

MSD Construction Education and Networking Event

James A. “Tony” Parrott
Executive Director, MSD
December 12, 2011

AGENDA

- WELCOME
- MSD PERSPECTIVE
- DESIGN/BUILD IN OHIO
- STAYING THE COURSE
- ONE-ON-ONE OVERVIEW
- ONE-ON-ONE SESSIONS

WELCOME

MSD PERSPECTIVE

MSD Consent Order Elements

Wet Weather Strategy

Source Control
Conveyance & Storage
Product Control

Strategic

Flexible

Phased Approach

Phase 1: 2009 – 2019
Phase 2: Schedule to be submitted by 2017

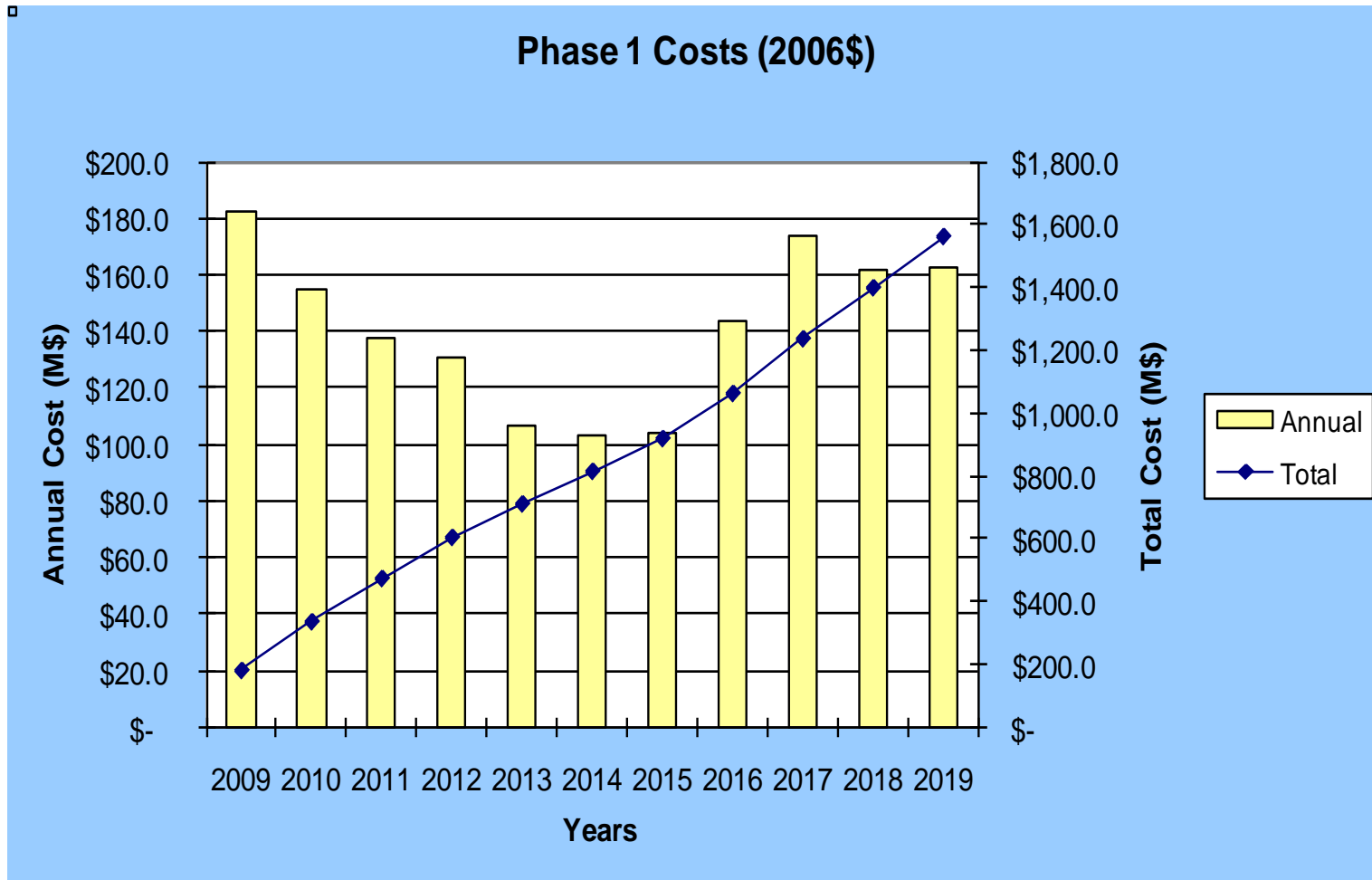
Affordable

Controlled Spending

Phase 1: \$1.145B
Credit for \$300M
Phase 2: To Be Determined



Phase 1 WWIP and Asset Management Costs

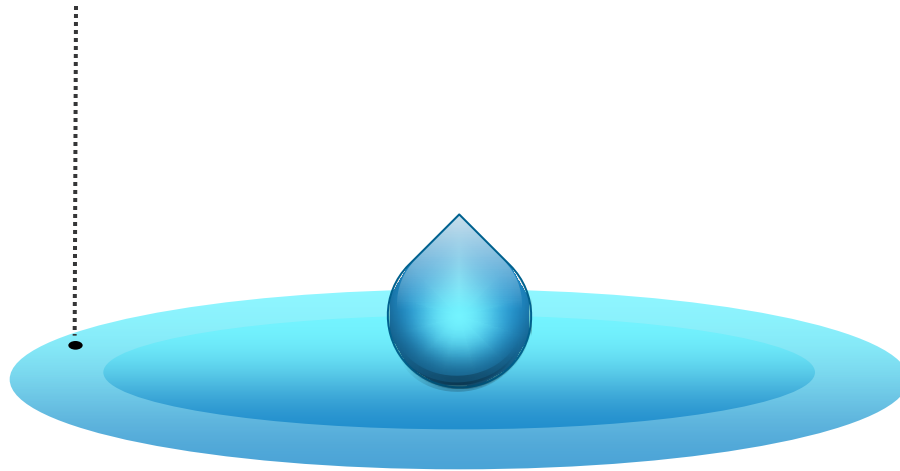


Challenges to Opportunities = Glass Half Full

The Ripple Effect



Take interest in
SBE development



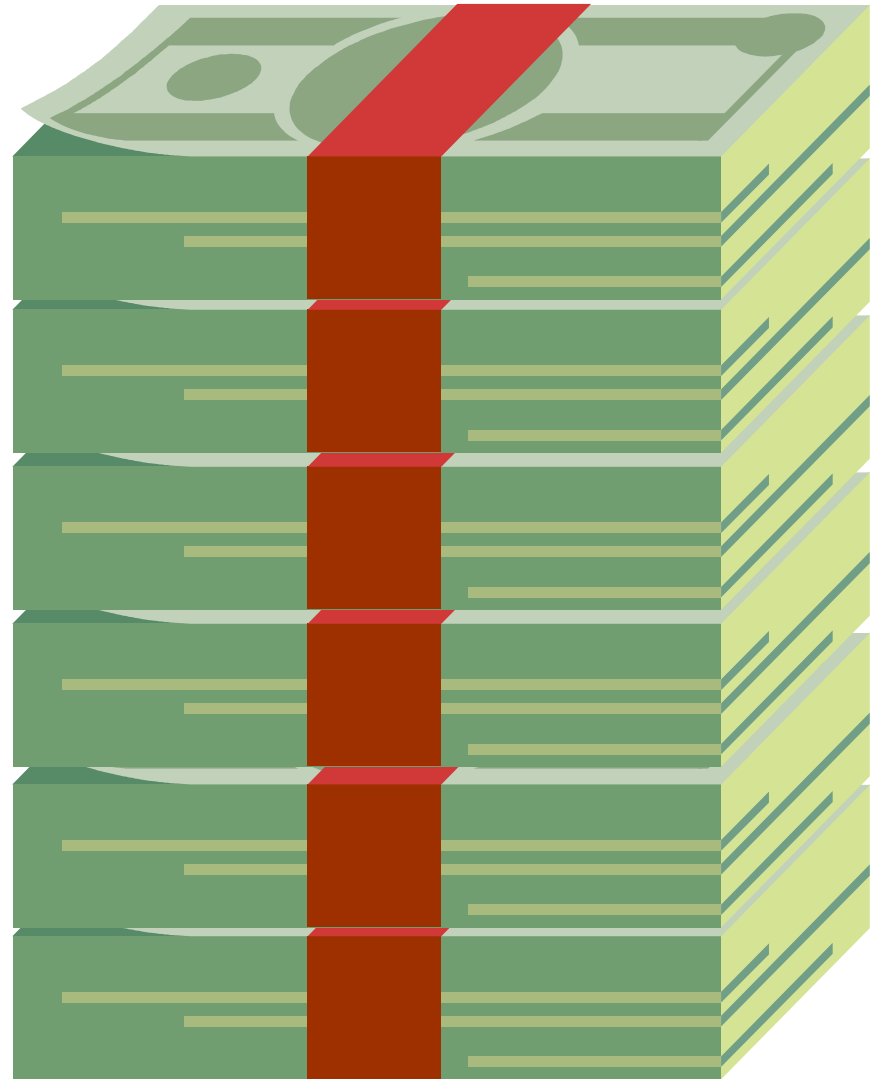
- SBE growth = economic growth
- Supports contractor capacity



Project Groundwork's Impact

Economy
Grows by
more than
\$900M

MSD spends
\$150M/yr on
infrastructure



Increasing our SBE Program Participation

- **Small firms:**

- Represent 99.7% of all employer firms
- Employ over half of all private sector employees
- Pay 44% of total private payroll
- Generated 64% of net new jobs over past 15 years
- Hire 40% of high-tech workers (scientists, engineers, programmers)

**From US Small Business Administration, September 2009*

EXPECTATIONS FOR PRIME CONTRACTORS

- Meet or exceed participation goals
- Provide mentorship opportunities to assist with capacity building
- Give new SBE firms opportunities
- Track and report your participation monthly

DESIGN/BUILD PERSPECTIVE

- MSD worked hard for this law change.
- Design/Build:
 - Effective tool for cost and time efficient project delivery
 - Appropriate delivery vehicle for plant and large asset projects
 - Integral tool for our Wet Weather Improvement Plan

RELATIONSHIPS ARE THE KEY TO SUCCESS IN REACHING SBE GOALS

- Building relationships with SBEs should be an ongoing part of your business.
- MSD will be hosting networking opportunities for primes and subs.
- MSD is offering workshops to assist SBEs with marketing and other business topics.
- Many SBEs have the capability today.

PASS-THROUGHS AND BAIT-AND-SWITCH

- MSD does not approve of the use of either.
- Primes engaging in pass-throughs or bait-and-switch may be sanctioned up to disbarment from doing business with MSD if an investigation supports such an allegation.

WAIVER AND GOOD FAITH EFFORTS

- The requirements have changed.
- Criteria include assisting SBE with bonding or equipment.
- Copies of letters, emails, etc. do not sufficiently demonstrate Good Faith Efforts.

PROJECT HIGHLIGHT

Great Miami Treatment Plant

- New 4 MGD treatment facility
- \$60-80M Project
- MSD will be recommending to the Commissioners this be expedited as D/B

UPCOMING PROJECTS

- Asset Management
 - Approx. \$105M-\$125M (24 Projects)
- WWIP
 - Approx. \$12M (6 Projects)
- Sustainable
 - Approx. \$5M (6 Projects)
- Locals and Laterals
 - Approx. \$1.5M (7 Projects)

WHO ARE SBE FIRMS?

- Find SBEs at MSD Website:
www.msdbg.org/cip/sbe
- SBE Firm capability statements added to website

MSD Office of Workforce & Business Development—Small Business Enterprise (SBE)

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The Basics of Design-Build & Other Project Delivery Models

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Construction Goals

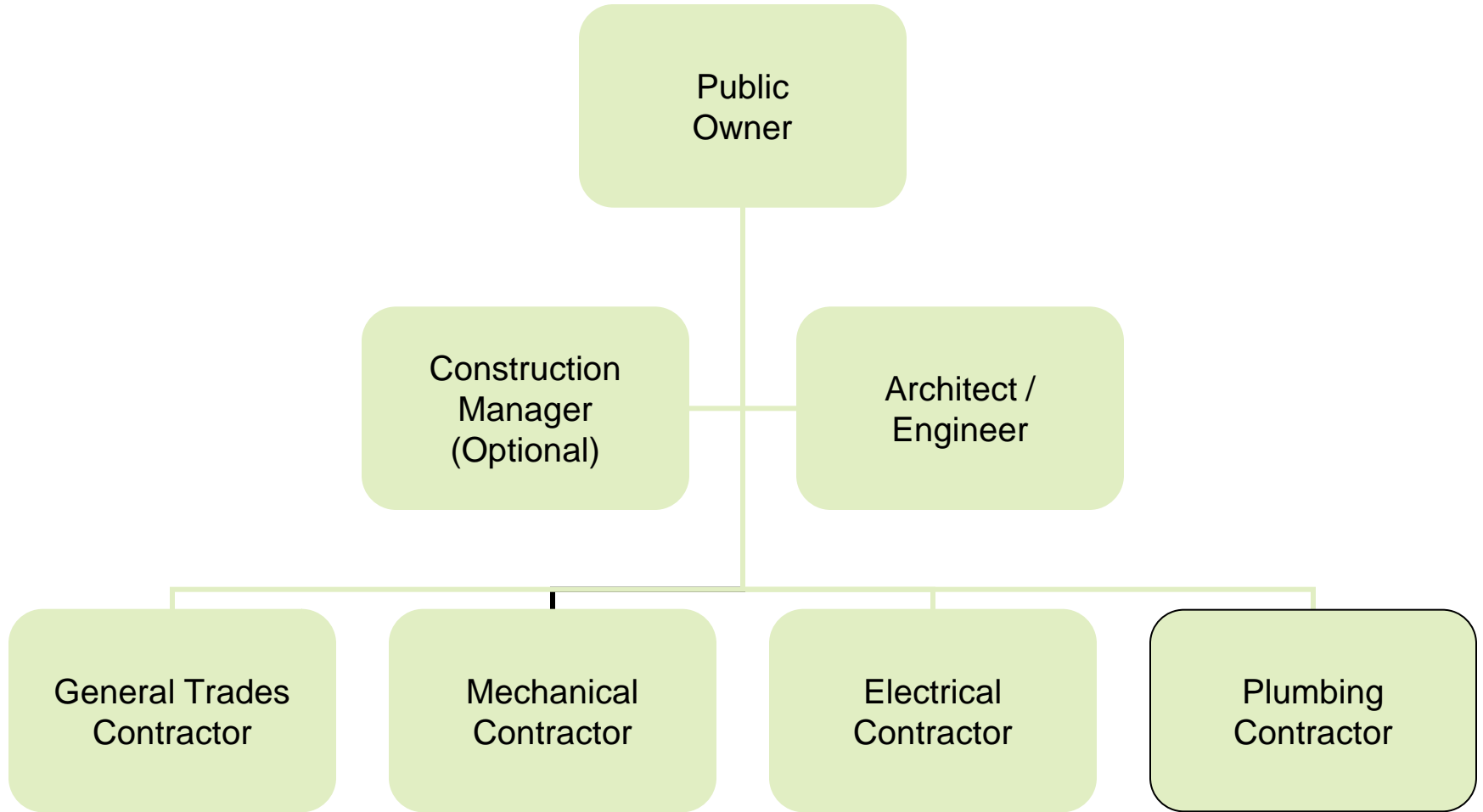
- On Time
- On Budget
- Safe
- Built Correctly
- Properly Allocate Risk

Project Delivery Models

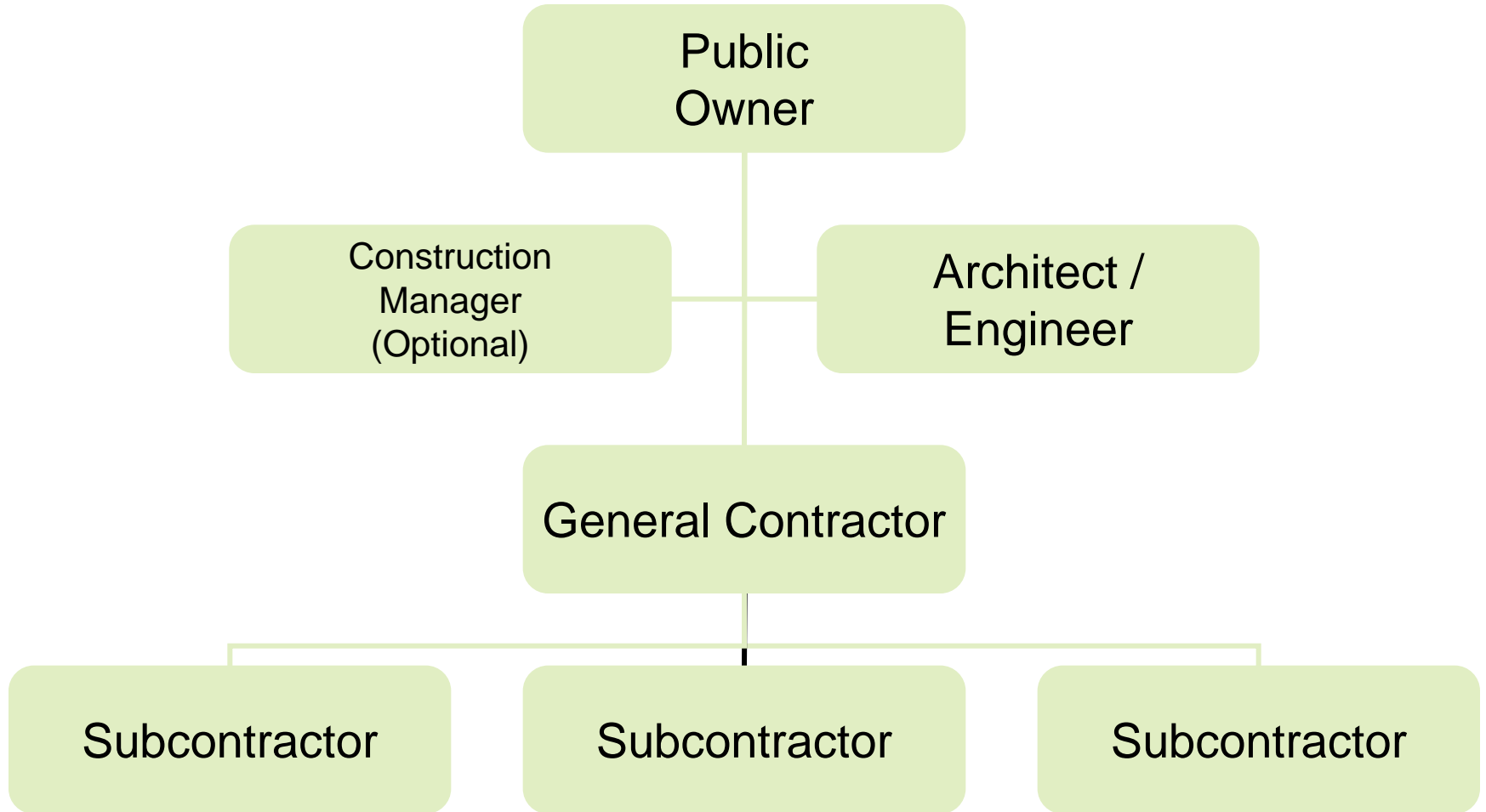
1. Multiple Prime Contractor
2. General Contractor – NEW*
3. Construction Manager at Risk – NEW*
4. Design-Build – NEW*

*Subject to administrative rule making

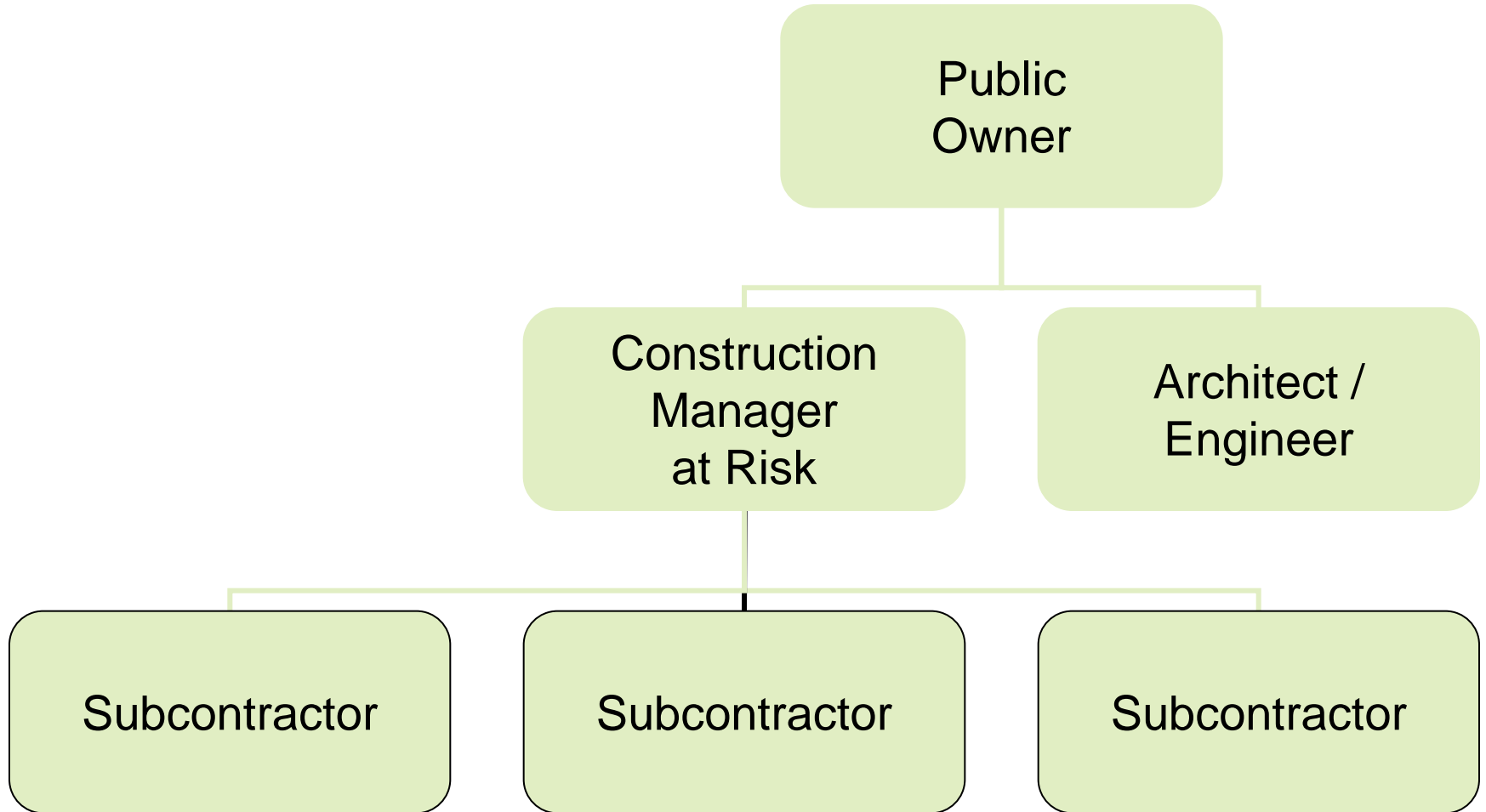
Multiple Prime Contractor



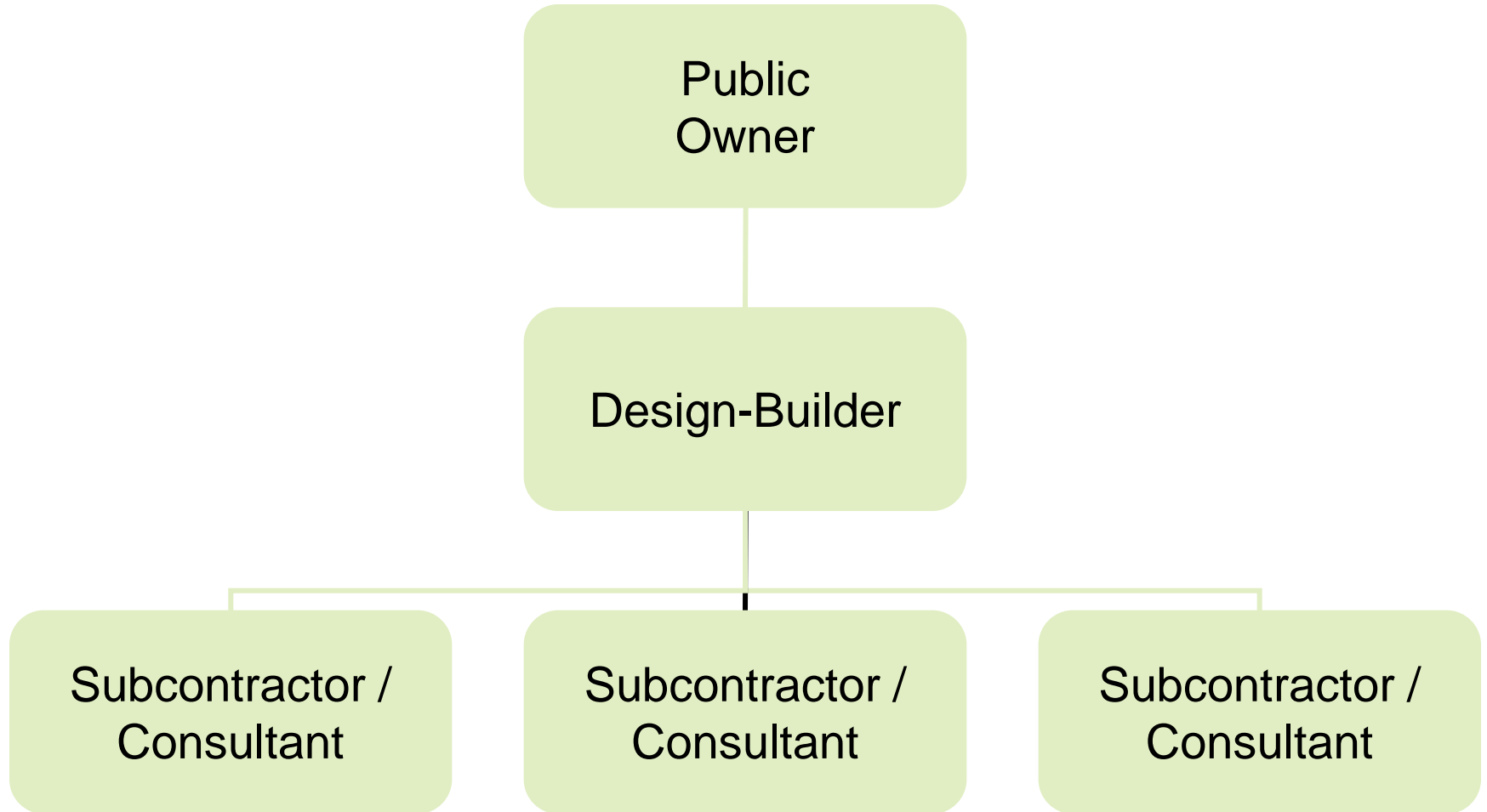
General Contractor (NEW)



Construction Manager at Risk (NEW)



Design-Build (NEW)



Design-Build (NEW)

Benefits

- Single Point of Responsibility
 - If there are any problems with design or construction, the owner can look to the design-builder to correct the problem
 - The owner is not caught in the middle of disputes between contractors
 - The owner is not caught in the middle of disputes between the architect and contractors

Design-Build (NEW)

Benefits

- Speed of Delivery
 - Construction can proceed while design is still under way allowing for shorter project duration
 - Faster delivery of services to market
- Other
 - Greater collaboration between designer and builder throughout the project leads to:
 - More accurate budgeting during project design
 - Fewer change orders during project construction

Design-Build (NEW)

Risks

- Cost
- Control
- Speed of Delivery

Design-Build (NEW)

Selection Process

- Preliminary Steps
 - Criteria Architect / Engineer
 - Evaluation Committee
- Best Value Selection (Two-Step Process)
 - Performance (Step 1)
 - Pricing (Step 2)

Design-Build (NEW)

Selection Process (Preliminary Steps)

- Criteria Architect / Engineer
 - May (or may not be) employee of owner
 - Develops design criteria
 - Cannot later join design-build team
- Evaluation Committee
 - Composition left to discretion of owner
 - Develops qualification criteria & scoring
 - Evaluates proposals

Design-Build (NEW)

Selection Process (Best Value Selection)

- Performance (Qualification Phase)
 - Competence
 - Ability
 - Past Performance
 - Compliance
 - Financial Responsibility
 - Diversity & Inclusion
 - Other Qualifications

Design-Build (NEW)

Selection Process (Best Value Selection)

- Pricing (RFP Phase)
 - Description of the project
 - Description of required services
 - Design criteria
 - Preliminary schedule
 - Sample contract
 - GMP information
 - Request for pricing

Subcontractor Prequalification

- Mandatory Criteria
 - Experience
 - Financial Condition
 - Work History
 - Management Skills
 - Diversity & Inclusion
 - Licenses (as applicable)

Subcontractor Bidding

- Design-Builder shall identify ≥ 3 bidders
- Owner verifies that bidders meet prequalification criteria
- Solicitation & selection conducted under an open book method
- Design-Builder NOT required to award to the low bidder

Subcontractor Agreement

- Basic form of contract is mandated
- Terms
 - Non-waiver of lien rights
 - Retainage
 - Prompt pay
 - Right to Audit (≥ 3 years)
 - Third party beneficiary
 - Warranty

More Information

Ohio Department of Administrative
Services

<http://ocr.ohio.gov>

Questions?

Thank You

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Staying the Course

A Roadmap for the New Realities of Doing
Business

relationship management

Tommie Lewis
President and CEO
Make It Plain Consulting, LLC

Phantom Rules of the Road

The highway has a “fast lane”. In reality, each lane has the same speed limit!

BUSINESS APPLICATION

- The rules of doing business are the same for Primes and SBEs
- Know your lane (products, services and capacity)

Everyone on the road is paying attention to you. In reality, most drivers are focused on other things to notice you.

BUSINESS APPLICATION

- Ensure your business is visible to Primes, SBEs and other businesses
- Understand the process, policy and expectations for doing business with MSD



DARE TO BE DIFFERENT! Differentiation is key.

Understanding who and what you are as a business is critical to knowing your strengths and winning business.

- Reputation – what other people/companies are saying about you and your company
- Customers – managing relationships within and outside of your existing client base is paramount
- Customer Service – every contact with your business must represent your quality of service
- Service Capabilities – what can you DO that your competitors can't? What do you DO distinctively better? How does doing business with you add value?
- Pricing – pricing and value proposition sets you apart from your competitors



RELATIONSHIP MANAGEMENT. The cornerstone to growth

Everyone is a customer. Effectively managing the power of Word of Mouth marketing is STILL the most effective way of winning and sustaining business

Your customers include:

- Employees/Staff – develop your workforce
- Existing Clients & Contractors – 70% of business is earned through referrals
- Potential Customers – are everywhere, all the time
- Community – the people you serve will be the people you service



WATCH YOUR DASHBOARD. Measuring progress



Make your clients and customers look good.
Constantly view business progress through the eyes of your customers.

- Business Development – strengthen business opportunities within existing customer base and their customers.
- Diversity & Inclusion – more than a “check the box” approach. Make it part of your business strategy and culture.
- Workforce Development & Professionalism – train and develop your people to uncover their inherent strengths.
- Leadership Accountability – “leadership is the ability to see an opportunity before it presents itself, mapping the right path toward success, and surrounding yourself with the right people (customers and clients) that join you to the end.”

Make It Plain Consulting

“Uncovering Inherent Strengths for Sustained Growth”



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Make It Plain Consulting is a human capital management company specializing in providing human resources talent management, leadership development, and global diversity solutions that deliver results. Services include: outplacement, leader & workforce development, inclusion strategy, culture assessments; training in emotional intelligence and diversity, cultural competence, generational inclusion, performance and personality assessments; executive coaching, performance improvement coaching, career decisions, Coaching Across Cultures®

ONE-ON-ONE OVERVIEW

SPECIAL THANKS

CONSTRUCTION CONTRACTORS STEERING COMMITTEE

- Sarah Anderson
- Biju George
- Dan Grimwood
- David Holmes
- Ralph Johnstone
- James “Tony” Parrott
- Tom Schwiers
- Albert Smitherman
- Bernice Walker
- Chris Weber
- Icy Williams

EDUCATION AND NETWORKING EVENT PLANNING TEAM

- Sarah Anderson
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- Walter Hucklebee
- Crystal Kendrick
- Ryan Nagel
- Jenéa Norris White
- Chris Weber
- Gloria Williams

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