

**INTRODUCTION TO CCDC 30 - INTEGRATED PROJECT DELIVERY CONTRACT****DRAFT – FEBRUARY 1, 2017**

Integrated Project Delivery (IPD) is a Project delivery method that aligns the business interests of the *IPD Team*, consisting of the *Owner*, *Consultant*, *Contractor*, and any *Other IPD Parties*, through a single, multi-party Contractual arrangement. The pricing structure is cost plus with a target price, with the profits of the design and construction team members identified and allocated to a *Risk Pool* that remains at risk subject to achievement of mutually agreed *Project* objectives.

It is of the essence of IPD that the members of the *IPD Team* work collaboratively to achieve *Project* objectives in an environment of mutual trust, respect, and transparent and cooperative communication. The *IPD Contract* is designed to actively encourage these behaviours, including waivers of liability among the parties (subject to a few necessary exceptions).

Each party remains engaged throughout the *Project*, and commits the necessary resources to allow all other parties to meet or exceed their mutual commitments under the *Contract* and realize recovery of the *Risk Pool*.

A critical step in the IPD process is the establishment of a *Project Management Team*, or *PMT*, which includes representatives appointed by each party to the *IPD Contract*. The *PMT* is established at the outset of the relationship, and provides management-level guidance for planning, design, and construction to meet the *Project's* objectives.

In addition to managing the *Project* throughout its progress, the *PMT* also develops benchmarks, metrics, and standards for progress evaluation. The *PMT* makes decisions that affect all aspects of the *Project*, including cost and schedule, and provides all parties with enhanced control over risk. *PMT* decisions are made by unanimous agreement, and may only be modified by action or instruction from the *Senior Management Team*, or *SMT*.

The IPD process involves several phases:

**VALIDATION PHASE**

During the *Validation Phase*, the *PMT* validates the *Project* objectives, and establishes the *Base Target Cost*, milestone schedule, and the *profit/Risk Pool*. This confirmation is set out in a lengthy and detailed *Validation Report* for approval by the *Owner*, and which confirms the business case for the *Project*. The *Validation Report* includes a *Contract Tasks Matrix* and staffing plan, as well as details concerning contingency, breakdown of *Reimbursable Costs*, insurance and contract security, as well as other matters. Importantly, the *Validation Report* confirms the consensus of the parties that there is a reasonable probability the *Project* can be completed successfully and meet the targets established by the *PMT*.

There are two possible outcomes at this stage:

- The *Validation Report* is approved by the *Owner*, at which time the *Project* proceeds to the next phase; or,
- The *Validation Report* is not approved by the *Owner*, at which time parties are released from the *IPD Contract* and the members of the *Design/Construction Team* receive reimbursement for their costs expended to that point, without profit.

The development and confirmation of the *Risk Pool* in the *Validation Report* is crucial to the shared risk and reward structure of an IPD *Project*. The *Risk Pool* identifies the profit that will be shared by members of the *Design/Construction Team*, which profit remains at risk subject to achievement of agreed *Project* objectives, the most typical of which will be the final *Project* cost coming in at or below the *Final Target Cost*.