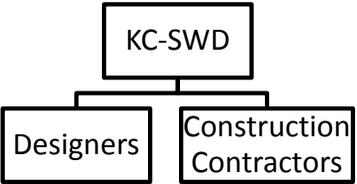


Public Works Traditional and Alternative Project Delivery Methods

Real Estate Transaction Method

Design-Bid-Build (Traditional)

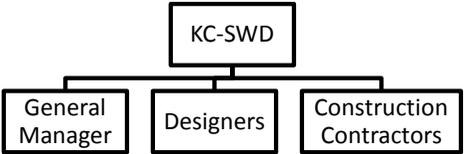


Description
 KC-SWD hires an architect to design a facility in response to program requirements. The architect prepares construction drawings and specifications, which exactly define the scope of work. The drawings and specifications are used to select a general contractor, typically on the basis of low bid.

- Benefits**
- Familiar delivery system
 - Fully defined project scope for both design and construction
 - Both design and contractor teams accountable to owner
 - Lowest price accepted

- Risks**
- Longer process as design work is completed prior to bidding for the construction contract
 - Contractor selection primarily on price although 2007 legislation established minimum contractor qualification criteria
 - Owner may have more change orders over design and constructability issues
 - Virtually all risk is borne by the owner
 - Early engagement of a Construction Manager can mitigate some risks

Competitive Negotiation

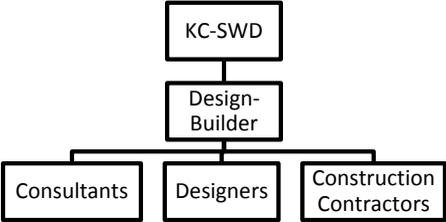


Description
 Similar to Design-Bid-Build in the process of contracting except that a construction manager is hired early in the design process as a collaborative team member.

- Benefits**
- Construction Manager (CM) selected based on qualifications
 - CM engaged early during the design phase enhances project constructability and scheduling and reduces design errors and omissions
 - Improved cost certainty
 - Higher shared risk of cost overruns and schedule slippage
 - Best value options and systems analysis

- Risks**
- Longer process as design work is completed prior to bidding for the construction contract
 - Higher costs to contractors may reduce number of bidders
 - Higher cost to owner to develop the solicitation documents, review proposals, and reimburse responding contractors with an honorarium
 - Process normally takes longer because of required formal approvals by legislative entities

Design-Build

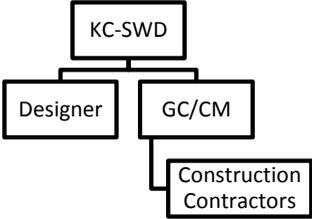


Description
 The contractor and architect are one entity under a single contract with KC-SWD to deliver a completed project. The design-builder may provide design and construction services using in-house resources or may subcontract with third party providers for these services.

- Benefits**
- Single point of accountability for design and construction
 - Ability to “fast-track” early components of construction prior to full completion of design
 - Cost efficiencies from contractor and designer working together throughout the process
 - Project cost defined early in the project

- Risks**
- Less design control and involvement by owner and stakeholders
 - Owner must be highly responsive in its decision-making to take advantage of the speed of DB
 - Owner loses benefit of the checks and balances that exist with separate contracts for designer and contractor
 - Budget is inflexible, changes may be difficult and expensive to make, over-emphasis on price may compromise quality

General Contractor/Construction Manager (GC/CM)

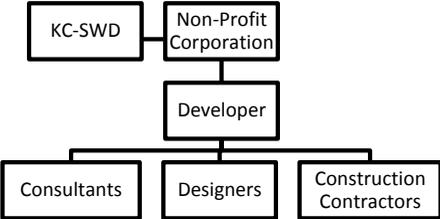


Description
 A construction manager is hired early in the process as a collaborative team member. The architect is under a separate contract with KC-SWD. The construction manager contracts with the construction company/sub-contractors. The construction manager also provides a guaranteed maximum price (GMP) and is responsible for costs in excess of the GMP that are not due to changes in the original scope of work.

- Benefits**
- Owner gains a contractor’s perspective and input to planning and design decisions
 - Ability to “fast-track” early components of construction prior to full completion of design
 - Owner control over budget and schedule

- Risks**
- A premium is placed on the proper selection of the GC/CM to provide the best value to the owner
 - The GC/CM is “at risk” during construction and may be less helpful than during the design phase
 - Project cost is uncertain until all the trade and supply contracts have been negotiated

Developer-Delivered



Description
 Also known as Public-Private Partnership (PPP or P3) and may be used with “63-20 financing”. A developer is engaged and holds the design and construction contracts. The developer bears financial and completion risks. Financing the project may be by the owner, by the developer, or by a non-profit entity created for this purpose. The developer bears the financial and completion risk. The site/facility is under lease to KC-SWD; ownership transfers to KC-SWD at the end of the lease.

- Benefits**
- Targets alternative revenue and funding sources to close a funding gap
 - Allows use of low cost tax-exempt or taxable financing
 - Ability to “fast-track” early components of construction prior to full completion of design
 - Transfers risk to the private sector
 - Takes advantage of private-sector efficiencies and innovations in construction, scheduling, and financing

- Risks**
- Less design control and involvement by the owner and stakeholders
 - Process can be very expensive for all involved; only large, well-positioned developers and contractors can accept the risks of these projects
 - Financing bond interest rate, cost of issuance, and lease payments may be more costly than general obligation bonds