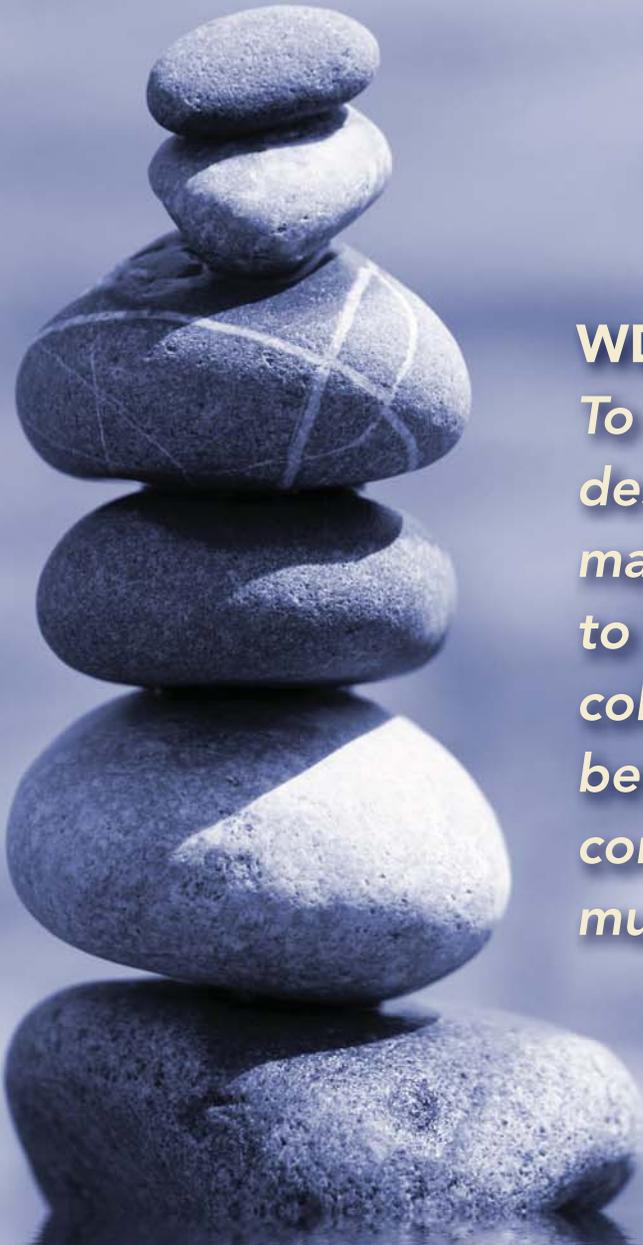


A high-speed photograph of water splashing, with a clear stream of water falling from the top left, hitting a surface, and creating a wide, shallow splash that spreads across the middle of the frame. Below the surface, the water continues to fall, creating a column of water with many small bubbles. The background is a light, clean white.

2011 Annual Report



WATER DESIGN-BUILD COUNCIL
AN ASSOCIATION OF LEADING DESIGN BUILDERS



WDBC'S MISSION:

To promote best practices in design-build and construction management at-risk (CMAR) to facilitate productive and collaborative relationships between engineering and construction firms and the municipalities they serve.



WATER DESIGN-BUILD COUNCIL
AN ASSOCIATION OF LEADING DESIGN BUILDERS

A Message from the Council's President, Peter Kinsley

The Water Design-Build Council's goal is to provide communities the information and support they require to meet their water and wastewater system needs—in a collaborative, efficient and cost-effective manner. This annual report, the Council's first, describes the past year's actions toward achieving that goal and also summarizes the accomplishments of previous years that laid the foundation for our success in 2011.



In January 2011, the Council released the second edition of *The Municipal Water and Wastewater Design-Build Handbook*, which provides up-to-date guidance to communities on the benefits and challenges of alternative delivery approaches for developing or rehabilitating municipal water and wastewater systems. In addition to the design-build approach covered in the first edition, which entails a single contract with one design-build firm that is responsible for both design and construction, the Handbook's second edition also encompasses the construction management at-risk (CMAR) approach, in which the builder works in partnership with the engineer during design development and is contractually responsible for completing the project on time and within budget.. Design-build and CMAR are discussed in greater detail on the WDBC website, specifically: www.waterdesignbuild.org/faq.htm.

Throughout 2011, the Council continued reaching out to encourage municipalities around the country to consider these alternative approaches, which can reduce cost, shorten schedules and improve quality by involving the municipality, the designer and the builder. In 2012, through the collective efforts of our members, the Water Design-Build Council will continue educating and encouraging community leaders and policy officials as they make important decisions about how best to develop or rehabilitate their water and wastewater systems.

Along with my colleagues on the Board of Directors, I will maintain our strong commitment to furthering the important work of this organization. The WDBC will continue to provide thought leadership, expertise and educational outreach to assist communities and utilities in achieving their objectives, while managing the unique environmental and economic challenges that water and wastewater facilities face.

It has been an honor to serve as President of the Water Design-Build Council during 2011, and I look forward to working with the Council's members to build on our successes in 2012.

PETER M. KINSLEY, CGC, DBIA
President
Water Design-Build Council

Accomplishments

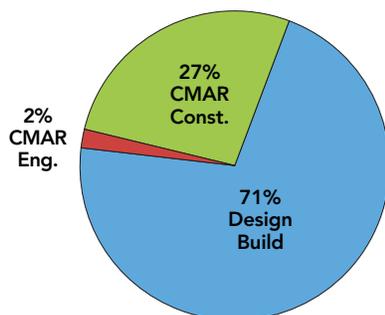
Since its founding in 2006, the Water Design-Build Council has achieved a number of significant milestones in promoting best practices within the water infrastructure industry. Several of these, initiated prior to 2011 and described on these pages, laid the foundation for the accomplishments of the past year. WDBC's accomplishments include: producing a handbook, fact sheets and other educational materials; writing and placing articles and guest editorials in industry publications; and encouraging and facilitating members' participation in a number of industry conferences and meetings, as well as meetings with legislators and other policy officials.

Market Data and Industry Statistics

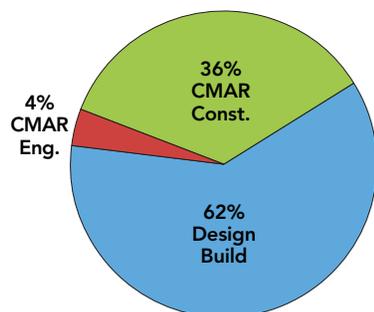
Each year since its inception, the WDBC has collected data on the municipal water design-build contracts entered into by members and their clients during the previous year. Statistics include total value of design and construction, project start and end dates, type and location of facility,

and which delivery method was used. Aggregating the information provided by members—while maintaining strict confidentiality—WDBC creates an annual industry report containing information that is not available anywhere else. The Council uses the information in articles, presentations and also makes it available exclusively for members' use in their business planning efforts. The 2010 Market Report shows increasing use of design-build as a project delivery method since 2008, compared to the traditional design-bid-build format.

Overall Percentage of Market Share Revenues Per Contract Type



2005-2008



2009-2010

Water Infrastructure Advocacy

In December 2008, the WDBC began an advocacy initiative aimed at urging the current administration and Congress to fund water infrastructure projects and to consider design-build and CMAR as keys to quickly implement much-needed projects and to create new jobs to stimulate the economy. This initiative includes participation at water-industry and infrastructure-related conferences; media outreach; and education and communication with local, state, and national policy officials and other decision-makers responsible for water infrastructure development and rehabilitation.

Independent Comparative Evaluation of Design-Build versus Traditional Project Delivery

In 2008 the WDBC funded independent research by a consortium of three universities—Iowa State and the Universities of New Mexico and Colorado—evaluating and comparing two approaches to delivering water and wastewater infrastructure projects: design-build and the more traditional design-bid-build. The WDBC published the results of the research in 2009, and the researchers presented their findings at the Design-Build Institute of America water conference in April 2010. This study found that there is “a statistically significant difference in intensity between design-build and design-bid-build; that the proportion of design-build projects finished on-time or early was greater; and that design-build projects finished on or below budget 38 percent of the time, while design-bid-build projects finished on or below budget only 20 percent of the time.”The report is available on the Water Design-Build Council website and can also be requested by calling the WDBC office.

The WDBC Municipal Water and Wastewater Design-Build Handbook

The Council published its first comprehensive handbook in early 2008 and revised it in 2010. The second edition not only updates and expands on the information in the first one; it also incorporates CMAR and adds an appendix with 20 member case studies. This handbook is currently providing essential guidance to municipal officials on all aspects of design-

build and CMAR, including conducting the procurement process, sharing risk and liability, managing the contract, and transitioning to owner operations. It is based on interviews with more than 60 experts, including representatives of 50 communities that have employed the design-build process. Since its initial publishing, the WDBC Handbook has received rave reviews, particularly from municipal officials. In addition, the WDBC office receives an average of more than 40 requests for the Handbook each month, which is also available on the WDBC website.

Fact Sheets

In 2010, the Council produced a number of fact sheets addressing topics such as risk management and value engineering. The fact sheets are frequently distributed at conferences and speaking events, used for educational purposes at meetings with public officials, and sent to the media and other interested parties to support the Council’s advocacy activities. The following fact sheets are available on the website or by calling the WDBC office:

- Optimizing Value Engineering
- Optimizing Utilization of the Project Schedule
- Health and Safety Advantages in Design-Build and CMAR Projects
- Dispute Resolution Processes
- Integrated Delivery: What Form is Right for You?
- Warranties and Performance Guarantees in Design-Build Project Delivery
- Risk Management
- Risk Allocation

2011 Program Initiatives

In 2011, the WDBC Board approved—and the Council embarked on—the following projects to further its ongoing education and advocacy endeavors and to fulfill its mission.

- Participating in the American Water Works Association (AWWA) Book on Design-Build
- Updating and expanding the WDBC website
- Publishing articles in industry publications
- Speaking engagements at industry events
- Ongoing WDBC Handbook promotion
- Launching a quarterly electronic newsletter
- Creating sample design-build RFPs
- Ongoing member recruitment
- Initiating an independent research project
- Recruiting an outside director

Handbook Promotion. The 2011 e-mail campaign to promote the revised Handbook has reached more than 10,000 individuals, including public works directors, city managers and engineers, superintendents of water and wastewater systems, procurement officials, and mayors. Approximately 250 individuals, including selected journalists and other friends of the Council, downloaded the Handbook; and a number of websites, including Water World and Zweig White's blog Soft Water Advice also picked up the information and publicized it to their followers.

Website. WDBC's website is becoming increasingly robust, as more content is posted and as it is promoted via social media outlets. Website enhancements in 2011 included a redesigned

layout for the Owner Resources and Press Room and an updated map showing the locations of the 20 case studies included in the WDBC Handbook. A members-only section now contains numerous working documents as ongoing resources together with board and committee meetings reports, financial documents and policies.

DBIA Water/Wastewater Conference.

The WDBC was an official co-sponsor and vendor booth participant at DBIA's 2011 Water/Wastewater Conference. A copy of the new handbook was included in each conference attendee's tote bag. In addition, Council members gave three presentations:

- *What's So "Progressive" about Progressive Design-Build?*
- *Trends and Best Practices in Design-Build and Construction Management at-Risk*
- *Preparing an Owner Organization for Design-Build*

AWWA Book on Design-Build. WDBC members participated in a collaborative endeavor with the American Water Works Association, the Water Environment Federation and the DBIA to write and publish a detailed book on design-build for water and wastewater projects. This effort, led by Holly Shoney Darby, from WDBC member Black & Veatch, was published by AWWA in December 2011.

Sample RFP Guide. The Council created an *ad hoc* task force in 2011 to produce a set of model RFPs for alternative delivery projects such as design-build and CMAR. The task force is currently

reviewing RFPs collected from a number of municipal utilities, and will use these to develop the generic models. The model RFPs will be posted on the WDBC web site and made available on CDs at conferences, workshops and other events in 2012. The first set of model RFPs being developed is for progressive design-build projects using four different types of procurements: one-phase, two-phase, pure qualifications-based (one step), and qualifications-based with some component of cost. This project will be completed in 2012.

E-Newsletter. The Council also published its first electronic newsletter in 2011. This newsletter, which reports on industry issues and member activities, is distributed to more than 20,000 individuals, including prior Handbook recipients, treatment system owners and public officials, members of related trade associations, prospective members, select engineering firms, and current and past clients of members. This vital communications tool disseminates education materials such as, fact sheets, case studies, and market data; highlights pertinent legislation and other industry news; and profiles successful member design-build and CMAR projects. In 2012, the e-newsletter will follow a monthly or semi-monthly schedule and be integrated with social media.

Moving to the Next Level in 2012. With a significant investment in education and outreach materials, the WDBC is well positioned to focus more energies on communications with owners, public officials, legislators and other industry members. In 2012, this will occur through meetings and presentations at conferences, conducting educational workshops focused on individual states, and attending events where the voice of the water design-build industry is essential. 2012 budgeted activities approved by the WDBC Board of Directors include an update of the client survey, an online education course, an independent research project, and two municipal guides on progressive and project delivery.

Communications Projects. A half-page ad promoted the WDBC in two consecutive issues of Engineering News-Record (ENR): the June 13 issue featuring a special design-build section and the June 20 issue dedicated to water/wastewater topics. ENR also published a half-page editorial about the WDBC's Handbook in the June 20 issue. In addition, WDBC placed a guest editorial in the advertising section of the June 20th issue.

Independent Research. The Research Committee began meeting on this project in 2011 to formulate the direction, based on the 2009 study. This project will address similar topics to the 2009 study. The work is currently underway with a targeted goal to initiate the 2012 WDBC research project in the first quarter.

Leadership. The Council recruited Don Evans to serve as its first outside director, supporting the Board with additional knowledge and expertise. In August 2011, the Council retained a full-time professional association manager, Linda Hanifin Bonner, Ph.D, who is responsible for the overall financial and administrative operations. The Council also initiated recruitment for an executive director to represent the WDBC in the marketplace in 2012, conveying its vision and mission to engage new members and advance the use of design-build and CMAR.

Financials Management

The WDBC ends 2011 in a stable financial position; this is due in part to a change in management direction, which decreased operational costs, and also to the fact that some projects budgeted in 2011 did not occur. In 2012, it is planned that available funds, which include a surplus, will enable the Council to both establish a contingency reserve fund and complete its approved 2012 projects at 2011 costs.

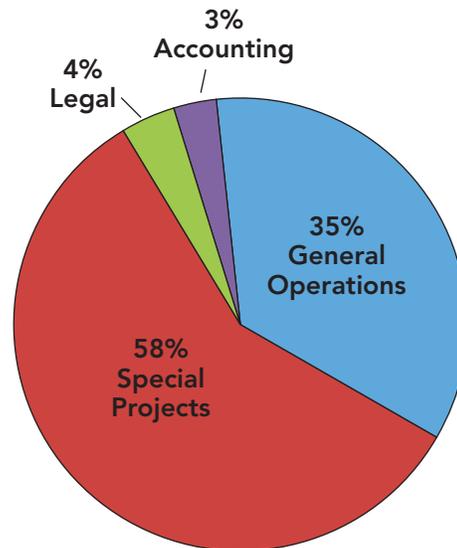
WDBC financial resources are spent in four primary areas: general operations—the administration and management of the organization’s activities; special projects—expenses required to implement the approved initiatives; legal—providing anti-trust counsel at meetings and activities; and, accounting—preparing the year-end financials and IRS forms. The graphics below illustrate the approved budget allocations and the actual expenditures in 2011.

In 2011, the Board approved a Budget and Finance Committee to ensure a sound financial management system within the WDBC.

This committee, consisting of three Board members including a past president, is chaired by the current WDBC treasurer and staffed by the operations manager. The committee’s responsibilities include:

- Recommending management and investment policies;
- Providing direction for a short- and long-term investment strategy;
- Reviewing and recommending the annual budget; and
- Maintaining oversight of the Council’s finances.

2011 Approved Budget Allocations



In 2011, the accounting firm Santos Postal & Company in Rockville, Maryland, completed the Council’s first comprehensive audit. The audit report concluded that the Council’s financial operations were conducted and performed within generally accepted accounting principles and practices and found no irregularities.

Membership in the Council is open to any private-sector company that is engaged in integrated design and construction services or in construction management at risk (CMAR)—either as a prime contractor or under a risk-sharing arrangement with a partner—and has in-depth, in-house comprehensive engineering capabilities to design and build public or investor-owned, rate-regulated utility water or wastewater treatment facilities in North America.

WDBC members benefit directly from opportunities to network with industry thought-leaders and to become involved in essential industry initiatives, including:

- Industry-focused research
- Industry-directed education
- Industry-derived advocacy

As an independent and industry-focused organization, the WDBC's leadership investigates current and future topics concerning the use of design-build and CMAR approaches for delivering water infrastructure projects. Specifically, the WDBC awards grants to selected universities to conduct *independent research* directed to answering critical questions about the practices of design-build and CMAR. WDBC's commitment to industry-focused research provides members with reliable information about current technology and future trends that helps their business development efforts.

Education materials produced by WDBC, including the Handbook, fact sheets and member case studies, are made available for members' use in building a credible knowledge base with municipal leaders, utility owners and political decision makers. Member case studies provide credible, concrete models of how and why design-build and CMAR are successful, efficient and cost-effective project delivery methods. Members benefit from this industry-directed education approach, gaining increased knowledge and expertise that enables them to better promote the value of alternative delivery models.

As a *national advocate*, the Council is well positioned with a united presence before federal and state legislators as well as local public officials.

As an example, when Congress was debating the stimulus bill, the WDBC advocated to have design-build recognized in the legislation. In 2011, WDBC attended hearings and presented position statements supporting the need for funding water infrastructure projects. Members benefit from WDBC's strong, credible voice as a national advocate for the value of the design-build and CMAR delivery models in the water/wastewater sector. Members also benefit from the national role that WDBC pursues in identifying and promoting best practices.

WDBC Membership Dues Structure



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WDBC membership

consists of any private sector company engaged in integrated design and construction services or

in construction management at risk (CMAR) as a prime contractor or under a risk sharing arrangement with a partner and which has in-depth, in-house comprehensive engineering capabilities to design and build public and investor-owned rate regulated utility water or wastewater treatment facilities in North America.

A three-category dues structure for **Regular/Full Membership** is tied to gross revenues generated from water/wastewater design-build and CMAR projects in North America, in the prior calendar year, from municipal and rate-regulated utility clients. All full members have one representative member vote on the Board of Directors; and the official designated representative can be elected to serve as an officer of the Board of Directors.

Firms falling within the third category of the dues structure also have the option of joining as an **Associate Member**. The designated representative of the Associate Member attends all Board meetings and participates in all activities (committees and projects) of the Board, but does not have an official vote on Board actions. Accordingly, an Associate Member representative cannot be elected as an officer of the Board of Directors.

About the Water Design-Build Council

The Water Design-Build Council is a 501 C (6) non-profit corporation chartered in February 2006. Its mission is to promote best practices in design-build and construction management at-risk (CMAR) and to facilitate productive and collaborative relationships between service providers and owners.

The WDBC was established to create a vocal and effective industry advocate for the value of alternative approaches to delivering water and wastewater infrastructure projects and to promote best practices in design-build and CMAR procurement and implementation through education and outreach.

The Council's charter members were Brown & Caldwell, CH2M Hill, CDM, Carollo Engineers, Earth Tech, HDR, Metcalf & Eddy, MWH and Veolia Water. These industry leaders shared the belief that this type of organization would be the most effective vehicle for developing a crucial education and advocacy program to promote the innovative design-build and CMAR approaches to delivering water projects. Prior to establishing the Council, these integrated and collaborative delivery approaches did not have a dedicated voice that could advocate effectively for legislation favorable to water quality infrastructure or counter opposition based on misunderstandings.

In 2011, its membership is even stronger, and also includes AECOM water, Black & Veatch, Haskell, HDR, and Parsons. Member representatives are identified on the last page of this report and on the WDBC website.

WDBC'S VISION:

“To become the nationally recognized ‘go-to’ water organization for advancing the use of alternative delivery for water projects.”

WDBC GOALS

- ✓ Provide thought leadership and information on the evolving use of integrated and collaborative delivery methods for water projects, as well as best practices for those innovative alternatives
- ✓ Promote fair risk allocation
- ✓ Guide a new generation of water industry practitioners to making integrated and collaborative delivery methods the methods of choice for water infrastructure projects
- ✓ Build the membership to include all eligible firms that engage in alternative delivery methods for water projects

Board of Directors and Members

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Vice President—Water
The Haskell Company
Jacksonville, FL

Vice President/Treasurer

Thomas McMonagle, P.E.
Director of Alternative Delivery, NA
AECOM Water
Wakefield, MA

2nd Vice President

Andrew Albrecht
Senior Vice President
Parsons
Sumner, WA

Ex-Officio (Past President)

Bruce Allender
Business Development Director
Black & Veatch
Kansas City, MO

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Mark Alpert, P.E. DBIA
(Ex-Officio Past President)
Senior Vice President
CH2M HILL Engineers
Englewood, CO

Douglas Herbst, DBIA
Alternative Project Delivery
MWH Constructors
Houston, TX

Peter Tunncliffe, P.E., DEE, DBIA
(Ex-Officio Past President)
Senior Vice President
Camp Dresser & McKee Inc.
Cambridge, MA

OUTSIDE DIRECTOR

Don S. Evans, P.E.
Evans Group International, LLC
Las Vegas, NV

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Walter Chaffee, P.E.
Senior Vice President
Brown and Caldwell Constructors
Middleborough, MA

John D. Doller, P.E.
Senior Vice President
Carollo Engineers
Phoenix, AZ

Douglas Lisak
President/Chief Executive Officer
HDR Inc.
Kansas City, MO

Gerry Ludwig
Vice President/Asset Management
Veolia Water N.A.
Atlanta, GA

MEMBER COMPANY ALTERNATES

Chuck Williams, P.E., DBIA, PMP
AECOM Water
Overland Park, KS

David Kinchen
Associate Vice President
Black & Veatch, Water Division
Atlanta, GA

Sam Edmondson
Senior Vice President
Brown and Caldwell Constructors
Phoenix, AZ

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Carollo Engineers
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Peter Nichol, P. Eng
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HDR, Inc
Denver, CO

Blair Lavoie, P.E.
President
MWH Constructors, Inc
Broomfield, CO

Norman Gadzinski
Vice President/Business Dev.
Parsons
Pasadena, CA

Kirk Schwab, P.E.
Vice President/General Mgr
Veolia Water, N.A.
Pittsburgh, PA

OPERATIONS MANAGER

Linda Hanifin Bonner, Ph.D, CAE
Edgewater, Maryland

COUNSEL

Kris Garcia, Esq
Jones Day (Anti-Trust Counsel)
Washington, DC

2011 Board of Directors and Members (l to r): Douglas Herbst, Andrew Albrecht, Peter Nichol, Peter Kinsley, Walter Chaffee, John Doller, Donald Evans, Thomas McMonagle, Douglas Lisak, Bruce Allender. (Not pictured: Mark Alpert, Peter Tunncliffe, Gerry Ludwig, Chuck Williams, David Kinchen, Patrick Gallagher, Gary Meyerhofer, Jon Awezec, Blair Lavoie, Norm Gadzinski and Kirk Schwab.)





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AN ASSOCIATION OF LEADING DESIGN BUILDERS

MEMBER COMPANIES

AECOM

 **BLACK & VEATCH**
Building a world of difference.

BROWN AND CALDWELL

**carollo**
Engineers...Working Wonders With Water™

CDM
consulting · engineering · construction · operations

 **CH2MHILL**

 **HASKELL**
America's Design-Build Leader®

HDR | ONE COMPANY
Many Solutions®

 **MWH**®

PARSONS

 **VEOLIA**
WATER



WATER DESIGN-BUILD COUNCIL
AN ASSOCIATION OF LEADING DESIGN BUILDERS

The Water Design-Build Council office is headquartered in Edgewater, Maryland.

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