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*Providing water,
solid waste, drainage,
engineering
and customer services*

Seattle's Cedar Treatment Facilities DBO Project Procurement Process



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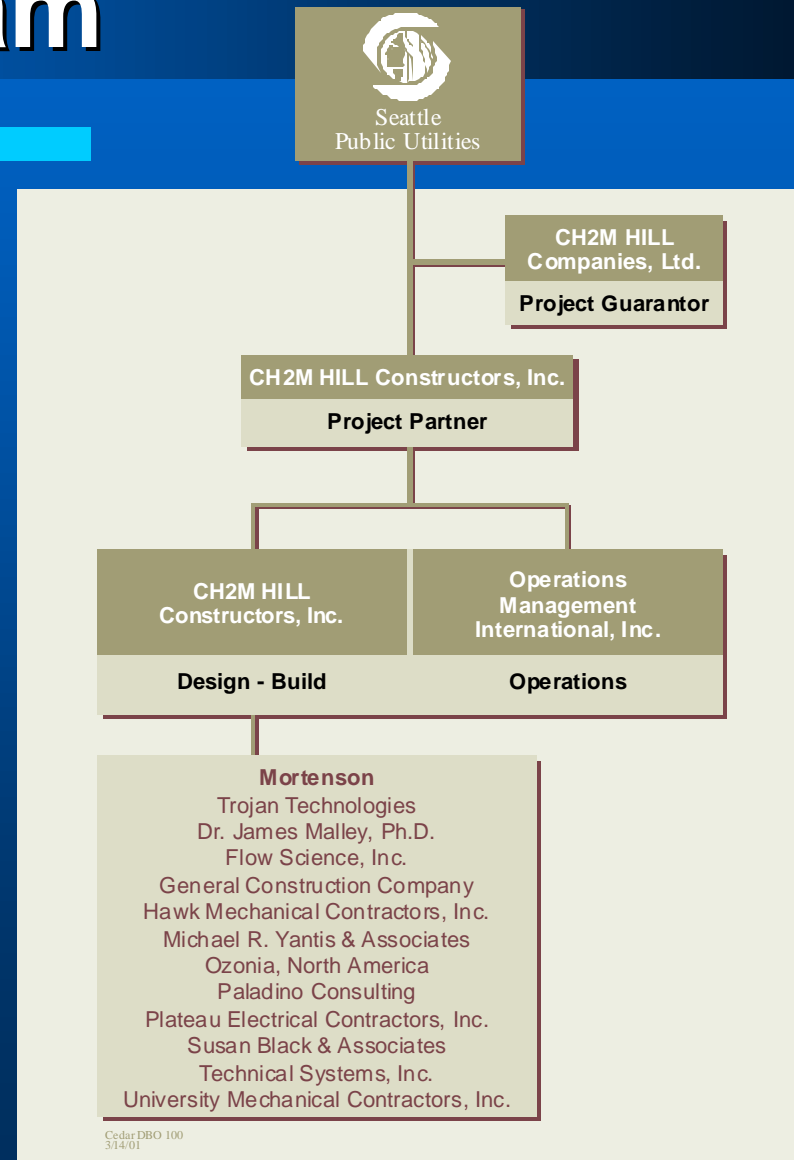
Seattle Public Utilities
CH2M HILL

Overview

- ◆ Background
- ◆ Four Truths
- ◆ Three Myths
- ◆ Teamwork Technology
- ◆ Sustainable Products

CH2M HILL Team

- ◆ Streamlined
- ◆ Local
- ◆ Integrated



Our Responsibilities

- ◆ Development Period
 - ▼ Design & permitting
- ◆ Construction
 - ▼ Build the facilities
 - ▼ Protect the environment
- ◆ Operations
 - ▼ Provide safe, good tasting water
 - ▼ Maintain the facilities

A 29 Year Deal !

Truths

- ◆ Procurement Process is Long

4/99

Qualifications

Draft Proposal

4/00

Proposal/BAFO

1/01

Negotiations

4/01

Development

A Full Two Years

Truths

- ◆ Procurement Process is Costly



Truths

- ◆ Procurement Process is Resource Intensive
 - ▼ CH2M HILL Team involved:
 - ❖ Over 100 people working a fixed deadline schedule
 - ❖ Total staff investment in excess of 20,000 hours
 - ▼ Timeline and cost control essentially mandate work beyond 40 hour week
 - ▼ Must have staff depth - things will come up but what and when is an unknown

Truths

- ◆ A Competition is Just That
 - ▼ Firms selected to compete will:
 - ❖ Try to determine what is important
 - ❖ Target their investment
 - ❖ Hold cards close
 - ❖ Insist on exclusivity and confidentiality

Myths

- ◆ Unfair Risk Allocation
- ◆ Unclear Requirements
- ◆ Performance Based Approach Inadequate

Risk Allocation

- ◆ Key Elements
 - ▼ Draft contract
 - ▼ Performance requirements
 - ▼ Consequences
- ◆ Assessment Process
 - ▼ Given above, risks can be assessed and decisions made
 - ▼ In DBO delivery, the process must balance priorities and be ongoing

Risk Assessment Process

Read

Document

Analyze

Features & “Insurance”

Decisions & Costs

Submittal and Design Requirements

◆ Submittal

- ▼ Organization established
- ▼ Content outlined
- ▼ Specific requirements must be stated

◆ Design

- ▼ Set key design criteria - performance
- ▼ Set the quality bar
- ▼ Specific requirements must be stated

Submittal and Design Requirements

- ◆ Expect Interpretation - it's a Good Thing
- ◆ Process Allowed for Some "Testing/Clarification"
- ◆ Confidential Work Sessions Desired

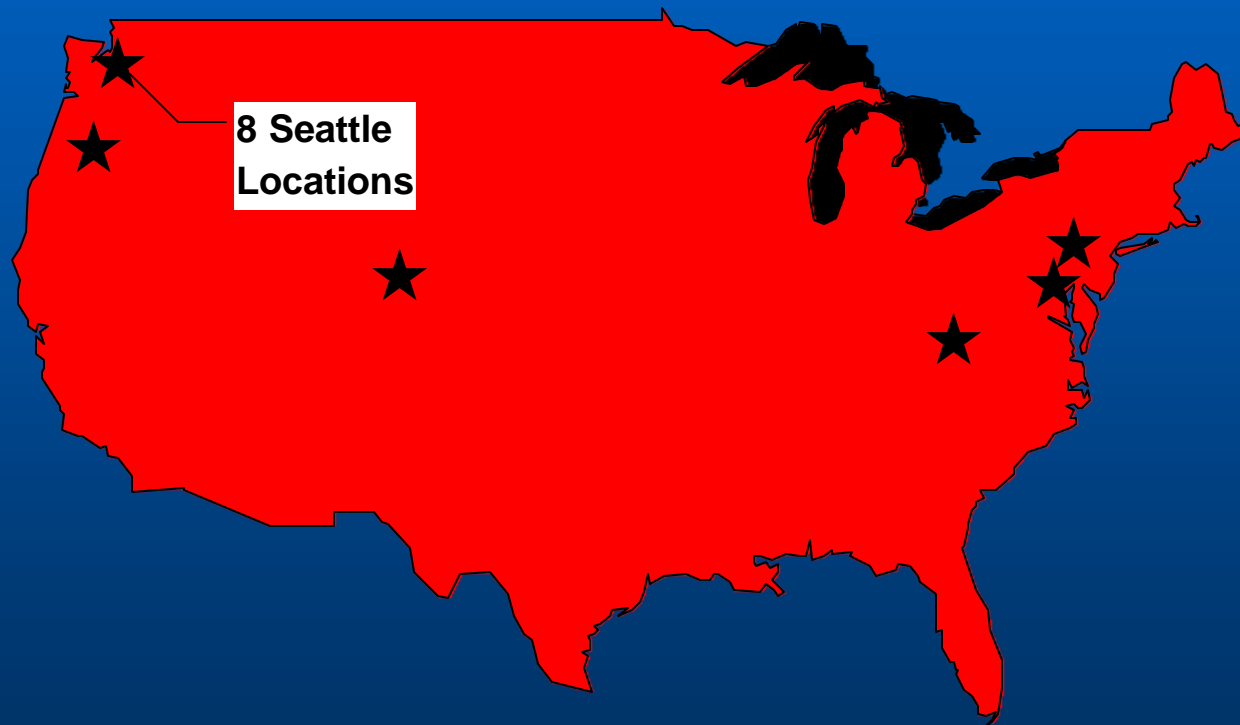
Performance Specifications

- ◆ Can Effectively Describe Desired/Required Outcomes
 - ▼ 50 year design life
 - ▼ 3-log *Cryptosporidium* inactivation
- ◆ Can Effectively Describe Physical Components
 - ▼ Quality bar
 - ▼ Design criteria
- ◆ “Must Have” Items Should be Prescribed

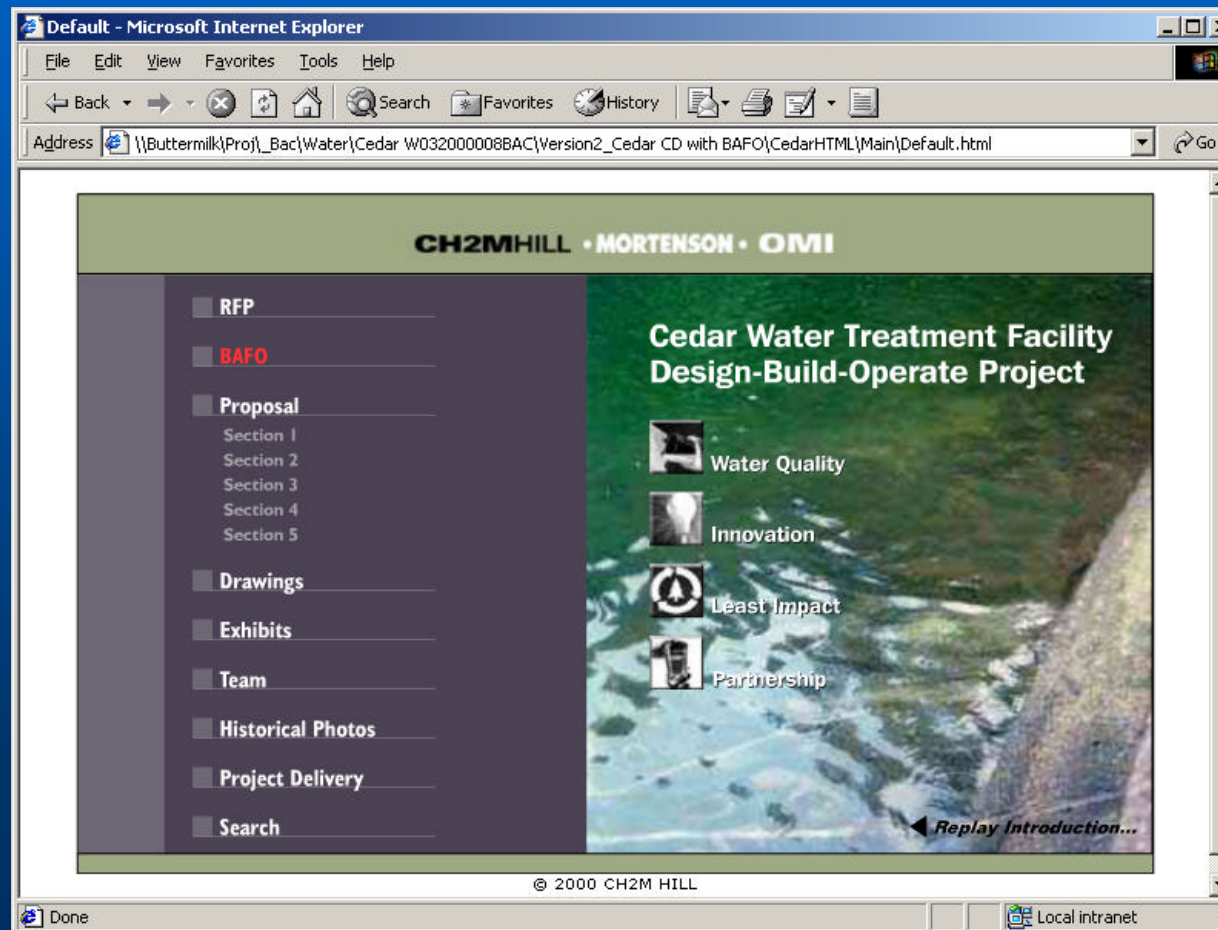
Teamwork

- ◆ Moving People is Costly and Time Consuming
 - ▼ Travel cost
 - ▼ Space and equipment needs
 - ▼ Human costs
- ◆ Moving Information is Better
 - ▼ “Virtual Teams” becoming the norm

Team Distribution



Team Website



Sustainable Deliverables

- ◆ Paper Deliverables Should be Minimized
- ◆ Owners and Contractors Must Embrace
- ◆ “Compatibility” No Longer Valid Excuse

Deliverable Summary

- ◆ Paper
 - ▼ 1200 pages
 - ▼ 10 volumes
 - ▼ 15 pounds
- ◆ CD
 - ▼ Interactive
 - ▼ Searchable

Conclusions

- ◆ The DBO Approach is an Appropriate Model for some Owners and Projects
- ◆ Special Attention is Needed to Establish a Fair Process
- ◆ Providing Teams with the Draft “Contract” is Essential to Risk Evaluation

Conclusions continued ...

- ◆ **Submittal Requirements and Procurement Process Should Align with Project Opportunities**
- ◆ **Need to Explore Ways to ..**
 - ◆ **Reduce cost**
 - ◆ **Communicate better**
 - ◆ **Optimize use of time and resources**