

CCDC Introduces Integrated Project Delivery Contract

A new standard construction contract called the *Integrated Project Delivery Contract*, also known as *CCDC 30* will soon be released by the CCDC**. This will introduce a new model of contract for construction projects. The standard form contract guides owners, architects, contractors, and other parties in making a single, collaborative contract among all involved.

What is Integrated Project Delivery?

Integrated Project Delivery (IPD) is a method of project delivery that attempts to align the interests of all parties while leveraging the values of collaboration, communication and trust. The IPD contract includes a mechanism for parties to share the risks and rewards associated with the project and there is a waiver of most claims against each party, with a few exceptions. A Project Management Team (PMT) is created and consists of appointees by each of the parties to the contract. This team, along with a senior management team, provides guidance and oversight for the project while the project implementation teams (PITs) execute the project objectives.

IPD is achieved across four key phases:

- I. **The Validation Phase.** This phase involves defining the project objectives, determining a base target cost, and establishing a risk pool. The risk pool is the profit that will be shared among all the parties to the contract, other than the owner, once the project objectives are complete. At the end of this first phase, a validation report is prepared and, if approved by the owner, the project proceeds to the next phase. If it is not approved by the owner the parties are reimbursed for their costs only.
- II. **The Design/Procurement Phase.** During this phase the design is completed; necessary materials, systems, and equipment are procured; and the project's final target cost is determined. The PMT also creates a project schedule and organizes the PITs.
- III. **The Construction Phase.** This phase requires collaboration and problem-solving among the parties as the PMT oversees construction of the project.
- IV. **The Warranty Phase.** This phase occurs once construction is complete. The parties work together to ensure all work was completed according to the contract and a final review of the project is conducted before determining the final distribution of the risk pool.

Benefits of IPD

IPD's emphasis on collaboration is an effort to reduce inefficiency, costs and disputes that can occur during construction projects. From the beginning, each party is involved in planning and understands its role within the contract as well as the expectations for the project.

A single project contingency is included in the base target cost, which is intended to reduce construction costs overall, because there is no 'layering' of contingency costs added to the contractor's and subcontractors' estimated prices. Additionally, risk-sharing encourages the parties to act as a

team to problem-solve in all areas of the project, instead of promoting the pursuit of individual incentives and the resulting creation of conflict.

Risks of IPD

Owners must be involved in all stages of the project because with the final target cost being determined before the construction phase, there may be an incentive for parties to compromise the project design to remain within the target cost amount.

Though IPD encourages collaboration and inclusion between contributors to the project, the leadership teams consist of only a few key members. This may create the risk of other project contributors continuing to engage in more traditional, individualistic behaviours if leadership is not strong.

While IPD contracts are not prevalent in Canada, it will be interesting to see how this will develop as a project delivery model. 🇨🇦

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** The Canadian Construction Documents Committee (CCDC) is a national committee made up of construction owner representatives from both the public and private sectors and members representing national organizations. The CCDC develops, releases, and reviews standard construction documents to ensure consistency and reduce costs in bidding and contracting procedures.



About the authors

Leanna Olson advises clients on litigation and construction law matters, focusing on the construction industry including residential, commercial, infrastructure, and industrial projects.

Leanna helps clients at the initial stage of projects by reviewing contracts, assisting with contract negotiations, and drafting custom-built contracts. When disputes arise, Leanna will review and advise on the issues, and will navigate her clients through negotiation, mediation, arbitration, or litigation when necessary. Prior to joining Miller Thomson LLP, Leanna practiced construction law in Ontario.



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