



Partnerships and Alliances in the United States

Trends and Lessons Learned

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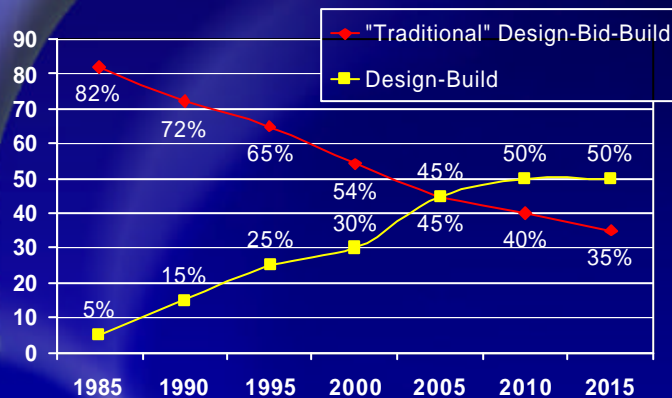
Major Market Drivers

- ◆ Faster delivery
- ◆ Large and complex projects
- ◆ Risk sharing
- ◆ Cost-effective and streamlined solutions
- ◆ Combined and complementary skills to achieve a common goal

Partnerships/Alliances Are Not New

- ◆ While emphasis on cost vs. quality, multiple parties, and complex disputes have all led to exploring new ways of executing projects and transferring risk to one party, the mechanisms used to address these issues are returning us to the approach of the late 1800s.

Market Penetration of Major Project Delivery Systems



Source: Design-Build Institute of America, 2004

Lessons From Some Projects

- ◆ Tolt water treatment plant DBO
- ◆ Tampa Bay Water DBO
- ◆ NYCDEP 1.9-bgd water treatment plant
- ◆ Gilbert & Mosley
- ◆ USAID Environmental Health Project

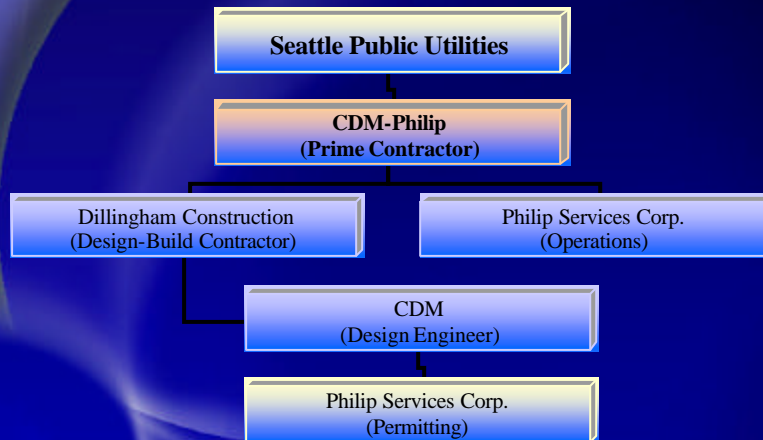
Tolt

Seattle, Washington

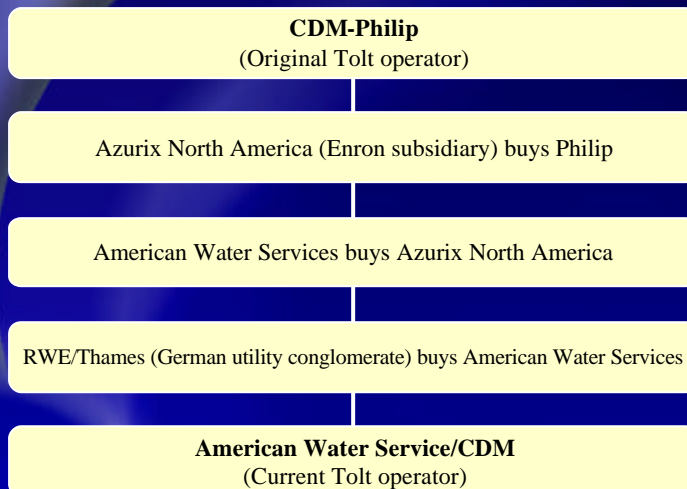


- ◆ A 450 ML/D conventional water treatment plant DBO project
- ◆ Saved 40 percent from benchmark
- ◆ Experienced team and a competitive procurement
- ◆ Complex contractual organization
- ◆ Learning curve for everyone

Tolt *Organization*



Tolt *Changes in Ownership*



Tolt Lessons Learned

- ◆ Private ownership can change
- ◆ Cost savings can influence redundancy/backup facilities
- ◆ Construction phase involvement of designer can be intensive

Tampa Bay Water

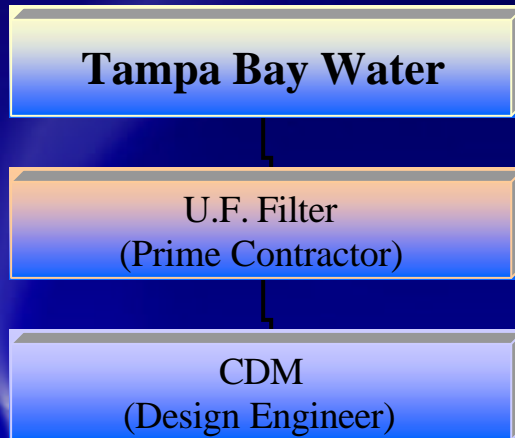
Tampa, Florida



- ◆ A 250 ML/D conventional water treatment plant DBO project
- ◆ Savings of 20 percent from benchmark
- ◆ Experienced team and competitive procurement
- ◆ Delivered on time and on budget
- ◆ Expensive for all parties to pursue

Tampa Bay Water

Organization



Tampa Bay Water Lessons Learned

- ◆ Financial considerations can remove engineer from “top box” in the organization chart
- ◆ Team organizer may not be the team leader
- ◆ Roles must be compatible such that the “sum is greater than the parts”

New York City, New York

- ◆ 7.2-ML/D water treatment facility—world's largest!
- ◆ Hazen and Sawyer: city presence (headquarters in New York City) and understanding of existing conditions
- ◆ CDM: large water facility and process experience
- ◆ Joint Venture: combined resources for complementary skills, necessary capacity, and city presence

New York City, New York (cont.)

- ◆ Joint venture with CDM/Hazen & Sawyer in its 10th year
- ◆ Only joint venture recognized by NYC as successful
- ◆ Recently won NYC master water plan

New York City Lessons Learned

- ◆ Leadership at the top of the firms builds success in joint ventures with competitors
- ◆ Seamlessness is important to clients
- ◆ If viewed as successful by the client, joint ventures can lead to other projects, but...
- ◆ Like politics, alliances can lead to strange bedfellows

Gilbert & Mosley

Wichita, Kansas



- ◆ 4.5-ML/D landmark groundwater remediation project
- ◆ Contamination presented health risks and plummeting property values
- ◆ Unique partnership with lending institutions, real estate community, and industry
- ◆ Successful certificate of release program to revive economy

Gilbert & Mosley Lessons Learned

- ◆ Financial pressure (declining property values downtown) can drive diverse entities together
- ◆ All stakeholders, working together, can create win/win scenarios

U.S. Agency for International Development *WASH, EHP 1, EHP 2*

- ◆ Global alliances for healthier communities
- ◆ Consortium of organizations with skills to promote good health and sanitation within local communities
- ◆ World Bank, UNICEF, Pan-American Health Organization, CARE
- ◆ EHP 2: 5-year, \$67 million project with 7 consortium members and 90 subcontracts in 30-35 countries

USAID Lessons Learned

- ◆ The management skills of engineers can help government agencies bring together interdisciplinary teams (engineers, anthropologists, medical professionals, social scientists, institutional specialists, etc.) to achieve common goals and build capacity in developing countries.

Some Recent Challenges

- ◆ Rapid growth, underestimates of scope of work, increased pressure to assume more risk, and shrinking margins have resulted in...

Recent Challenges

- ◆ Some highly publicized disputes and changes in direction, which in turn is increasing the pressure for more risk sharing and more reasonable compensation terms.

Current Trends

- ◆ Public-private partnership agreements involve legal, financial, and political elements – not just engineers
- ◆ Pressure too great on alliances to shoulder all the risk and produce low-cost results
- ◆ Industry as whole needs to change and adopt “best management” practices
- ◆ Education and a mutual understanding are required
- ◆ Maturation of market will lead to truer partnerships and reasonable transferring of risks

The Future

- ◆ Drivers still exist and private-public partnerships and alliances will thrive
- ◆ Truer partnerships with more realistic risk sharing
- ◆ All parties will develop win/win scenarios that focus on cost effectiveness and award sharing as much, if not more, than penalties for poor performance
- ◆ Maturation will adjust expectations for beneficial future





Thank You!

Questions?