

BJC 201

How to be Successful

on

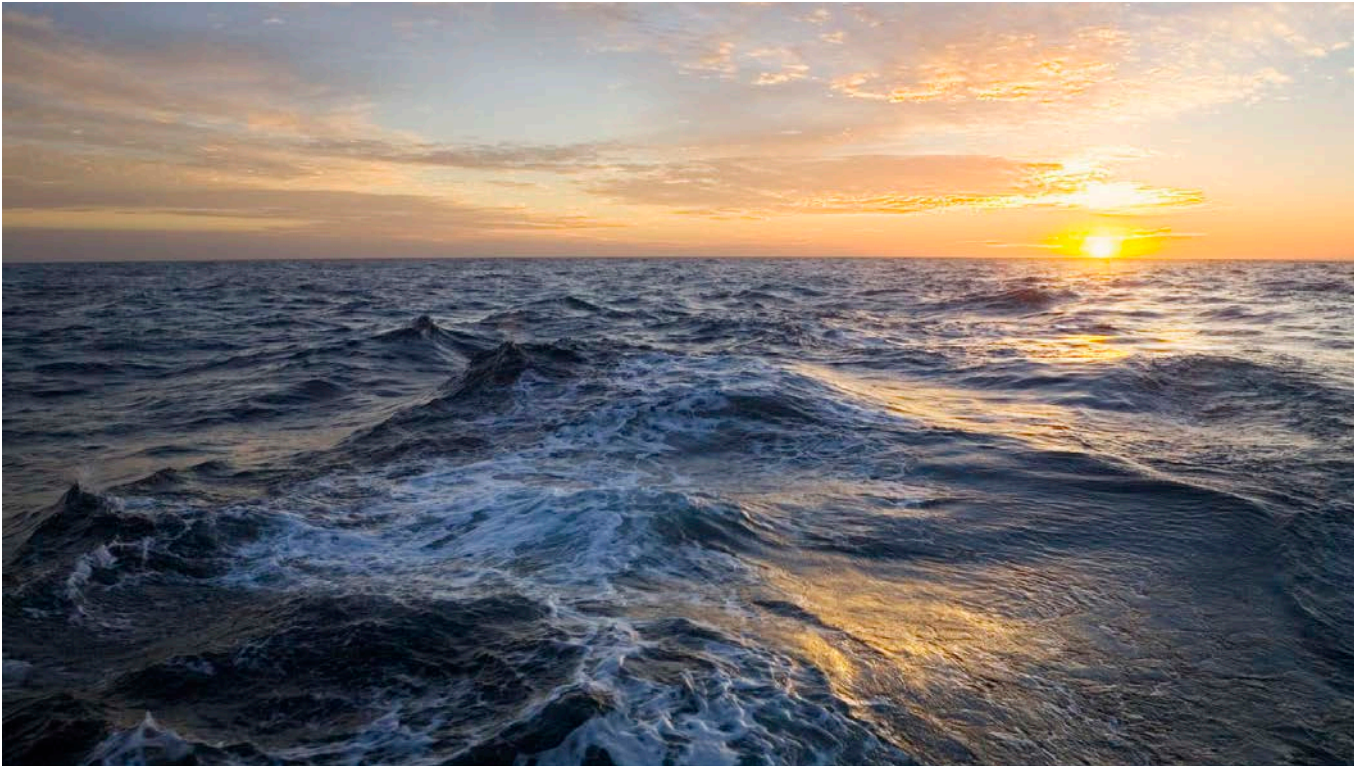
Large Complex Projects

BJC HealthCare
Planning, Design & Construction
June 17, 2021

An Introduction to Healthcare Design & Construction
Summer 2021
Session 201.0221

“Achieving Quality Growth and Development for Minority Businesses thru Strategic and Targeted Investment, Education and Market Integration”

How to be Successful on Large Complex Projects



“You can’t cross the sea merely by standing and staring at the water.”—

Rabindranath Tagore



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Core Competencies

- Integrated Project Delivery (IPD)
- Analysis - Speed to Market Strategies
- Evaluation of Delivery Method
- Project Incentives vs. Penalties
- Managing Jurisdictional Issues
- PLA - Project Labor Agreement Review
- Budget, Analysis and Cost Controls
- Delay Claim Analysis



Industry Value

- 35 years of construction management experience in local, regional and national design and construction markets
- Sr. Project Management and Executive level operations expertise contributing to the management, shaping and placement of over \$2.5 Billion of construction.
- Recipient of several (CNR) Construction News & Review Regional Excellence Awards for Construction Cost Effectiveness and Partnering Excellence.
- \$Billion Dollar Impact Program – Inaugural Year 2012
St. Louis Minority Supplier Development Council
ASHE – American Association for Healthcare Engineering
NACA - National Association of Construction Auditors
CMAA - Construction Management Association of America



St. Louis Cardinals New Ballpark



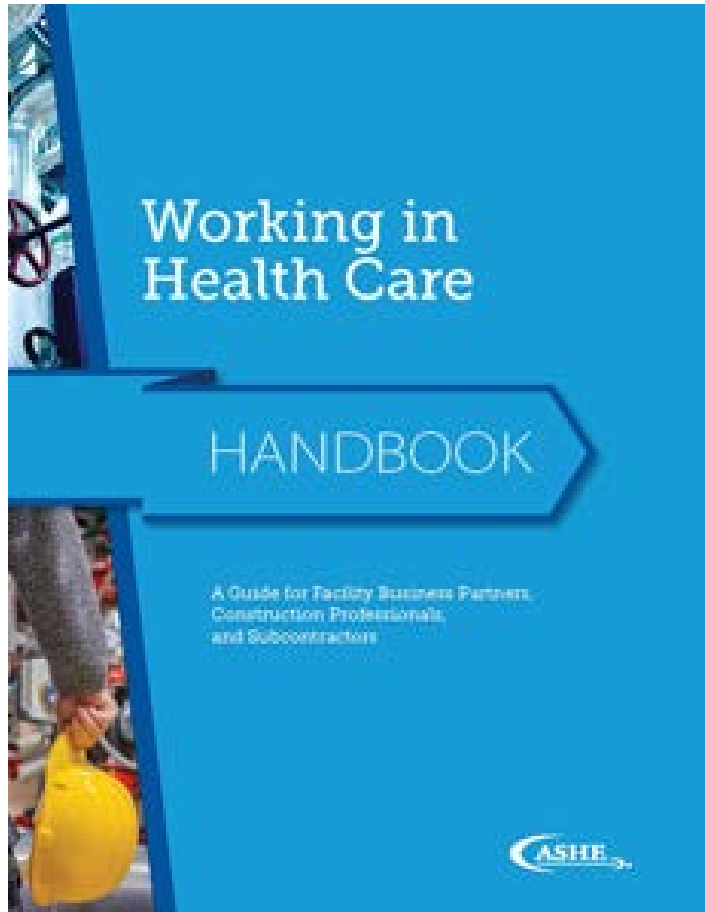
St. Louis NFL Riverfront Stadium



Miami Dolphins Sun Life Stadium



BJC 201 “Good Reference Guide” for Summer 2021



The book will help you understand the basic conditions and requirements unique to the healthcare physical environment:

1. Code, Standards, and Guidelines
2. The healthcare regulatory environment
3. Understanding the impact of construction activities on patient needs and care.
4. Construction Risk Assessment Overview
5. Infection Control and Prevention
6. Interim Life Safety Measures
7. Substantial Completion, Project Closeout & Occupancy Transition

Industry Statistical Data Sources

- Digital Builder (AUTODESK) Construction Cloud
- KPMG
- Navigant Construction Forum
- Construction Productivity Blog
- PMI Project Management Institute



Data is the Ultimate Differentiator

2019 - 2020 Industry Statistics

- According to the US Department of Commerce reported construction businesses have the highest **failure** rate of any other **business**. Up to 96% of these **companies fail** before reaching 10 years in **business**.
- Economist say - 50% of all small businesses fail in Year 1. 80% fail in 5 years. The statistics are much worse for construction companies, with only 15.4% ever reaching year 5 of business. ***Why is this failure rate so high?***
 - ***Cash Flow***
 - ***Accelerated Growth***
 - ***Low Profit Margins***
 - ***Lack of business acumen and technical competency***



San Diego, CA – Bayside Condos Project

Concrete pour of the south half of the ten-foot-thick RAFT slab, which supports the 35-story tower.

This was a 258 truck-ballet in which the concrete contractor placed over 11,500 yards of concrete in one monolithic pour that got started at 5:00am in the morning and finished by 3:00pm in the afternoon.

258 trucks in 10 hours = 26 trucks per hour

1 truck every 43 seconds

1150 yards of concrete poured per hour

Where do we start ?

The Beginning

The Pursuit

- Know the Market vs. where do you show up in the Market
- Industry Relationships
- Bid programs have very long strings – Planning, Capital funding, Preconstruction, Procurement, Engagement
- Do you have the patience to work through the process?
- What's your Go-No-Go Criteria? Decision Points?

The Process - Bidding -Proposal

- 1. Request for Proposal – Request for Qualifications – Hard Bid (Lump Sum) – Negotiated – Time & Material**
 - Read all of the documents
 - Attend the Pre-Bid/Pre-Proposal Meeting
 - Approach the opportunity from a position of knowledge
 - Ask questions “Early and Often”
 - Make a “Go – No Go “ Corporate decision based on your predetermined logic, experience, risk tolerance project complexity, identification of bidders, number of bidders, summary of your scope, availability of staff and your current project appetite

The Process - Bidding -Proposal

2. Preparation of the Bid/Proposal

- Clear understanding of your scope, exclusions and clarifications
- Read all the documents – Especially the “Front-Ends”
- Identify your cost – Be Competitive
- Know What You Don’t Know – ask questions/get the correct answers/don’t guess
- Know your Overhead/Fee/Profit denominator – What do you need to be profitable?
- Contract Type – Time & Material/Lump Sum – Do you know the difference?
- Complete **all** applicable forms
- Review it....Be Thorough.....Correct your Math and Grammar
- Turn it in On-Time

Do Your Own Work

The Process - Bidding -Proposal

3. Unit Cost for Changes and Account for Unforeseen Conditions

- Know your labor cost – Know how your rates are built - Burdened vs Unburdened
- Equipment and Operators – rental cost vs. owned
- Cost of mobilization and demobilization and other general conditions related cost
- Cost of construction delays, suspensions and termination
- Understand how to calculate damages based on your unit cost – Labor, equipment, on-site management, home office cost, etc.
- Track cost for delays, unforeseen conditions, impacts by adjacent trades

The Process - Bidding -Proposal

4. Post Bid Activities

- Descoping Review – Know what the Client or Prime is buying from you.....
- You are not responsible for the mistakes and omissions of others – only yours
- Don't agree to anything you did not price – **Don't Get Caught in the HYPE.....**
- Align schedules expectations, delivery phasing, overtime, shift work, availability of equipment, buck hoist, site/building access, clean-up/composite crews, etc.
- Timing of construction start, LOI, contract, work authorizations, etc.

RULES OF SURVIVAL

DO NOT START WORK OR PERFORM ANY ADDITIONAL WORK WITHOUT THE APPROPRIATE WRITTEN APPROVALS AND/OR AUTHORIZATIONS

Contracts

1. Scope of Work

- Know Your Work!!!!!!!!!!
- Unit cost for changes
- Labor for clean-up/composite crews?
- Process for approving extra work
- Validate all your work vs. the Primes vs. other adjacent trades
draw a clear “Line of Demarcation”

2. Contract Price

- Status of your financial resources (operating on a cash basis)
- Status of your project team with demonstrated experience
- Insufficient trade/vendor/supplier credit relationships

Contracts

3. Insurance

- **Limits of Liability – What's your cost to meet the limits?**
- **Builder's Risk – Responsibility for Deductible Coverage**
- **OCIP – CCIP – SDI requirements and limits**

4. Schedule

- **Sequence of work – Access – Delivery Expectations**
- **Scheduling/coordination meetings with Look-Ahead tasks (Ball-in-Court)**
- **Access to the site – Use of Equipment – material transport**
- **What happens when the schedule is compromised, and your scope is impacted?**

Contracts

(Key Contract Language)

Flow Down Indemnity

- Like all contracts, construction contracts involve the proper allocation of risk. Owners typically require indemnity from general contractors for certain events. In turn, general contractors often employ “flow-down” clauses to transfer those indemnity obligations to subcontractors performing the work.
- A “flow-down,” “flow-through” or “pass-through” clause is a contractual provision that incorporates by reference the terms of the prime contract into the subcontract. A typical flow-down clause reads: **“Subcontractor assumes all obligations and responsibilities that the Contractor assumes toward the Owner for Subcontractor’s part of the Work.”** Limitless variations on the wording of a flow-down exist. Some flow-down clauses list the prime contract as an exhibit or addendum to the agreement between the prime contractor and subcontractor.
- **In theory, a general flow-down clause causes all obligations and duties owed of the general contractor to “flow-down” to the subcontractor.** However, in complex construction litigation, the issue of whether a flow-down clause can effectively bind a subcontractor to an indemnity provision of the prime contract frequently arises.

Contracts

Force Majeure

Subcontractor has taken into account and has made allowances for delays which should be reasonably anticipated or foreseeable. If the critical path of Subcontractor's work is impacted and delayed in the prosecution of the Work by an act, neglect or default of the Owner, Architect or Contractor, or by labor disputes, fire, unavoidable casualties, Acts of God, or other causes beyond the Subcontractor's reasonable control, then the time fixed for Subcontractor's completion of the Work shall be extended by the number of days that Subcontractor has been delayed, so long as (a) Subcontractor provides Contractor with written notice of the delay within seven days of the commencement of such delay, and

(b) Subcontractor provides Contractor with a written claim for the time extension sought within seven days after the delay period has ended. Subcontractor's sole and exclusive remedy for any delay to its work shall be an extension of time, subject only to the specific exception stated in Paragraph J below.

Contracts

Inclement Weather

Subcontractor has taken into account and has made allowances for delays caused by inclement weather to be reasonably anticipated for the geographic area where the Project is located. Subcontractor shall be entitled to an extension of time for inclement weather so long as such weather in fact impacts and delays the critical path of Subcontractor's work, and such inclement weather is beyond that which should have been reasonably anticipated;

However, if the Contract Documents otherwise provide any specific provisions respecting the Contractor's right to make a claim for extension of time for inclement weather, then the provisions of such Contract Documents shall apply and govern the Subcontractor's right to make a claim for time extension due to inclement weather. Subcontractor shall have no right to extension for inclement weather unless the Contractor has the same right for a time extension from the Owner.

Contracts

Claims for Compensation Due

No claims for additional compensation or damages for delays or schedule interference, including claims for loss of productivity, disruption, “ripple effect” cost or “impact” cost, whether caused in whole or in part by any conduct on the part of Contractor, other subcontractors or Owner or architect, or by any other contributing causes, shall be recoverable from Contractor, and the above-mentioned extension of time for completion shall be the sole and exclusive remedy of Subcontractor;

However, in the event the Contract Documents permit the Contractor to obtain additional compensation from Owner on account of a delay, and in the event Contractor does in fact obtain and collect additional compensation so received by Contractor from Owner as is equitable under all of the circumstances, so long as Subcontractor has (a) requested in writing that Contractor prosecute a claim against Owner for additional compensation for any delay, (b) cooperated fully with Contractor in the prosecution therefor, and (c) paid Contractor and equitable amount for costs and expenses incurred by Contractor in connection with bringing such delay claim, including attorneys’ fees. Contractor’s receipt of any funds from the Owner attributable to such a delay claim shall be a condition precedent to any obligation by Contractor to Subcontractor.

What Does Your Paper Say?



Lack of Transparency | Gaps in Interpretation | Failure to Effectively Communicate

Schedule

- Master Schedule – Have you seen it?
- Early areas for turn-over that impact your scope
- Break-out master schedule for your scope vs. your schedule
- Identify your work possible conflicts with adjacent trades
- What is the Critical Path? Define your Long Lead Challenges?
- Schedule impact from Owner decisions, etc.
- Impact from AHJ-Authorities Having Jurisdiction
- Owner Furnished Contractor Installed – OFCI
- Owner Impacts – CAM Clinical Asset Management - FFE, DataCom, IT/IS, move management, artwork, furnishings, ergonomics, end-user expectations
- Delays - Weather, Owner or prime-contractor, other trades
- Overtime or Shift-Work - Did you include it in your price?

Lack of planning on your part does not constitute an emergency on my part

Communication

- Document all direction given to you by upper-tiered contractor or direction you give to lower tiered contractor
- Copy all field request and tickets – Keep communication logs
- RFI's and clarifications. Note all conflicts in the contract documents - Be at all meetings and develop your own record documents
- Document weather and all other delays and project impacts – NOAA
National Oceanic Atmospheric Administration
- Note all scope coordination conflicts vs. DWG's, specs and field conditions, Owner, AHJ, etc.

Key Strategy for Success

- Effective Communication is the best and most effective means to maintain proper “Defensive Positioning”

To Avoid Misunderstandings, Always Get an Understanding

What are the Take-Aways?

Surviving the large project experience

1. Pick Your Opportunities Very Wisely – Don't Fall for the Fools Gold.
2. Strategic Partner Selection is Key to Project Success
3. The ***Diversity Goal*** can help you or it can hurt you. Are you simply an "Expendable Asset"
4. Stick to your business plan and growth strategies - Double-down on what works for your business model

5. Educate Yourself
6. Don't bet the farm on one large project
7. Protect Yourself – Stay in a Defensive Position – ***Trust, But Verify Everything***
8. Read and Understand the documents – “The Devil is in the Details”
9. Go to the Bank – Don't spend it all



**Watch Your Cash – C.R.E.A.M
("Cash Rules Everything Around Me")**

Thank you



See you in September 2021

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