

# BUILDING A WORLD OF DIFFERENCE

## DISPUTE REVIEW BOARDS – A U.S. CONTRACTOR'S PERSPECTIVE

**TIMOTHY W. TRIPLETT** PRESIDENT & GENERAL COUNSEL  
LEGAL & RISK MANAGEMENT DIVISION

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

# AGENDA

**Who is Black & Veatch?**

**Case Study in DRB Success: Stanley Canyon,  
Colorado Springs, Colorado**

**Our Experience: Challenges with Client  
Acceptance**



# BLACK & VEATCH

BUILDING A WORLD  
OF DIFFERENCE





Engineers Without Borders  
Dominican Republic

# SOLVING COMPLEX PROBLEMS

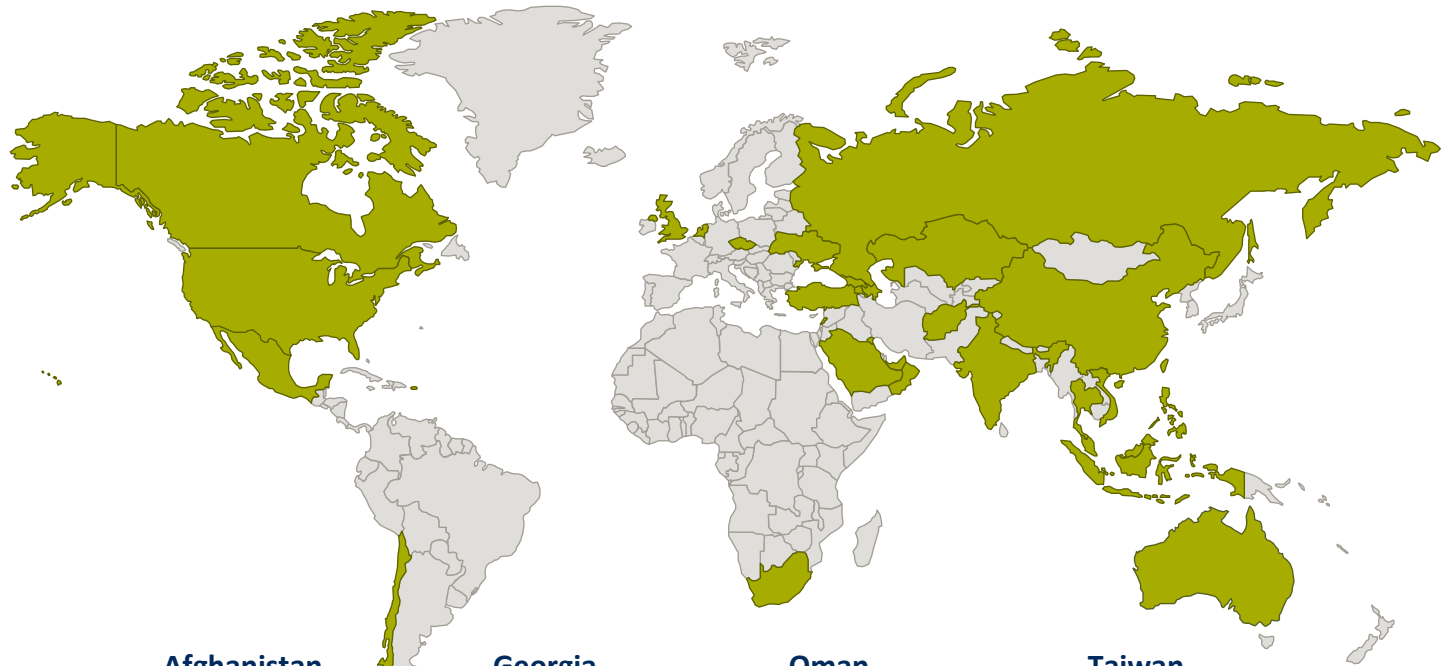
## BLACK & VEATCH CORPORATION IS A LEADING GLOBAL ENGINEERING, CONSULTING AND CONSTRUCTION COMPANY

- Founded in 1915 in Kansas City Metro Area
- Operating Divisions: 5 divisions including Energy, Water and Telecommunications
- Revenues in 2012 will exceed \$3.3B (U.S.)
- Geographically: worldwide operations
- 10,000 Professionals

**Black & Veatch conducts 7,000+ active projects globally at any one time**



# OUR GLOBAL PRESENCE ALLOWS US TO APPLY GLOBAL EXPERTISE LOCALLY



Afghanistan  
Armenia  
Australia  
Azerbaijan  
Bahrain  
Canada  
Chile  
China  
Czechoslovakia

Georgia  
Hong Kong  
India  
Indonesia  
Kuwait  
Kazakhstan  
Malaysia  
Mexico  
Netherlands

Oman  
Palestine  
Philippines  
Puerto Rico  
Russia  
Saudi Arabia  
Singapore  
South Africa

Taiwan  
Thailand  
Turkey  
Ukraine  
United Arab Emirates (UAE)  
United Kingdom  
United States  
Vietnam



# WE OFFER LEADING EXPERIENCE IN THE MARKETS WE SERVE

## Energy



## Water



## Telecommunications



## Management Consulting



## Federal

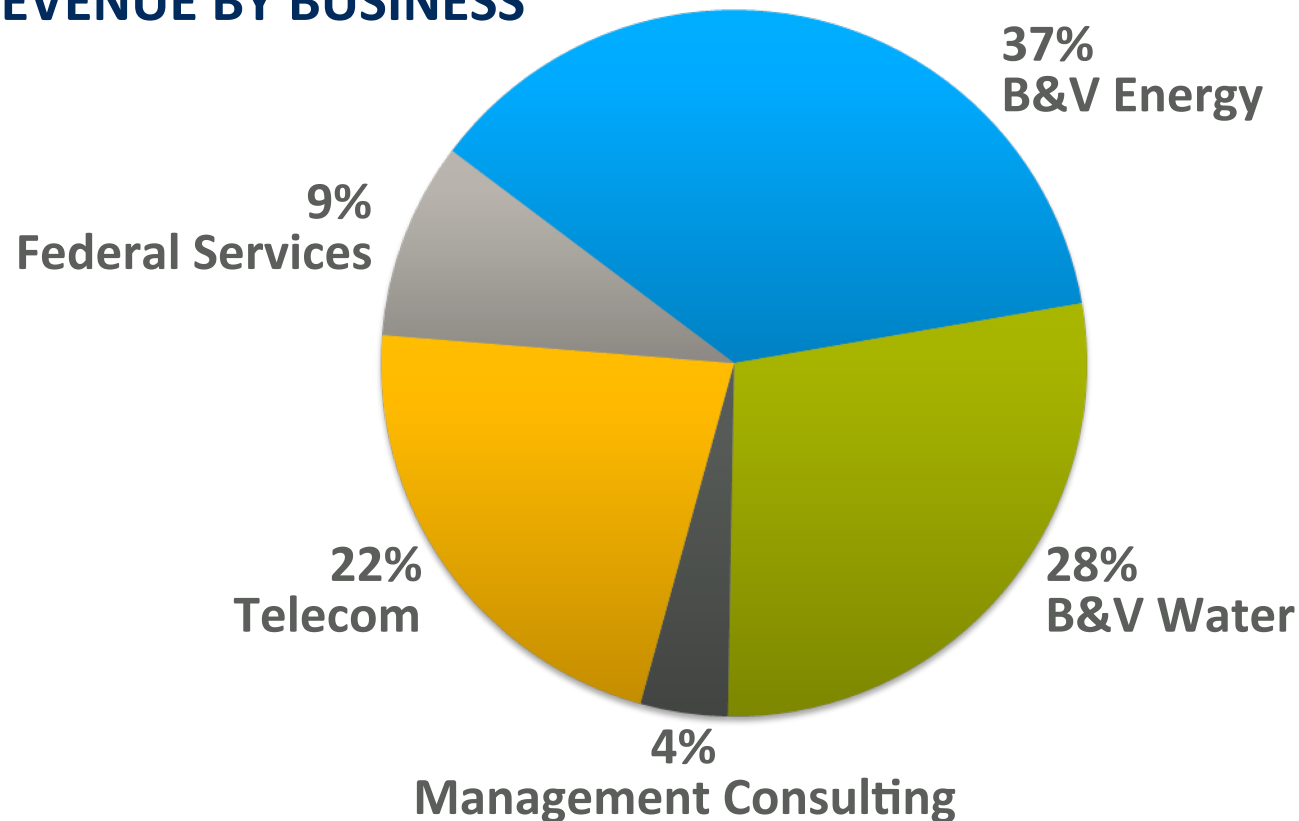


## Environmental



# SOURCES OF EARNINGS REFLECT DIVERSITY IN BUSINESS LINES, SERVICES AND GEOGRAPHIES

## REVENUE BY BUSINESS



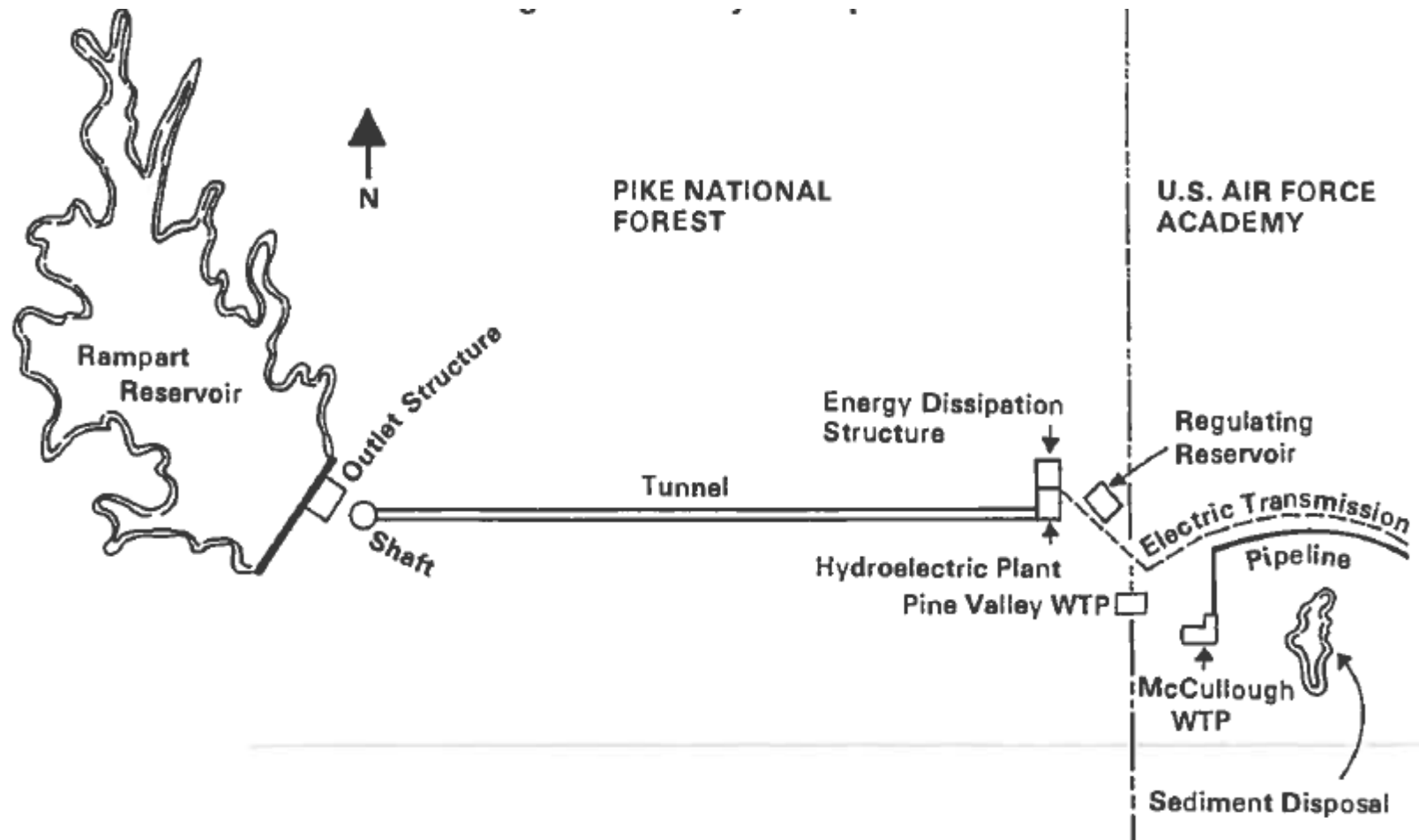
**\$2.6 billion in annual revenues in 2011**

**A CASE STUDY IN  
DRB SUCCESS:**

**STANLEY CANYON,  
COLORADO SPRINGS,  
COLORADO**

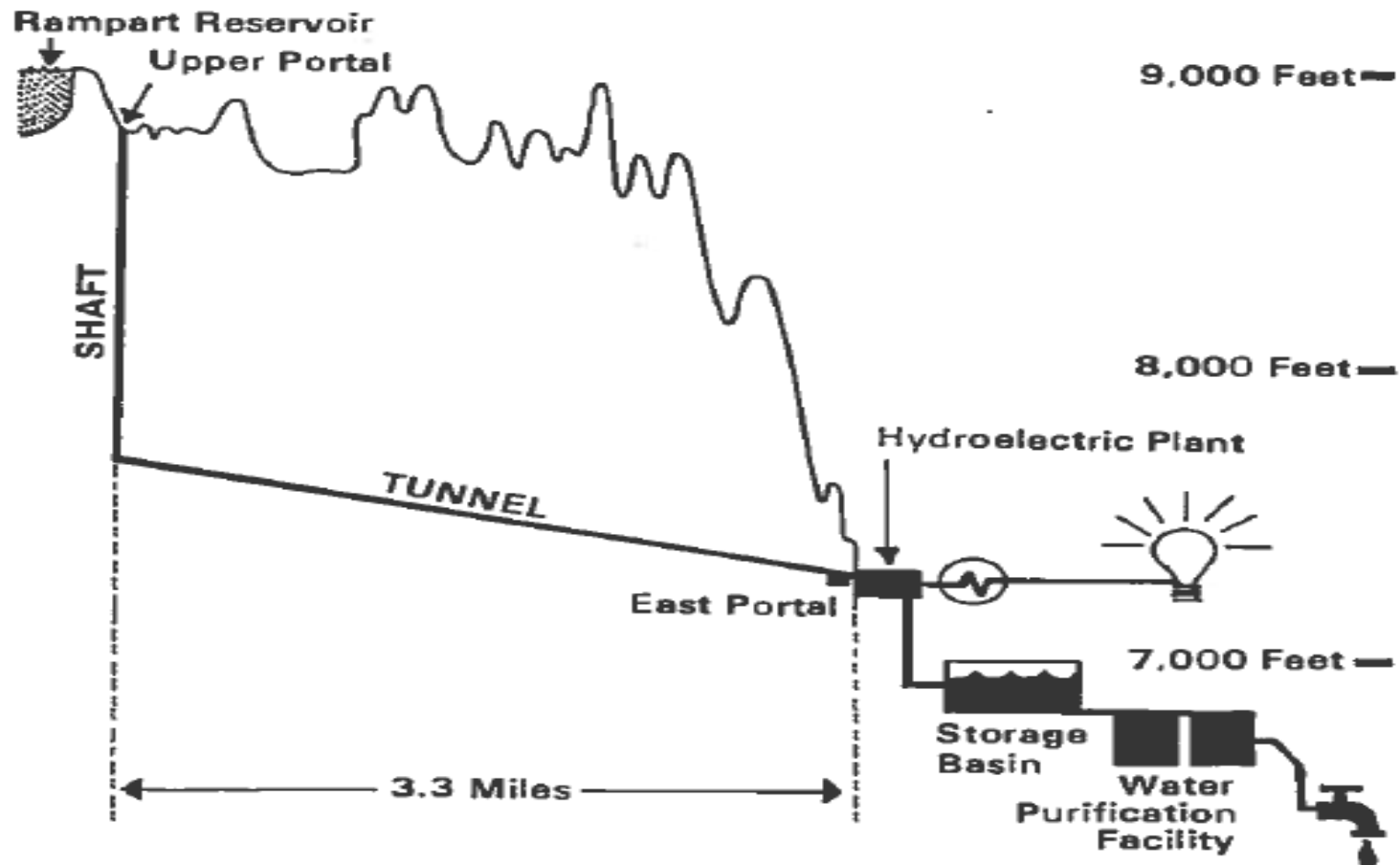


# STANLEY CANYON PROJECT MAP



**The tunnel shaft was constructed from the surface downward and is concrete lined**

# STANLEY CANYON FACILITIES – HYDRAULIC PROFILE





*View of tunnel portal at Stanley Canyon*



*Stanley Canyon tunnel entrance*

## STANLEY CANYON SHAFT AND TUNNEL PROJECT

- Project added 50-75 MGD to the supply of raw water from the Colorado Springs Rampart Reservoir (El. 9,000 ft.) to the McCullough Water Treatment Center (El. 7,200 ft.)
- Principal project components included:
  - 1,250 ft. deep shaft with a finished diameter of 10 feet just downstream from the Rampart dam
  - 17,400 ft. long tunnel with a finished diameter of at least 9 ft.
- \$37M Engineering, \$176M in construction costs (1990's dollars)

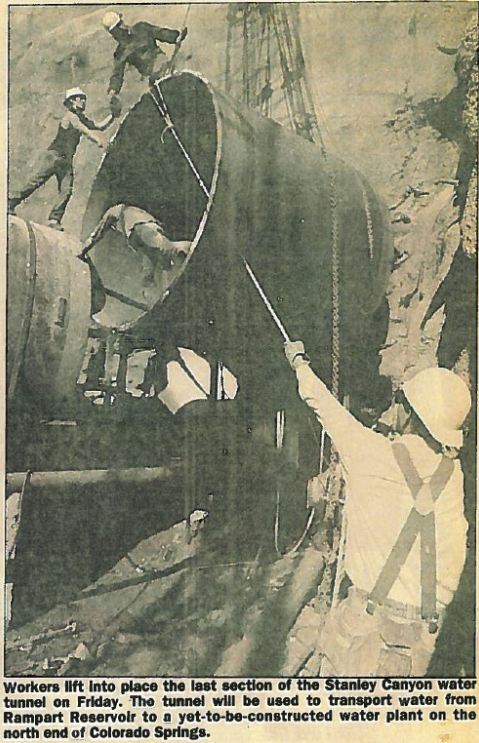


Stanley Canyon Water Purification Facility

## CONTRACTUAL TERMS FOR DRB ON STANLEY CANYON

- Contract between B&V and the City of Colorado Springs
- "The Board will be acting in the role of mediator, providing special expertise to assist in and facilitate the resolution of disputes, claims and controversies between Owner and Contractor, in an effort to prevent construction delay and litigation.
- Three member DRB, with each party selecting one member, and those two selecting the third

**The DRB was to receive weekly reports regarding construction activities and visited / met at the project site at regular intervals**



Workers lift into place the last section of the Stanley Canyon water tunnel on Friday. The tunnel will be used to transport water from Rampart Reservoir to a yet-to-be-constructed water plant on the north end of Colorado Springs.

## CONTRACTUAL TERMS FOR DRB ON STANLEY CANYON

- Expenses of the DRB shared equally by the parties
- Non-binding recommendations within two weeks of the hearings on a given claim
- Contract provided for recommendations to be admissible in evidence in any formal litigation
- Many disputes, many hearings, but NO litigation!

**Unlike the typical DRB hearings, counsel were permitted to participate**

# OUR EXPERIENCE: CHALLENGES WITH CLIENT ACCEPTANCE





## BLACK & VEATCH'S OVERALL THOUGHTS ON DRB'S

- We consider DRB's a cost-effective alternative dispute resolution mechanism
- Minimizes risk of formal litigation or arbitration
- Prefer that DRB decisions are enforced until overturned (and admissible in evidence)



# CHALLENGES WITH GAINING CLIENT ACCEPTANCE

- Lack of familiarity
- View of DRBs as characteristically “contractor friendly”
- Perception of “Solomon-like” decision making
- Costs associated with maintaining DRB even if there are no disputes



## ... BUT CLIENT RESISTANCE MAY BE LESSENING

- Appreciate alternative resolution process
- Reduced time and costs
- A starting point: Contracts that limit the scope of the DRB dispute “jurisdiction”
- Waive admissibility of recommendations in evidence ?

Building a **world** of difference.®

**Together**



**BLACK & VEATCH**

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