project to that particular general contractor. Understand that the responsibility of the architect and contractor has not changed. When the construction manager is not the general contractor, the construction manager usually takes on no responsibility, yet receives a hefty fee.

The checks and balances are still in place between the architect and general contractor. The architect still has the lifetime responsibility, the general contractor again has one year of responsibility, and the construction manager typically has none.

Design-Build

I've spent much of my career working for design-build firms and know the process intimately. To me, it has the potential to be the best delivery method, as long as there is trust, and a good relationship between the client and the firm.

Design-build consists of a single company doing all of the architecture, engineering and construction. The company that conceives the design actually builds the facility. This is a great way to build a building dating back to the "master builder" days of Leonardo Da Vinci. It is a quicker method, because design-build lends itself to the fast-track method. You can establish a price early on, and have the design-build firm guarantee it in a lump sum price. But, keep in mind, that any company that guarantees a price early on, usually prices it very conservatively or higher, because if something is not completely detailed, it stands to reason that the design-build firm would pick the higher number. If they don't, and it comes in higher, the design-build firm pays for it, and in turn, makes less money.

Please note that if an architect and contractor form a partnership or temporary design-build company to do a job, this entity only exists for the duration of that job, and can be difficult to deal with later if problems occur.

The other benefit of design-build is one source of responsibility. They are the architect, contractor, and subcontractor and assume full responsibility. However — and this is the biggest and most risky "however" — if the design-build firm is the architect and contractor, who's watching the hen house? There are no checks and balances because the fox lives in the hen house.

For example, if the contractor installs 24-gauge metal siding (thinner) instead of the 16-gauge (thicker), and the architect sees this later on, does he blow the whistle on his own company and cost them several hundred thousand dollars? Let's hope so. But, it is very tempting not to. The architect may also not want to tell his boss he didn't notice it on time because it makes him look bad.

As I said, you have to really trust the design-build company to inform you of their mistakes and compensate you accordingly. If this was done in the traditional or fast-track method, and it was too late to change, the architect would ask the contractor to pay the client the difference between the 24- and 16-gauge siding. Then the several hundred thousand dollars would go back to the client where it belongs.

There is one other interesting concept in design-build, and often in construction management as well. This is the guaranteed maximum price in lieu of a lump-sum price. In this method, the client is not given a single price, but rather, a maximum price. This way there is a cap, but if the project comes in at a cost less than the guaranteed price, the design-build firm will offer to split the savings with the client.

The design-build firms do this and tell the client that there is now a financial "incentive" to bring the job in at the lowest possible cost. For example, if a $15-million project comes in at $14 million, the design-build firm and the client would equally split the $1-million savings. Sounds like a win-win scenario, right? Wrong. Why should the design-build firm get any extra money for doing the good job they promised in the first place?

I find it interesting that this method relies so much on ethics, and trusting the design-build firm to act in the clients' best interests, regardless of the financial incentives, such as the metal siding example cited earlier. And then, the same design-build firm asks for financial incentives to act ethically and in the clients best interest by offering a split savings through a guaranteed price contract.

In the example of the metal siding mistake, there is a double financial incentive to keep the mistake hidden. The design-build firm does not have to pay for the extra $300,000 for the thicker siding, and moreover, they get 50 percent of that amount in the split savings, grossing $450,000 for keeping quiet, or acting unethically. It can become very difficult to remain honest with so much money at stake. This is why this method relies so much on trust.

Team

The team method is similar to the construction management method described above except that a consultant is brought it to add expertise to a project that the architect does not have. The design-bid-build method is often used when a customer wants to use a local architect instead of an out-of-town firm that specialized in newspapers. In some cases, the local architect can act as a consultant to the specialist, and in others, the specialist is a consultant to the local architect.

It has the same advantage and disadvantage as construction manager except with another player. When the number of players grows, it truly does become a team method, and there has to be special attention paid to coordination, communication, and responsibilities. The consultant and the construction manager have a lot of influence on the project but usually take on no responsibility after the project is complete. The responsibility still lies on the shoulders of the architect and contractor.

This method also has a lot of variations. The construction manager can be the contractor eliminating the competitive bidding but speeding up the project. It can be done in the traditional method, with the simple addition of a consultant, fast-track, or even design-build.

When a new facility is constructed, it often involves new equipment as well. This makes it one of the largest expenditures a newspaper will make in a generation. There are advantages and disadvantages in each delivery method. No one method is best for everyone.

The task is to decide which delivery method to choose to deliver the deliverables you want delivered.▲

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