UNITED STATES OF AMERICA

ARMY CORPS OF ENGINEERS

ARMY MILCON TRANSFORMATION
INDUSTRY FORUM

WEDNESDAY
APRIL 6, 2005

The Industry Forum met in the Auditorium at the Kellogg Conference Center, Galludet University, 800 Florida Avenue, N.E., Washington, D.C., at 8:00 a.m., Howard Moy, HQ USACE, Facilitator, presiding.

PRESENT

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JUDITH BLAKE SB HQ USACE
MG JAMES CHEATHAM Director of Military Programs
MARK FLEMING HNC
BUNNATINE GREENHOUSE PARC - HQ USACE
JEFF HOOGHOUSE HQ USACE
HOWARD MOY HQ USACE
ANDREA SHOULDERS ACSIM

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8:00 a.m.

FACILITATOR MOY: Good morning everyone. My name is Howard Moy. I'm from the headquarters of the U.S. Army Corps of Engineers, and I want to give you a big welcome for coming to today's industry forum.

We, the Army, are very excited about sharing our ideas on the direction we're taking to transform the way we do MILCON, and we are even more excited about hearing your thoughts of better ideas to get us where we're going for better quality facilities at less expensive costs and at a faster pace than we do today.

Let me run through some administrative announcements before we get into the meat of the presentations. The bathrooms, most of you may already have found them.

They are just outside the registration tables to the right. There is overflow parking in case you could not get into the garage and that area is right next to the parking structure.

We will be having 20-minute breaks. We

really ask that you be prompt. There are vending machines and a cafeteria past the lobby and in other parts of the building.

Lunch will be at approximately twelve o'clock and will be 90 minutes. And we again ask that you be prompt. We have lots to do today and we would -- we really don't want to keep you later than we have to.

There are some options for the lunch, all pretty close to the facility here. With that, let me kind of run through the agenda for you. We're -- this is a Army initiative, not just a Corps of Engineers initiative.

And with us today we have a presentation from the Office of the Assistant Chief of Staff for installation management. We'll be going through our three focus areas of planning and programming, standards and criteria, acquisition and execution, and will be talking about small business concerns, and then we will get into the dialog with you, the industry, our most valuable partner in this initiative.

And with that said I'd like to introduce my boss for a few words of welcome, Major General James Cheatham, Director of Military Programs.

MG CHEATHAM: Good morning. Good morning and welcome. This is an opportunity for all of you, and some of you we had a few conversations with at other venues to talk about this kind of coming up.

We want to get your input. As Howard and the team has worked diligently to put this together, in fact this is one of four and this is the first one so we'll adjust as we go across the country, to gain insights as to the streamlining, I'll say, or the betterment of our MILCON process of program.

And we call it MILCON transformation. And I'd like to first give also -- thank Howard and the team, particular Ms. Bunny Greenhouse who is the PARC for the Corps of Engineers, Ms. Judith Blake is the head of our small business for the Corps of Engineers, they're also here.

So we have the right players here. I think Don Basham, who is the head of ENC is here -- is actually the head of the team that's running it with

Howard and J.R. which is in the rest of the team.

So they are here. They'll be certainly listening with open ears to pick up any of the food for thought or great insights that you might have to show us, give us how we can make the process work better.

We look at the industry as being a partner in this team effort. As Howard has said, we're looking to try and obviously move things to faster, cheaper -- or not cheaper so to speak, faster, better quality, and someone says safer and greener I think was the couple of words been added on to this in the future.

The ideal is one of these, if you think in terms of the time we're told go, we want to be able to turn dirt the same year of appropriations if you want to do that in the future. We all understand that, and you heard in the news obviously, that BRAC will be, the first release or discussion out in the open will be in May, the middle of May thereabout.

And then obviously that has a process that goes through with Congress, but at the same time the

understanding is we'll be also relocating forces back to the U.S. from places around the world.

And I think that number is also out there, or the approximate number around 70,000 or whatever. But that also has an impact also to our installations, and therefore we will need to be able to -- well the timelines are probably being set or set pretty quickly, and we won't have a lot of time to do it the way we used to do it.

So therefore we need to be able to find a method or means as to where we can save time in the process. And do we move from one -- we're going to talk about I think he showed you criteria and standards, that effort, where can we make the best move to -- or better that particular piece of -- that part of the process.

Acquisition or whatever, everything is pretty much on the table to a degree. Now it comes down to legislation. We want to know those things that we might have to change.

We may not have time to do that piece. So therefore we'll have to look at the entire process.

But all in all, I didn't want to talk all morning. I want to be able to sit, and I'm going to try to stay as long as I can to hear your thoughts and listen.

And the team will be collecting that, putting it together, and as we go forth I've asked -- Don and I were talking earlier this morning of putting feedback because some have pressing comments from others that says tell us other agencies have done similar things but they really don't tell us what they did with it once they got it.

Well we're going to try to do that and put it out there where we've heard you, here's what we've finally done with those particular comments if at all possible.

So this is just not -- also not a Corps of Engineers effort. It's an Army effort. We were actually tasked by the ASA I&E, I think, installation management, working with them to do this and to see where we could go with, particularly with ACSIM and with IMA to make this happen.

So they're part of the team. They're looking for ways that we can do this better, faster,

and get better facilities out there because the troops deserve what we can give them.

They've lived wherever they've been before, now we're bringing them home. Let's give them the best we can give them, quality-wise to better their quality of life.

And by the way the Chief of Staff of the Army I believe has also said that facilities or flagship facilities and the soldier are the centerpiece of our army, so we're hoping to make that happen.

In any event, without going into any further ado, we welcome you again. Please give us your input, any comments you might have. We've all got open ears. Thank you.

FACILITATOR MOY: I'd like to back up for a minute. A couple other administrative announcements. Today is not a day to find out where the massive amount of work that you've all been hearing about is going to be because we don't -- nothing is in concrete yet and we'll know later as the year goes on.

We would like, as for questions, please hold

them until the end of each presentation and we would -- we will take questions with regard to -- for clarification after each of your presentations.

And other questions we'll hold for the roundtable discussion. I just mentioned we -- we're not going to talk about where the projects are going to be.

And I'd like to mention that there, I think, there's also a satellite room also. Possibly there might be some people in there, so each room will be provided the opportunity to provide their input and ask questions.

And with that said I'd like to introduce Andy Shoulders from the Office of the Assistant Chief of Installation Management.

MS. SHOULDERS: Good morning. As Howard said I'm Andy Shoulders. I work for the Assistant Chief of Staff for Installation Management. And I'm here to give an overview of the Army permanent facility requirements of which the total potential magnitude has been the driver behind this MILCON transformation.

MILCON again is what we term military construction for the Army. The facility requirements, the annual requirements are not expected to change.

And the annual average for all of the Army is around two billion per year. There are three major events above our normal annual military construction program that will also require permanent facilities.

These include the base realignment and closure, what we call the Global Posture Initiative which is also the name of re-stationing, and the Army Modular Force permanent facility requirements that is a part of the Army's transformation.

These three events are expected to have the potential to add several billion per year on top of our normal annual MILCON. The unknowns are the BRAC and the re-stationing, I am sorry you can't hear me.

FACILITATOR MOY: How much?

MS. SHOULDERS: Several billion above the -- yes. The unknowns are the BRAC and the re-stationing, even without presidential or Congressional support to become law, the permanent facilities to support the Army's modular force and our normal annual MILCON

still need to be addressed.

So MILCON transformation will go forward regardless of whether there is BRAC and re-stationing. The goal for MILCON transformation is to transition the new approach in our fiscal year 2006 and 2007 so that is from October to September when we are talking fiscal years.

The Army must develop a holistic approach to reduce planning, programming, design acquisition, and construction time lines and cost to meet all of the permanent facility requirements.

The Army must leverage private industry standards and practices to realize these time and cost savings, and that's why we've invited you here today to solicit your input to help us do this.

The Army MILCON transformation initiative is developing strategies in three focus areas. Those are planning and programming, excuse me, standards and criteria, and acquisition and execution.

Each focus area will be discussed in more detail by others, but I will speak to the general guidance that's been given to us by the Department of

the Army in the following slides.

The first one is the planning and programming focus area. We want to program for the total requirement rather than individual facilities as we've done in the past.

For example, for a given initiative such as the Army Modular Force, at a given installation for a given unit we want to capture all of the facility requirements and program them to show the total bill and ensure that we get full support for that initiative.

We want to program first for the mission critical facilities, and we'll discuss those in a little more detail, as well as some critical community facilities to meet the basic functional requirements.

We want to provide the facilities that our soldiers need to work and live immediately, and then we'll address the other facility requirements later. But the number one priority is the mission critical facilities.

The standards and criteria focus area is -- has been asked to employ the Army standardization

process, but also to accommodate local installation architectural themes.

In other words, we want to develop a standard that is flexible to accommodate regional or local differences. We would like to also address the Army's functional requirements, the functional requirements for each facility type.

And we would like to move more towards performance criteria, vice prescriptive requirements. We're targeting a 25 year useful life for our facilities, and we want to incorporate the best life cycle and maintenance considerations.

We want to design with optimum flexibility for building use. We want to be able to use the facility for different units or reuse or repurpose so we want to build in a lot of flexibility in our facilities.

And we still have to comply with energy efficiency sustainable design and development and out antiterrorism requirements. The acquisition and execution focus area, we have asked them to look at capitalizing on economies of scale.

We want to explore acquisition and construction alternatives to reduce our timelines, leveraging standardization to limit time for the preparation of proposals as well as the evaluation and award.

We want to ensure that the approach also addresses small business. By looking at these different focus areas we hope to streamline the MILCON process so that we can ensure that we get our facilities online as quickly as possible to address the Army's permanent facility requirements.

FACILITATOR MOY: I'd like to introduce Mark Fleming from our Huntsville support center who will be addressing the planning and programming focus area.

MR. FLEMING: Okay. Good morning. I'm Mark Fleming from the Huntsville Center U.S. Army Corps of Engineers, and I've been involved in military master planning and programming for about 26 years now.

And this is a very exciting time for us in the area that we work because it gives us a great opportunity to help build the future installations for our soldiers, which are, very, basically, very

rewarding.

We need to give them the best facilities, as General Cheatham said, the best facilities we can. And what I want to do is talk to you about our process, how we plan and program our facilities in the Army, which is similar to the way you would do it as a private developer in the private sector.

As Ms. Shoulders mentioned, the Army's priority is the Tier 1 projects which are mission critical, those facilities that allow our soldiers to do their military missions at our installations.

And I'll show you a slide that discusses those particular facilities. The Tier 2 projects, which will be basically programmed immediately following the Tier 1, are quality of life type projects, childcare centers as you see here, physical fitness facilities, and several other related projects.

But again, the Army's emphasis is focused on the Tier 1 projects. When we talk about the floor structure, or the population that we're looking at, this represents basically the three levels of echelon

that we're looking at, brigades, which again -- this is a nominal brigade set, an average brigade set in any of our installations that we're currently planning for to relocate and provide facilities for.

You can see how many soldiers we're talking about. And again, each one of these brigade sets will not be exactly the same. So again, from a planning and construction standpoint it requires a lot of attention to detail.

Again, for us planners and programmers it's a very exciting time. The mission critical facilities, Tier 1, these are the examples. And what I've tried to do is give you a representative sample, or a comparative analogy, on the commercial side or the private sector side of what type of facility this is.

In this case a brigade headquarters is administrative in nature, so it's an office building per se. A company operations facility is -- combines operations and warehouse.

The companies actually have to basically have supply and storage of some of their tactical or

war fighting capability equipment in that facility with them.

And as you go down through the list, the dining facilities are obviously our cafeterias, vehicle maintenance shops, heavy-duty truck maintenance facilities, it's much more than a Jiffy Lube.

As we were discussing yesterday, one of our members mentioned it's a Jiffy Lube on steroids. It's basically a heavy-duty truck and vehicle maintenance facility shop that does everything from cradle to grave and repair those facilities and keep them running.

Organizational vehicle parks are basically parking lots where we park our tactical vehicles, again something that's very critical. Unit storage, this is storage for the soldiers equipment, not personal goods, not home household goods, but actually the war fighting equipment that they have to maintain and have ready.

And then some of the units will be aviation in nature. Aircraft will have some special

requirements that we'll have to take care of. And those will be identified as we go through the planning process.

But these represent the critical facilities right now that we're focusing on, and again as Ms. Shoulders mentioned, these are the ones that the Army is -- top priority.

When you start looking at the magnitude of construction that we're talking about this represents, and these numbers represent, one brigade in the Army.

I want to make sure that everybody understands that we're looking at -- this is one typical brigade in the Army, and this is the magnitude of construction that we would need to provide for that one brigade.

Eleven and a half acres of office space, dining or cafeteria for 800 soldiers, 30,000 square feet, Jiffy Lube or maintenance facility shop, 6.4 acres of facility of a maintenance shop.

I don't know that there's a truck stop in America that's that large. Parking lots, 36 football fields worth of parking for our tactical vehicles.

Mini-storage, 325 single story garages, so this gives you kind of a frame of reference of the magnitude of facilities that we're going to be planning and building for each brigade set that we're talking about.

When we move into the planning and programming stage, we've gone from the planning now we're moving into the programming, this is basically how we document our requirements for facilities and then submit those through the Army up to the Office of Secretary of Defense and Office of Budget Management, to the Congress, and request approval and funding for the Congress, eventually signed into law by the President.

But again, the top line shows the Army process. The lower line shows basically, again, how we're trying to compare that to a process that you as a private developer would do in a private sector.

When we're in the planning stage trying to figure out what the requirements are, where we want to put them on an installation, you're developing a business plan, trying to figure out how to do your

facilities, how large they need to be, where they need to be, and what the business character of those facilities would be.

So that's the business plan development phase. We move into programming, that's actually starting to prepare all of the documentation that's required to request the funding from Congress in our part.

In your part, you may be going to banks or investors to try to get that budget and financing support to actually construct your facilities. And in this phase we also do all of our other supporting studies like our environmental analysis, our economic analysis, and all these.

So this is a very detailed study stage where we actually develop all of those details about every project. Design is pretty much consistent across the board.

We all go through -- once we know we've got funding to support the project we go through a design process and eventually into construction. In our case if we are successful in getting, obtaining

Congressional support when the President signs the budget into law, then we actually go to construction.

This is a concept plan of a typical brigade set. You can see the quantity of the facilities. And this is what we call -- there's two concepts.

One is a green grass site which this represents, which is in an area where we go into a virgin territory on an installation where there is no infrastructure or existing facilities and everything would be constructed new, all brand new construction to support a brigade set.

So you can see we -- you have the opportunity as a planner to lay it out exactly as you'd want it to be. This is the best case scenario for any planner in the world.

We'll expect a lot of these situations to occur throughout this whole process. The second alternative or concept is actually what we call infill and that's where we're using the existing facilities that are available that we may not be utilizing at the best rate.

We'll try to make -- bring those facilities

and use those first before we construct new facilities. So we'll try to locate those in the installation infrastructure and then locate the new facilities around them so we have unit integrity, or the soldiers can be relatively in the same area based on their unit structure.

FACILITATOR MOY: Now addressing the standards and criteria focus area is Jeff Hooghouse, our Corps' Deputy Chief Architect.

MR. HOOGHOUSE: How's everybody doing? Pretty quiet so far. I have the privilege of giving you a little bit of information and some research that we've done as the Corps of Engineers on an area that I think most of you can help us out the most, and that's the standards and criteria function.

Before I go too far, I just wanted to point out the Army standardization program has been in place for about 20 years. What we've used that for is defining our functional and operational requirements.

We've also used that to define some technical criteria that we may need for each one of those occupancies. We've also looked at plenty of

technical criteria given to you, the industry, to present when you come forward with your designs on design bid process and our typical MILCON process.

This technical criteria has basically evolved into what we equate to your -- to the building codes, the basic building codes in giving us lessons learned and incorporating these lessons learned into these documents.

Well as you know, over 20 years, 50 years, 100 years, that standardization criteria and that technical criteria tends to take on a different flavor.

What we're looking for in this environment on the standards and criteria piece is to get the feedback from you to let us know are we heading in the right direction, are we going to see any potholes in the way, are there any things we should be looking at that we're not looking at.

So these next few slides are just going to give you a quick overview of what we're thinking that we want to move to. It's also going to give you an example of a case study that we had done on one of our

projects that had a few budgetary constraints and a few other items that were inhibiting the progress of the project.

And we'll show you when we found out and how we got on this path of saying hey, you know, let's seek industry's involvement, a little more help.

Next slide please. Oh, that's me, sorry. I don't even listen to myself, see that? Here's our objectives. It's pretty straightforward. All the other groups have mentioned it.

I'm going to take other from a standardization criteria piece. Our goals and opportunities are one, we want to leverage what the private industry is doing.

We want to leverage your best practices, not just fine tune it down to the building codes as our baseline, but actually reach out there to you and say when is it that you're doing that you know are the best practices.

We're not going bare bones. We don't want bare bones. Most developers don't want bare bones. What they do want is they want innovative design

that's responsive to their needs based on latest technology and latest construction trends and design trends.

We also want to maintain or actually improve, if we can, the quality levels that we're putting into these projects. We have some other constraints such as minimizing lifecycle cost, not just from a facility standpoint, but from an operations and maintenance standpoint where we have to pay this bill over and over every year just like your customers do.

And the big kicker is to execute faster. We need to turn these projects around. We already have enough constraints dealing with the Government, and the process of getting the projects approved and programs, and appropriated, and enough time built into that process that we really need to turn these around so we can accommodate the troops coming back.

Bottom line is quality facilities for quality soldiers. They're coming back. The Army needs your help. Tier 1 facilities, or Priority 1 facilities, you've heard these from the other

presentations.

Just to reiterate it, we're looking at barracks. We're looking at where we're going to house these troops. What does their buddy have when he's working at Wal-mart on the outside of the gate or a car dealership?

Where is he working? Where is he living? That same type of facility, that same type of quality of life is what we want for our soldiers. Dining facilities, look at the functional, operational, and technical differences from your standpoint compared to our dining facilities and let's say a college cafeteria.

And as we go along I'll give you a couple of quick examples. I believe all these slides will be posted so you'll be able to look at them in more detail.

But I'll give you a quick flavor of where we think that we're heading and where we could really use your input. Operations facilities, mentioned before, they're admin warehouse type facilities.

We need to maximize flexibility. Our

soldiers are getting equipment and new equipment everyday, and that equipment is changing by a minute by minute basis.

So we have to build in flexibility and reutilization into these projects so we can accommodate those other functions such as a warehouse does.

Tactical vehicle maintenance shops, the Jiffy Lube on steroids, again this facility is like a heavy equipment, Caterpillar type maintenance facility, Peterbilt maintenance facility.

Are there specific inherently military things that we have to do? Absolutely. But what we need from you is to take a look at some of these facility types we're talking about and truly ask the question okay, how do we do that in industry, or do we accommodate those same items in industry, and how can we make it better for the military and for the Army in general.

Case study, just to give you a little bit of background. As I mentioned, the project had a few problems. This project was at Fort Meade. Had a few

problems that were budgetary, scope related, time related, cost related, everything that we've always heard about on a lot of projects either private or Government.

We had every one you could think of. This project was turned around when we decided -- we took a look at the occupancy type and it was a barracks. And we said okay this barracks, what's different from this barracks and an apartment complex outside the gate?

And we started looking at well, you know, it's the same occupancy type by code, it's residential occupancy. So when we dug a little deeper, what we found out is, to make a long story short, we found out that by reclassifying the facility and redesigning the facility to a residential construction materials and methods, basically occupancy appropriate construction, that we actually not only reduced the cost to where we needed it to be, we got it in -- the projects came in below.

We increased the competition. We had people coming to us telling us wow, you know, I can finally bid on a Government job. This is what I do day to

day.

We heard a lot of good news stories. The overall -- we had a problem with perceptions, the perception of reducing quality, perceptions of durability, maintainability.

You're going to residential, oh, no, you know, our soldiers are going to tear that up. But what we really found out is by taking the funds, not reducing cost but taking the cost and moving it to the appropriate areas, utilizing that cost in other areas such as exterior finishes.

Upgrade the exterior finishes to a more durable finish. Interior finishes, give them better finishes on the interior. Give them better roofing materials, you know.

We actually tried to improve as much as we could. And we actually brought it in under what we thought we were going to bring it in. Another factor was we have statutory requirements and we have rules and regulations that we have to comply with.

An example of those, sustainable design, very concerned about are we meeting our sustainable

design goals, absolutely. We were nervous that we weren't.

We found out we were actually exceeding them. Antiterrorism force protection requirements, we had a couple studies done on that, said wow, you know, this actually -- this facility can meet and does meet antiterrorism force protection requirements for progressive collapse.

So the thought here, as I show you, is not just the fact that we saved money. We increased quality. We met all of our requirements. The big kicker was the time.

Our time, actually, for executing this project was cut more than in half. The contractors actually told us that they could probably have gone a little bit farther had they had a little more time to propose a panelized construction or some other methods that they could do to increase quality, again, and speed the process up.

So this started the ball rolling and saying well, we need to go to industry and say talk to us. Tell us what you think we need to do better to allow

you to do what you do best outside the gate.

Here's the goal. Again I told you I was going to go through very quickly on these. Example right here, MILCON barracks program, equivalent is an apartment complex, same functions, same operations, different technical solutions for industry and military.

We don't know if this is the only solution, but we know this is a solution, and we're hoping that you can help us get to others. Next facility type, these are all the Priority 1 facility types.

Dining facilities versus a college cafeteria, functionally, operationally similar. Exact, no, but they are similar, technically similar, yes.

Functionally they both serve the same needs. They serve troops. They serve people. My slides are messed up on me. This is a company operations facility.

This is your admin industrial warehouse type that you would find perhaps in an airport industrial park. Again, functionally the same, operationally

similar, technically different solutions.

Battalion and brigade headquarters, these are office buildings. These are both, again, functionally and operationally and technically should be fairly similar.

And here's one that goes a little bit farther. The ones we talked about earlier from barracks all the way until now, you san see that there's a little bit different in each of them.

The barracks and apartment combination, you can see that they're pretty close. When you go to a heavy equipment shop there's another level, meaning that we have our own specific requirements that we have to meet for our equipment.

But there are still some similarities to industry. And again, this tactical operations facility, the comparison is heavy equipment building such as I mentioned before Caterpillar and Peterbilt and any of the others that are out there that work on heavy equipment.

Again, functionally and operationally very similar. Technical solutions could be very similar as

well. That's what we're hoping we can get the feedback from you on.

To summarize all this the Army needs your help. We need help improving our quality. We need to get the best value we can out of these improvements and we need to do it fast.

We need your best practices. Not saying that you're not giving us your best now, but what we really need is we need you to come in with the same solutions that you would do for a private developer that you would do for us.

Lifecycle cost improvements, we have to get better at that. We have to look at these from a lifecycle cost perspective. We do it real well now. The difference is we think the way that you look at them is more of an appropriate or a different measure than the way that the military looks at lifecycle O&M cost.

Example is 25 year life where we design -- we say were going to design to a 25 year life. We recapitalize that facility at 67 years. That's a long time.

And then we say oh but, you know, we'll really keep it around for probably about a hundred before we can get some more money. So we try and design that into it.

What this is telling you, and what we're asking you is we're designing and recapitalizing at a 25 year rate so we need to -- that's it. There's not going to be any hidden 67 other 100 year life on these buildings.

We're going to hit a 25 year target life of these buildings. We want you to come to us and tell us areas of opportunity and innovation. One thing that we know is that just because it's new to us doesn't mean it's innovative.

So don't be shy. Bring us everything you have. Ask the questions. Tell us what you're doing. We need to make this major shift to the way you're doing practice.

And we need to also make this major shift in the future and to assist you any way we can, and to work with you in moving into innovative construction techniques.

We could be looking at new techniques for modularity or modular construction, panelization, there's a whole bunch of them out there, a whole bunch of new products that are moving out.

Perhaps we can start working together on those as well. And then again, we know there are roadblocks. There always are. We call them roadblocks but they're really potholes.

There are some that are bigger potholes than others. Some are sinkholes. But we still want you to bring those to us, the things that you see, because working from the inside out we may not see those.

So we need to know where they are so we can address them and adjust accordingly. Thank you.

FACILITATOR MOY: Thanks Jeff. At this time I'd like to introduce Bunny Greenhouse, the Corps of Engineers Principal Assistant responsible for contracting.

MS. GREENHOUSE: It sees as if everywhere I go I complain about the seating. You know, that was pretty low there, you know, to sit down, so I hope that you're comfortable.

And Major Cheatham said to me well they're for the kids. I said well I don't think the kids have -- here, you know, have that short of legs. So it was very difficult to sit there as well as to get up after you're sitting.

I just -- you're probably going to find the same themes coming from each of us, you know, as we speak to you, because we are all about trying to make sure that we get these comforts and changes in the quality of life for the soldiers as well as those folks who are on installations faster, cheaper.

But one thing that I think that you're going to hear from me, as well as from everyone else who's participating here, that we're not going to be sacrificing quality, you know, as we're moving to get it faster and cheaper.

Note that in transformation, you've heard that so much over the past few years, and we're so proud in the Corps to be getting another opportunity, you know, at this transformation, and that is with the MILCON, you know, transformation.

We've been about this for a long time trying

to bring about some changes in getting construction done in a faster manner. The Baltimore District had challenged the JOC contracts a few years ago by bringing in what we'll call 8(a) TOCCs.

They were a task order type of construction contracting so Baltimore was very good at that, making sure that we got the construction done in six months by 8(a) contractors on the commander's time.

So now we're looking at this broadly for the whole Army on many commanders' time, you know, to get this construction done and increase the quality of life for our soldiers.

But know one thing, this acquisition process must be streamlined and it must be shortened not only for contracting but for every part of the acquisition process.

You know, you've heard from the criteria and standards, you've heard from design or you will be hearing from design and so forth, so everything has to be.

So I want you to think of this from the AE point of view, from the general construction

contractor point of view and so on, because everybody is involved.

And you often hear from me that we want you to be our think tank. This is one of those real opportunities to be our think tank today, you know, to pass on your experiences in the commercial world as well as pass on your experiences that you might be having with the Air Force or with the Navy that is different from what you may have had with the Corps of Engineers.

And what am I supposed to do here? Thanks, got it now. I would not pass this opportunity just to give you what basically the PARC's mission is in making sure that we get that quality of service and quality products and supplies, you know, for all of the customers that we serve, and making sure that we keep a focus on the bullets that you see below there.

And one of those bullets, you will see, small business. And Judith is going to be here to talk to you about that in some more specifics. But as I tell Judith all the time, I could never divorce myself, you know, from small business.

We want the small businesses to be considered here. When we're talking about regionalization and so forth there may be opportunities whereas they might not have bonding or they might not have the capacity to be able to work alone.

We all have to think alignment and making sure that everybody has an opportunity to participate, you know, in this new initiative, you know, that the Army is doing.

We are going to be looking at this innovation, changing business practices, and you will hear us speak about Six Sigma and LEAN Six Sigma that is the new buzzwords that we have around making sure that we look at our processes, change those processes, weed out those that are excess and no longer needed and so on.

So -- but these are the kinds of things that I want you to focus on, you know, as you are thinking about what it is that we might need. These are our goals.

Of course it's reducing cost and saving

time, innovative processes. We're going to be looking at everything and we need you here today to help us to craft those innovative processes.

If you really think that we need to perform construction in a different manner this is your opportunity to tell us. And we expect to hear some good things today.

We are thinking about whether we need to hire a fabricator or have new construction, that is building from the ground up, you know, at every place.

Will it be in a sense like modular type, you know, buildings where we just simply have a fabricator sent in, you know, to the different installations, you know, what it is that is needed to construct the buildings on somewhat of a uniform type approach to it.

We're going to be looking at our market survey, market research and market surveys. We don't do that very well, you know, in any of the services, you know.

That's why we went to reverse auctioning to see if we could get to more of not having middlemen,

you know, in the process. So we will be trying to determine whether there is viability for multiple award construction contracts.

And you understand multiple award where we give the capacity IDIQ-type capacity to three or four different contractors to constantly compete. That gives us a lot of value, when we have constant competition, no matter where we are along the process.

We're going to be looking at the capacities of those of you who are here, bonding capacity, capacity for all of the different trades that you must have -- must be available to you so that we're not, each contractor, reutilizing the same -- competing for the same trade type industry that we have.

So we will be determining whether it is going to be best for us to do this locally, regionally, and nationally. We think about local, national, or regional because we have to think about those small businesses, you know, as to whether they can be able to work concurrently, you know, at several locations, you know, throughout the nation.

And so that's a big part of -- comes into

making our decisions. We also are looking at the economy of scales where we are looking at process function and design, determining where we can do the standardization.

In streamlining the process we do have a team that's going to be looking at our processes as we do them now, you know, to say which processes may be too long or are absolutely unnecessary in order to get on this momentum, you know, that we are -- we have taken the challenge to get onto.

The templates, that's going to be very helpful, you know, to you on -- many of the complaints that we get from industry is that all of the districts in the Corps, none of them have any kind of uniformity, you know, toward the RFP.

You can't look at one RFP and know exactly, you know, how to quickly be able to develop your proposal. We are thinking about trying to do templates where there will be RFP documents that are standard as well as there are going to be some benefits to you cost-wise in developing your proposal, you know, as well as to us.

Performance based contracting, you know that that is a mandate that all of Army contracting has been placed upon. And of course we want to hear your feedback, and we want to hear your feedback on one of the strategies that we're using quite often now, which is a design/build.

You know, is -- have you found some better approaches, you know, then design/build? We know that design-bid-build that design/build, you know, can have great advantages for us, but every opportunity is not to be done by design build.

You know, what other ideas do you have for us? Site specific approaches, we are going to be looking at that to see if we do need to -- not only are we focused on standardizing the process, but will there be a need for more advantages on site specific type of approaches and IDIQs.

The IDIQs are the bloodline of the Corps. We want to use them well. We don't want to use them in any sense where they are abusive and that we will lose being able to have IDIQ contracts.

When are they best? Will we have IDIQs for

our local awards, our regional awards, our nationwide awards in this initiative? And then finally we are going to be looking at multiple award schedules.

Often you come to me and to others and say I already have a contract with -- on a GSA schedule. Is it possible to be able to use that contract in order to complete the effort that you have?

So no one thing is -- it's important to us that when these are new procurements that we are not going to abuse, you know, IDIQs when it should be a new procurement out there for all of you in a certain region, you know, to be able to participate in.

So we are going to be thinking of all those good business type of things, all those. And we want you to think of -- critically, about what it is that we can do best, and entrepreneurially as to what is going to bring you to the table to bring the kind of partnership that we have enjoyed with you.

Corps does 100 percent of its construction, you know, by the contractors, so therefore we are looking for that partnership. We're looking for your entrepreneurial thought.

And we are looking for your critical thought that this is going to be a success for the Army. Thank you.

FACILITATOR MOY: Now we have Judith Blake, our Director for Small Business.

MS. BLAKE: Welcome. How many of you in this room are businesses who have built the kinds of facilities we've been talking about for the commercial sector?

Everybody stand up. I'm serious. Don't you deserve a break right now? On your feet and stretch while you're up there so that you can, you know, pay attention for five more minutes.

All right, how many of you -- thank you. Look at all this. This is commercial sector folks guys, all right. How many of you have built these kinds of facilities for Government?

Okay, a few extra but a lot of the same folks standing. Well that's good news. Our purpose here is to get a lot of good information from you. So we're looking for advice.

And we're looking for you to give us the

kind of advice that only you know because of having done the work in this environment. I'm really pleased to see so many folks that have got the disciplines, both sides.

We sometimes picture folks who do Government work as doing nothing else, but I think in my experience that probably isn't always true. But we do want to know how those commercial practices differ from the Government practices that we're more accustomed to dealing with.

I think what I want to say to you because I'm representing the small business community is that we do know that small business matters. And in addition, small business issues are going to be considered as we go through this process.

But your participation when we do this is going to be crucial, absolutely critical. If small business doesn't give us your input as to those things that are going to make our program successful and allow you to participate, then your voice will not be heard and your concerns will not be answered.

So I encourage you to provide that feedback.

The burden is on you to stay informed. You must not expect me to send you the specific information every time.

You've got to go out and do the research. Many of you know that. Some of you don't. I have to tell you. So the fact that you're here tells me that you've been keeping yourselves informed.

But go back to your associations. Go back to your industry associations that you're members of. Share the information that you've learned here today and ask them to participate in helping to shape and refocus the way the Army does our military construction.

By using those associations and getting the best practices of a broad range of ideas and a broad range of experience you'll be able to help us, to help yourselves as American taxpayers, and to help our soldiers of the future.

We really want you to provide input today during the industry forums, both large business and small business because let's face it, most of the large businesses in the room would not be able to

accomplish the jobs they do and wouldn't want to with only internal staff.

For the most part, and especially if they're Government contractors, they use a suite of small business subcontractors to work with them. If we publish Sources Sought, that's a term that the Government uses, if we go to the Federal Business Opportunities webpage and publish information and ask for your feedback, I will tell you that we recently had a service disabled veteran owned contract that we wanted to do out of Omaha District and those firms didn't reply.

They didn't respond that they could do the work. And so there was a very real possibility that that project will be canceled. So small businesses, if you're in the room and you see it and you think oh, gee, this is great, maybe I'll submit a proposal, if it's a Sources Sought or a request for information send in that letter.

That's very important. The other thing that I want to say to you is you heard the timelines. In the scope of Government contracting, these timelines

are very aggressive.

Mention was made of fiscal year 2006. That is October of 2005 that that begins. So we are not talking very far in the future. Now that's not going to be the great massive projects probably.

But we're beginning to move in that direction. And so things like joint ventures, mentor-protégé agreements, if we do go forward with design/build projects if you're an architect-engineer firm, you're going to have to find a construction partner or develop a construction arm if you're going to be successful for those projects.

So plan ahead, be ready for the kinds of things that you see coming. I want you to know that we're serious about small business. I was so pleased to hear so many others that have spoken here this morning mention that we are committed to small business.

Andy especially, thank you, and Bunny. These are critical. They're interwoven in the American economy and interwoven in what we do everyday.

Obviously you've heard it before. We're equally serious about high quality, about timeliness, about time reduction, about doing it fast.

I had somebody in the audience tell me that they did a major construction project including moving people in in 289 days, I believe, was the number.

I said okay, talk to us about how that happened and what you did to make that happen. Those are the kinds of things that we want to hear, because wouldn't it be grand if we could do all our projects in much less time than historically we have done?

The other thing, and Ms. Greenhouse mentioned this as well, we are serious about enforcing subcontracting plans. Large business, listen up.

We're going to be paying attention to whether you're meeting your goals. Small business, listen up. Great opportunity for you to work with those large businesses because they are going to be serious since we're serious.

And so this is your opportunity to share your expertise with them. There will be a mixture of prime and subcontracting opportunities, we believe, as

this progresses.

However, probably the very large projects, the majority of opportunity for small will be in the subcontracting arena. We certainly will perform market research, and that includes those Sources Soughts.

We will be looking at your capabilities, your expertise, functionals. We will be looking at locations and bonding capacity. We'll be working with the small business administration.

They have committed to me that they will work with some bond guarantees as they develop programs. They'll also work with streamlined processing of joint ventures, mentor-protégé agreements, and the like.

So give us that feedback that you have that will help us determine with you need us to help you with to succeed in this new faster, better environment.

And we'll keep you posted as we know more. So we really want your participation as we go through this process today. Don't be shy. Share your good

news stories.

If you think about -- and as we get ready for a break here shortly, during the break and as we go into the vendor interaction roundtable, if you will think about that project or those projects that you're proudest of, that accomplishment that you look at and say this was a really great project.

What were the elements that made that happen for you and for your customers? And share those kinds of good things because chances are something about that project is something that we need to know to make our projects better.

So do that for me while we take our break, and I'm going to turn this back over to Howard who is our facilitator for the day.

FACILITATOR MOY: Thank you, Judith. I'd like to adjust the schedule slightly since we're kind of ahead of schedule. And before the break we'd like to -- I'd like to introduce Mr. Don Basham, the Corps' Chief of Engineering and Construction for some food for thought for the Q and A sessions.

MR. BASHAM: Thank you, Howard.

FACILITATOR MOY: You have to be on the microphone. One of those?

MR. BASHAM: I'm not much of a speaker to start with, but much less behind a podium. What I'd like to do is -- you've sat here for about an hour and a half now and listened to some presentations.

And what we're attempting to try to do is share some information. It's a lot of information. Maybe you've got a lot of questions before we get into this.

But I'd like for you to start thinking about making a shift here into the best we can make of this auditorium into a roundtable discussion. And I apologize for that, but we want to try to have some dialog with you.

You've seen some of the numbers, you know. Ms. Shoulders told you the base number here is two billion dollars a year and it's going to go up from that.

Irrespective, if some of you have seen in the paper in the news in the last few days, certainly Congressman and Senators are making an attempt to hold

up BRAC nominations and whatever, so BRAC may never come.

Or if it comes it may not come on the current timeline. Transformation's going to come. But I would tell you if we had the Secretary of the Army here today to explain to you what transformation was and what units were going where, if he could do that, as he walked out the door it's probably going to change tomorrow.

BRAC will change. And so all of those are going to change. But irrespective of all of that change that's going out there, there is a base program of two billion dollars a year that will continue on.

And this whole transformation effort is the foundation of that to do that. This will not go away at the end of BRAC. It will not go away at the end of transformation.

It's the way the Army wants to move to shift and do business in the future. And oh, by the way, we're going to start having forums like this every four or five years because the industry change.

And if we're not careful, in ten years

whatever we adopt here today, in ten years guess what, it will be just as irrelevant as we are in our processes today.

And so we're looking to how we keep going back in a lifecycle, looking at our processes and procedures to improve those. So one of the things I want to leave you hear with is while you may still have a lot of questions that maybe deal with volume of business and capacity of some of this work, and we need to understand that from you if that drive certain techniques or processes and procedures.

We need to know that. But we're really not prepared today to get into talk about X number of billion dollars is going to this part of the country, X number of billion dollars are going to this installation, and so forth and so on.

We just can't tell you that. But when we do need feedback from you in some of these notions that we're going to talk about. Does that impact a total volume of business and is somebody willing to create a niche industry to go into some of this?

Would it influence you going into a

marketplace to do this? Those are kind of some things we need parameters from you so then we can take that back and digest that and look, can we create a program that fits that.

What I'd like to do is give you a couple of examples. In the -- and don't take these as any mindset of any direction we're trying to go. I'm just trying to get the juices flowing and think about it a little bit.

Maybe it'll irritate you some and that's okay. And maybe some of it will resonate with you and that's okay too. But we've been working with one of the proponents in one of the facility types, the dining facility folks.

And of course all of this has got to go back to each one of the basic proponent facilities for the Army to figure out what their requirements are. But what we have started out is saying we've got to move away from our old traditional Army requirements.

You know, feeding troops is no different than feeding kids in the school, no different than going to Ponderosa or some other steakhouse or some

other restaurant to feed people.

It's feeding people in some style. It's the style that you feed them. And oh, by the way, and if you look at BRAC and re-stationing, part of the initiative of re-stationing is bringing troops home.

And in the future they will deploy from home station here to go fight a war. They'll go off for a year or 18 months and come back. Their families will stay here on the installation.

We'll no longer have -- what was it General, 170,000 troops thereabouts that oh, by the way, that's troops. I think you had 2.65 people go with each soldier.

That's a wife and 1.6 children. And so, you know, there's people going to be at home. And so when we think about feeding troops today, we got to shift from thinking about feeding the soldier to feeding the family.

Mom -- or at least my wife wouldn't think of necessarily going to the mess hall every night to have dinner. But you might go to a Ponderosa type facility, Burger King, you know.

So we need your thoughts about how would we shift from the traditional dining hall facility we've thought about in the past that seems to be unique to us in the Army, because it sure drives up our cost, what was it 180, 200 dollars a square foot is a tremendous price.

So how can we better package that to more matching industry standard but still give us a quality facility? Do you package them -- two different venues here.

One venue might be an RFP type package that differs in industry out there. And let's take the Ponderosa or Picadilly restaurant chain. You know, is there a pre-engineering manufacturer out there that provides those?

And do we procure those on the each's? Or you heard earlier in the program piece we're going to program for whole facilities now. So instead of procuring individual each's on an installation would I award a contract toward 20 dining facilities in one package to build across the United States, or build in the northeast or the northwest or however you'd

package them that would work best that would maybe allow pre-engineered milling manufacture, or some type of pre-engineered fabricator or some sort that would mass produce those and bring them out on site and erect them.

Just a thought, concept, one I had ten years ago that got beat up on pretty bad, never got anywhere. We're going to bring it back and we'll try it here today.

Just a thought, Daryl knows where I'm going with this, HVAC systems. We get beat up by the construction community and I get beat up by the installation community on HVAC systems.

You know, we award a contract. It generally winds up being one of the long poles in the tent. I want a complete, usable facility. Invariably I get parts of this, parts of that, parts of this, long delete time, hold up production, a lot of submittal drawings.

You got to get the submittal, put it together, all that. Then the installation has got 50 buildings that I just built over the last two or three

years.

No two components are the same. And now I got a little warehouse out here with about every part and piece in it you can think of. Well what if I could get to some facility standard types to where I could identify a ten ton, 20 ton, 30 ton, 50 ton, 80 ton, 100 ton units, models A, B, C, and D?

And what if we went out for a mass procurement and offered the trains and the carriers or that type of industry to have a multiyear award to produce X number of units?

And then the construction contractor calls a 1-800 number and says deliver me a make and model whatever. And so we have a relationship with a supplier kind of like my notion a vision like Ford and General Motors.

You know, they have preferred suppliers, and they have two or three of them. But they have a relationship to deliver a bumper, deliver a generator to a plant to put on a car.

I don't know. It would get us to a complete and useful facility. Would it get us a better

product? Would it get us more timely? Those are some of the things that we're looking at getting feedback from you all, or concepts like that that would help us put facilities on the ground.

You heard earlier the notion is we want to turn dirt year of appropriation. Another pet peeve of mine, design/build. Corps of Engineers has been in design/build business for some years.

We're still learning. Some of you all probably would think we're still learning, wish we'd learn how to do it, quick learning, but we're working at it.

I would tell you we still don't -- do not design/build right in the Corps, and quite frankly in the Government by and large as you do in the private sector, I don't think.

We still do, traditionally, a full design and then issue an NTP to go do the construction. And so when we talk about design/build, really all we've done is designed.

We've taken out the bid and the build. I see a lot of heads nodding. All right. If I'm going

to turn dirt in the year of construction and I look at a Wal-mart -- some of my folks criticize me of trying to take our facilities and equate them to a Wal-mart, just talking about a concept.

I think the Wal-mart folks, and I don't know if there's anybody here from Wal-mart that can help me, but they award a number of buildings in a year to go build across the country.

They get mass production of those component and pieces, and oh by the way, anyplace you go in the country when you walk in the front door, you know to go down three rows this way and two rows that way and socks or underwear or something's right there.

And when you walk inside of it it's basically the same. And so you essentially got a complete design when you give it to a contractor. And so literally within days, because I know what the foundation looks like, I'm out there starting to erect the footings and foundations of that facility while I got a designer trying to figure out, whether I'm building this in Florida or Alaska, what the cladding needs to be for installation and HVAC in that type.

I don't wait until I get all my Is and all my Ts dotted with a complete design before I issue the NTP. How can I do that? How can I make that transition into that arena?

How can we better do that? I believe that's one of the biggest quantum leaps for us, in my humble opinion in the design/build arena, that helps us get there quicker.

But we've got to change the way we do business, I think, in some cases to be able to do that. I need your thoughts and ideas doing that. The -- let's see. Another notion would be one of the things that I don't think did come across that some of you have experienced over the years is one of the things with the creating of the IMA, Installation Management Agency, they are now the installation manager.

So you have one installation manager. You don't have 186, close -- about installations, thereabouts roughly, a hundred and 80 some odd installations.

Every installation is autonomous. Every

installation wants it their way. That's going away. Now if you run out of the building today and you go to an installation you're not going to hear that.

It's still my installation. So we're still working on that. It's kind of like if you go out in one of our districts today. You know, we're trying to move from 41 separate districts to a U.S. Army Corps of Engineers so that when you do walk through the front door and you go three aisles down and two to the left it's the same, by and large the same.

But we got a ways to go. Don't run out there in our districts. We're not quite there yet either. But we're trying to move in that direction. We understand organizationally within the Corps of Engineers and with the Installation Agency that we've got to move in a direction to have more consistency, more uniformity in the way we operate and do business so that when you walk through that front gate this commander says I want it this way.

That commander is no longer going to get it this way. Was it last week the installation commanders met in Kansas City and the Director of IMA

and ACSIM were there and told them folks I'm the installation commander.

I'm going to tell you what facilities you're going to get. Based on what the repositioning -- you're going to tell me where you're need to put them to best suit your installation.

But once we decide it's going to be a dining hall facility or a barracks facility it's going to look like this. And the only latitude you got is whether we build it in Florida or we build it in Alaska or some other part of the country that might have some architectural preferences on the outside and deal with the climatic and site conditions piece.

That leads me to the next piece for us. Also they've told us that we're tired. I mean we're talking about, in some respects, two billion dollars a year minimum, every year, year in year out.

In some respects that's an assembly line. The same facilities, combination groups of facilities get built year after year after year only just at different installations.

And right now I'm paying, generally if we

put out -- whether it's a complete design and complete construction, our design/build concept, generally I'm starting out with a ten or 15 percent design.

The architect-engineer community in the military program does about 75 or 80 percent of our design program. I design that barracks over and over and over again.

And I pay for that over and over and again. And not just you, the 25 or 30 percent we do in house, the customer pays that over and over and again.

Why? Now I know some of you don't want to hear that. But you need to understand that up front that part of this initiative is to move away from that.

If you're in business you understand that if I got a barracks, why do I have to design that barracks from 35 percent 40 times over five years, or whatever it is, for that many barracks?

There ought to be some standard that I can get to, some general framework, some general envelope that I get to, and then you site adapt it. And I understand part of the site adapt gets not just site

adapt on the ground but part of the facility too.

So there again that's another area that we got -- we need to talk to you about. And how do we move to do that? It will have impact on resources for you all, the way you do business with us, the way we relate to one another in doing business.

So with that I hope I've kind of framed us a little bit for you and tweaked your interest. What I'd like to do is if you can bear with us a little bit more, I'd like for the group that spoke to you come up here and sit up here on the stage for a few minutes.

And what I'd like to ask you is -- I'd like to have a few minutes of questions. And I'd like for the questions initially here to be if you need some clarification or understanding of what some of the speakers said so it will help you better enter the dialog with us that's what I'd like to have right now.

And then we'll have a break and you can talk among yourselves and think about it a little bit more. And then when you come back from break I really want to get into your thoughts and ideas.

One of the things I don't believe Howard

mentioned I need to tell you is we are recording this, but we're only recording it so that when you offer an idea we'd like to know your name so if we don't get the question or we don't get it resolved we might have an opportunity to follow-up with you later to do that.

And so please, if you're offering an idea or suggestion or comments, tell us who you are and who you're with so we can capture that for future reference.

We will put all of this information out on the web. What we don't get answers to today we will promise you that we will put some dialog out there. This is just the beginning of that dialog.

We'll have four more sessions at this across the country. Each one of those we will put out there. And our hope is to build on each one and come up with something collectively.

And then eventually we will give you all feedback on that. And what I'd like to do is offer you on the website -- is we put information out there.

If it piques your interest that you've got -- say well, you know, that's a good idea but, you

know, we just did this over here, and offer that as another suggestion to give you an opportunity to continue the debate and discussion as we go on here in the coming months.

So if the folks would come on up here. And while they're coming up, any initial clarifying questions or comments or kind of -- understanding the scope and scale of what we're doing here so we can have the discussion, anyone?

PARTICIPANT: What website are you referring to?

FACILITATOR MOY: We'll have that information -- that for you later on in the day. If you have a question please raise your hand and we'll have the mic brought to you here.

MR. MILLNESS: It is tough to stand up. Thank you, Don. Russ Millness with Michael Baker Corporation. Ms. Greenhouse made a comment about a team reviewing internal business processes. Could you clarify that for us please?

MS. GREENHOUSE: Right. I was speaking of -- we have an internal team, you know, that is working,

you know, this -- all of the initiatives that we have, all of the parts of the initiative, you know, for this.

And we are going to be listening to the ideas that you bring here today, then go back and look at our internal processes. Now that team is under Don's leadership.

It's -- the acquisition part of it is being run by J.R. Richardson. Would you stand up over there? He's the Chief of -- the Director of Contracting at the Huntsville District.

And so they will be going through all of our processes as we are -- as we conduct them today and decide which ones really need to be removed from the process.

So it's all about streamlining, you know, so that we can get to the milestones, you know, that we are trying to accomplish now which are far different from the milestones that we normally have for getting a construction process finished.

But it is an internal team. Can you -- are all of those people here today? That's --

MR. BASHAM: Not all of them here. We've got a pretty group of folks, not only just here in the headquarters, you know, you mentioned J.R. in Huntsville.

MS. GREENHOUSE: Right.

MR. BASHAM: Daryl Nation's here from the Louisville District. We have a number of folks engaged. And the presenters that are leading the teams that presented today, they have teams put together scattered throughout the Corps that we hopefully brought together our best and brightest to kind of jump start this thing --

MS. GREENHOUSE: And --

MR. BASHAM: As well as having people on the Army Staff working with us as well.

MS. GREENHOUSE: And that's an important thing that Don has just said, is that it's a multiplicity of folks from all over the Corps. So it's not just a headquarters team.

It's made up of -- from many of the districts which are going to be participating, you know, in this process. But J.R. is heading the

acquisition or the contracting part of it.

MR. BASHAM: If I could follow on. I'm -- some of you all -- I'm a big systems guy. I mean when I say big system I don't take the -- you know, I'm probably the dumbest one on the group, and I'm honored that they asked me to lead this group.

But all the intelligence is back here. Our role is to stay the hell out of their way and try to help them as best I can. But I like to look at all the parts.

And I truly believe that this transformation that the Army's going through will have a huge transformation for us, us as an industry.

And you're part of that industry. And I can't change, fundamentally -- what I think is a fundamental change, if we get there, and what we're trying to accomplish here without having huge change in house, huge change in the Army Staff, the way we look at programming things, the way we work things, a huge change in our district organization of how we operate.

So we got to put all that together. And so

I'm trying to make sure that as we move in a direction that we're looking at all of the parts and pieces in the complete system because I can't look up here, and you all have made some big shift in the industry for us and then you go back to the districts or the installations, and guess what, it appears to be business as usual which is going to run counter to that.

And so that's why the conference last week with the DPW said guys there's a fundamental shift here. We've got to learn to get on with that if we're going to be successful.

So we're looking at -- we don't have all of those answers yet. Obviously what comes out of these forums is the major industry shift here. If we come about it it's going to change the way we're going to procure things.

That may cause Ms. Greenhouse to look at the acquisition methods that we looked -- you know, she mentioned national buys, you know, how are we going to organize to do that, regional buys or regional procurements on regions.

You've heard some discussions about USACE 2012 where we're trying to go operate more regionally. Well clearly from the regional perspective, irrespective of transformation here, is we're moving in a direction to not the districts be the business centers but the region be the business centers to bring the assets to bear of the entire region.

In this case could bring the assets to bear to address the military program, and not just have one or two districts involved in the military program. Others?

MR. HALL: Hello. My name is Clay Hall with Crawford Technical Services. And this question came up during the General's presentation. You used the phrase -- you used performance criteria versus prescriptive requirements.

I just want it clarified. I don't know what that --

MR. BASHAM: Do you want me to try that? The -- and this is no means my interpretation what he really meant to say. Let's see. I don't know if I can come up with a facility type but let me see if I

can give you a concept.

Yes, I can go back. I can give you a facility type in one case. A number of years ago one of the first design/build projects that we worked on programmatic wise was commissaries because they looked like grocery stores.

And so in this case a performance specific would be I got to have so many groceries coming in the back door of the warehouse, I got to have so much shelf life of that storage, I want to produce so much volume of business on the floor, and I want so much to go out the front door.

If I give you those and maybe some other key things, there's an industry out there today that's got an 85 percent design of a grocery store. And so they go build it.

There is no huge zero to something design done. It's by in large there. You make change it, adjust it. So that's what I'm talking about from a performance.

If we had a facility, and I'm not saying it is, but let's take the vehicle or maintenance, what

did you call them, Jiffy Lube on steroids. I don't know we're going to have to work on that, guys.

Let's say that was unique. Let's say we don't find an industry model out there, something that matches it, and that we have to design that facility.

Now we still want to move in a direction to capture the latest industry standards and not have unique materials. An example would be like the barracks.

We, for years, have built barracks and designed them that are concrete and steel. And you can see they drive 185 dollars or whatever it was a square foot.

And then we built here one recently out of stick wood at 120 or 30 dollars a square foot. And so we want to look and capture the industry practice and the materials, but we're still going to have to produce a final design.

And so what I would be looking for in that case is what is that 75 or 80 percent standard design that I can produce that I'd put out on the street that the only thing that you got to worry about is the

cladding, maybe the roofing system, and the environment around it that you put out for the package.

So you'd go from an RFP that there's an industry model out there to produce that thing that might be a ten or 15 percent performance criteria base to almost a fully designed package because the industry's not producing that.

Does that make sense to you? What -- tell me -- prescriptive requirements? Well the prescriptive requirements would be like in the tax shop we would actually tell you we're going to build this thing out of wood, we're going to build it out of steel, we're going to have -- maybe give you two exterior finishes.

Here's the general roofing systems, maybe -- you know, if we got to this thing over time, not immediately but over time -- how many of you have done work with the Louisville District and Reserve Program and aware of their modular design concept?

You know, it would be like that. Louisville has been working with the Reserve Program over the

last few years. It says, you know, basically any reserve center, they're all the same.

They're basically small, medium, and large. And in that small, medium, and large you can get assembly halls, classrooms, you can get an eating place if you want to, you can get some maintenance areas.

But Louisville has come up and essentially literally designed all of those modules. That's where all you've got to do is rack and stack them. Now that's a little bit -- Daryl would tell you I'm a little bit -- oversimplification, but it's racking and stacking of boxes.

Literally the design's there, even color schemes. You know, you push button A and you get this color scheme, push button B you get this color. You know, a lot of those prescriptive are already set for you.

The notion would be in those types of facilities I'm not going to pay, or the Army's not going to pay let's say in this case, going to pay to take that same facility type from 35 percent design to

100 percent design umpteen over umpteen years.

There's a lot of cost involved with that, to doing that.

MR. HOOGHOUSE: If I could -- wow.

MR. BASHAM: He's definitely going to tell you what I meant to say.

MR. HOOGHOUSE: One example we can give you is what the Navy just did recently for a barracks project that they had. When they put the criteria out they gave examples of barracks that are in the general area of Tidewater.

They gave floor plans. They did a little bit of a market plan for them, showed everything about these facilities around the area, and said that's how we want to go, that's what we're looking for.

The other item that they did is on a mechanical system. Typically what you would see on a -- one of our projects would be a spec that could be anywhere from 50 pages to 1000 pages.

We could detail that mechanical system down to the lowest of levels to where you know exactly every single bolt and nut that you're going to put in

that thing.

What the Navy did is they put out the criteria and said in one paragraph what we're looking for is a mechanical system that's high energy efficiency that is comparable to what we're seeing in that general area.

That's a performance based versus a highly prescriptive based which we're looking for as well. That's --

MR. BASHAM: Yes, it's, you know, even where we do a fully, what I'd call a fully designed facility like the TAC shop example. You know, it still may be the notion that we still have -- we give you pages upon pages of the specs that's required for the HVAC system.

Do we need to do that in the future? I mean what, you know, what's the salient features that we're looking for here? Specify those and let it go.

But there again, how do we make sure that there's an understanding in the sector what the quality and what the level of service we're looking for so that we get that consistently across the Army.

Yes, ma'am?

MS. HOPKINS: I'm Lynn Hopkins with Hopkins Food Service Specialists. We've designed plenty of dining halls, public, private. I have lots of comments to say about the design process, but right now I have a question.

A lot of us -- I mean each person in this room represents many, many other people back at the office. Is there a repository for information?

If we go back, we have a staff meeting, and we kind of get everybody to come up with, you know, different comments, questions, concerns, ideas, where do we send them?

MR. BASHAM: Again, this website we'll post. We'll post these briefings out on that. We'll post the minutes or the discussion we have here, and then also have an opportunity to continue to enter that dialog.

And so yes, we -- again, I want to emphasize this is not just a one day event. You know, we encourage you, if it helps, to go back and have discussions among -- within your own organizations or

some of you get together and have a discussion about it and enter the dialog.

I'll leave -- you can have my name and number and website. Send me some notes if you want to. But yes, we want to continue to have the feedback, yes, ma'am.

PARTICIPANT: I wanted to offer a perspective from small business. We have not done federal contracting and part of the reason is because we've been consistently underestimated.

And also we have found, even institutionally with some of our clients, the larger the institution is the more we get slowed down, where we act primarily as construction managers, owners, or representatives.

And if we're given the opportunity to manage the people, time, and resources, we can get the job done quicker than some of the large businesses we work with because number one you have the decision maker right there making the decision.

We have the flexibility, and we're hungry. The small businesses can come in and tear it up. So while I applaud you for saying we're committed to

small business, I would say don't underestimate and think that you're doing small business a favor.

I think if you want to shorten some of your processes consider some of the team leaders to be small businesses because that's one of the hurdles we have to overcome as a small business trying to get from private into Federal.

And obviously we're starting to learn the vehicles, the joint venture opportunities, and will be applying for our own 8(a) so that we can decrease that period of time that the Federal Government can directly issue contracts.

But now our job is to try and market and say here's what we're capable of, and sell you, the Federal Government and the prime contractors, the large IDIQ people max, that look at what we've got and take it seriously.

Here we are. Oh and by the way, we have a network across the country of similar businesses that we've pre-qualified that we think can come in, get the job done.

They might be a ten, 20 person firm, whether

you're talking about out architecturally, engineering, construction management, or GC, but they will get it done and they will get it done quickly. So that's just my --

MR. BASHAM: Okay.

PARTICIPANT: -- perspectives from small business, but also a challenge in terms of how do we represent ourselves better and not continue to be underestimated as to what we can bring to the table.

MR. BASHAM: Okay, great. There I think you're talking about ultimately, you know, how we acquire that, you know, what's the acquisition, and do you require complete service or do you break it down into parts and pieces?

And you know, the construction management risk concept, or the construction management concept, you know, clear -- maybe that's something we need to look at.

We have not done that very well, or done that hardly at all in the Corps. I think we've got one or two instances. I know we might mark that we're using that now or starting one, so that's another

concept. Yes, sir?

MR. EVERLY: Mike Everly with PBS&J. You've mentioned you're already looking at differences in the way other agencies write their specs and so forth.

Are you also evaluating some of the different approaches from the contracting perspective, for example postal service, Air Force, you know, has various approaches. Are you evaluating those as well?

MR. BASHAM: Yes, well we're working very closely with Air Force. Mark is on a team with the Air Force, and I think you and I and somebody, I guess Howard, tomorrow are going over to spend part of the day with the Air Force on their, I guess, what their term LEAN design -- a new LEAN design/build process.

So we're engaged in that. Again, part of what we're interacting with is not only the private sector, but other Federal community, GSA, the Post Office, you know, clearly Louisville District a number of years ago, you know, the modular design process that Louisville has was not a new system.

I mean it's the old Post Office kit of parts concept. And so we, you know, we went and stole that.

I mean that's another -- while I'm a systems guy I also steal shamelessly.

It didn't bother me at all. As long as it's not copyrighted I'm okay with that. And so yes, we're working with -- and if you all have got some suggestions that you've seem some of our fellow agencies out there that you thinks got some good ideas to work, we'd be more than happy to hear to it, because one of the things in that dialog with the other Federal communities, that we don't get with you necessarily, is many of them has got the same regulations and laws to deal with.

And some of them have figured out how to work around them or how to deal with them that maybe we haven't had and that we have to do. So yes, we're looking at that. Over here.

MR. ZIMORA: Can you hear me okay? Excuse me. Good morning, David Zimora with URS Corporation. I head up our Army programs for the company.

Comment or suggestion, probably performance based contracting is going to give you the maximum amount of creativity and get probably the most out of

industry that you can possibly imagine in terms of schedule, cost, functionality.

There are some issues though, as I've started to compete for some of these things. First comment is on payment.

MR. BASHAM: On what?

MR. ZIMORA: Payment.

MR. BASHAM: Payment.

MR. ZIMORA: Milestone schedules have to be very carefully negotiated. We're not banks so that has to have some work done on it. Secondly, what contracting mechanism you use.

You know, it's great to get the maximum creativity, but how do you protect both parties, your Government's interests, and our interests? And I think there needs to be some more time spent on exactly what vehicles.

And I'd be happy to volunteer to work with you on that. The other thing is about a year ago I participated in a forum at headquarters. It was looking at cost containment insurance.

That's usually applied to remediation

cleanup, and it may be applicable here. I don't know. But if you're thinking out of the box you might as well look at that as well.

But however, you did that in smaller forums. You did smaller think groups. And although this forum I know is necessary and appreciated by industry, you might want to start thinking about perhaps gathering smaller forums of say, you know, big firms, medium sized firms, small firms, bring them in.

And you also might get a little bit more input when it's bring them in the room one at a time. We all like to work together, but I suggest that this not be once every five years.

I suggest you do this continuously in smaller focus groups if you really want to make the process get somewhere. So those are my comments and suggestions.

MR. BASHAM: Okay. I appreciate it. A couple thoughts. I didn't mean to imply that, you know, the five years or -- it's the repetitiveness. And I think some things will need to be done every year, some every two years or whatever.

We need to sort that out. Also I would agree -- I would also agree with you that, you know, we will have additional forums and smaller ones. As we start pocketing, like in your instances of looking at, you know, is there certain ways we need to structure contracts that better balance -- I think your comment about balancing the owner's risk and the contractor's risk, is we can start identifying some of those specific topics.

We will look to pull groups together. In the contracting arena we will ask Ms. Greenhouse or J.R. to kind of lead that effort under this group to pull that together to do that.

So we won't do all of these in open forum. Like I said, we're using these initial one to kind of get that word out there and springboard that and get comments like that back from you, that there is an interest in the industry as we start identifying some of these to bring smaller groups together to address the issues.

And quite frankly we need to understand what are the issues here and what is it we can go solve and

work on to start bringing people together to do that. So good comment.

MG CHEATHAM: Just to go a little bit further there in trying to get down to smaller groups in the future maybe in some cases, would you suggest doing that through the -- some of the associations, KGC or whatever, those types of things?

You know, we need a mechanism to be sure we cross, you know, get a mix I suppose of the best way to do that. So when you said that I was kind of interested in knowing a little bit more about it.

MR. ZIMORA: There are various forms out there. AEA is obviously one that you can turn to, Army Engineer Associations, very effective, ISME, maybe the Construction Institute.

You know, I think it's just a matter of coming up with the methodology that you get a fair representation and that nobody feels like they've been cut out of the process.

So that's one thing. I think I'd turn to AEA first. They seem to be very, very effective, okay.

MG CHEATHAM: Thank you.

PARTICIPANT: I can see how difficult it is to get out of these chairs.

The folks up in the panel they've been fairly silent. I guess we don't really have any questions for clarification as it would seem to go forward here.

The gentleman from URS, actually we met last night at an SAME function and I know this afternoon there's going to be a senior executive group that's going to meet with some senior officers.

And perhaps some of these things will be coming up. Also the BRAC list from DOD is due out arguable somewhere between the 13th and 16th of May. And then the National SAME conference will be taking place in Louisville at that time so I would imagine that those discussions will be first and foremost in our minds.

What I wanted to talk about though is I've had the unique opportunity, I've worked Corps, I was a resident engineer, and most recently I've been with Tetratech, was the Program Manager for housing

privatization, and if you've done a website search for Army transformation you've probably come up with our NEPA website.

We did the Army PEIS. So I've had this unique experience to see these things from all different aspects. And I can tell you that the, for example, the design-bid-build will never meet the timeline requirements that you need.

But you might want to look into some of the successes of the other programs. You mentioned firm fixed price, the guaranteed fixed price remediation program.

Also with RCI we -- through the Baltimore District they issue contracts and RFQ. This allows the Army to pre-qualify firms and, you know, most firms we see there's small business involved.

And from working on the installations out there with RCI I've noted that most installations do not have master plans or their master plans are so out of date that trying to put this massive amount of infrastructure and facilities in there I would recommend that the RFQ process go through and require

a master plan for the installation.

How are we going to fit all of this stuff in? Some of the Tier 1 facilities you didn't include medical. And concurrently with this construction you're going to have construction of additional housing. DODDS is privatizing or turning over their schools to the counties and they're going to have to be building additional schools to take in the additional students coming in from the families from overseas.

So you're going to have a lot of competing requirements. And so you're going to have to not only determine what is the contract capacity for construction of this program, but the housing program, the schools, ranges.

And I know that there is right now a question as far as the capacity for the training areas and ranges to absorb the additional up tempo from the units coming in.

So you probably need to bring in a lot of different elements. The second week of May there's an RTLP Conference down at Chesapeake. A while different

group of folks will be there.

AEC will be there. They're talking about the Range Program. And so there's a lot of folks that have their blinders on looking forward, and when this happens I think, you know, I'm looking at just the Tier 1 things and knowing what I know from modularity, I'm looking just there at an estimate of six billion dollars, not to mention how much is going to go in for the housing, not how much is going into the digital ranges.

And you know, how are we going to place all of these firms on there? Where are we going to landfill all of this stuff? Fort Campbell has a large amount of World War II wood that's going to have to be taken down to build.

And then there's going to be the cleanup requirements. So you've got remediation. Then you've got clean construction and all these competing requirements.

And you need to get a handle on all of these competing requirements out there. And in the private sector off the installations the Wal-marts are going

to go in as well as some of those other ancillary supporting facilities out there.

And I've got a whole lot of other things on my list from all this. But I'll yield the floor to somebody else.

MR. BASHAM: Well you're exactly right. There are a lot of parts and pieces. You want to hit the master plan piece? I mean we understand that's a huge piece of the installation.

I think there was some discussions last week at the installations conference.

MS. SHOULDERS: Yes, it's a really good time to be a master planner right now. And the Army does recognize that we need to address the master planning.

And we have. ACSIM has funded some requirements analyses as well as some planning curettes to come up with costing for the mission criteria facilities.

And we recognize that there is still an awful lot of ancillary facilities that need to be assessed and addressed. But right now we're trying to come up with the total bill for each of the

initiatives in the mission critical facilities.

So we do recognize that and we are doing some advances master planning to assess installation capabilities for new facilities.

MR. BASHAM: The thing I would mention there is again, as I think I tried to indicate earlier, as this thing unfolds, and when I say unfolds when BRAC comes out and we get a better feel for that -- also tied to BRAC to some extent is the re-stationing because where units are going to come back they're holding off releasing that information depending on how it comes out of BRAC.

So as all that comes then you get into the capacity piece. But that's the reason I started out by saying irrespective of all of that initially there is a two billion dollar program that's going to go on year after year here that we're looking to transform.

The capacity piece is an important piece as part of the system's piece we got to address. But it's a timing issue. And we don't want to wait, or don't think it's prudent to wait until we see what that full capacity is before we start the

transformation, or we're not going to get there.

I think Andy showed you the chart. You know, '06 is going to be a transition year, '07 is probably going to be some transition year. But I think the intent is to start some major 1391s for '07 at two or three places, don't ask me what those two or three places are, to program a whole brigade or whatever it is.

And so you're really going to see the mass change probably in '08 and beyond. But what do we mean by transition year? I don't know. I mean that's part of the discussion here.

In a minimum it's going to be probably pushing, whether it's a directive to me to the field to push type 5 construction on barracks. Why would I continue to build barracks at 60 dollars a square foot savings and at 55 percent of the time?

And so maybe that's part of the transition year. It doesn't yield what the Army's looking for in overall transformation here, but it's one step better than spending the money we're spending right now bringing out modular units.

It's going to be there for two years and then going to be torn down and sent somewhere else. Or some people's concerns are going to become the 2004, 2005 World War II wood out there at our installations.

So that's part of the quantum leap here is try to make some transitions to get over the interim steps here and not be bringing these modular units in.

MS. GREENHOUSE: Don?

MR. BASHAM: Yes, ma'am?

MS. GREENHOUSE: The last speaker that spoke on RCI, that's the residential community's initiative. And we know that RCI is a privatization, you know, where the Government is getting out of the business, you know, of -- somewhat as far as giving it to developers, to come up with the amenities on their own, you know, as to -- and my question is with this program it's not a privatization, it is an outsourcing.

Are we going to be specifying on each project as we determine what is going to be the vehicle and the mode of acquisition and so forth, we are going to be specifying what it is that we need but

just simply not defining how it's going to be constructed or done?

MR. BASHAM: Again, in some cases I think that's right. You know, my example of the commissary or the dining hall facility, I think it could be that way.

But again, if the industry's not producing that and it's not out there then you got to move to a little bit more prescriptive. Now prescriptive in the example that you might be prescriptive in the shell of the building --

MS. GREENHOUSE: Yes.

MR. BASHAM: -- but you're still going to be performance related in providing --

MS. GREENHOUSE: Right --

MR. BASHAM: -- an HVAC system that's this big in this capacity with some salient features and not 20 pages of specifications that we do today.

MS. GREENHOUSE: My point was is that with RCI, you know, developers are -- we're told the refurbishments that need to be done, you know, just the quantity, we are told that we need amenities.

And really they win the competition on how best they can provide us those amenities that we didn't specify, but may be in the best interest, you know, of that installation as particular as privatization is concerned.

Now on the other hand here we are going to specify in the sense that we need a commissary or whatever. We're not leaving those amenities up to their innovativeness and their developing, you know, a community.

I just want to make sure that either that comes out, in the roundtable discussion or whatever, that this is different from privatization, you know, it is outsourcing.

MR. BASHAM: Yes. But there again, we're not ready. While we're spending a lot of time here talking about design and construction, inspection, whatever, we're not closing the door -- the lady back here that worked for the food service industry, you know, we're not ready to close the door yet as saying that if there is an industry out there that would produce dining hall facilities that, you know, that

might even not only produce building it but would enter into a long-term venture of operate, maintain, and take care of that facility.

You know, that's an option we're still interested in looking at. Now that's not to say there's some hurdles that we've got to deal with if we decided to go in that direction.

And we've got clear guidance that says initially I'm not interested in instituting anything here that's got to go change laws because that's out of my -- while I can go to Congress or go to the administration, that kind of gets out of my hands early on.

And I'm not interested in holding this process up because of that. That's not to say that if we had to change some and they were the right things to do, we'd make a plan to go to the Army Staff to make an effort to make that happen.

But as you all know, if you think sometimes we move slow, our Congress has a tendency to take it all in a good due course as well. So we're interested in those ideas, but some of those ideas are going to

get hung up in the legislation.

RCI is a legislation piece. We'd have to work through with that, but that's a concept that we'd be interested in at least talking about. The other think I'd like to go back to is the comment that you were making a while ago about, you know, when you go to more performance specs you have the opportunity to get more innovation.

Well you know, innovation's great and we want to try to promote that, and that's part of what we'd like to get your feedback on, but again, I got to get back.

I don't need innovation on a barracks 47 times in a year. I mean I just -- you know, I hope you can kind of -- I mean I love innovation and I want to capture that innovation, but I just can't live it day in and day out at 47 installations on 47 barracks.

It's costing me. If I was building a one of a kind facility and I wanted to get that innovation I could do that. And maybe we would look for some of those.

There are always some unique facilities.

But a lot of what you saw up here today is the bread and butter for the Army to feed and house the troops.

Now having said that, your annual or some periodic form, as some of you know we've got centers of standardizations out there for barracks and dining facilities and different ones.

Now maybe that's the notion that some of these that we have that innovation where we go through and do a series of these facilities out there that we have a renewal process through our center that updates that standard in some way, either the performance standard or the normal design criteria.

But we need to work to that. That's part of what we need to make sure, that over time we continue to infuse that creativity that you all bring to the table in some respects to do that.

But at the same time I need to make it clear I'm not about anymore of having innovation 47 times in one year that I'm building those same facilities across the United States.

Somehow I got to aggregate that and bring it to bear in a more centrally consolidated manner. Yes,

sir?

MR. OAKS: My name is Don Oaks and I'm with Lake and Sea Environmental Services. We're one of those very small companies out there, and also service disabled.

It's going to be very important that, from a logistic standpoint, that you make available on your webpage all the attendees from not only this session but also the others, because it's going to be really through subcontracting and in some very specific cases joint venturing on specific types of projects that we'll be able to get out there and let people know that we're there and what we can do.

MR. BASHAM: Sure. No question about it. All that information, and if there's others, I mean I -- basically what you all have mentioned today so far we had already thought of and will have up there.

But keep talking because maybe we've missed some things that would be productive for you all to have up there.

MR. ALEXANDER: Chris Alexander with Parsons Infrastructure and Technology. My question has to do

with the holistic approach that Ms. Shoulders addressed earlier.

And as a company that's been involved in 1391s and developed cherettes, we also have designed and constructed facilities for the Air Force.

And typically in the past there's been a conflict of interest. I was just wondering if you could address the legal implications there because, you know, we haven't been -- as a firm that's designed cherettes, we haven't been able to do the construction.

MR. BASHAM: Do you want Andy to talk about the holistic, what she meant by the holistic 1391 concept and then we'll -- because I think you got two basic questions there.

MS. SHOULDERS: What we meant by the holistic approach is as you can see from different discussions with each of the focus areas, we can't go in one direction and one focus area without impacting another.

So when we look at a holistic approach, we're looking at how do we plan to design, to

construct, and have a holistic approach that addresses across the board cost efficiencies and time efficiencies. I -- is that what your question was?

MR. BASHAM: I think the other part of the holistic, if you remember the green chart at a minimum, or the green space chart that Mark had up there, you know, traditionally in the past all of those buildings you saw up there, each one of those had a 1391 prepared and processed.

What we're talking about now is putting together one 1391 for that entire footprint you saw there, or most all of it. That gives us huge flexibility in the planning and programming arena over the long haul at how can we move money.

One of those projects would be over or under little bit, whatever, but part of the context with holistically was programming a whole barracks brigade complex instead of four to 11 buildings on the each's.

Now the competition piece -- yes, I think right now we've got to practice. If you helped develop the RFP or helped develop the criteria then you can't compete in the actual competition to get the

work because you've got an edge.

You know, if that's an issue as we go down the road then we need to put that out on the table and figure out how we work that and deal with that. You know, again if there's concepts out there moving that direction that, you know, the risk management design/build, would you bring on an AE that develops that RFP level and then you go out and hire a construction contractor to marry him up with that architect-engineer that kind of deals with that issue.

You don't have someone develop an RFP and then you put the package out on the street for somebody else to come in and so now I got two architect-engineer firms involved in it.

So you know, that's one concept that we're trying to look at to see if that gets around that. You know, maybe we need to take something on that if we move this much in that direction are we going to co-opt out a large segment of the AE community because they're either going to decide well I'm not going to help develop RFPs because at the end of the day that's not where the real money is here and maybe the real

creativity at carrying on to the final design. Is that --

MR. ALEXANDER: Yes, that covers it. I just wanted to make sure that we wouldn't be conflicted out of doing any construction work if we were involved up front developing a cherette.

MR. BASHAM: Yes, okay. Yes?

MR. MORGAN: Mike Morgan with the Harris Design Group.

MR. BASHAM: Excuse me just a second.

MG CHEATHAM: One piece of clarification, I don't know if you want to --

MS. SHOULDERS: Yes, when we're talking about programming holistically and trying to capture the whole facility requirements for each of the single initiatives we're not talking about then turning around and awarding it in that same format.

The approach is to program the total requirement and perhaps incrementally fund it over several years and cut out pieces of that total program for individual acquisition.

So I hope I didn't confuse you in the

holistic approach when I was talking about that.

MR. BASHAM: Good point. And I would add to that an example of that would be that whole green space area, you got one 1391. What's one of the first things I need to get done in that area?

I need to get it cleared. I need to start getting some utilities put in there. If I programmed that whole as one project, within the year of appropriations I might be able to have a contractor out there clearing the site, preparing the site for future buildings to be packaged.

And so I'm surprised when -- I'm glad she said that because I'm surprised somebody didn't jump up and say wait a minute does that mean you're going to put this entire brigade out into one construction package?

No, because to begin with I could not begin to put that package together in the year of appropriation and then start turning dirt. But it gives us that flexibility to start breaking it up and moving in that direction. Yes, sir?

MR. MORGAN: I'm Mike Morgan with the Harris

Design Group. My question or comment here deals with multiple award schedules. I recently was at the Huntsville small business conference and I sat in on the program dealing with the facility reductions program and was told by Mr. Lee there that in the case of facilities reduction 20 percent of that allocation can be used to fund the relocation of people that may be housed or using a facility that's slated for demolition.

My comment is, being a small business provider and telling him that we specialize for example in large scale relocation reconfiguration contracts, why couldn't the Corps come to us to help you move those people out, because apparently they're not aware that funding is available as part of that contract vehicle to get them programmed, space planned, and relocated into another building.

And it points again to the responsiveness of small business. A group like ours could come in and do that for the Corps. You could access our multiple award schedule contract and get it done.

You could reduce your cost, for example,

instead of trying to lump it into that IDIQ which you say is the bloodline of the Corps.

MR. BASHAM: Did you say -- was it Huntsville?

MR. MORGAN: Yes.

MR. RICHARDSON: I did not in that particular session, but what I would tell you is that with this particular initiative here we're not turning our eyes to anything.

We will look at all the available options that are out there. What this is really all about is collecting data and information back from industry as to the things that make sense. And once we look at all those different options we will look at all the small business options, we will look at the HUBZONES, 8(a)s, and for everybody.

And once we get that information we'll decide what is the best solution to solve the problem.

MS. GREENHOUSE: And I think this information gathering is to do just what you have said, you have mentioned to us, as bringing up this capability, you know, we are the integrator.

We are collecting information to be that integrator, you know, and decide when a project comes up of all the mechanisms that we have out there be it IDIQ, be it the general schedule, GSA schedule type contracts.

We have all of that to pull from to develop the best package that's going to utilize the greatest amount of our industry to include all of the businesses, and to come up with a solution that's going to bring best value without middlemen, you know, in some instances, you know, when that makes sense.

So everything is going to be based around a business case. And I'm going to put that word in Don's ear there. But it's going to be a really business case analysis to come out with how are we going to be able to streamline, how are we going to be able to save costs, you know, and save time.

So it's a lot of vehicles, a lot of capability. And this is being recorded here, you know, of your capability in that area. And that's what we want to hear from all others, of capability that we may be using under IDIQ type contract.

We are trying not to stay, you know, on the usual way of doing things. We are trying to do some smart things, you know, that maybe will bring a lot of best value and especially saving of time and so forth, you know, in this process.

MR. BASHAM: Judith?

MS. BLAKE: Yes, I've got -- thanks, Don. I just want to say that part of what we've got here, and I want to go back to the question about what about me as a prime contractor being involved in the design of the project, having intimate knowledge of the Government's planning documents, the Government's cost documents, and developing that project, being involved in the cherette.

My question to you is, all the rest of you, how do you feel about that if that individual, that company is competing with you? I'd, you know, I'd really like to know how industry as a whole feels, because I know how you feel if you're the guy who is doing the design.

But what about the rest of you in that same scenario? Is that common practice in the commercial

marketplace? You know, what is your perception?

I'd like to have a couple people answer that.

MS. GREENHOUSE: But just from the general contracting point of view we have to avoid the appearance or the reality, you know, of a conflict of interest.

If anyone is performing for us -- that we need somebody to do our RFP, or we need somebody to do that 1391 or whatever, usually there's going to be a clause in the contract that says if you're getting that intimately involved into the funding and so forth, and describing how we are going to do that, that you are affirmatively choosing not to participate in the final run contract.

You know, that is just general business for us if we get to that point because we are going to mitigate, when we can, any conflicts of interest.

MR. BASHAM: Let's take one more question before we go to take a brief break, and then we can come back if you don't mind.

PARTICIPANT: Judith, I don't know if I'll

answer your question but let me just, I guess, maybe ask a question. This is kind of like the perfect storm I think of the MILCON world for you guys.

Obviously you've got the two billion dollar underlying program and then you've got the re-stationing, you have BRAC, you have everything else, transformation all on top of that.

What I guess I don't understand though is what all I've heard this morning is we want to do it better, faster, cheaper, maintain the same level of quality and, you know, make it green.

I don't get a sense at all of what that really equates to. I mean do you want to take a 300 day project and make it 150 day project, or you know, what's your metric for success in all this because, you know, if it's just we want to make improvements then, you know, I can throw out some stuff, but it probably will be inside of the box or pretty close to the edge of the box.

If you truly want to make some dramatic changes make some draconian steps. You know, I think you've got to share with us what your objectives are

so, you know, we can contribute at that level.

MR. BASHAM: I would tell you we're not looking for incremental improvement. I mean the barracks example up there of cutting almost in half the dollars per square foot, cutting in half almost the contract duration is what we're looking for.

I'm not looking to take a 300 day job and figure out how to cut it to 275. I'm looking to take a 300 day job and can it realistically be cut to 150 days?

You know, I want to turn dirt. You know, number one thing is I want to turn dirt in the year of appropriation. Right now you know what our goal is today?

It's to award a contract in the year of appropriation. That's a design contract or a design/build contract in the year of appropriation. So you know, that in itself is a tremendous yardstick to be working for, to say that I got to have it awarded, I got to have some scope or level of effort already accomplished if I expect to turn a spade of dirt in the year of appropriation.

FACILITATOR MOY: Don, I would like to kind of address Scott's question. In all the meetings that we've been attending with the Army Staff, the secretary, there's always been the challenge that we get a complete brigade set up very quickly.

And nobody really knows for sure in their mind how long that takes, but we need to find out from you guys whether that's 18 months, 24 months, or what is that period of time to put up that whole brigade set?

Right now I would submit that that's many, many years for us right now the way we do business. So it's like a drastically shorter amount of time.

MR. BASHAM: And maybe the lick's on me. I have pushed the team not to define metrics up front because my experience is we'll define a metric, and it may not have been the right metric to be shooting for.

You know, either you're way overachieving or way underachieving. And so I wanted to hold off until we started having some of this dialog with the community.

What is, you know, what is our expectation?

What is it can we really accomplish? I mean I don't have one to answer your question about cutting ten percent or 15 percent.

I want to cut -- you know, the notion if I can cut 50 percent of the cost and 50 percent of the duration, that's the order of magnitude I'm looking at here.

But I also understand that when you start talking about 50 percent of the cost and 50 percent of the duration, it ain't tweaking business as usual.

You know, our discussion here about well, we just need to change our design/build process, no. I mean even if we fast track our current design/build process in my term, you're still not going to accomplish what we need to accomplish.

So there's got to be some other huge changes here to do that. Let's take a break. Try to be back at 10:30. Hopefully maybe you'll have a few minutes to talk about it.

Some of us will be around. Talk among yourself, but please come back prepared to continue the discussion.

(Whereupon, the above-entitled matter went off the record at 10:10 a.m. and went back on the record at 10:37 a.m.)

FACILITATOR MOY: Your attention please.

MR. DUFFY: Some of you I know through e-mail. My name is Michael Duffy. I'm the Contract Specialist helping to put everything together here. We had sent out question and answer forms to small business and industry.

Some of you have filled out those and we appreciate it. We'd like to make sure that we get as much feedback as possible so we also printed copies for you. If you can please fill out those and return them before you leave today or send them back to us by e-mail.

You have my e-mail on the synopsis. And if we need to we can post it again up here. Also if you have questions that you've written on the question forms where we had left a space for answers if you can hand those to us as well we'd like to take those and consolidate them and try to answer as many as we possibly can today.

Everything else will be answered and posted to the websites. That's all I had to say, thank you.

MR. BASHAM: Are we ready to go again?

FACILITATOR MOY: Yes.

MR. BASHAM: All right. I'm not too sure I'm going to make this to 5:30. Where do we want to start? Let me ask -- one of the questions that I asked was mentioned here about need to know some more numbers and capacities.

How about let's start out -- share with us what other information do you need to help better facilitate this dialogue? I think we understand that eventually one of the key pieces -- you know, what is the capacity?

You're producing one of these widgets or you're producing 10,000 of them, over how many years, and then what's the volume of business here. We understand that.

And that will start to materialize in the May, June time period to some extent. But I still go back to my fundamental premise here that irrespective of what goes on, and the notion here that Scott said

the perfect storm, and I don't -- did you get that from us or did you just -- because we've been using that around the building, what's the perfect storm.

Made it up? Well you must have been listening to us because that's when we've been thinking about too is the perfect storm. But irrespective of what the rest of the perfect storm developed, there is a two billion dollar program here that we're looking to make a major shift and change in.

And so starting out that as a base, and then it grows from that, but also understanding that that growth again is only going to be over a period of years and then we're going to taper back off to probably the two billion dollar range or thereabouts.

It might be a little bit more than that. Again it depends on how fast the Army continues to transform. So what are some of the other data points or information over time as we continue to have this dialog and discussion that we might post out there on the web?

Or maybe we got some of that information we

can share with you today that would help better facilitate this discussion and dialogue. You want to think about that a little bit. We'll come back to that.

MR. MILLNESS: Russ Millness, Michael Baker Corporation. I think one of the things that would help me, and maybe help the rest, would be the fact that you made some fairly high level, I guess, connections between the kinds of facilities the Army now requires and what's being done in industry in those crosswalks, barracks to apartments, dining facilities to cafeterias, things of that nature.

But I think when the rubber finally hits the road that a lot of those things -- then there are some specific needs and objectives and desires that don't translate directly across the board the way it was shown on the chart.

And I think for clarity's sake that would be one of the things that would be helpful to know, exactly what you need in that dining facility, even if it's a performance based specification.

MR. BASHAM: What would be the basics that

we would need? Okay, yes, and one of our processes here that we have to go through, as again I think I mentioned earlier, you know, we've got to go back to each one of our proponents.

You know, we have a dining hall proponent, we have a barracks proponent, hospital, and work with them to get those requirements. But I don't mind telling you, just like working with our engineers, you know, there's a little bit of inertia there.

I like what I got now so why do I want to change? Well you don't understand the question. Let me try to help explain it to you again. So we're starting to go through those iterations.

I think poor Jeff has gotten the blunt of that right now. He keeps -- he hasn't come to see me yet personally, but he keeps sending people to see me that says -- I'm about to pull my hair out at that.

But we've got to go through that. What is the minimum requirements? Now having said that, I tasked our people to push back and say well tell me why.

And why is that really the maintenance

requirement? Can this industry standard meet that? Why do you have to have a -- somebody told me the other day about a fryer.

You know, well we've got to have a military fryer. Well, wait a minute. French fries are something, I mean what makes that unique from the industry?

And so we got to have that dialogue to say, you know, why do I have to have a military fryer here or a special code. And so we have to walk through that, and I don't mind telling you that's a painful process to go through.

But we understand that we ultimately got other get the minimum requirements that we got to have. And then even at that I'm not comfortable that as we go through that that we've got it right either.

And so as we go through that one of the iterative processes will be is we start identifying some of the specific facility types. We'll ask some of you that are engaged in some of those specific facilities.

And I go back to the lady who was talking

about, you know, she's in the food service arena. You know, bring some folks like that in and say here's what we think the minimum requirements we got to have.

You know, is that available out there in industry, or is this going to be unique, or what subset of this still can be acquired in the private sector off the commercial shelf or what parts of it has to be unique?

As we look at our standards and criteria, you know, a lot of you know we got unified facility criteria now that we've joined with the Air Force and the Navy to produce those.

Now over the years we've evolved a tremendous amount of those that we've got now the business to produce those, because every year we look at those and say well, you know, that's provided by the industry now.

We don't need to have a specification or criteria to do that. It's there in the industry. But some of them still we think is unique. But we need to continue to challenge ourselves to say what's unique about those and what can be gotten in the industry.

MR. HOOGHOUSE: Very quickly, Don hit it. He hit the nail on the head on an overview. But one of the initiatives that we came up with -- it is very frustrating.

This is a complete change in culture. And if you know what a change in culture could be like or you can envision that, this is worse. Going from a military environment and always thinking move ahead, get out of the way.

If you're not going to take the lead get out of the way type approach is difficult when you translate that to something as mundane or interesting, and we call it innovative, as the industry standards.

What we did is we brought in a group of individuals approximately three weeks ago. And we had -- we loaded the team. We loaded the team with about 15 to 20 industry professionals from areas such as DBIA.

We had individuals from, you know, food service industry, for all of these Priority 1 facility types. And we brought them in and brought them in a facilitated session and ran them through a process.

It was painful, not just with the industry guys who were on our facilitation team, but we also had our headquarters DA proponents, you know, for the most part, for each one of the facility types, plus our centers of standardization internally from our districts in this room working through the process to define an industry model, not define a new military model, but to define a dining facility or -- excuse me, a restaurant that meets maybe college cafeteria might be an apples to apples.

Barracks and apartments were deemed the apple to apple. Then we could establish that baseline. Once we establish the baseline of the industry model, of what we think that industry model is, now we're going back to our proponents who are in charge of these facility types and asking them.

Take a look at these and like Don said, ask the question. Are these mission specific? Do I need to have -- and it was a mixture by the way. It was a standing floor mixer, chrome plated.

I could just see the guy polishing it everyday. Do we really need that mixer? Is that

required for our mission? And when they ask these questions they'll identify yes or no.

If they're required and inherently military, which is a bad term, but they're required for us to meet our mission, we'll capture those and include those in what we're going to call our model RFP for the military.

MS. SHOULDERS: And the shower door.

MR. HOOGHOUSE: That's another one that we've identified. A lot of them were captured as roadblocks. An example is there's a requirement for 100 percent hot water on demand in the barracks complexes.

When I guy goes in to take a shower all of his buddies, 250 or them, boom, they're taking a shower at the same time, and flushing the toilets, and running the sinks, all at the same time.

We have to have 100 percent demand. That's one of our policies that's identified. We're putting those policies on the table and we're going to start challenging some of them and seeing is it truly required. If it is we'll keep it.

MR. BASHAM: The -- yes?

MR. TOMASSONI: Yes, my name is Marc Tomassoni with Clark Construction. I wanted to applaud the whole effort that is going ahead here. It's tremendous to see this kind of innovative thinking going on.

And during the break we were chatting a little bit with Mr. Moy on the whole 1391 process. And from just sort of a budgetary and programmatic perspective I wonder if you could elaborate a little bit more about how you see that 1391 process as perhaps being streamlined and/or aggregated into these brigade sets so that instead of having building by building 1391s you really are going to see an area wide approach.

FACILITATOR MOY: Okay, Mark?

MR. FLEMING: Yes, sir. Again I think Ms. Shoulders mentioned it. One of our approaches is to try to gather all of the critical facilities for a brigade set on one installation.

And that follows the planning requirements analysis that we go to each of these installations and

we identify what those existing facilities are and then what those requirements are based on those, that unit structure.

And then we'll come up with a 1391 that identifies those specific facilities. As far as the streamlining, the advantage that that gives us is that we hope to achieve directional support and funding on that entire brigade package rather than having 15 or 14, 15, maybe 20 different individual packages, individual 1391s, some of which may be appropriated, some of them may not.

I mean you're stuck in a situation where you never know exactly how you're going to be able to accommodate that unit that's relocating. Some of them may be in new barracks, but then some of the other, you know, maintenance shops may not be appropriated, things like this.

This way we're basically taking a holistic approach and trying to support all of those critical requirements right up front.

PARTICIPANT: Are you expecting then to see 1391s beginning FY '06?

MR. FLEMING: No, sir. I think the first year of the available funding we're speculating right now '07 and probably '08 and beyond. Again, some of the language is going to be held up by the BRAC announcement.

We're not sure exactly what's going to happen. But we expect a very intense timeframe in which we're going to have to prepare lots of 1391s to support these staging actions.

PARTICIPANT: Thank you.

MR. BASHAM: The -- along that line, you know, we were having a discussion, in fact I think you had it up on your chart that when you look at our 1391 program and planning process.

In the private sector is that much different than developers that's trying to put together a package and look for financing and what's the best combination and package to put those together?

And so, you know, we're interested in maybe continuing that dialogue if anybody wants to help us look at that and say have we got it right still.

We think it's a huge step in the right

direction. It is putting together these complete facility documents like this. It doesn't make you have to go back to Congress every year and go through that process to do that.

And it offers, we think it initially offers us some more flexibility as well. Up here.

PARTICIPANT: Good morning. My name is Tom. I'm the Deputy Chief of PPMD, New York District. And I really applaud this effort. I think -- I commend what you said about trying to standardize what we're doing.

Having been in the field for many years we do have warehouses full of windows and boiler parts and air conditioning and this and that. But two things are going on.

And Andy kind of eluded to it, that not only are we having transformation with the Army, there's also transformation on the way we're going to be procuring or acquiring these services.

So from a district's perspective, have we thought about a model on how this will actually work as far as the design and the subsequent construction

of these projects?

In other words will there be a large contract that the districts will be getting specific task orders, or will this be done at a district level?

I would like to know if this has been thought of or conceptualized.

MR. BASHAM: You probably used the best two words, thought of and conceptualized, and still continue having debate and discussion about it. You know, just as we -- I think I mentioned earlier, you know, this will have a huge impact on the industry.

We think it will have a huge impact on the way our installations approach this. And it's going to have a huge impact on us internally. But to be honest with you, you know, the Chief of Engineers is, while he isn't necessarily focused on the meal programs across our whole organization, in the future we do not see having 41 full service districts.

Even though you see this huge shift in workload right now in the military program, overall we're just not seeing the volume of business we've seen over the years.

And so we're not going to be able to maintain 41 full service districts. And that was the gist behind 2012, to go to regions and look to have full service regions where you got the assets and resources within the region but maybe not necessarily in any one district.

But, yes, I anticipate -- and I hope folks don't run out here again because again it's still in conceptual stage. I anticipate that we'll have like centers.

In fact I think in the -- help me, I think in the guidance letter that I sent the four centers one of the things we told them to anticipate as soon as we figure out what the workload is at the center for barracks in the future, you know, if we're going to have district A to do a barracks, and again we got to figure out what do means because I'm not doing them 41, you know, 40 times in a year.

But whatever that is, if the district does it in house with a capable workforce, then they'll do the work. But if they're going to hire an architect-engineer, they're going to go back to the center

because the center's going to have an IDIQ-type contract that's nationwide or broken up into four regions wide or something else, that we still got to work through the details of that, that somebody again that gets up everyday working that.

And in fact I'd like for you to share the concept you shared with me at break here because it gets along where I'm trying to get to, but it may even be going further than that.

But it's the idea that you really end up developing a model here. And you're developing that model, whatever that is for a certain facility type, and then you're shipping that out and deploying it to the field where when it gets to the field the field's got minimum design effort and a lot of construction effort.

And I know some of the large architect design/build firms out there and even construction firms out there that have that capability, and talking to you, you know, that you have a central firm or central area where you'd design something, and you get it to 80 percent done and then you ship the other 20

percent on site and ship a small team there to finish up that design and do the construction and manage the contract, manage the rest of the design.

Well, you know, we'll have that same concept although what we'll have probably is the forward deployed, if you want to call it that. It's going to be out district assets and resources.

But I'll just be honest with you. One of the things we got to wrestle with and part of our failure that we hear from the Air Force and the Army is these repetitive mistakes.

While the districts themselves, I think, do a good job at trying to not repeat mistakes, our customers, the Army and Air Force, see reprogramming actions and see problems in some of our facilities.

And over here on the west coast I got problem A and over here on the east coast o got problem A too a year later. And the question is, and I'm looking at my toes and shuffling my feet, why didn't you get that transferred and why am I paying for it.

Well I don't have a center that's collecting

that information and cranking it into the next iteration of the design to do that. And so I think that's part of the evolution that we got to move to, to establish that, because again, while the Army doesn't want to pay for all these design efforts, they don't want to keep paying for repeating mistakes and errors that we're having out there. So how about, if you don't mind --

MR. THOMPSON: I'm Chuck Thompson with 3D/I. A couple of years ago we began to realize that all of our clients were serial builders. We didn't have any clients that were building just one building.

And yet as a company we felt that many of our clients and many or our own people were thinking projects instead of programs. So we put a team of youngsters together to start talking to everybody in public sector, private sector, and institutional environments like Los Angeles Unified School District, 14 billion dollars worth of schools.

How are they viewing their programs? And it became clear to us that the entire construction industry, what you all are talking about here, is a

conversation that's going on all over the country.

The entire construction industry is rotating slowly, like global warming, but it's rotating. It's rotating from a project orientation to a program orientation.

People are saying why do we have to be like a goose waking up every day in a whole new world? Why do we have to design, as you said, a dorm 47 times?

The most sophisticated clients are saying let's put together a prototype but not just stop there. Let's make it a living prototype that constantly is improved.

And when there's time to deliver and project we deliver the best model that we have at the moment and go on. We were told that Wal-mart makes 150 changes a month to their prototype, constant evolution.

I don't know whether it's true or not but we were told that. It's an idea that's capturing the interest of the construction industry. ENR is having a conference this spring in Chicago.

They're calling it meta-management. Meta-

management I guess is what you do. Rotation is what's happening. Things are changing from project orientation to program orientation.

Clearly the biggest economy of scale that produces the biggest bang for the buck is rotating design. People are still having trouble trying to figure out how you rotate construction activities.

But defining requirements, polishing them, developing a continuous improvement cycle of some kind in design is, I would say, an issue that everybody is focusing on from one end or another.

And you see this from colleges, universities to developers to institutional clients like hospital systems or colleges -- or K-12, or community colleges.

You also see it in fast food, retail, big box developers, and -- everybody's trying to figure out how to -- and everybody is doing to differently. Well those are the comments.

MR. BASHAM: Thank you. And understand, we think we understand everybody's doing it differently, and our objective here in these forums is try to pick best practice and all.

Doesn't it just warm your heart to hear that some days we're not the only ones that -- global warming -- you made my day, sir. You made my day. Others? Yes, ma'am?

MS. BOUCHET: Hi, I'm Laurel Bouchet from the Laurel Company, and what I am interested in knowing -- excuse me, is how much is this really a transformation?

Is it intended to be a transformation or is it intended to be an improvement of your existing program? I mean there is a difference between the two.

A transformation might involve you all stepping out as a Government agency, doing things that other people say can't do it that way, including people within your agency.

There are practices which are used in private industry that allow for the price per square foot of a facility to be a lot lower than in the Government.

You know, if you want to go towards that end, is that what you're really open to is taking on

some of those practices and reforming some of how you do things in business?

MS. SHOULDERS: What are the top two?

PARTICIPANT: I think that gets back to this gentleman's question about what is your ultimate goal really. So it gets down to what are you really up to accomplishing.

And then that might answer if you take on some of these new practices or private industry practices they might actually get you to that more quickly. It's -- so it's kind of a part --

MR. HOOGHOUSE: I think --

PARTICIPANT: -- of the dialogue.

MR. HOOGHOUSE: If I can point something out real quick, before the break one of the comments that was made back there was the box. I can get you as close to the box as you want me to get I think was the statement.

Here's the answer. There is no box. The box is gone. Mr. Basham has repeatedly told us there is no box, reinvent it. Find another box. That's where we're going.

We're truly asking you for your input to tell us how we can do things in a better way. That's what we're asking.

PARTICIPANT: Do you recognize in taking that on, and then in your own organization and us out here in private industry, that there is a whole part of reeducating everyone as to how we do business together?

I mean this is taking on something really big.

MR. BASHAM: No question about it. Again, part of the systems approach at looking at this, there's an education piece you need to do it. The -- I don't know how many of you are involved in -- and I know we're not answering that question.

And I guess one of the things maybe we can get at a little bit later, and somebody help me to remember to ask the question is, I guess, it would help us a little bit, how well do we need to define that early on to help you get feedback.

I mean I'm not trying to be vague here, but how many of you involved in NSPE in some way in their

math counts, discovery, what I'm really referring to is the future cities competitions.

Anybody been involved in NSPE's future city competitions with the seventh and eighth graders? Well I've participated here at the national level and been a judge the last two years since coming to D.C. here at the national finals.

And the point is that this past year, a couple of months ago when they had the competition up here, if you've ever seen these, these kids are to design a city for year 2050.

Now can anybody define anywhere closely what they think 2050 looks like? These kids are trying to. And some of them were going around, and you go around and judge all these exhibits and what have you.

And there's two judges per group. But there was -- every once in a while they stop us and give us a couple of minute break. And there was a judge couple right behind me that was talking when we was at break.

And his remark was, somebody said these kids are out of the box, and this guy said hell, out of the

box, they don't even know what the box is. Well that's kind of -- we want to get -- not get close to the box, not expand the box, but also I got to tell you there are going to be some hard issues.

And we understand hard issues, culture issues, laws, regulations, policy issues that we'll have to change. And we're not going to change them overnight.

And so again I don't want to dismiss any alternative out there just because somebody says well, we got a law or got a regulation that says we can't do that.

You know, laws take me a while. Regulations take me a little bit longer because I wrote most of the -- I say I, the Federal Government community somewhere wrote the regulation.

And so we can, you know, we ought to be able to control those. But there's a lot of competing interests in doing that. And so, think, that's the reason I want to be very careful that you hear any comments from any body of us that well, we got a law out there that deals with that, or you can't do that,

or we got a regulation or something, I don't care.

I got to capture it and I got to deal with it. Don't take me wrong, that I'm going to violate the law or whatever, but I can deal with those over time.

What I need to figure out is what is it I can deal with in the short term to move me on, and then what do I got to start dealing with now to make that next transformation there.

I don't want to get to the end of the short term and then got to go through all this again. I'd like to start some things parallel so I can keep leapfrogging myself.

But I mean I keep going back initially, to give you some flavor here, I don't believe tweaking, you know, tweaking in my estimation is ten or 15 percent, five percent savings, reduction, whatever terms you want to put on it.

When you start talking about reducing by half, and whether that's half the cost or half the duration, to me that's transformation. I mean that's essentially throwing out what you've got and

redesigning it and doing it over with.

You're going to have to go through a lit of iterations on your continuous improvement to wring that much out of your process. And so I'm not looking to tweak the process, because I don't think I'll live long enough to get to that 50 percent.

So I'm wanting to make a quantum leap. Now I may have to tweak in '06 and '07 to get me moving in that direction. But in late '07 and '08 I want to have some momentum here moving this process on to 50 percent reductions of something.

Does that help a little bit? And I understand we need to define that better. But I'm still reluctant -- I mean one of the things I want to ask you all today to give me some feedback on, to get you to think about it, and again help me capture this question maybe after lunch, is some of you all that do business with us, you know, what do you think?

I mean over time we've advertised some contracts -- help me, best value's not it. What's the one I'm -- you bid both time and dollars. No. Yes, evaluate total cost.

You bid both time and dollars. We don't do that regularly, but when we have done it we have gotten some huge savings in time, not necessarily dollars.

And in some cases we've gotten huge savings in times with some incremental increase in cost to deliver it. Well if you're in the private sector now you've got a trade off.

Do I pay a nickel more today to get my facility to earn revenues or turning revenues six months earlier, does my return on my investment exceed that?

But we don't necessarily have that here, but what I do have is I got soldiers coming home. And so the revenue for me is to provide a quality facility to put those soldiers into it, and their families, when then get back. Yes?

PARTICIPANT: Thank you. I think what would -- in hearing what you're saying, what would really maybe help all of us and you all is if there were a really more succinct, clear goal that we're looking for, like when Kennedy set a man on the moon.

Then there was a change out maybe of Government administration, but that goal was still there and it didn't mean something different for each person.

It was really clear. And that might make it more compelling for us all to kind of reach for that together.

MR. BASHAM: Over here.

MS. O'BYRNE: Hi, my name is Angela O'Byrne. I own an AE design firm that's a small business. And we were recently 8(a) certified. In my 25 years in the industry -- I'm wearing two hats today.

I'm both the owner of that, but I'm also President of the American Institute of Architects, New Orleans chapter. In my 25 years in the industry I've also worked for two giant multinationals that were 2000 plus AE design firms.

One did only private work. The other one did only public work. So I just want to offer these observations from those experiences. The hugest difference between the public sector and the private sector is pretty obviously that the private sector

does not have to competitively bid everything.

So typically they'll -- if they competitively bid at all it's a small invited list. They pick, in my case, the AE design firm that they like, that's most responsive, that's doing a good job.

And they take that group everywhere. And it's not necessarily a multinational. It might be a small business. It's the Walgreens, the Wal-marts, the Goldman Sacks. My clients all had prototypes, all had design standards.

You did not reinvent the wheel. I can't believe you're getting 47 different designs in one year. That's incredible. And I assure you, you have the biggest client in the world, so you've got the clout to make those AE design firms do it your way -- I guarantee you the clout and the dollars.

The other thing I want to point out is private industry, that would just never happen. I mean if you were -- part of it is that they can stick with one firm and the lessons are learned.

And that same team will carry those lessons into other projects. So I think the lessons learned

is one issue if you're using 47 different firms.

It's just not going to -- I don't care how many time you publish on your website. It's not going to happen. You've got to live it. You've got to be the architect that lives through the design and learns the lesson and carries it to the next.

I'll give you an example. We do -- my firm does probably half private, half public. We do a lot of work for the Air Force. And I heard somebody mention that you're starting to talk to the Air Force.

They have a prototype for every single building. And they do not let the designers deviate from that prototype except for climatic differences. We do site selection.

We do a lot of things like that, but we don't change that prototype hardly at all. And if we tried to they'd come back and hit us pretty hard. A couple more things I wanted to say.

I'm trying to remember them all, but -- go ahead.

MR. HOOGHOUSE: High-tech, you know, I'm not very good. One comment, you mentioned the Air Force

as standard design. Just for clarification, we have a standard design program.

Department of Army standardization program that the Corps of Engineers executes for the Army. We have standard designs. We have different levels from a criteria where it's just an architectural program all the way through a definitive design where you will not change anything.

The difference is we're still getting 47, 50, 100 different designs even though we have those prototypes. And a lot of times the changes are coming in functional, operational, but not the technical piece.

I guess my point for that was that what we're trying to do is more -- go more functional and operational in an architectural program type, define those mandatory requirements and adjacencies and things like that.

And then the technical solutions will all be similar, but it will give you the flexibility to help us get to that point.

MS. O'BYRNE: Yes, I'm not sure if it's

1 happening because you've got either too many private
2 firms, or it might be because you've got too many
3 districts like somebody was mentioning, 41 districts
4 that aren't all following your own rules.
5 I mean it's all the people, it's always the
6 people right, the human factor. Everybody, and I
7 guarantee you every architect even within one firm
8 things they can improve that design.
9 I mean I'm the owner. I have to constantly
10 police my own people because they think they can do it
11 better. They think the title block for the company
12 can be better every single time we do a project.
13 So I mean it requires policing. And the
14 more people you inject into the formula the harder it
15 is to regulate it, no question. The other comment I
16 wanted make, I don't know if you all ever talk to the
17 GSA or other Federal agencies but they have a great
18 design excellence program.
19 And I've been on dozens and dozens of bases.
20 Some of the new buildings look great and they're
21 beautiful. Most of the old and new buildings are
22 really ugly.

You're paying two times what private industry pays and you're getting ugly. And I don't know why. Let me tell you private industry would go out of business if their buildings were ugly because they wouldn't be able to attract people into their buildings.

I mean we do a lot of casinoes, hotels, convention centers, and if we're not building design -- award winning design -- design award winning buildings, we will be out of business.

We won't get hired. So I think the GSA has done a really good job of that. I think again you all have the clout and the money to be getting much more attractive buildings.

And of course I'm trained as an architect. Maybe I'm the only person in the room that thinks this, but it's okay to have an attractive building.

MR. BASHAM: Where -- here, I think you had the microphone.

MR. KUMM: My name is Dan Comb with Butler Manufacturing. And I want to kind of follow-up on some comments I think the gentleman made over here. I

think he hit the nail right on the head with really treating this as a program, but individual construction projects.

And specifically a couple of the key words being standardization and economies of scale. Without a doubt there is a unique opportunity here to truly treat this as a program.

And I've heard Wal-mart mentioned so many times today, about -- as relevant examples and such, and what's different about Wal-mart is the opportunity they have in front of them.

They don't have individual construction projects. They have a chance to have a huge program because they're going to build so much so fast, and they can truly treat it differently than what individuals can in private sector or an individual project.

So given that, and I can tell you from personal experience with our firm, you know, started 20 years ago with Wal-mart, building million square foot distribution centers, about the same square footage as one of these brigade sets.

It was six months to get the shell up and erected. And they really started and we worked together as a team to actually turn the traditional construction practices upside-down and throw that out the window and got that six month time down to 28 days.

So truly a radical reduction, and truly, you know, it was something out of the norm of what we've seen in the industry. So it can be done. I think you're hitting the nail right on the head with treating it as a program.

Standardization, economies of scale, it can be done. And you have the unique opportunity to take advantage of that here. You know, the key certainly lies in the detail of how, where you draw the line between what's standard and what flexibilities you still allow.

And that's the key to success or failure in my opinion. But it certainly is exciting and I want to reinforce the program thought separate of just the individual project thought.

MR. BASHAM: Okay, thank you. Over here.

MR. JOHANSON: I'm Alex Johanson of Hearing International, and there's standardization. They don't all have to be beautiful buildings. We're doing the standard documents for the Federal Bureau of Prisons.

And for years they have had a continual update of their design criteria for their design/build. And it's been very, very successful. They crank them out very fast.

I would like to make a comment also. As a former Corps of Engineers Officer for 30 years, I've seen the Corps of Engineers tendency to want in house project management of their construction.

And now I've been in the private industry for 17 years and I'll tell you there's a lot of innovations, both in speed and cost control and in quality control in the private industry, that the Corps does not have.

And I think if you try a little more of your privatization on your project management you'll be very surprised, pleasantly surprised with the results you'll get.

I'd like to ask one question. The 25 year

lifecycle I'm kind of curious about. I hope my house lasts more than 25 years. I live there now. And I kind of wonder how did you come up with that criteria?

MS. SHOULDERS: It was dictated by -- is it on? Yes. It was dictated by the Department of the Army. They set that as the new target, 25 years.

Again, you know, we're kind of struggling with what is the metric that we want to put out there. We know that the 65 isn't working. What do we need to target to be able to look at lifecycle costs, recapitalization?

There's a lot of things that went into establishing that 25 year. But again, the one thing that we know for sure is it will probably change as we go through this process and see what's working and what's not working.

MR. BASHAM: Let me give you at least two of my thoughts.

MS. SHOULDERS: Don, one more thing.

MR. BASHAM: Okay.

MS. SHOULDERS: We want it to become a building system of components as well.

MR. BASHAM: Another factor. And you hit the nail on the head. One of the things that we're struggling to get rid of on all the installations, -- and here's where the perception comes in.

Picture this. One of our biggest targets is World War II wood. When was World War II? Okay, those buildings have lasted for 60 plus years, let's say.

The perception is that wood will not make it. Wood is an inferior product. What we've done is we started looking at the components. We've looked at industry models through NAHB and their research group.

We've done some what we call, traditionally in the field we would call them, if you own a condo, it's a reserve study that actually looks into these different components and the lives of those components.

And some of the questions that we've come out with are pretty interesting in that the structure of your home will actually last 100 years. The brick will fall off the face of it in about 50.

The vinyl siding will last 100 years. Which

one do you go with? So we're struggling with that as well. The 25 year life though, I think if you put a limitation on it, where the 25 years I believe came from, and this is my opinion, we've been designing to 25 year life for quite some time.

What we haven't been doing is we've been looking and saying well we have that 67 year requirement in this other regulation to recapitalize that at 67 years.

So we know okay it's got to last 67 years. But we also know over a period of time that our funding has been dropping on O&M, maintenance. And guess what, I'm not going to get the money to maintain that so I better make this thing last 100, or at least perceptually it's going to last 100.

So we've grown over time. I think what we're trying to do now is pull back to a given point in time, and that's that 25 year life. Is that the right one?

We'll let you guys help us figure that one out.

MR. BASHAM: Yes, the piece of that is -- he

hit the one I was going to say. I was going to offer three. One is that we have a disconnect between design and the O&M piece.

Now I think the Army's finally getting the commitment. I guess what they decided this year, finally it came out last week, that they're going to fund 90 percent.

Now some of us are not going to hold our breath to see if that happens, but at least they're talking about that that's a problem and they're going to fund 90 percent of their O&M needs.

And so part of this exercise is, I was mentioned a couple gentlemen here when we had the break, is we've got to get back to lashing up our design and lifecycle cost of this.

And so we're not, you know, we put the target out there kind of again as a challenge, 25 years. But we got to bring the O&M component into the design component.

And over the years, because we look at different funding sources to do this and I want to maximize my design or my construction dollars, which

is MILCON dollars, and I'm really -- I turn an ear to the O&M piece.

Well you know, that's not good business. Do I need to spend another dollar up front in the MILCON piece to save five dollars in the O&M piece? And when you figure out that dollar, five dollar arrangement, or one to three or whatever it is, then what is that life, because it may not be 25 years.

You know, it may be 20 years, may be 30 years, whatever it is. But we know that we've got to bring it back. The other piece that it is, is the Army's just not going to transform this one time.

The Army's going to continue to transform. And I think the fundamental reason for that is, and General Cheatham needs to be talking about this not me, but we don't know who our enemies are in the future.

And so we've got to adapt and change and be ready. I think we saw that in Afghanistan and Iraq. The old Army that we deployed is not the same army that we have today because we started transforming to understand that.

It's not the Soviet Union. They're not sitting out there in this piece of the world, and so we can hunker down and build facilities and be there through the Cold War and watch this thing.

It's going to be here today. It's going to be over there tomorrow. And we got to deploy troops to do that. We got to change the way we fight, the equipment, and the materials that the Army's going to have to have in the future to do that.

And so part of the issue on the facilities is we've got to have facilities that we build that are adaptable and changeable to stay up with that because if you build a 50 year facility let's say, and then 25 years the Army changes how it's going to deploy and operate, then you got a facility sitting out there that you've got to deal with.

I liken that a little bit, you all might argue with me a little bit, but I think there's common practice out there in the private sector.

I've got a good friend that's Chief Engineer with Kentucky Fried Chicken. You know, they got about an eight or ten year turn around. They figure every

eight to ten years you and I change how we want to get fed.

Colors, lines, seating, our families change. We want to do that. And so they built that into their process because they know that they might as well build that in that they're going to have to change to stay up with the market.

Well it's not the market, per say, but the family style is going to change. You know, we're moving to the concept that you got a -- my notion of homeroom.

You've got a home base. The soldiers are going to deploy from that home base overseas. Their family's going to stay behind. And so you've got accommodate all that.

And as that changes we've got to have facilities that's adaptable and flexible to do that. Part of our challenge here in this discussion with you -- I might have mentioned it, if I did I'm sorry to keep repeating it, is in addition to becoming more cost-effective in our designs, we got to figure out where on this curve we can match up adaptability and

flexibility, because invariably as the Army changes our facilities have got to be flexible enough to change to adapt to that without a huge amount of investment in dollars to do that.

You saw on the second option that Mark had up here that wasn't -- you know, you can go out here in a nice clean place and build everything from scratch.

There are some installations that didn't have any green space, or what they have in green space they want to keep it. And so they're having to refurbish and re-hab facilities.

Some of those old facilities we got, there's a ton of money to have to go in to have to change those. Well how do we design and build the facilities of the future that can adapt to that?

The private sector, an office building, a guy goes out here on the corner of 6th and something and builds a three story, 100,000 square foot office facility.

Now anyone in here can go into that building and rent space out of it and he'll build it out to

what you want. And you're there two years and you move somewhere else and he builds it out for someone else.

He does that in a cost-effective manner. So as brigades change and the units change in there, how do we have admin facilities and different facilities like that, that we can adapt and change to either the size and the number of the brigades without a huge investment of new money.

Where am I -- okay. You all help me. Keep me honest here on --

MR. ATKISSON: My name is John Atkisson. I'm with GEC Associates out of Miami, Florida. We're doing a project through the Army Corps now. It's a small one, but it's about five miles from our office so it's a good project.

One of the problems that we're having with it is that I'm building the building faster than I can keep up with you all administratively. And I think part of the thing that has to happen is you all need to streamline that.

I work also for GSA, five miles the other

direction, at Krohn detention center. And the Army Corps has part of the work out there and GSA has the other part of the work.

It's kind of funny. We're five miles away. Because of your IDIQ contract you folks bring in a company from Kentucky to do the work. And they take a little longer.

They're a little more expensive, and administratively they're having the same problem I'm having out at the other facility. I get my work done a lot quicker for GSA.

Those are some of the things that I'm thinking that you all need to look at too to cut down on these costs.

MR. BASHAM: When you talk -- help me. When you talk about administrative, shop drawings, submittals, reviews?

MR. ATKISSON: No, we all deal with that. We all deal with shop drawings and submittals and reviews. It just so happens that the job I'm doing for you five miles from my office is contracted out of Mobile.

I've got a engineer out of Patrick Air Force Base. And you got local office at Homestead Air Force Base right near us. And I'm interfacing all three places.

And it's a small building, you know, it's just under a million dollar project. But you know, administratively it's just taking a lot of time to get those things that normally are two or three day or a week turnaround items, turned around real quick.

Now we're a small business. Our pockets aren't as deep as some of the larger companies, and you know, time is a big issue to us. You know, I'm hearing you say this morning in your presentation -- I think you guys got this program already figured out.

You just need us to confirm it for you. You do need to cookie-cutter these facilities. I worked years ago for Motel 6. Motel 6 essentially builds the same motel in California that they build in Florida.

They just incorporate the different code requirements in it and they do a little bit of overlay, you know. They got a foundation issue that needs to be addressed in Minnesota that they don't

have in Florida.

You know, they can change that, but I think part of the problem that we have also is that we spend a lot of time and effort bidding projects through the Federal Government and, you know, we put money into them.

I know of three specific projects that we bid this year that were supposed to be in the three to four million dollar price range and when they actually got the bid they were over five.

And two of them went back for re-bid, redesign, and one of them came out even more expensive. One was in Kansas City, one's in Key West, and I forgot where the other one was.

But the bottom line is, yes, the Government wants value. They want us to build it faster, cheaper, same quality. And yet as a business, a small business, you know, we have to put dollars out there to bid this work.

And then, you know, when you go out and competitively bid it and everybody blows the Government estimate by two to three million dollars,

somebody didn't do their job and we're the ones that pick up the cost of that.

MR. BASHAM: Okay.

MR. ATKISSON: That's where I'm at with it.

MR. BASHAM: How would you propose we change to deal with that?

MR. ATKISSON: Well I think you hit it on the head with the issue of standardizing a lot of your construction. If you're able to standardize your construction, your design, you can have Government estimates that are standardized, maybe with multipliers that reflect regions or certain conditions that the bidders should know about.

And if you put that out there everybody's on the same playing field, you know, we're all going to give you a competitive bid. I've lost jobs where contractors had bought the job.

They literally bought the job. I've got no way to compete against that, you know. I bid a three or four million dollar job, I blow the bid by 100, 200,000 dollars, it's a significant amount of dollars, okay, especially for a small business.

Now we were an 8(a) firm. We graduated from that. Now we're on the other side. We're actually in a mentor-protégé relationship with another 8(a) HUBZONE firm.

And we're trying to steer them through, you know, these problems that we're having and I'm not seeing an end to it. I've sat in these forums before.

I have a contract with DECCA. I have half the country, half the United States, for a DECCA contract that we've had for four years now. And how that contract which we competitively bid went out with this same kind of scenario, I've done about 400,000 dollars worth of work for them in four years.

And there's something wrong with that, you know. As a small business, you know, we like to sit in on these forums and we like to have our input. But we kind of like to feel that we are being heard, you know.

MR. BASHAM: Okay, next. Giving the mic to somebody else yet?

MS. SHOULDERS: Behind you.

MR. BASHAM: Oh, okay.

PARTICIPANT: Just a couple quick comments. I hope the Corps doesn't throw away a lot of the lessons learned. I mean we have a story, or the Corps has a story.

And if you go back a little bit in history and take the ingredients of the successful projects, 19 -- early 1980's we deployed, you know, an entire division kind of, assets to Israel, built an air base.

A billion dollars worth of 1982 dollars did it in about a year and a half, you know, big success. Everything wasn't perfect, but pull the key ingredients for that.

That's what you're facing right now. Move the clock forward a couple days and -- in 2003, December 2003, we wrote a short proposal to do work in Iraq.

Air Force evaluated it in less than 20 days. What a shock. Got an award and we were on the ground in January and the Corps wasn't even there until about March.

And lo and behold, you know, the construction went well and we're talking, you know,

hundreds of million dollars worth of construction. So when you say there's no box, I mean that's the kind of stuff you really need to be thinking about doing because it really takes some dramatic change.

And to change an organization with 35,000 people, J.R. and Judith know I just love the Corps of Engineers, but you know, change in that shifts course of direction is not going to be easy, so --

PARTICIPANT: I might be kind of stating the obvious here a little naively, but this Army has changed. And when I see what the proposition is for programming, for building, for a brigade, not a lot of these people are coming from the Reserves, from the National Guard, that are deploying overseas.

So I'd be curious to know the demographics before you spend a lot of money on designing where we're going to put these people. Are they -- is that really their home base?

Because these people from the Guard and the Reserves, they have a home base. So they're sending a single individual here who's temporarily in training and being deployed and coming back and just passing

through.

So I'd -- like I said, this might just be the obvious but what are the demographics today? And when you talk about and you start touching on in 25 years, we don't know who the enemy's going to be.

Well who is the Army going to be? I mean is this something that -- perhaps a mandate has already come to you and you know something that the rest of us don't so you know who's going to be in those, but what I see in today's Army is an awful lot of temporary part-time soldiers who are passing through these facilities.

And the other thing that I'll note is I've talked to some people who have come back. And with regards to dining facilities, a lot of those units were preferring to have their own chef, their own -- with the unit deploying and coming back, they wanted to keep their own medic, their own chef.

So that, as far as design when you talk about a dining hall, this might be something to incorporate in a dormitory, apartment environment is their own unit facility.

MR. BASHAM: Well -- Andy you might have to help me a little bit here.

MG CHEATHAM: Let me address -- you're right. The Army's changing and in 25 years it's probably going to change again. And if you think about it, if you remember a few years ago under -- when General Shenseki was there, there was a pitchfork type design.

I don't know if you ever saw that. We had a lexic force and objective force and all that. In 2025 or so that's when we're going to hit that mile mark.

Well all of a sudden we've got to change his retirement, and a new leadership came in, and we cut that program in half, said no, we're going to get there in half the time.

So that's where we're headed. And they expect, obviously yes, we're going to change again. Now the Army is going to modularize, or become a modular force.

In other words, we're going to be able to say if you're familiar with engineers and you've got a combat heavy battalion, well that battalion may be a

certain purity in terms of horizontal or vertical, or it may have other pieces under it and these piece are going to get floated from one place to the next depending on what the mission is, tasks organized.

And at the facilities that we've put together, they're sort of like your home base. And most of that's directed, a lot of it, at the AC side, going to be at certain installation.

I almost said -- trying to say which ones but I obviously can't do that yet. And those particular -- the Reserve side also going to be impacted quite a bit by BRAC as you almost eluded to there, when BRAC hits, I suspect.

And what's driving a great deal of this is the force protection issues to some degree if you'll think about it. Your Reserve and National Guard bases are -- they aren't bases, facilities are located a great deal in communities.

And some of those on the Reserve, I can't say for the Guard side, but the Reserve side will probably get changed where appropriate. They're going to -- I can tell you they're going to change.

They going to -- they're reorganizing just the same as the active Army is. In fact the announcements probably won't happen until after BRAC is in itself.

And I could go through that structure and tell you what their -- how they organize it. I don't know if you already know that they're about ten RCs is you call it, Regional Commands that run the country with some subcommands and there are going to be changes in that structure.

They are going to need some reductions and modularizations in where they go and what happens. So all that's going to break. We have -- well I have some ideas about what that might be but I'm not at liberty to go into details, so I'm sorry about that.

And Don's been trying to avoid it also, I can tell you, to say those things. But you're right. I mean what we're trying to do here is -- what we want to do is get the same feedback that you're giving us.

And some of the best practices that you might have, we may not -- we want to try to capture as

much as we can through these forums. And when we try to look at okay, what do we need to change, what can we change, what can we use -- and I, talking to Don earlier, I said what I want to be able to do, and that's where the website, someone brought it up, is to put something back out so that you understand what we -- the feedback.

And so okay, yes, we heard you. Here's what we used, here what we couldn't at this point in time because of the speed, we need to move forward with it.

And certainly we're going to get some great ideas. I can tell you that. One other one I'd like to -- and it was kind of planting the seed on the PARC over here, a little idea that, in terms of the acquisition -- and she rightly told me that it's a bigger process than what I was probably thinking.

But there may be some comments in terms legislative -- we might have to call and say we can't change it because it's above our head. It's just not a policy, it may be a legislative deal, but tell us about it.

We may not be able to do it this year or the

next year. But let me tell you if we plant the seeds and start working it, maybe down the road we can do that and make it happen.

You know, we're trying to take a big, broad brush and look at everything, at least as much as possible. And I've heard your concerns. I've heard some privately.

I guess I've heard some concerns of some of the firms before this because I've talked to a few in some other venues. And they've come up and told me we need to change this or that and some other things and take a look at it.

And we're going to try to do that, but yes, I hear you. I wish I could tell you just what you really want to know, but I can't do that at the moment, so okay. I hope I tried to answer what you wanted.

MR. BASHAM: Let me -- I'm going to ask Claude to cover that. Claude sits over and works more directly with the Army and I think he can give you a little bit.

I would tell you because I know less than he

knows and so I'm not as dangerous to screwing up and divulging something, there are three pieces here.

Now while we're predominately focusing here today on the Army piece of this there is a Reserve component and there is a National Guard component.

Louisville District is the program manager for the Reserves. They're starting to get engaged with what's BRAC going to do to them, what's re-stationing going to do to them.

You know, one of the key things is probably, I'd say, it's probably going to happen out of BRAC is your probably -- going to be a shift of moving what has been stand alone reserve centers to be incorporated into an installation.

All right, now we need to talk about that. If that decision is made do you have a temporary use facility that can also be used for the Army and the Reserves at the appropriate time?

We got to have that dialogue. We understand that connection. One of the pieces that I guess I need to go back and clarify, we got a mass number of fulltime soldiers coming back to the United States.

They're not Reserve, they're not Guards. I mean they will come home, but we have a mass number of troops that's coming back here to live here that's lived overseas for years.

We've got to house them and put them in a place. That's what part of that's about. You're right, there still will always be Reserves. They're going to be a key part in the Guard, Reserve, for deployments in the future.

And so part of the mix is how do we incorporate them on an installation when it comes time to mobilize them and deploy them. But one of the basic pieces here, there's a huge amount of fulltime soldiers that are coming back to the United States that we got to find housing for them.

At the same time we've decided, or somebody's going to decide through BRAC that we're going to change the face of the number of installations we got out there to house these on.

So not only do you have people coming back that we got to house, you got people that used to live over here that's now going to be told their new

mission facility is over here, which is going to take either new facilities or rehab of old facilities.

And that's kind of what this interim measure here is that deals with that. Claude?

MG CHEATHAM: Let me tell you one other thing that's happening. And I think actually it was eluded to that -- or talked to you about it. We're not only with those two pieces he just talked about.

The Army is going from 33 to 43 brigades. And what that means is in other words it's like if you take 4th ID or whatever, there were three brigades before, it might be four.

You're adding the additional brigade to the major units. That's -- and that varies in size. You got the heavies maybe three or 4,000, or 3,700, I forgot the exact numbers.

And then there's light. Additionally that's an impact on some of those same installations or places around wherever they might be. And those are being planned for, and that's going to happen.

That's on top of, in addition to everything else that's going on, so there's a huge thing coming

and we're still playing with the numbers, as what the final numbers are going to be.

And that's not been settled yet but they're going to grow. At one time it was going to grow a lot more, so --

MR. MATSUI: We're now getting into a lot of details. Let me see if I can summarize this a little bit too. Just like General Cheatham said, the entire Army's changing, Reserve component and active component.

On the reserve side of the house we're going to create the same kinds of brigades you see on the active side of the house and the Reserve side of the house.

Now we're focused right now on the maneuver brigades, and slowly but surely we're converting all of the brigades that you were habitually seeing as part of the division or the Corps force, which it where a lot of the Reserve component was.

They will go to the same design structure as the active component. By the time it's all done we'll have 77 maneuver brigades, a combination of active and

Reserve component.

In order to turn around and take a look at how we're going to handle World War II wood removal or disposal and come up with the training capacity and capability for the Reserve component, be that Army Guard or Army Reserve, what we've created is a brigade training or a readiness complex, what we call an operational readiness training facility.

It is structured against a brigade footprint, and it is intended to turn around and replace World War II wood training areas and capabilities in support of the Reserve and the Army Guard.

The intent is because we deploy the Reserve forces today as brigade sets we will train them as brigade sets. The Army is trying to figure out where we're going to put all of these and this is a brand new initiative.

So yes, you're right. If you look out today you're going to see what we call individual replacement process going on. But down the road we're going to turn around and do that by brigade just like

we do with the active component. And I hope that answers your question.

MR. BASHAM: Where are we. Next?

PARTICIPANT: I just wanted to address the cost estimating issue. You asked, I guess, how you could improve your construction budgeting before. I'm not sure how the Army Corps does it but I have to imagine you've got somebody internally preparing the 1391s before you go to Congress.

I do have a lot more experience with the Air Force. They hire -- I would encourage you all to hire private cost estimating firms to put your 1391s together before you go to Congress.

When the Air Force has hired us to dozens and dozens of needs assessment studies, we use their cost estimating software. We take their 1391 and it's almost always way off, like half or even less than that of the actual construction budget that they need.

So we tell them what we think the dollar figure will be and then they add a contingency and they go to Congress and get that money. I would say we've been within five percent every time.

So I'm not saying we're the best cost estimating firm in the world. There's hundreds of cost estimating firms like ours in the country, and I think all of them could give you a pretty good cost estimate.

And you could come up with a better one than you've got now. And maybe you all can clarify for me how you're doing that now, what that process is for the Army Corps.

MR. BASHAM: Well, essentially doing it the same way that you're talking about the Air Force. Generally we put together the -- I guess in the last two years we've evolved to what we call planning cherettes and then design cherettes.

We put the 1391 together at the planning cherette stage, and that's submitted. And you got the installation, the district, the architect-engineer if they're on board, and the whole team there.

We've introduced as part of our transition process that we've not put a lot more responsibility on our centers of standardization to come to the table at the planning cherette because they've got the

knowledge, kind of like they've got the latest model to help bring that and fuse that in that.

I think one of the shifts that we're going to make is in addition to having the model, they got the building model, I think they're going to have to have the estimating model or basis from that to start from.

PARTICIPANT: What about --

MR. BASHAM: Well that's one of them. I mean there's two or three of them. One of them is inflation. You know, generally we're putting -- somebody help me here, I get this all -- we're putting a 1391 together two years before the -- four years before the appropriation.

So I not only got to put an estimate together, now I got to count for four years of inflation out, and not only that four years from the budget year, mid-point of construction may be two years out beyond that.

So I'm at least four to six years plus out doing that. One of the other challenges we got is -- and I think the Air Force has to deal with this too.

They have -- once you come up -- somebody help me. Once you come up with an estimate there is a mandatory cost inflation factor that you got to crank into that, okay.

And in doing that that never is what the industry is. And I don't -- I'm going to be careful here to not get shot, but there is a political reason for that because if it was industry inflation we would be able, on paper, appear to build a heck of a lot less than what we do.

Does that make sense? I mean I think the number we put in it 1.7 and 1.8 percent. Now when's the last time anybody around here -- you know, maybe 1.7, 1.8 percent in a month or in a quarter, but not on an annual basis, in particular not the last two or three years where the material costs and steel cost and all those go up.

Ami, you want to try to bail me out here and tell them what I really meant to say?

MR. NISHO: I think are heading the right direction. This is -- my name is Ami Nisho. I'm with the headquarters Army Corps of Engineers, Architect

and a Cost Engineer.

The way we do our -- there are two side to this. One is how we capture our data from our past awards, which we do, and Air Force, Army, and Navy, they all use the same database.

And we share our database. And at the end of the year based on this historic cost estimate we project for future years. You need cost by facility types.

And that's the unit cost which DOD use as a guidance for programming purposes. The problem we face is two fold, which is we lock our programming cost at least two to three years in advance.

And what Mr. Basham was addressing is that when you make the future projection from the day of locking in the percentages or inflation rate we have to use is not what normally the E&R or other market rate -- which is a projection for building cost interest.

We are locked into what we get from OMB via DOD. And the OMB and the DOD and other Government offices basically dictate to us what percent of the

inflation we should be using.

And so for the next -- when we make our projection for next three years as you have seen, because of the rapid commodities price increase, our estimated construction projection rate and actual has, you know, has been really set apart.

And we are having that problem. So that's part of our problem is that we are limited to projecting our cost estimate based on the OMB date. And we cannot make any adjustments prior to the award.

The only adjustment we can make is by introducing additives or deductive bids in the award.

MR. BASHAM: Now having said that, you know, we're talking about the developing and what we call the PA, the program amount. And that ultimately gets locked in.

And there's no question we need to do a lot better than that. This past year in FY `04 the folks put together -- it was 200 and some, was it 230 or something like 200 projects we did in FY `04.

When you add up all the projects that we awarded and compare that, the CWE to the PA, we were

96 percent of CWE to PA. It meant we were bringing projects in under the PA, okay.

So that's a good -- you think that's a good news story. Well, you know, it's like everything else. When you take averages of a bunch of numbers you've got to watch what you're doing there.

Well when I asked them to put that on a scale that deviated from 100 percent, what I found out that 55 percent of our CWE PA was either above or below plus or minus ten percent.

It was 45 percent of our projects were within a range of plus or minus ten percent. I might be off a little bit in the numbers but not too far.

So you know, plus or minus is no too bad. I mean plus or minus ten percent's not too bad. I'd -- we would rather be at plus or minus five percent. But I got 45 percent of my program and so that's why the number looks like it's 96 percent because half of that 55 percent was over and half of it was under.

And so, you know, we're got a -- and from a customer perspective, and the gentleman back here is making the comment from your all's perspective as

well, when you put something out on the solicitation, even though we put out some pretty big numbers, it says, you know, this is somewhere between one to five million, five to ten, you know, it gives you a range.

But when you start looking at that you get a pretty good feel of what's there. And when we way miss it, you know, 76 percent or 135 percent, we either put the customer in an awkward bind if it's over the PA, and we put in them in just as much of a bind when it's way under the PA because that's money they could have programmed to use somewhere else.

Now it will ultimately go to use somewhere else, but it sure would have been nice to do it in a more timely manner to where it could have built more of the program.

And so you know, we started looking at some of our numbers and estimating, and I'll admit we've got a problem. And I don't know whether that comes to the model concept, if it comes from the escalation.

I'm not convinced it's an escalation issue. Particularly this year when I look and say well half of them are over and half of them are under, you think

if it's an escalation issue by and large that way driving it then you ought to be way up here and very few below your number value.

And it's not there. And so were continuing to look at that. And we'd welcome some thought on how we better do that. Back here.

PARTICIPANT: Yes. I don't want to beat a dead horse but, you know, there's one more person in that bind. If you all know, you know, two years after you all put this number together that prices are going to be significantly higher, especially on a very large project, you know, that's going to bust the budget anyway.

So we're all going in there looking at a number that we don't know exactly when you put it together and we're going to bid that based on today's numbers and we're going to be wrong to begin with.

So there's an effort in futility on our part, certainly on your guys' part, a lot of money wasted just in bidding that work. That's the way I see it.

MR. BASHAM: I would agree. I would share

this with you. Even though we're talking about developing a program amount or a budget amount maybe that you all preferred in a private sector, at the time that we go out on the street and make the decision to go out on the street and advertise the job, we still develop separate and apart from that PA number a current working estimate of the project.

And that's what I've sent some staff to go back and say now I want to peel the onion back one more time and I want to look at what estimate did I really have at bid time?

Did I know when I went out on the street it was 125 percent over PA, that I was approaching -- why didn't I know six months before I got to the end of the design that I was headed to be 75 percent or 25 percent below the PA.

And so I'm looking to see now is my Government estimate, because at the time I'm putting together the Government estimate, help me here, I'm no longer tied to some of these OSD factors and whatever.

I'm trying to capture the marketplace. My sense is based on some bid busts that we had this past

year my sense says I didn't know that or I wouldn't have gone out on the street until I corrected it to start with.

Now some folks would say well the market was so volatile we wanted to get out there and test the market. Well I got to tell you guys I sympathize.

You ain't in the business to be testing my market. And so, you know, I got to do better at that. And I can't just be putting it out there. Quite frankly I don't believe the market is quite all that volatile.

You folks are in business and do that day in and day out. And I know on a monthly basis it goes up, and in particular the last couple years steel prices with the China situation has really fluctuated some.

But when you look in the aggregate and you look at the whole program, I don't believe it's that hard to do.

MR. HALL: Clay Hall with CTS. This is just a general comment. We were talking about how Wal-mart standardized and all the big private companies are

standardizing.

And the Government think there should -- it would be more efficient if you guys did it the same way. But you got to remember private industry is motivated by a different factor than the Government.

So that's why they do that, I'm thinking, because they have to profit. So they have to do -- work in a more efficient manner. So if the Government can find something to motivate it, profits could motivate it, then it will work.

MR. BASHAM: I can think of a couple motivating factors but they wouldn't -- we understand that. We understand that, you know, I think I mentioned a while ago that even when you look into the lifecycle cost, you know, it's hard for us sometime to look at that lifecycle cost and make that tradeoff between investing more money up front to get the project done quicker so I can house troops versus a Wal-mart six months earlier is revenues, or missing that window is revenues, or whatever.

But it's -- I guess the motivating factor to me personally, and I guess it's my job as the ENC

Chief of the Corps of Engineers, is to try to convince the rest of our workforce.

Just because we don't see a profit still shouldn't mean that we shouldn't have that same mindset to operate that way. I mean it really isn't.

I'll just be honest with you, that's a copout. I understand it's easy to say, but quite frankly it's a copout. I mean the same thing that ought to motivate us, do that.

What ought to really motivate us quite frankly, and I hope I can get this out, in my humble opinion it's something far greater than a profit margin in the private sector, and what that is is housing and feeding the troops of this United States that go overseas and fight for our freedom.

I mean if that's not a motivating factor for us to provide them quality facilities -- I mean we're talking about 18, 22, 23, 24 year olds, some -- maybe some of your alls' sons and daughters that are doing this.

That's what ought to motivate us as public service to be out there and trying to get every cent

we can get out of our projects, to build it 20 dollars less a square foot so we can put a little bit better façade on that building.

And it looks like, just like they went out the gate. But we're still saving money in dollars in the long run. I mean I accept the notion that if I could take a -- he showed -- was it a barracks?

I get wound up here. I'm glad we're getting close to lunch. I don't know, 40 of 50 dollars less a square foot, but the outside of that building looked ten times better than that brick building we had.

Same functionality, but you're right. Why can't I get both? I mean I grew up in an environment in engineering construction arena and grew up in a time in the Corps of Engineers and in industry, you all know, is a three legged stool.

There's time, cost, and quality. Pick any two and settle for one. The time has come to get back to the notion it's time, cost, and quality. I'm not going to sacrifice any, but there is someplace in that curve where they cross and intersect that's the optimum value to get that.

Our efforts here is not about cheapening what we give the soldier. It's still about providing a quality facility. But I think as Jeff showed you in some photographs it sure looks like you still can get quality facilities for 35, 40, 50, 60 dollars less a square foot, and not specifying --you say it was the mixer?

A mixer instead of a fryer that -- it's out of this world. It does the same function. Now that's easy for me to say that. When I go home to night my wife wants a specific mixer.

And she's going to get the mixer she wants or I'm not going to get the food I want. So you understand that, but I'm not quite sure that's the same equivalent to do that.

Let's take a couple more, and we're getting close to lunch here, and then we'll shut down and then come back after lunch. We got a microphone back here first.

We got -- who's -- does anybody else got a microphone in their hand? All right, we'll take these two folks. Let's do this gentleman -- where was it,

here? And then we'll do you and then we'll take lunch.

I thought there was one back here somewhere. Yes, go ahead.

MR. GIBB: Tom Gibb from MACTED. And just observing with these realignments that you've got coming and talking about these 1391s being more comprehensive in `78 or -- I mean in '08 or '09, don't you want to try to get these more comprehensive 1391s with this realignment so you can do -- put more, combine more buildings in one 1391?

In the private sector it's very common to arrive at a fixed budget and iterate with a contractor or the constructor in such a way as that you always keep that price as paramount in the time it's paramount.

So if you've got a more comprehensive write up of that 1391 rather than at the building by building level then you've got the ability to do -- put some takes at your program or at your project level rather than to have to go back and say mother may I for those individual pieces.

You all are going to try to do that with this BRAC round, do you suppose?

MR. BASHAM: Sure. I mean that's part of the whole initiative here is one of the benefits we see out of -- just so I make sure I'm recorded here. One of the benefits we see out of putting these larger program pieces together is it does give us some flexibility.

But I got to tell you at the end of the say if I'm on my butt on any one facility, on estimating it, all I'm going to do is aggregate that problem.

So I got to get better, but one of the notions is that once we get into this mix it will give us the capability of moving some funds around, that maybe this one's a little bit over and this is a little bit under, and you won't have to be going back and reprogramming each and every unit. Isn't that part of the strategy here?

MS. SHOULDERS: I'm not really sure that I understood exactly what your comment was. I seemed like you were talking about programming for the total requirement regardless of what years it will be

constructed. Is that what you were getting at?

MR. GIBB: I think the more comprehensive the 1391s are in terms of programming multiple buildings within a single line item, or within a 1391, the more flexibility you as a programmer are going to have to manage your cost.

MS. SHOULDERS: Right.

MR. GIBB: We are far from the only people to do multibillion dollar programs that have funding constructs. You know, worldwide we do that day in and day out with customers all over the world.

And the idea is that you allocate to, for instance, a base let's say Fort Brun, you know that you're going to do that, or a brigade or two brigade centers.

Now you are better off programming that as a brigade center rather than sixteen barracks buildings one 1391 at a time.

MS. SHOULDERS: That's what we're trying to do. We're trying to look at installation X has four BCTs and each 1391 will address BCT 1 mission requirements.

The next 1391 will address BCT 2 mission facility requirements. And that's the approach that we're taking, and that the total bill, we're not sure how that will be spread over however many years it works out to be but we're looking at getting the full appropriation and incrementally funding it for the fiscal years that it spread in the program document.

PARTICIPANT: And holding a program manager accountable for obtaining both the schedule and the cost? I mean that's the name of the game.

MR. BASHAM: Yes, I would agree. Now having said that, if we put them together today and got them over there, what we thought was a complete picture, probably not.

It's probably going to change again. So, but you know, we got to make our best guess, you know. This perfect storm, if we sat here and wait for that perfect storm to come about we'll all drown.

And so you know, at some point in time we've got to take some risks and step out there and do that. But our concept is exactly what you said. As much as we can anticipate what's going to be at that

installation or accommodations at that installation, and package that up as a complete unit and go forward with it.

And then look at incremental funding that over a three or four year period versus doing them on the each's is what we're looking to do.

PARTICIPANT: And have the program manager clearly account for --

MR. BASHAM: Sure, sure, great, great.

PARTICIPANT: Make sure that they identify that fact that all of them have to be identified. An efficient amount -- prices or some change for every -- there's got to be the -- is that clear to your program management there in --

MR. BASHAM: Yes, yes. I would tell you one we're doing like that on the civil works program, the Corps of Engineers, that I also happen to have oversight of is I'm sure you've heard if the Florida Everglades.

You know, a 7.8 billion dollar program. Got a lot of different components approved in that program. And it's a program authority that includes a

comprehensive number of projects to restore that Everglade system.

And it's got puts and takes. I mean there's 68 components of that, and we're balancing as we do one cost a little bit more and some cost a little bit less.

But all within that programmatic authority. And it would be kind of the same thing, same here. And then it's incrementally funded throughout the life of it.

MR. UNGER: Thank you. Craig Unger with the Design/build Institute of America. I've heard some great discussion here today. And I know at the end of this, these forums across the country, you guys are going to put this all together and it's going to end up in an RFP to be responded to.

Part of the discussion I heard, there's two fundamental differences. We talked about performance based contracting and we also heard a lot about prototype, preliminary design.

In a previous life I was the procurement executive of a major agency and we went to a prototype

and it fixed that problem for the day. But kind of like that I Love Lucy episode where the conveyor belt -- and they had the candy factory start speeding up again.

And because of market changes and technologies and what have you, as Alex mentioned a little bit ago, we kind went back to pulling back a little bit in that proper balance.

I would love -- some folks mentioned some large corporations that do have prototype, Motel 6 and Wal-mart and others. Are there major clients out there that you have that are -- they are serial as Mr. Thompson said, I love that, serial builders, that have -- are more into the performance where you do have a little bit more of means, methods, and ways to react that can identify those.

We talked -- again, they're kind of different ends of the perspective so I was curious that -- I know it's lunch time, but maybe when they come back that could be clarified a bit.

MR. BASHAM: The -- I think I agree that, you know, it's not one size fits all here. It's going

to wind up taking a combination. But I am interested, and I guess J.R. you said it one time, maybe we was going to go visit Wal-mart and them.

You know, I think the problem that I saw with the programs you're talking about is once you develop that model part of your process has got to be to renew that model. I mean what's you say, 150 changes a month to the model.

And so, you know, it's a living model and it's got to change. Well how do you build that into our process. I would tell you the Army and the Air Force customer, that's one of their huge challenges to us is all these mistakes that you're getting on the each's out here in the country.

It's not being fed back into some model so that you're not reinventing that. And I don't know about all of you all but I mean the Corps of Engineers has wrestled for 20 years trying to come up with the right lessons learned system.

And every time we think we got it about right it dies under its own weight because it just becomes a volume of stuff that somebody's got to sort

through to try to find.

And particularly in this day in time in our fast food mentality, I'm not going to spend much more than about two minutes trying to find it. If I can't find it I'm going to move on.

And so how do we get data into information and get information into knowledge that can be converted very quickly and used. And I'm convinced myself, personally, it's not by doing every facility on the each's, whether it's in house or by architect-engineers across our organization for our clients.

It's some combination of some standard models. There are some unique facilities that will come by themselves that will be performance. I mean I -- you know, part of what I want to find through these visits is where do I deed the bottle?

If I was going to start building warehouses on installations, or looked like a warehouse, would I go to Wal-mart and say I want your model?

Why should I invent one? And so my RFP would be that model. And if there's a builder our there or combination of builders that build that model

than my RFPs going to reflect that model.

I'm not going to go invent that model. But where is that model? Not there. And then I need to develop that model and care for it. And then I need to nurture it because I'm going to have 140 changes a month coming from the different ones of my community out there that are building these facilities.

Either from the Air Force or the Army or in this particular case the Army, there's change in the requirements. I mean part of this model is requirements change.

You know, Claude or Andy comes and says whoops, we got a change in requirements here. So you're not only dealing with requirement changes for the customer you're dealing with the industry trends and how they're changing in materials and all.

That's got to be played into that. And my guess is part of Wal-mart's changes is not changes to the construction industry, it's changes they're making to accommodate the customer.

You're -- I don't like the way your doors open. You know, take the rounds off these corners so

I don't hit my hip when I go down this lane, or make the lanes two inches wider.

I mean that's not for you folks if they're construction issues for the customer. You know, I like little stripes out here. That ain't for you, that's for the customer.

And so part of those changes -- you know, so how do we incorporate those as well? You know, how did my centers, if that's the concept we go to -- centers have got to have dialogue with the proponents for these facilities to keep up with their changes and requirements.

One more and were going to quit, at least for lunch.

MR. PAVLIDES: Mike Pavlides with PBS&J. I'd like to just float an idea. What we've talking about here is bringing the best industry practices to bear on your -- what's going to be a production line construction program.

Why not have a demonstration contract where maybe you hire five or ten architect-engineer constructors as a team and give them one or two VCTs

and say bring me back the best industry practices to give me the best quality, the best time performance, and the best budget cost, and let them come back to you with their ideas as to how to structure that program, what type of construction they would deploy in order to meet those standards, and also what the performance and time standards would be.

Whether or not the construction could be half of what you expect or whatever, it might give you a much clearer indication of what measures to put in place as well. Just an idea.

MR. BASHAM: We talked about that. Who'd I talk -- yesterday or -- we think we're going to get an opportunity to do that in this transition period.

When we talk about whether we're going to program for -- I got to be careful here. We're going to program for a number of brigade sets in the '07 and '08 program.

Whatever that number is will be such a number that I believe we'll do exactly what you say. We will try to push this effort to the point that we will take the industry, give three packages out there,

have some centralized management of that overall as far as the concepts, the innovations, that we can crank through that iteration to learn from that.

And so we're kind of -- I think we're going to try to do that the best we can. Again, I -- it's going to be an iterative process to get there. But I want to emphasize it's the process that's iterative. It's not the incremental improvement we're trying to get out of this thing ultimately at the end of the day. Let's break for lunch.

FACILITATOR MOY: One-thirty.

MR. BASHAM: Come back at 1:30? Please come back and stay with us at 1:30.

(Whereupon, at 12:11 p.m. the above-entitled matter recessed for lunch.)

A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

1:38 p.m.

FACILITATOR MOY: Ladies and gentlemen we're going to kind of change tactic this afternoon with regard to the Q and A. We're going to try to get some feedback from you from questions that are going to be directed from folks sitting up here on the panel.

And I'm going to first start off with Mr. J.R. Richardson, the Director of Contracting from Huntsville.

MR. RICHARDSON: Okay. I hope everybody is awake after lunch. I've got a question. I want to get a little bit of feedback from industry about how much work can industry perform in a given FY with the maximum capacity of the workforce.

What are some of the risks that are involved with a -- if we award a whole bunch of contracts in a given area? Take, you know, four or five brigade sets.

Anybody want to take that question? How much work can industry perform in a given FY in any part of the country? What we're concerned with is whether we will award contracts that will overwhelm industry at a given installation.

MR. BRAUDE: John Braude with Clark Construction. I think we've seen times in the past when we've had to stress resources in different areas.

So it's going to depend upon the location. Number one, if you're going to be doing with in an

area where there are no real resources to be had, say someplace in the south where you don't have a significant amount of labor resources, your contractors are going to have to deal with that as part of the equation and plan on bringing the resources in as a way of getting the job done.

You know, so whatever the needs are, we're going to accommodate to get the job done. But there could be a price associated with it, too. We've done work in Pensacola or down in the South where the labor resources weren't there to get BRAC work done before.

And we've had to bus in groups from as far as North Carolina or something and rent out hotels, and put them up in hotels to get the work done.

So you know, those are the kind of things that you do.

MR. RICHARDSON: So how much did that drive up the price of the construction?

MR. BRAUDE: It's going to -- you're paying for hotels and sometimes meals for people, and it all depends upon the volume of the work that you want to get done. It's going to be a factor.

PARTICIPANT: I'm going to just agree with everything he said. I think it depends on if you're near a heavily populated area or not, obviously. Industry will adapt.

We'll take as much as you can throw at us. And there will be a ramp up period, I would say six months to a year, year and a half maybe. But I mean companies will get H1B visas and import workers if they have to.

Of course then they have to apply pressure to Congress to enlarge the quota. But private industry will adapt. It doesn't matter. Whatever you throw at them, they'll get it done.

And I'm going to use the steel industry as an example. The prices went up because there was a steel shortage and China was taking up all the world supply.

Steel companies are ramping up production and steel prices are starting to come down. So the market will adapt to whatever the supply or required needs are.

PARTICIPANT: Just because you're -- I'm

with Sun Construction. Just because you're in an area that has a large population though, I take exception with some of those comments.

That's not necessarily a guarantee that you're going to be able to find the skilled labor force. We already know in the marketplace today in the construction industry there is a shortage of skilled labor to do some of these facilities.

So if you're awarding individual contracts, you know, a ten to 15 million dollar project to individual contractors, that's going to make the business that much harder because if you've got five or six or seven or eight contractors all competing in a geographical area for the same subs then you're creating both an increase, because it's supply and demand.

They're going to want more money for their services because they know they can pick and choose. Also if you're in an area that's in a construction boom, which we know that there are some areas, housing for example today, you can't find subs to go certain places because it's easier for them to work off of a

military installation than it is on a military installation.

They can't get some of their laborers on the base. They can't get the passes to get through the front gate because of all the security requirements.

So it's a good question, but it has a multitude of answers depending upon where it is, how big the work is, how much work that you've got, how many are competing for the sub base.

MR. MILLNESS: Hi, this is Russ Millness from Michael Baker Corporation. I think one of the other important aspects about this, and it plays right back into the supply and demand answers that we've been getting, is the lead time also.

In other words, if the procurement is very consistent, we can see up front what's expected, and there's enough ramp up time for that then people can get positioned and get things organized in time.

But the more of a crisis that that procurement is, or the less reliable that it is, it's just as bad on the flip side to have a procurement slip a long time or be cancelled.

But it's that ramp up, that definable ramp up, that gives you an opportunity to get at least your best price out of it.

MR. THOMPSON: Chuck Thompson again. About half of a building on average is a manufactured product made somewhere else than where the building is made.

The more you can design a building with manufactured products that are built in locations around the country, the more stable the prices will be and the more you'll be able to handle those big loads.

So it becomes a design question as well as a procurements question. The second part of that is that it's an economic issue. A subcontractor that has to go scrape the bottom of the barrel at the union hall or off the street to get mechanics, will figure their productivity very low.

If they're down to their last few mechanics they'll figure very high productivity. So that can produce a 30 percent swing. So the market conditions can have a dramatic effect on the price of a project.

That's what makes estimating so hard.

Estimating is a scientific process. Bidding is an emotional process.

MS. SHOULDERS: I had a question that I'd like to pose on construction durations. With the contracts that we put out we prescribe what we want our construction duration to be.

And if we were able to open that up as part of the proposal process, how do you feel the response would be if we allowed the contractor to provide, or the proposer to provide alternate construction durations?

And the key issue here is how do we deal with getting our construction durations shorter.

MR. ATKISSON: John Atkisson again with GEC Associates. You all put a liquidated damages clause in every contract if you put a bonus clause for early completion? You'd get me to finish a lot quicker.

PARTICIPANT: I think some construction issues are related to how you design the building. I think I've heard a lot of things this morning that are kind of tough to qualify.

One, you want buildings faster, cheaper,

quicker. On the other hand we know that every project from beginning to end, there's time. And from that time there is change that's happening within the organizations.

The way you react to that change has a dramatic impact on your construction schedule and how you deliver a building. We were recently involved in a project that was completed in less than a year.

We were part of the team that programmed and designed and then built two 100,000 square foot mega-modular facilities, and relocated 1,200 people. And that was in less than a year.

And in that timeframe, because of the construction approach of the build out to hard wall construction, we had to rip things out because the organization changed.

On the other hand, if you take a project like that and you look at how are we going to deal maybe with the interior environment so that we can adapt to change and flexibility, what does it do during the course of the process?

Does it allow you to make more decisions as

the organization grows, as it ebbs and flows, as it changes or reorganizes? You've even said this morning that I give you requirements today and they might change tomorrow, okay.

Looking at those types of systems, whether it is zone distribution for power, cabling and infrastructure, modular components in terms of systems furniture, demountable walls, all of those have an impact to help you as an organization, or the organizations that you're trying to move into this transformation reflect the outcome closer to the end of the project.

They also have a way of looking at money itself. You've got MILCON dollars that go into basic construction. On the other hand you can use operation and management funds to buy furniture.

You can also use those funds to buy demountable walls for example. Those help you manage money. They, again, impact construction schedule. They help you to meet your customer's needs because again, from the time a project starts to the time it ends that group is always in flux until they show up

on the spot.

The other component of that, and I've got a lot of thoughts here that -- especially from what I heard this morning is you kind of want it both ways.

You want an adaptable, flexible changeable building, but you want that at a low cost. Part of the analysis in bringing these buildings to fruition are really going to have to study the lifecycle issue, because if you want flexibility and adaptability you've got to build that in at the beginning.

That comes at a higher cost. If you want zone distribution for power, zone distribution for cabling, which enables you to change a building only from station point to the infrastructure, that costs more than doing a homerun all the way back to a panel or all the way back to a telecom closet.

But it allows you to build faster, adapt to change as these brigades may move in or more out or move around, or as the mission of the organization changes. So some thoughts.

MS. SHOULDERS: I guess I was looking more at -- we basically dictate the construction duration

when we put the solicitation out. So how could we approach it differently so that we can get innovative construction methods or approaches that would shorten the construction duration. Maybe I --

PARTICIPANT: Why is it that you dictate the construction schedule? I mean I guess my question is why wouldn't you want to leave that open as part of the evaluation of each proposal, especially in the design/build and some form of fast-tracking process.

That's where the creativity comes in. That's where the ideas get -- the influence, you know, comes into part of the entire project as a whole.

So I can't imagine that you would have any want or desire to dictate a duration, but you want to evaluate proposals as they come in and use that as part of the process to the best overall solution.

MS. SHOULDERS: It's a FAR requirement.

PARTICIPANT: Well, could that be -- is there any consideration for that or is there -- or that's -- I mean --

MS. SHOULDERS: There is. And I guess there's an awful lot of discussion, you know, is that

something that we want to put a lot of effort into.

Do we think that we'd get a positive response? Do we want to look at alternate bid items for different construction durations? I mean, right now we can pay for -- we cannot pay additional funds for a shorter construction duration.

We can do it at the same cost or at a credit to the government. But if we put it down as an optional bid item we can't pay for that.

PARTICIPANT: Right.

MS. SHOULDERS: We have to establish a construction duration to establish the mid-point of construction for our estimating purposes as well. So where can we best look at how to build in opportunity for proposers to come back and give alternate solutions, alternate construction timelines.

MR. BIRD: My name is Michael Bird. I'm with Walton Construction. Savannah district has put out RFPs that take duration into account. So obviously you guys have already done that.

It was touched on a little bit this morning, but 60 days for submittal reviews, cost loaded

schedules, all that stuff slows us down. And the, you know, on the civilian side we have, you know, less requirement for submittals and faster reviews.

And it really speeds us up. We don't -- it's too bad you can't pay us to build stuff faster because the civilian side does that. But if we can finish something quicker we can move on to the next job, and also it lowers our GC costs.

So we make money if we finish early regardless. Thank you.

PARTICIPANT: Yes, I just want to second some of it, the comments that he made as well. Same thing is I think if you put it into the RFP and make it a part of the best value type selection, I think you're going to get those inputs on how to make the schedule shorter for all the reasons that he just said.

You know, those of us that are construction builders, we're in the business of getting in and out of the job as quickly as possible because everyday we can save on the job that's money in our pocket to some degree.

So I don't think you have to encourage it. I think you just have to write the RFP the right way to allow us to show you what we can do, and then make an award based upon -- if that's an important item make it one of the highest rated factors, then, in the RFP.

MR. NORRIS: Yes, Jack Norris with EarthTech. I guess I had a flipside question to that. And that is the placement of the structure for its utilization is usually based by the user that I need to have it at a certain specific time.

And therefore I'd kind of ask why you're looking for it quicker because it's usually based on I need to occupy it to do it at that time. But the other part is if you're really taking a look at wanting to do it quicker is taking a look at the whole process from the time you start your 1391, your contract approach, your turn around for your submittals.

You know, one of ours was we could provide the Government information quicker than they could make a decision, so why provide it to them any quicker?

It's just -- it's going to take X amount of days. So why get it to them any faster, you know? And if you start taking a look at your systems, I would suspect that you could probably internally, by taking a look at the value engineering of the system that you have, you could probably knock out six to nine months and, you know, still have the contractor or the construction contractor get the placement done rather rapidly, and probably reduce his cost.

MR. WILLIAMS: Hi. I'm Brian Williams from Eastern Builders. We are a mentor for AREVA Corporation which is an 8(a) HUBZONE and disabled vet, and we are in the process within the next few days of having a first joint venture.

And on what you're saying about the timeline, we do private work and government work. We can build a warehouse almost identical privately six months quicker and cheaper than we can for the government, an almost identical building.

The other downside of it is when you evaluate proposals. I have lost proposals that take the time aspect in with either the Navy or the Air

Force, sometimes I lose them because the dollar value, I'm a little higher but I'm sooner.

Sometimes I lose them because I was not as soon. So there's an evaluation by somebody that's going to have to determine which you're going to take going into this, because I've lost them being on both sides of the coin.

I've been finished earlier. I was more expensive then I was finished later but cheaper, and I didn't get either one of them. The second thing, I work for a large company nationwide.

And I've worked from Rock Island all the way down to New Orleans, Mobile, and all. The problem I have when I deal with RFPs is the group of people or the Corps group that we're working with can fluctuate from one district to the other district so fast it's amazing.

And that was the hardest thing for myself when I want from say Rock Island to Mobile. The different people, and what you had to do, and what that you agree to do can make your price so fluctuating.

We have a job now, we have a mentor-protégé project in Norfolk district. It's probably the best district I ever dealt with right now. And I have probably been in eight or nine districts already. But the example that you go somewhere else it could be a horrible time for everybody.

Another thing that I see happening is -- that we get involved in is when the Corps specs something that's so precise only one person can supply it.

You know, the mixer bit, sure you have a mixer, but maybe there's someone that has almost the exact same thing except it's not chrome it's brushed aluminum or brushed stainless steel.

When you do that it doesn't give us advantages as a contractor to go out and get good competitive prices. And then the downside of that, for engineers that specified friends or clients of theirs or however they do it say, well, yes, but you have a buy out pipe.

With the way the business is now, contractors are buying out bid time mostly right now

because the market's so hard.

MS. SHOULDERS: I'd like to ask you, when you said that you could do your private job six months quicker than your Government job, what do you see as the impacts that make it longer?

MR. WILLIAMS: Submittal, scheduling, mostly all administration type work to get us to that point.

MR. BASHAM: To get answers.

MR. WILLIAMS: To get answers. I get design/build. We do design/build work. We do a design/build warehouse, I can be doing work in 30 days. With the Government it's 90 days.

PARTICIPANT: I would agree with these guys. Review times are really long. I mean they're loner than the design time. And -- but I've seen two systems work for producing buildings better, faster, cheaper.

And they're totally radically different from the way you're doing it now except maybe the privatized housing. But I'm going to tell you the radical method first, which I have -- my company has not done.

But I've been in seminars and learned about firms around the country that are starting to borrow techniques from the automotive industry. And they're saying why do buildings have to always cost more?

You know, all technology, computers, cars, everything is getting better, faster, cheaper, but buildings aren't. So these companies have literally created research departments and they've studied it.

And they're producing and designing buildings in three to six months, cheaper, high-end design. I'm not talking about trailer, you know, what we all associate with modular housing.

There's not a lot of them in the country, but they're the avant-garde I would say. So it can be done. I've seen pictures of buildings that have been done that way.

It's a radically different way of building. It's all prefabricated. And it gets, you know, done in a factory, no weather hold ups. The whole thing is built in the factory and then shipped to the site and assembled.

And like I'm saying, some of these are

award-winning designs. And they're cheaper because of the time factor because they were done faster, and time is money.

The second way I've seen buildings done faster and cheaper is take it out of the public sector like you did with privatized housing. We did a project for the Navy. The Navy leased the buildings. They were built. Two office buildings were built on a college campus. Even the college couldn't do it because it was a public college.

So they had to create a public/private partnership. They did a private non-profit, created a private non-profit corporation, which then went out and hired a private developer who went out and hired us.

And it was -- he was responsible for design/build, operate, maintain, finance. That thing got designed and built in less than 12 months, two beautiful office buildings, fully furnished, fully commissioned.

The Navy was moved in in less than 12 months. I mean it worked, and those people, that end

user is very happy with those buildings. Beautifully landscaped, nothing got cut out of the budget.

Again, time is money. Because it was delivered fast the budget was lower than you would customarily see in a Government project. I mean if you really truly want to radically transform how you produce projects and cut time and money out, you got to go all private.

Just lease the buildings. Forget about -- get out of the business that you're in right now. I mean that's radical. I mean you have to take the FAR and throw it out the window, basically.

MS. SHOULDERS: I'm sorry, we were kind of talking about one reoccurring theme is we have is the pre-engineered buildings. And one comment that you just made is that there -- we got the impression that there really isn't the market out there right now that could support a radical move to pre-engineered buildings.

Is that a fair assessment of what you said?

MR. RICHARDSON: Well the second part to that, do we have anybody in here who can talk about --

do we have any people from that industry? Okay.

MR. HOOGHOUSE: Well, clarify -- a little bit of clarification. And it's very confusing when we talk about modularity, we talk about modular construction, we talk about panelization, we talk about pre-engineered.

Draw the line and say these are all techniques that are available in the private industry, and let us know where you're coming from as far as which one of those -- I was going to ask the same question, but on a panelization aspect.

And from a panelization, assemblies, all the way to complete facilities delivered and put in place for modular construction. So kind of, if you could, try and help us distinguish those differences, too.

PARTICIPANT: Sure. As far as the pre-engineered building side, again -- Butler manufacturing. But there is capacity out there, significant capacity for pre-engineered solutions.

An it may not be in the exact type of facilities that she's speaking about, but, again, kind of in concert with a lot of the reoccurring themes

we're heard again, as much labor you can get in as possible in the manufacturing plants, taking some of the ease off of the construction forces, it all ties together in the same concepts.

But I mean as far as your question about capacity and opportunity it certainly is there. And there's plenty of room for growth in that industry. So it's something that may or may not be applicable to every one of the type of facilities you're looking at.

But for a good majority it may be very applicable, and perhaps to all. But there certainly is the capacity and opportunities to grow significantly, so --

MR. VANICKY: Dave Vanicky from -- excuse me, Resun leasing, providing -- we provide modular buildings, pre-engineered buildings. And what our industry allows us to do is to kind of like -- not just our company but our industry in general, we're able to multiseal our buildings.

So regionally we're able to build a building that meets all the code requirements from Massachusetts down to Georgia. And we would build

buildings that are multi-labeled, and whenever there's a need, say in Massachusetts, we're able to take 100 pre-engineered stock units with the exterior not finished, just the interior, maybe using different zones.

Move those units out, they're already pre-engineered, and then bid the other work such as the exterior finishes, the modular partitions, that kind of stuff.

It also allows you to utilize -- say the north region is short on labor forces in the north. Well we can have our units built in the south, the Midwest, and then driven across country to the northeast. So just a few thoughts.

MR. PROSUCH: Scott Prosuch, Westan Solutions. I don't know if you've run through the numbers or whatever, but effectively what we're asking I think over here in the right side of the room was enhanced use lease.

Have you weighed the pros and cons of that and looked at that as an alternative, or are we absolutely on a MILCON sort of major construction

path?

But it would seem you have the money allocated. You could go into enhanced use lease opportunity. You could, you know, set up a 25 year, you know, lifecycle that kind of would match your criteria exactly.

You could go in with a design/build operate, you could skip over some of the FAR requirements because in essence you're engaging in a lease opportunity and not a construction opportunity, a lot of advantages I think all around.

And somebody takes on all the responsibilities for the maintenance of the facilities. So --

MR. RICHARDSON: I don't think we have decided on which approach. I think what we were trying to do here is just collect the information. And once we collect all the information we will sit down and decide what is the best approach.

I would tell you that approach is being looked at, obviously.

MR. GERARD: Alvin Gerard with Atlantic

Marine. We currently own and lease several buildings back to the Army, barracks, child development centers, et cetera.

And the industry right now seems to be ramped up and ready to build more modular buildings. It's interesting that the buildings that we do own, they are only staying there for five years.

That's the Government requirement. However we can build them to look like a normal building. Part of the requirement was that we build them to look like trailers.

They didn't want them to look like a nice pretty building because they wanted -- we're required to build them like trailers. So if you want them to look good we can make them look good.

They want them to be temporary, that's correct.

MS. SHOULDERS: Yes, a lot of times we're bound by those decisions depending on where the funds are coming from and how the funds are appropriated.

So when we're talking about re-locatables or temporary facilities that's a totally different animal

than military construction.

MR. GERARD: However the same building can be made as a permanent building. As a matter of fact --

MS. SHOULDERS: I agree.

MR. GERARD: -- the private industry right now we have, my company has, several buildings that are residences that are in the Outer Banks, North Carolina.

It's inaccessible by any roads. There's no hard top roads back in the area. So the buildings have brought in -- the houses are actually brought in modular, and brought down the beach, and put up on stilts.

And once they're completed you would never know that they're modular houses.

PARTICIPANT: I think that's another misconception that the Government and people in general have to get by is pre-engineered buildings don't have to look like trailers.

In fact they're not synonymous, and trailers are really a bad word in a lot of people's eyes for

those types of facilities. Another approach you might consider, it's something that we've talked to the State of Maryland about because they're dealing with an educational crisis right now in terms of schools and infrastructure.

What we have brainstormed with them about is taking a permanent mega-modular facility and using it as a HUB school, locating it in an area where they could actually feed a school into that new building, renovate that old school, bring those kids back, and then play leapfrog with this thing all the while at the end knowing that the Government's going to have requirements or population is going to grow.

There would be an end state result for that building. And because they are modular, again, if you take the right approaches to how you design that infrastructure up front, when you're done at the very end you can then readapt it and reuse it, or you can cart it off if you have to and use it someplace else.

It is really one of the ultimate sustainable structures that are out there.

MR. MINO: Yes, the -- George Mino from the

Army Staff. The comment about we have to make them look like trailers kind of hits home because, you know, we already put tens of millions of dollars into temporary facilities for a lot of these troops.

And because of the laws and the restrictions that Andy mentioned, you know, we had to do that. But that's something I'm hearing we need to take back.

I mean if we -- if that money that we threw at all these temporary facilities could be changed we could then, I guess, do what I'm hearing, more permanent constructions that wouldn't last five years but 25, and still go up just as quickly.

That's -- is that what I'm hearing? So we just need to change what we can do with our money. I mean I guess the color of the money I think we've heard it. We can do that. Okay.

MR. BASHAM: I'd like to -- no, sorry, one more.

PARTICIPANT: I would like to address further on a comment that Scott made. And I'm surprised he used his real name. He was supposed to use an alias, but -- on these installations -- and I

guess I'm addressing more of the shortened timeline and how to make the most of the labor pool that's available.

And I talked to Judith and she asked me to get up and say this. If you award -- or let's take the entire program in an installation as a single program, as a 1391.

And you award this to a firm or a group of firms to do the entire project. One of the experiences of building an Air Force base I found when I had separate contracts for different groups of facilities, a lot of times those didn't match up and there was constant contract modifications and claims that came out of it.

Those also add time and additional cost, but if you bring in a firm -- and like the -- guaranteed a firm fixed price type of work, say all right, for Fort Hood it's going to be 800 million dollars and put that entire responsibility on that group.

And the question was, well, how does the Corps write oversight, and the housing privatization RCI program, the Government hired Jones Lang and

others to come in and support the Army on development and finance.

So they had a good representation, and they couldn't bid on any of this work. But they were the Army's expertise in supporting this. So if you -- and you're -- well if a whole installation -- this is only going to be a large company like a KBR that can bid on that.

I've seen the RCI projects have had all variety of sizes of companies. And you can control that in a selection process because the teams will come forward, present their qualifications, present their designs, and show okay, this firm is going to be, this small business is going to be doing this.

And, you know, make that guarantee. But if you have, you know, the onsite you can go from building to building using the same workforce instead of each contractor coming in, mobilizing, and then demobilizing, trying to figure out where they're going to be.

That contractor's responsible for all the utilities, infrastructure, and all those things are

underneath that one contract so you can't come back for claims for changes and so forth.

And it makes your life a lot easier, and you know, you can say, well, we want you to, when you design this, to have SPiRiT and LEED standards. And there's going to have to be like a storm water permit, something like an incredible size with all this construction going on, and I don't know that IMA has a capability to figure out how to do that, or the installation.

But if you have one firm responsible for the entire site, they could do that, that's also a cost savings, and help things move forward more quickly.

MR. HOOGHOUSE: Okay, I'm going to ask an easy question. Criteria, let's do some hypotheticals. Let's talk about building codes versus our criteria that we put out from a military standpoint.

Tell us what you think. We're struggling with defining what the quality level is that we're looking for. It's very difficult to nail down a quality level.

We thought about identifying similar private

industry facilities would get us maybe close to what we're looking for. But from a building construction standpoint we know that the code serves as the baseline.

That's what we're thinking is going to be our baseline. That gets you the minimum required within the industry. So tell me, if you can, give us some ideas on best practices that are out there that will help us nail down exactly what that quality level is we're looking for.

What is -- is it trailer construction is the right idea because it's allowed by code for housing, or do we want something that's a little bit more advanced?

We don't want a Pentagon Row apartments that's right across a high real estate zone, but somewhere in the middle there that is a typical residential environment.

See if you can -- if anybody in here can try and steer us to say these are best practices that can get us close to quality that we're looking for.

PARTICIPANT: If I can give you an example

of one, a couple years ago I was working with a Corps district to do a fire station on an Air Force base in Virginia.

And we had exactly the same question come up. And the answer was well, fire stations have the same kind of responsibility whether it's on a military installation or it's downtown.

And so the final answer was -- this was a design/build. And literally, the spec said we want a fire station similar with the same kind of things that you would see in a downtown fire station, period.

And that's how we designed and built it. It was built towards the same kind of codes that were used downtown, the same kind of finishes in the buildings, because that was the same function.

So I'd say if you have a facility like that, or you mentioned several times in here dining facilities that are similar in nature, you know, you had a good example of that at lunchtime today.

Look at what the finishes and the materials and so forth. Those are probably still applicable when you go on a military installation. Now there may

be some examples where it's different, you know.

The heavy vehicle maintenance facility, for example, the Jiffy Lube on steroids, may not be applicable to it because the type of vehicles, the conditions that they're coming in are completely different.

So I'd say it's facility by facility, but I think there are a number of those, particularly in the support area, the family support area, that the downtown standards, I'd say, use those.

MS. SHOULDERS: We've got some folks. Go ahead, please.

MR. WEATHERMAN: Greg Weatherman. Greg Weatherman, Green Contracting Services. As far as criteria and codes, there is an argument within different groups, if you ever have anything to do with National Institute of Building Sciences, B-Tech, you know, they talk about the lack of moisture control concern in the code and how the code is very lacking, especially from a design side.

And so you can have a local code, and you can have an awful mechanical system and a horrible

building envelope. And then you're back to square one five years later because of the rot and any health problems that can come from that.

So really the local code, you shouldn't go with the lowest amount because it's like dividing it. So you take the recommended daily allowance, maybe you would die but you're going to be miserable.

So I think you should be more far reaching than the code itself. You should be thinking about, you know, water management, and also Green building practices.

PARTICIPANT: Can I just say -- I wanted to answer your question, and I think I'm answering it.

MR. HOOGHOUSE: Okay.

PARTICIPANT: For the next one.

MR. HOOGHOUSE: No, I was going to respond to his.

PARTICIPANT: Oh, okay. But related to mass production of buildings, what I'm told, and there are a lot of people who know a lot more about this than I do is that you can produce any level of quality in a factory.

It's up to the Army Corps of Engineers to decide what level of quality you want. I mean they'll give you a Cadillac, they'll give you a Volkswagen. It's whatever you want --

MR. WEATHERMAN: Right.

PARTICIPANT: -- or need.

MR. HOOGHOUSE: And that's true. We understand that it's our responsibility ultimately to define that quality level we're looking for. I guess what I'm trying to get my arms around and all of us are is can I get that across to you in our 1,000 page RFP detail down to the last nitty-gritty, or can I give you a five page general observation saying I want a fire station like you give me outside.

There's a balance for each facility type. We understand we're going to have to define that quality, but I guess what we're looking for is to find out what are you used to seeing when you have a private developer come to you and say I want to build a restaurant, and this is what I'm thinking, and this is what my budget is.

How are they defining that level of quality

that they're looking for? On -- I apologize, I didn't catch your name. We'll get it on the read back.

But the -- you made a great comment. I couldn't ask for a better comment. Moisture control in the buildings, mold and mildew. It's a problem all over the place.

We have our own policies, our own criteria that we've written for those purposes, to take care of that problem, supposedly. Now does that tell me that the Corps of engineers and the Army are the only ones that know how to do this?

Is industry dealing with moisture migration in buildings? Are you dealing with mold and mildew in those buildings? And the question comes then, which way is the best to perform that type of a function.

And I think the answer is the same reason we're here. We want to work with you to find out what that solution is. Maybe we don't write our own policy but we come over and we participate with you, with our engineers and our labs, and we help you as the industry come up with an industry solution, not just another military solution. Does that help at all?

MR. THROWER: John Thrower from McDonough Bolyard Peck. I believe the three phases of quality control that the Corps uses and the Navy uses and the 500,000 page specs are probably one of the best quality control methods within the industry, both private and public.

Having been on the Government's side and on the corporate side and consulting in the private industry, corporations do have large specs. They do have three phases of quality control.

They do use the same procedures that you do. Where it fails is when you do have a thinner set of specs, a 12 page specs, and there is no follow-up from a quality control or quality assurance standpoint, from a manpower aspect.

MR. HOOGHOUSE: That brings up a great point. Somebody stand up in the audience for me please. I've got both perspectives now. Where does industry typically see these type of things going from a developer?

MR. THOMPSON: There's two issues. The half-life cost of building systems is something you

can calculate, as well known. And we know for instance that you don't put hollow core doors in a dormitory.

It's cheaper, it's lower quality. There's an awful lot of emotional attitudes about quality that don't have very much to do with fact. High quality is something that's heavy.

If you kick it, it hurts your toe, that sort of thing. But you can get quite scientific about it. With an awful lot of condition assessment data that we have we know what the half-life cost is of lots of different building systems.

The more complicated question is the quality of the facility in serving its mission, in keeping people in the military, in making them comfortable about where they are.

And in the private sector the developers, the big box retailers, the fast food people, the hotel, they're much more interested in those questions.

The durability questions are easy. The questions about how you serve the mission. Some of

the big box retailers, for instance, started experimenting with skylights.

And they discovered that the sales under a sky lit part of the store would increase. So that's quality, skylight your stores, to work on the lighting.

Those are the issues that are more different issues of quality, and are probably the more important ones.

MR. MIAGOWA: Frank Miagowa with CH Tom Hill. To address your first question about the range with an industry, I think the fundamental thing that it comes down to is the true level of the partnership between the owner and the builder and the designer.

And as it stands now, every project's a one-off, they're going to get a one-off project approach. If you truly want a partnership where we have equal risks shared, you'll be able to walk downtown with your partner and say this is the fire station that I want to build to, not that one.

Right now you don't have that flexibility because you don't really have a true relationship with

your partner. It's kind of a half relationship.

I think until you fundamentally change the process of selection based on past performance, financial security, and let the market drive who continues to get work versus you do a great job today for me great, but tomorrow you got to bid it again and win it on a low price bid.

And that's a fundamental process change that needs to happen, I think, before you're going to see that level of relationship where you can have that open discussion and at the end of you day make sure you get quality as you defined it and we get quality in terms of making a profit over the long-term.

MR. BIRD: Yes, I just want to echo what we were talking about here a second ago. Again, Michael with Walton Construction. You know, the Army's having trouble with, you know, retaining troops as it is now today.

And we got rid of the World War II wood for a reason. And you know, we try to create this college-like, apartment-like environment for the troops.

And so I think, you know, quality barracks, a lot like we're building today is what's going to keep soldiers in the Army. Like this beautiful campus here, that's what they want when they're not in Iraq or wherever else.

They want a nice place to go back to, you know, a nice dining facility, recreation centers. We stopped building rec centers on Army posts. We need to start building those again so the soldiers have something to do when they're off duty.

And also I think the LEED criteria is also going to spell out how we're going to have to build these things. Thank you.

PARTICIPANT: I guess my comment really carries right on from the end of that. You can ask us about quality, and you'll get kind of the industry perspective.

But you know, as an Army, in fact the IMA, you guys really have to sit down with the battalion commanders, the folks in the brigades, and all that, because it's the young soldiers that are really going to judge, you know, what they think.

And they're going to have a perception not only of what you think of their job, but they think of themselves based on -- if you put them in, you know, something that effectively looks like, feels like a trailer versus something, you know, that is heavy, is hard, that feels like quality.

So you know, I'd really suggest you carry this conversation to the soldiers and to the troop commanders and figure out what they need. Because some soldiers sign up, you know, it's three, it's a four year tour.

They return from Iraq and they're living better, some of the, in Iraq, than some of the barracks they're heading back to at Fort Bragg or Fort Stuart or Fort Campbell right now.

So I would really suggest to you take it the other way.

MR. BRAUDE: John Braude with Clark Construction again. The only thing I want to address is you had asked about what they're doing in private industry.

I can tell you that several years ago

General Motors had a similar problem. They had across the board specifications that they carried on for 20 years on all their facilities.

And it was really based on industrial specifications. And whenever they went to do a commercial project they were finding that their costs were twice as much as the rest of the industry.

And when they analyzed things they figured out that hey, you know, when we're building an office building for our people to work in we don't have to build it to industry standards.

We can go back to code. And this is getting, Jeff, back to where you were at. What they did is they went back to the basic code and said look, we're not going to do this anymore, okay.

You know, our in-house engineers who have been pushing for, you know, these scheduled pipes that are six times the schedule pipe that's needed for an office building, we don't need that anymore.

Okay, we're going to go per code. And now we're going to think of, selectively, the things that we want to look at that we want for our facility that

may be a little bit in addition to that.

So I think selectively you need to look at the purpose of your facilities. Base it -- start out with a basic of the code and then make improvements based on what your final product's going to be.

You're always going to pay a little bit more than the guy outside the gate because you got to pay for being inside the gate, okay. But you know, that's the code issue.

And the other issue is I hope that the pendulum isn't swinging -- so far we do a lot of work with the modularity. We do the privatization. We build the permanent barracks.

We, you know, we've enjoyed all that different types of construction. We'd like to see them all continue. I hope the pendulum isn't swinging to the point that everything's going modularity all of a sudden.

I think you need to keep a good mix of everything. Look at the bases that you know. You know which bases are not going to get shut down. You know the ones that are really permanent and that you

can invest in.

You know the ones that there, you know, in the next ten years who knows, there could be something that could occur, okay. So you'll look at it with some common sense and say okay, these ones definitely let's put some good permanent facilities in here, supplement with some nice modular facilities from companies like Resun and other companies just like them, and then some other modular facilities for the troops coming back from Europe that we've got to deal with.

That's my only suggestion.

PARTICIPANT: Can I ask -- can I comment on this one second here, Jeff? Thinking about criteria and following on this conversation here, for the last seven years or so our firm has been writing the tri-services unified facilities criteria.

And we've probably done ten or 12 of them. And our very first task is always to research what is the commercially acceptable performance standard here for the criteria.

That's the very first thing we've been

doing. And I think that what's going to happen here is you're finding that transformation's going to be difficult internally to the Corps.

Every time we get together in one of these workshops with the Tri-services there is enormous resistance to change. And we cannot come, many times, to a unified criteria for anything.

Fire stations, let's bring that up again. We have variations on the theme for a fire station from the Army, to the Air Force, to the Marines, to the Navy because everybody's got their own way of doing it.

And even though they see what's commercially out there, they see what municipalities are doing, what states are doing, they can't come to a consensus.

And so I think again, transformation is going to be the hardest internally for you. It's not going to be industry that's having the problem.

MR. WEATHERMAN: Greg Weatherman, Green Contracting Services. A continuation of what the gentleman from Clark said and what I said earlier about codes.

Maybe you should just work more closely with International Code Council, look and see what's wrong with it, make the adjustments, and then put out your paperwork where it looks exactly like the code so that if contractor is dealing with a commercial job, they're already familiar with the format and they know right where to see the changes.

And then that way you're on the cutting edge of the code.

MR. HOOGHOUSE: I'm sorry, I keep giving him the microphone back. I'm going to hit Andy one of these days on accident. Absolutely. What we're finding is this forum is designed to get this type of feedback from you.

And not only are we getting some really good feedback from you, we're getting some validation that maybe some of the initiatives we've been working on are moving in the right direction.

So I really appreciate that comment. We are working with the International Code Council. And one of the things that we like to do is take that expertise that we have and provide that as input to

the International Code Councils and any other NRCA if we have roofing expertise that we feel we'd like to engage and help develop that industry standard. So -- but thank you, good point.

MR. YOUNG: Let me go ahead and connect the dots from your comment about the UFCs and the three services, and your comment about the codes. We did this past year.

We actually have on our website a unified facilities criteria site. And one of the first items we did was working with IBC and the code folks. And so the three services have agreed to a UFC 1-200-01, which is basically a building code that we model based on the IBC.

And we put in some of the, you know, within that structure we also incorporated some of the military code stuff that we wanted to see there. But we're really aligning with the codes that you guys use all the time, you ladies and gentlemen use all the time.

So -- and your comment about the Army, Navy, and the Air Force trying to unify, you got it. It's

really very hard. And I think this whole issue for us, you know -- and your comment about it's going to be transformation, not just the green suiters, but also those of us that work for the green suiters, and saying that we have to look at the whole process that the Army's going through and the process we have used in the past to support the Army, and now try and change that process to actually be in line with the Army the way they want to go.

And this is from top down. We know it's from top down because we hear different stories about one General saying well this how I like to see it, and then you go to another meeting and you hear another General saying I want to hear it this way.

So that's going to happen, but we have to go that way. But we appreciate what you're telling us because we know it's going to be a tough struggle ahead, but we got to do it.

MR. RICHARDSON: I have another question. Performance incentives, are they used in private industry? Stipends, performance incentives, could we get some feedback?

MR. BRAUDE: Yes, they are. They are used as incentive awards throughout a course of a contract based on criteria specific for the project. If a particular project has -- is schedule sensitive, maybe that has a higher weight.

But schedule, quality, safety, sometimes community relations, things like that are factors in incentive award criteria that get used in private industry.

And there's dollars associated with it. And in fact in DOD there was bonus awards in the BRAC work, some significant bonus awards that we were involved in throughout the course of the project.

CNET, Pensacola, Navy Nuclear, and Charleston I know had bonus award programs with both contracts.

PARTICIPANT: The other side of what we do is construction management. And we see a lot of incentive coming from municipal, state, and regional authorities as well, not just private industry.

MR. MILLNESS: Thank you. Russ Millness with Michael Baker Corporation. Half of our company

is involved in energy and gas operations worldwide. And all of our contracts are performance based, so we don't get paid if we don't hit specific performance objectives on those contracts.

So it's not based on anything but that. And it's a very strong incentive.

MR. HOOGHOUSE: From my perspective, I know you've got -- I'd like to question and distinguish between construction incentives. We mentioned liquidated damages.

Do you have incentives on the other side? During design when we're asking you to come in and propose on these projects are there incentives there to where we're actually saying okay we're going to narrow these down.

We're going to get these contractors, and by the way, we know that it takes time and effort to put a proposal together. So do you have -- right, stipend, incentives, both sides of the house, design and construction.

I'm assuming that most of that, like the performance, is based that you mentioned on

construction, operations, and maintenance. Great, but does anyone have any feedback on the proposal development side of the house as far as -- in response to an RFP?

MS. O'BYRNE: I've seen it both in private industry and Federal agencies like Federal Bureau of Prisons. They have a pretty good system. Phase one is just qualifications.

And they don't pay anything for that but they do give a stipend to the short list to prepare the design/build, to come up with the numbers in the design.

And that is very expensive for a private firm to do. And I don't care how big the firm, the company is, it's a lot of money. The stipends usually don't cover the whole expense, but it helps a lot.

MS. BLAKE: Anybody else before we move along? I had one question for you that really kind of -- it struck me listening to the audience. Many people were mentioning some things regarding things like re-mountable walls on distribution design, how we structure things so that we can make decisions on

design later in the process, does industry typically have some sort of a sequential design process as projects progress within an individual program or project individually, something that you work with. Could you share any of that with me?

MR. WEATHERMAN: If you look at the whole building design guide, which I think is Government, they have a sequencing page on there where they start from the very beginning of a construction process to the very end and sequence what goes in when.

And if you check with your counterparts in the GSA, David Eakin I think is a contact name. He can tell you exactly how to find it.

MS. BLAKE: Okay, go ahead.

MR. BRAUDE: This is directed back to J.R. regarding the stipend again -- issue. One of the things that we've been bringing up at the AGC committees is the conflict -- the main conflict that we've seen with the Army stipend issue has been the tying arrangement to owning the designs.

Our design partners, many of who may be in here, there's been language in the RFPs on the -- with

the Army RFPs saying that once you pay the stipend you own the design.

We brought that up at the committee meetings even as far back with General Flowers. But -- and it's still an issue that's out there. And I'm hopeful that that gets resolved because for the 75,000 dollars that gets put towards the stipend it doesn't pay for the creativity for these design partners.

PARTICIPANT: In terms of your question about process, you're probably well aware of all the processes that are involved in architectural planning and design, but the real basis for any strong project is understanding the requirements and being able to document them and then to manage those.

My firm uses a database application to manage requirements that continues to stay alive throughout the project, as opposed to a lot of our competition creating a program, and says is this a list of spaces you want in your building?

Great, I have a beautiful plan to show you and they roll that out. All the while they'll slip that program on the shelf and they're done with it.

We, on the other hand, we manage projects and try to design and develop buildings from the inside out, functionally based, and manage people, support spaces, infrastructure, and requirements such that as that time that I eluded to earlier, as that continues to ebb and flow as the organization changes or reorganizes or shifts to a mission critical situation or standpoint, we can then just simply realign the blocks.

If you took a real radical approach to the interior of your building and it was all demountable, for example, and I'm not suggesting that that's what you want to do because there are fixed assets like conference rooms and operation centers.

Obviously you have toilet rooms and mechanical areas. They're going to be hard wall construction. But if the interior of that facility was completely demountable it could be reutilized or reconfigured at any one time.

And you use systems to support that. You could actually start the construction ahead of time and you could work the space plan out based on a unit

count and then meet the expectation of your customer.

The biggest problem you have when you move into a new building oftentimes is you haven't met your customer's expectation because they've changed.

And so if you have counts in terms of workstations and offices, and you can budget that accordingly and get a furniture budget together, again you got O&M dollars now involved in that instead of MILCON dollars, you can more readily adapt and meet your customers needs at the end, more toward the end or the middle of the construction process as opposed to at the beginning.

We've run into situations in the past with BRAC. A case in point, we did a project for the Navy International Programs Office about seven years ago.

They got moved from Crystal City to the Nebraska Avenue Security Complex. When their plans were originally done they were all in GIP Board offices, hard wall construction, by the time that three years that had lapsed from the time they started their programming to the time they got into this building the group had reorganized and changed.

And they went away from an enclosed environment to an open environment. So they basically had to modify the contract, get rid of all the walls, and basically start all over.

So there were a lot of downsides to that, obviously. You had a lot of construction that had to get taken off the books or taken off the site. You had contract issues that had to change that were a major impact.

And you had to redirect your forces to still meet the same timeline. So looking at how you plan the interiors of these buildings is equally important.

I think it's also been mentioned, too, you've got different kinds of buildings. And I think it's important for you to understand that. I keep hearing a lot about barracks and housing and dining facilities.

In my mind as an architect those are more fixed. You're not going to have to be as flexible with those. You're going to upgrade the finishes on a cyclic basis.

You're going to upgrade finishes due to

attrition in dining halls and things of that nature. The buildings that really try to -- that change a lot for you are going to be your office environments, your training facilities, your operation centers, because when you bring in a new command, if you're playing a shell game around the United States with these guys, they're going to have different operational protocol.

So those are the ones that, at least in my opinion, that need to be very flexible and very adaptable. But it doesn't come cheap, at least on the beginning side of it.

On the lifecycle side it becomes very, very cost-effective.

MS. GREENHOUSE: I'd like to make a comment. Someone made a comment a minute ago about stipends. And I really want to know what's, you know, what's your concern about the stipends and then tell you something about how we got involved, you know, in stipends.

We were doing stipends in Alaska, mainly for the -- in design/build for the AE firms particularly, knowing that once an AE firm aligns with a prime

contractor it's a great possibility that they might not align with the right one.

And they make quite a bit of investment, you know, in getting that prime to win. And so we tried to find a way of giving a return, you know, on that investment.

It may not have been, you know, fully, you know, what their cost was, but at least it was a return, you know, on their investment. And that 75,000, you know, was set aside there and divided among the losers in a prorated fashion.

The Air Force is doing that. We hadn't gotten very much of the Army to get involved in that. But we are concerned about that because we want to keep good business partners.

Just want to know if that is an incentive to you, you know, as we look into the business environment, you know, is that an incentive to have stipends, you know, to help out at those times of trying to keep quality partners, you know, where we are.

So did I hear the comment as if you were not

happy with the stipends? I don't know where that comment came from. Oh, yes, oh yes. Oh, okay. That's what I heard, yes.

In any Government contracting, you know, we have -- we must have a consideration, you know, for what it is that we have for outlay of cash. And so I'm concerned with what's wrong with that consideration.

MR. BRAUDE: The only thing that's been brought up has been the tying arrangement to ownership of the design.

MS. GREENHOUSE: Yes.

MR. BRAUDE: Right now the Army is the only one that's doing it. The Air Force and Navy, GSA, no one else is doing it. They have the stipend. Designers may know, I'm not a designer, but our design partners have come to us and said this is not fair.

On a project that may be a 200,000 million dollar project where they're designing barracks and mess halls and training facilities and everything else to try and get -- to win an award --

MS. GREENHOUSE: Yes.

MR. BRAUDE: -- these firms are putting out hundreds of thousands of dollars in design. And their real money is truly in the creativity. Prorating 75,000 dollars and giving them a little check and saying now we own your design, they're saying, is not fair.

MS. GREENHOUSE: Well that's interesting to hear. You know, I think we need to hear that.

MR. BRAUDE: Yes.

MS. GREENHOUSE: It was very, very much of an incentive in Alaska. They thought of it as being very good, you know, of consideration of giving them something. And in turn we needed a consideration.

MR. BRAUDE: Yes, I think they welcome the money. It's just the tying part of ownership of the design. The design is worth so much more.

MS. GREENHOUSE: Well that's very true. And maybe that's something -- I wanted to bring that up because maybe as Army we need to think about, you know, that that value of 75,000 dollars may not be anything that is going to give you that return on investment that is expected.

That was the only reason I wanted to bring it back up again.

MR. RICHARDSON: Yes, my question would be what is common in the industry? What is common in the industry as far as stipend?

MS. GREENHOUSE: What is your expectation?

MR. BRAUDE: Right now with the Navy and with everyone else, there are stipends on several different projects. And if there's any special requirements such as a video or anything else like -- those are also an addition.

Those are being funded, but there aren't tying arrangements to the design --

MS. GREENHOUSE: Right.

MR. BRAUDE: -- ownership.

PARTICIPANT: You mentioned the Air Force doesn't have that requirement, but I thought the Army Corps of Engineers does the Air Force MILCON contract.

MS. GREENHOUSE: It is the Air Force, and the Air Force has been the customer that has been supporting the stipend.

PARTICIPANT: But the ownership's different

for them than for the Army?

MS. GREENHOUSE: That's news to me.

PARTICIPANT: I mean that's something we need to look it.

MS. GREENHOUSE: The thing of it we were the ones who were writing the contracts. You know, we were the ones who were administering those contracts.

Now what the Air Force does itself I cannot answer that. And maybe that's where the dichotomy is.

MR. BRAUDE: This came up at our last year meeting --

MS. GREENHOUSE: Yes.

MR. BRAUDE: -- here in D.C. with the AGC.

PARTICIPANT: Hey John, it came up last year.

MR. BRAUDE: Yes.

PARTICIPANT: And we've been working this issue. And we've got through legal, and we're getting ready to go to Ms. Greenhouse. She may or may not know that yet.

It's right on the edge of your office if it's not in there. And within the policy we heard you

last year. And we put in there we will not own your proposal.

Now we got to get it -- we'll have discussion and -- I'm just letting you know right now what's on the paper. And we can probably stop talking about it.

PARTICIPANT: There were concerns raised last year.

PARTICIPANT: I understand. Right. And the consideration -- which one he says. The consideration is improved proposals overall. That's the idea.

Competition, quality of competition more than quantity if you will. And that is a consideration our lawyers have determined is considered, that the Government is getting value out of doing this.

So I think with the legal opinion and getting it to Ms. Greenhouse's door will --

PARTICIPANT: Hey Mark, can I --

PARTICIPANT: That's true, because we've had designers say that we're not going to -- that we're not even going to get involved with that.

PARTICIPANT: Right. That's right. I mean we don't want to give you 25,000 and get a 200,000 dollar design.

PARTICIPANT: Right.

PARTICIPANT: And then go off and build it somewhere else, right.

MR. SCHAFFER: I'd like to add to that. Joe Schaffer with the Corps of Engineers. That was my project, Marshall Hall over at Fort McNeer where we did use a stipend.

And from my perspective we did get consideration, absolutely. We've got four fantabulous proposals. We also are sensitive to what it costs to put these things together.

And I think we asked for very little. Now what I -- the question I want to ask you, we got a heck of a lot more than we asked for. And maybe that's got to do with the 75,000 dollar stipend.

I don't know. My final -- I want to put you at ease here. All those things, as Bunny said, we needed to have it deliverable. That's how we fought it out with the Office of Counsel and were able to use

stipends.

But they're in a closet up in -- nobody's looking at them. You guys didn't win, you know, the other two guys didn't win. We didn't want their designs.

We just needed to have something deliverable so we could pay the 75,000 bucks.

PARTICIPANT: Right.

MR. SCHAFFER: Well, and I understand there is devised policy on this now.

PARTICIPANT: There is a policy working its way, like I just said. And I think we're -- I don't want to second guess anyone in this room that has to look at it, but we've all got an opportunity to look at it, and it will hopefully get out the door.

PARTICIPANT: Well, I'd like to say that the lead-in to that policy that I saw, because I was the troublemaker last year --

PARTICIPANT: Yes.

PARTICIPANT: We'll never use the stipend in Baltimore/Washington again because there's adequate competition around here. So that was kind of

basically what they were saying.

PARTICIPANT: But it's a quality issue.

PARTICIPANT: You need to induce people in to give you a bid in Alaska --

PARTICIPANT: Right.

PARTICIPANT: -- where you've got a, you know, throw it on a dog sled, use it.

PARTICIPANT: You know, you can have all this policy, but the customer's got to have money, okay?

PARTICIPANT: Right.

PARTICIPANT: I mean we can talk about stipends and --

MS. GREENHOUSE: Yes. But remember also there is a cost of doing business, you know, that is inherent in what it is that we do. We win some, we lose some.

And certainly we are trying to be considerate right now. This is why we are having this forum just to hear from you. We had tried that in Alaska.

It was really, really a great incentive in

Alaska. No one really balked about it. They thought that boy, Corps and Air Force are really being considerate of us to give us something as a return on our investment.

It seems here now I'm hearing something just a little bit different, you know, as to -- but one thing I don't want to go out of the window, you know we do RCI.

And with RCI we have a CMDP, that management plan, you know, that is whether that we approve that management plan or not that contractor gets 350,000 dollars, you know, for that management plan.

And as a result of that that is a valid consideration for the Government in whether the Government uses that or not. It is our unlimited value that we can use in any way that we want to use it.

And so we've got to be stewards here, you know, with regard to that. But I am hearing and I wanted to hear, you know, where the pulse of things are, you know, on the lower 48 so as -- since we are considering this, and I didn't know that you had done

a legal opinion already, but I will be listening, you know, looking at it, you know, in the sense of what I'm hearing.

No, but in the sense of what I'm hearing, you know, that's all. I don't want you to feel -- to know all we're doing is gathering information.

And you've just entered another data point for me. At first I heard something and I want to make it very clear because maybe 75,000 dollars, the Army needed to reconsider that as a return on investment because you're thinking about returns on investment.

And we don't want to lose quality people just because the investment is something that you're laughing at and walking out of the door, you know, the return that you get.

MS. O'BYRNE: I want to say that the stipends are absolutely much appreciated and necessary. There's -- I don't think that's the issue.

The issue for AE design firms -- there are two issues. One is the ownership of intellectual property rights, and the other one is liability. Every AE design firm in the world would like to retain

their intellectual property rights.

And every industry association representing those design firms is going to want the same thing. Now both in private and public sector I've had clients who were large enough, like the Army Corps, that will not sign a contract unless you're willing to turn over the intellectual property rights.

The issue from our standpoint is getting compensated every time you reuse our design, if you're going to reuse it. A stipend of 75,000 does not anywhere near cover even the cost of producing it the one time.

But if the firm were able to retain the intellectual property rights and get compensated every time it was reused, obviously that firm would make a lot more money.

Secondly, the liability issue. Most clients who choose to put those clauses in their contracts will indemnify the firm and state that they will not be held liable in the future if that design gets reused.

So I think the intellectual property -- it's

not that we don't want the stipend. Sure we want the stipends. But what's going to happen to the intellectual property?

And sure, you have the clout for sure, if you demand it. I mean there's going to plenty of AE firms out there that are going to be saying whatever, take the intellectual property rights.

MS. GREENHOUSE: Well, I'd love to hear that.

MS. O'BYRNE: But we're going to fight it to tooth and nail in forums like this. I mean whenever we can we're going to try to retain our intellectual property.

And the courts actually have upheld it. The only time you lose your property rights is when you sign a contract like that. Otherwise it stays with the design firm.

And if somebody tries to use your design ideas, the creativity this gentleman spoke about, we will win in court in a lawsuit every single time.

MS. GREENHOUSE: Well the thing of it is in -- when you have value engineering, you know, there is

that potential always of getting collateral value out of that, you know, for the reuse in that, you know, for the reuse in that value engineering.

Maybe that is something that we need to factor into this stipend, you know, as to the collateral, you know, value that may be there, if it's affordable for the Government.

But I just wanted to hear, you know, I heard that comment, and it was of interest to me because we were thinking of you over here as AEs and, you know, other firms that we want to keep the quality going even when the competition is so great and you're not winning every time, or as often as you'd like to win.

MR. DUFFY: Please remember to introduce yourself. Go ahead, sir.

MR. UNGER: Craig Unger, DVIA. As a former Government official who made that leap into stipends, I know we're focused. I want to move it post-award too, but I can only say that the quality of our proposals went up with stipends.

And the second factor, when we quit short listing five and went down to four, then three, the

quality went up. Evidently your chance of winning one out of three got a little better -- sharper pencil and a better proposal, both quality cost schedule.

I will say on the stipends, when we first start into it in the late `90s I talked to several agencies, including the Corps, and saying how are you guys doing this.

Our budget and our accountants are telling us you can't do this. You have to have consideration. And at that moment in time I admire Mark in the Corps for getting the legal opinion.

That's the answer we got was show me where in the FAR is says you cannot do it. Because yes, consideration can be defined, as we all know, in different ways.

So we did it as an agency. We've been through GAO audit, Inspector General audits, a ton of attorneys in Justice, and it has stood up well, and again, with not having the ownership factor.

I wanted ? just a little bit of discussion now on the incentive on post-award. Without -- if I wouldn't have again witnessed it I would not have seen

the actual power of what it can achieve, and would love to have some comments, again, from some of the folks actually providing these contracts.

But you know, back when we transitioned performance based contracts it was predicated on consequences, both -- we always had the negative, the liquidated damages, actual damages, retainage for failure, and -- but the award fee, and that was Dr. Kelman back in a previous administration and now it's one of the five presidential management initiatives of this administration.

Performance based contracts anticipate incentives. And again, on the performance side, when we did a design/build -- finance, design/build, operate, and talk to some other agencies that didn't just take money, we actually had a clause where superior performance could in fact extend the contract six months.

So it wasn't actually money coming out of our coffers. And it had an incredible impact in compelling a cooperative partnership by superior performance, having something there that was beyond

just what was -- typically you'd see in a low bid environment.

But there was also the -- we've heard about quality, and we've heard about -- I know there's a couple firms in here now that built projects for the Federal Bureau of Prisons that again, we went from debating, and adversarial, and had claims before to really a transformation in that partnership and relationship by not a whole lot of money.

And I would -- I don't know if I'm -- just an aberration of if that's in your private sector also. Thank you.

PARTICIPANT: I want to build, too, on a point that was just made about ownership of documents and reusing a design. One of the things we've talked about is standardizing practice here and maybe having a standard design that may go throughout the nation, for example, for a brigade facility.

There's an opportunity right there to seize some continuity. If an AE firm, for example, designs that facility, much like the housing industry, when you go into track housing you have the different

styles of houses that you're going to build.

On those first couple styles you try to work out the bugs and get those things streamlined so that when you're building hundreds of these units you're rolling them out faster with less mistakes, shorter punch lists, and faster delivery times.

In the same breath on the AE side, if you're building a facility that you want to standardize around the nation, you've got the opportunity to use the architect and the intellectual property and the forethought that went into that design to refine it and keep it alive throughout the program itself.

A good case in point is the way Government projects are typically put together. You'll have an AE design period. The AE will do their work. They'll get their responsibility done, and their responsibility tails off.

You've got a construction effort, and then as the building's getting put together, you now have to populate that with furniture. What often happens, and what we come into contact with time and again, is the gap between the AE design and the fit up of the

interior.

Having firms that can provide a continuum of service throughout that whole lifespan of that project, and then maybe into the next generation of that project, reduces gaps, it ameliorates the pitfalls associated with what the designer was thinking about here and then maybe what has to actually be fit up or incorporated into the furniture design, or the AV design, or the IT infrastructure.

Again, it goes back to a continuum of service and process that can be worked out on the first building, then be carried over to the next building and the next one.

MS. BLAKE: I have a command performance. J.R. is demanding that I ask this question. They're all beating me up about joint ventures so I want to talk to you a little bit about that or get you to talk to me about that.

Clearly, given the Congressional environment of small business, which is my primary interest in being here today, some of the Congressional outlook is that only a prime contract counts.

So we find creative ways through joint ventures, mentor-protégé agreements, and other things. Could I get some candid feedback from the audience about that, both from large and small business today?

MS. HOPKINS: Thank you. Lynn Hopkins, Hopkins Food Service Specialists. We're a small business, but we're also usually typically subcontractors.

What I have to say is that I would be very reluctant to go into a joint venture because as a small business, particularly, it's a whole new layer of legal, costs, expensive, administrative expenses, risks, and that sort of thing.

So I would not go into a joint venture myself. In the past when I've gone as a prime contractor after a project and there's someone that I want to associate with I'll say well let's call this thing an association with so that we don't have to get into the whole legal part of being a joint venture.

I have an idea, though, that is out of the box as far as being able to use small businesses, especially when there's a specialty like food service

design.

And let's say that we're going after a dining hall or a lot of dining hall projects. I'd like to see a situation where you have the small business because really most food service consultants and designers are small businesses, most of them.

Let them sort of be the prime during the selection phase. Let them, you know, show their qualifications because they're the ones who are doing all the dining halls.

It's not really the architects. The architects will be doing dining halls now and then, but the consultants are doing the food service design all the time.

Let them be selected and then bring the team in later with the architects, the engineers, the various other team components, and then go ahead and contract with the architect or the engineer, whoever you want to contract with.

But this way it gives the small business an opportunity to shine, to get some recognition from the large businesses, which is what they typically want to

do.

And -- but still you have the typical, normal, standard way of doing business that all of our insurance companies like to see.

MR. HART: My name is Jim Hart with AREVA Corporation. We're a small disadvantaged 8(a) HUBZONE and service disabled veteran owned company, and I'm it.

We also have a mentor-protégé blessed by the SPA Washington, D.C. -- mid-eastern builders. They're a 150 million dollar a year construction firm.

That's not all we do. We also do force protection and perimeter defense for troops. The first mentor-protégé project we're working right now is just that.

It's a fence project to fence Fort Eustis. Not a small thing, it's running ahead of schedule. We're learning from our mentor. We are working right now preparing a joint venture for a bid for a 20 million dollar project down in North Carolina for the Marine Corps.

The answer is it's all good business. Be

careful who you work with.

MS. BLAKE: Okay, thank you, I appreciate that. I've got one back here in the back.

MR. MIAGOWA: Frank Miagowa with CH Tom Hill, a large business. You're absolutely right, I mean as you change the metrics for whatever they are, industry is going to adapt.

And we've done the full gamut of native Alaskan firms, joint ventures, we'll sub to an 8(a) firm. We're going to do whatever it takes to try to get that piece of the market share.

So it goes back to what he said is choose wisely. At the end of the day there's only so much capacity in the AE field or in the construction field.

You get the same people working together. It's just a matter of how the legal entities are being set up from a legal perspective to meet your needs.

MS. BLAKE: Yes, okay.

MR. PAVLIDES: Yes, Mike Pavlides with PBS&J. I'd like to echo that exactly. I think there is a lot of misunderstanding of the complexities of joint venture.

Nobody really likes to do them because it's extra administration, extra paperwork, extra management and other issues. But on the other hand you can have joint venture which really constitutes a completely independent company, or you can have a joint venture when you have tasks that have actually been separated between the two firms within the legal document, and it makes it a little bit more simple, actually a lot simpler.

So it really depends on how you set it up. And we use it, you know, when appropriate. And we've teamed with, or joint ventured with small businesses as well, and it worked well.

MS. BLAKE: Okay. One last question.

MR. GERARD: I had a comment.

MS. BLAKE: Okay.

MR. GERARD: Atlantic Marine, Alvin Gerard. I think a joint venture is a way for a small business to go after the big jobs. One thing we have found in going back to modularity a little bit is that we can go out there and joint venture with a factory, joint venture with a setup crew, joint venture with a

management company, and all get together and put out a product that has more value.

It expands our bonding capacity, and it makes like a lot easier for us. It also, in my experience, once I find that subcontractor that is excellent then I want to joint venture with them because I've learned through experience that this person is the one I want to do the work.

So it's a learning curve. I messed up a couple times, and then the third time I found a great company, and we joint ventured with them. So I think it's a positive thing.

MS. BLAKE: Okay, great. One more.

PARTICIPANT: I'd like to speak from the perspective of very small business like this gentleman. We're working in private industry, and I can tell you that we team up all the time to find partners and offer what we would call modular services, where if I come in as a construction manager, if we need a design team, if we need a GC, were able to draw on that.

And we team up with people all the time,

informally and formally. As far as joint venturing, honestly it's the only way, the only opportunity that a small business can get in and get a start.

If I'm able to offer my procurement vehicle in order to show you what I've got, so be it. I mean I'm going to try and sell you what I've got to offer.

But if that's my ticket to the game I'll use it. And we're been very successful in teaming up with large multinational companies where frankly as a small company we went in and established a relationship with a client.

They saw our work, they loved our work, but we needed the resources to back us up to take on the size of project that we're capable of but didn't quite have the infrastructure to continue with that.

So my perspective is that we do like the joint venturing and the teaming, and hopefully we get a strong enough partner that handles the paperwork side of that, the administrative part.

MS. BLAKE: Okay, thanks. Joel, did you have something?

MR. HOFFMAN: Is there any more discussion

on the last question? We'll finish that first.

MS. BLAKE: Okay. Well, I'll tell you from -- there's a couple of issues that I have with it, and I'll just share those with you. And I'm sure, you know, if you talk to some of our technical people you'd get some additional insights.

But my main concern with joint ventures and with mentor-protégé agreements is that they be real and that there's benefit to the business teaming arrangement, both for the small and the large, and that in fact the prime in a joint venture or mentor-protégé agreement, the protégé actually does a portion of the work.

If they're proposing against an 8(a) contract for example if it's a small business administration 8(a) mentor-protégé that allows them to do that.

I want to see that small business having the capability and doing real work. And so that's my key criteria there. And I believe that from a technical standpoint that's probably a similar criterion that they would have as well.

So we certainly encourage it when it makes good sense, but if it's not real then I don't like to see it, and I think probably that's true of everyone.

MR. WEATHERMAN: Greg Weatherman, Green Contracting Services. We're a service disabled veteran owned company. We do work with an 8(a) company.

We already do joint venture type work, not because we have to, but because we like to. We fit together pretty well on projects. By doing this we're able to grow much faster because where, you know, you have the capabilities of two companies rather than one.

They have leads on contracting people that we may not have and vice-versa. So -- and it has to help the Government with their goal of small business because you are, after all, helping small business grow.

MS. BLAKE: You had a --

PARTICIPANT: What was the answer to large businesses. Are those used? You know, what's the Corps reaction to joint ventures with large firms?

MS. BLAKE: Don, I think this is a question for you.

MR. BASHAM: You're talking about just large firms joint venturing?

PARTICIPANT: Two large firms.

MR. BASHAM: Two large firms. I don't think -- I mean again it's a matter of the job. I mean we're looking for the best combination. And if that best combination brings that to task, I've been involved in two or three large projects that bring -- you have to bring a joint venture to do it.

There's just not enough wherewithal. In the olden days that was the huge locks and dams. I used to have builders, I'm not going to mention any names, but you used to have some contractors out there that can take it all on.

And a lot of it didn't have to do with the technical expertise or ability to build, it had to do with the ability to bond. And in this day in time that's a huge challenge.

You know, some people have to make marriages because of the bonding capacity to do the work. We do

not have an objection of putting together a package that -- if two firms come together to joint venture that.

What you need to do though is you got to convey, you know, what's the joint venture here. What is it you're trying sell, and what's the expertise or each one bringing?

While for a whole different reason maybe than what Judith would talk about essentially being a store front in a small business relationship, you're going to essentially have that same in two large businesses coming together.

There's something else -- I've seen one. It came together for a weird reason, and it didn't work out. And at the end of the day they had a divorce, we had a divorce, and it was a bad marriage we went into.

And so, you know, but as far as the overall venture we don't have any problems with firms joint venturing at all, not a problem at all.

MR. HOFFMAN: I'd like to go back just for a minute. I'm Joel Hoffman with the Corps of Engineers in Huntsville, Alabama. When we had the little

discussion about stipends and intellectual property rights, it brought a question to my mind.

Right now in our design/build contracts we include a clause called Government rights unlimited, which essentially give the Government -- and this is unrelated to stipends, this is the actual design/build contract itself.

And the Government gains the rights, full rights to that design. And I was wondering what the industry's reaction to that is, or their concerns to that would be, especially if we intend to do some standardization.

So I would think there'd be a little bit concern about intellectual property rights as well as the indemnification for liability of design. And would you see a problem with us continuing to use that clause in the contracts, and is there really a need for us to use that clause.

But really are there concerns about there about the way we do it right now? Would it drive you away from competing for design/build work with the Army?

MS. SIMONE: My name is Simone with General Service and Marketing. We are a small business. We have all the certification except being a disabled veteran.

When I got the e-mail there were a lot of questions that as a small business I had to answer. And some of them really I frankly didn't know why I have to answer it, because you asked what size project have you done on your own.

And I had to answer well the largest projects I've done has been like 200,000. And the next question is what is your capability in terms of bonding.

And the dollar amounts was from one million to ten million, and you went up to 100 million dollars, okay. And I felt totally lost because I mean the question was -- I mean this was the next question.

So I answered it the best that I could. And you asked me about joint venture, and I thought it was a great idea. And ? but I have been approached since I've had my certification by several companies, all very diverse.

I've working now with a company that manufactures, you know, office interiors like workstations. Also, I have a company that's a design/build.

And they take projects five million and up who would joint venture with me. And I have other companies with different services that would be more than happy to joint venture, except I think that, you know, how do we fit into these large contracts always joint venturing, and you know, as a small business how can we work with the military.

I have no experience with the military except for a small job that I did for the Navy for 79,000 dollars, which was a children facility. And we did -- it was a small task, but we did everything from, you know, building, painting, and drywall and the whole nine yards, masonry and all of that work.

We did a great job but it was through -- done again through a prime contractor. And I found it very difficult to get jobs with the military. And I don't really know how to approach it.

And especially nowadays because of 9/11

security clearances, companies have to be -- have security facilities. They have to have security project managements.

They have to have this, and that, and that.

MS. BLAKE: Yes.

MS. SIMONE: So it makes it really very hard.

MS. BLAKE: Well, and I think, you know, feel free, why don't you go ahead and give me a call, and we'll chat about some of those issues. I don't know that, you know, we don't always have the easy answers for the very small companies when we're dealing with projects of this size.

You saw sort of the facilities we're contemplating in Tier 1.

MS. SIMONE: Yes, I understand.

MS. BLAKE: And the truth is probably for a very, very small small business you're not going to be a prime contractor. But you bring your expertise and you coordinate with some of those who attended.

And I'll talk to you offline, or others in the room, you know, who want to give me a call. Any

of my deputies will also do that throughout the country who are located close to you.

MS. SIMONE: Yes, because I see that this forum is really geared to very large companies and for somebody -- for me to come here would be probably networking with some of the large companies in terms of teaming on some projects with them.

And do you also facilitate joint ventures or make recommendations?

MS. BLAKE: No. We don't do that. We wouldn't match you up with somebody, no.

MS. SIMONE: Okay.

MS. BLAKE: No. Yes, you know, what J.R. said is, you know, we are serious about small businesses. And I'd like to see some primes. We may have some primes.

But if your total bonding capacity is less than a million dollars, chances are these facilities are too large for you to handle --

MS. SIMONE: No, it's like 2.5 --

MS. BLAKE: -- unless you have --

MS. SIMONE: No, I have more bonding --

MS. BLAKE: Yes, you're right.

MS. SIMONE: -- capability.

MS. BLAKE: But these are --

MS. SIMONE: But I don't have experience with the Army. I've never done any --

MS. BLAKE: Sure.

MS. SIMONE: -- business. So I'm not really sure about, you know, --

MS. BLAKE: Right. We'll -- I'll definitely talk with anybody who wants to give me a call offline about, you know, the specifics of how to deal with the Government if you've not dealt with us before.

MS. SIMONE: With the Government I have, but not military. It's totally different. I've worked with GSA, but I have not done work --

MS. BLAKE: Give me --

MS. SIMONE: -- with the military.

MS. BLAKE: Give me a call by all means, 202-761-8789, okay.

MS. GREENHOUSE: One thing I want to make sure, we do encourage joint ventures. The acquisition landscape as it is now, from the time that the Army

did its consolidation and we got into the bigger, you know, type contracts and so on, small businesses have to understand alignment is important, but making good agreements in those alignments are important, in order that they are mutually beneficial.

If you're under our IDIQ contract and you're contractor wins that you're aligning with, there is a minimum usually that they are going to attain in that contract.

When you're getting a mutual agreement you should have some portion, you know, of that minimum, you know, that he is going to be awarded, you know, in the base year or the option years or whatever.

So it's important that you understand, you know, how to work with your small business offices so that they can tell, help you in designing agreements and designing the joint ventures, you know, for approved joint ventures that we have in the small business.

One other thing that we do is encourage consortiums. It's something that came out in the small business administration some time ago, about a

1 couple of years or so ago, where as not large
2 businesses but small businesses can get together, and
3 they may be able to vie for 500, 600 million dollar
4 contracts.
5 But you do it with a board of directors.
6 That's who deals with the Government. And I would
7 just like for you to get with your small business
8 people to look into that.
9 Out of one of those you break the work down
10 into a work breakdown structure, and each one, you
11 know, maybe like in our TERCs. Our TERCs had four
12 different processes, part of the work breakdown
13 structure.
14 You know, you got the best and whoever was
15 going to be the transporter or the hauling off, you
16 know, the best in remediation and the best in
17 construction, the best in studies, and you put those
18 together, you know, as a consortium.
19 Each one of them come out of that experience
20 as a prime. It's no leader/follower, you know,
21 everybody is a prime. But, again, it requires a lot
22 of legal getting together, a pooling, it requires a

lot of swift trust and good information for you to know.

But we do encourage joint ventures. We do, but you -- we don't take the liability in that encouragement if that joint venture goes bad. You know, we want you to get the best legal advice in order to make sure that it is a good, or an approved joint venture as far as the Small Business Administration is concerned.

Okay, it's a different acquisition landscape. Alignment is important.

MR. HOOGHOUSE: Here's another perspective if I can, just for everybody's clarification, including my own. This is -- this forum isn't geared toward any specific size contractor.

If you see some of the comments we had, or some of the slides that we had in the standards and criteria piece, if I have a ten million dollar dining facility project, that's going to get me one certain facility specialist that knows how to do food service that has a bonding capability of ten million dollars.

If I have a dining facility that goes out

and it's two million dollars, that's going to open it up to a few more contractors, maybe some smaller ones that have a lower bid capacity.

So what we're trying to see is where this audience lies, and where you think we can make improvements to encourage that competition. And where is it right?

Is it a two million dollar dining facility, or ten million, or somewhere in between, or way above or low? But we do understand that it's going to -- the higher that goes and the more facilities we build, the bonding capacities are going to be depleted.

So we're going to have to encourage smaller and more competition.

MR. BASHAM: Let -- if -- could you all humor me just for a -- let me take this a little bit different. And when you're talking about joint ventures and whether large business or a combination of large business and small business or small business, let me take you down this path a little bit, and you all stop me if I'm out to lunch here.

You know, there was discussion earlier on

about pre-engineered metal buildings or pre-engineered industry and using them more. And then there was a discussion about the food service, bring us in as a consultant -- as a prime, as a consultant to an architect-engineer.

You know, that's a joint venture in and of itself. But it's -- I'm sitting here trying to wrestle this to the ground. It's a different form of joint venture.

It's -- these joint ventures are all relationships made. Over the last 30, 40 years, the Corps of Engineers particularly, we've driven that relationship to be a contractual relationship between somebody else out there, two large venture firms, a large venture, small venture.

But it's out there, and the burden and responsibility is put on them to deliver something. Two hundred years ago I would tell you we were the master builders in the United States.

We were the CM at risk. Whatever term you want to put on it, we hired all the trades. If we didn't hire the trades I didn't hire them because I

had them.

Now, you know, part of this discussion is that, you know, should we be back into that business to some extent? Should we be making those marriages hiring a food vendor on retainer of somehow, someway, and I ain't figured all that out.

Maybe hire two or three of them. You have a competition, you hire two or three of them, you have them out there, you bring an architect-engineer on board to do a commissary, and say there's your vendor.

Because we got a long-term relationship with them, they know exactly what we want. They'll deliver it every time in the space that you got. And so you don't have to out here and hire someone and go through the review process to make sure we get what we want and the way we want it.

Or like pre-engineered buildings. If we write a five year agreement competitive with a pre-engineered building to put up something, I don't know, whatever something is, and then we award a construction contract to physically to go out on the site and do it, do we make that marriage between you

and that building, whether it's tilt up, construction, pre-engineered or whatever else, if we found a market share that was willing to fabricate and do that?

I guess I'm trying to -- you know, do you want it all, you want -- and all that gets to a risk and responsibility. It minimizes my risk, maximizes your risk and responsibility when the contract's totally on you to bring all that together.

As you start shifting that one way or the other, I take on more risk and responsibility because I got to make sure the food vendor's there when you want him as the architect-engineer delivered.

Or in the construction contractor I got to make sure when you dial that 1-800 number there's somebody on the opposite end of the line that not only is going to answer the phone, is going to deliver when you say you now got to have it.

And so there's tradeoffs here, and every one of those tradeoffs have a risk, but there's also a cost associated with that risk that's somewhere out here in the middle.

You know, if I take on more risk is there

less cost to you, ultimately to me, to produce that? If I take less risk and you take more than there's a burden that shifts more to you and you're going to want to be paid for that risk.

But I hear some discussions about well you need to be using -- you know, do you use the pre-engineered metal buildings, or the prefab type things, or modular type things, whatever term you want to put on them, do you hire those -- am I hearing you say you ought to hire those on the each's still?

Or do we get in that kind of business and work out relationships? My HVAC example earlier this morning, you know, do we go out and get that venture, or do you still go out and procure it on the each's?

And I -- I mean I'm not saying either one's right or wrong. I'm just trying to get a feel, but how -- what's your thoughts of suggesting I need to use a pre-engineered concept, and use the food concept, and bring them, as primes to the table, and work them, and how do you see that contractual -- ultimately what at the end of the day is a contractual relationship that we're forming here?

MS. O'BYRNE: Oh, God, that's a lot of questions. Angela O'Byrne with Perez Professional Corporation in New Orleans. I think, to address the first part, I think you were asking about joint ventures and the mentor-protégé.

Those are all good vehicles. My company, we've been both prime and with almost all branches of the military. We've been prime, we've been sub, we've joint ventured, we've not done mentor-protégé, but we probably could.

Those are all ways for small business to get in different ways. I think the more the merrier. And regarding the pre-engineered buildings and all that, well those are big policy questions.

And of course a lot of those are politically driven. But the winds have changed, seem to be pointing more in the direction of privatization so that you would be heading away from the master builder more than toward it again.

I don't know -- I don't have an opinion about how you should contract, whether you should have ten primes or not. Before I sit down I wanted to

answer the gentleman's question from the Corps Office in Huntsville, Alabama, about intellectual property rights if we could get back to that for one second.

And the intellectual property rights for design firms are just like a copyright. The industry standard is that the copyright resides with the firm unless they give it away in a contract in contract terms and conditions.

I can't speak for every AE design firm, but most design firms would probably like to see a royalty paid every time their prototype got used, or they'd like to be hired to be the firm that site adapts the prototype.

So those are two ways you could compensate that firm, either use them again and again to site adapt it, or pay them a royalty every time you reuse it.

I don't know if that's impossible, but that's how private industry does it.

MR. PAVLIDES: Mike Pavlides with PBS&J. To address your question, Don, I have kind of an analogous situation. We're a GSA Federal Supply

Schedule contractor, and as such we have a choice of bringing subcontractors onto our schedule, or using subcontractors on the same schedule that GSA has approved, or if none are available to go out in open market.

But in either one of those selection cases we remain liable. If you wind up being the person that tells us to use the dining hall, then the question is -- and they falter, whose liability is it?

So that's kind of the issue that I see in what you're bringing up.

MR. BASHAM: There's no question it's the burden of making the marriage rest with the person that makes the marriage, and that's me. And you're right, if you falter then that's the risk and liability that you got here.

MR. BRAUDE: Don, just a question really. I don't know if this is something you could do, but in private industry and large cafeteria type situations where -- and the gentleman over there who mentioned the kitchen equipment, you could do the kitchen equipment, brought to mind that you can actually have

a kitchen design equipment company come in and furnish all of the equipment at no cost, do all of the design, as long as they can do the service for a period of years.

And that is done all the time. I don't know if that's an opportunity to save some money or something different for you.

MR. BASHAM: I think that's a possibility. I mean, you know, there's all different versions of that, particularly in the food industry I can tell, is a person will literally come in and build the facility, put the equipment in the facility, staff the facility, and operate it.

You know, the example I'd used for some of the folks here is if you go -- most airports or big shopping malls, you know, they got a food court, you know, and usually the developer will go in and build this great big place here.

And nine times out of ten he doesn't have any idea what's going to go in that space. But generally when you're dealing with fast foods, it's this big, about like this, and I'm not trying to make

light of it, anybody that's in the -- and then you turn around and you rent that space out.

And they come in then and bring all their equipment. Well, you know, is there a version of that out there? I mean would we go out there and build an area and then say lease the space out?

We'll furnish the facility, and in four years when Johnny or Mary or Sally gets tired of Burger King and they're no longer getting the business, they'll pack up and move on.

And we'll move Joe's Crab Shack into that space. And you've got the facility, the facility's adaptable and flexible to accommodate that, and those are some of the things that, you know, we're looking at while we're talking about food.

It's all kinds of those combinations. Which is the best way to deliver those types of things.

MS. HOPKINS: It's just that, you know, you have to decide really where your priorities are and what's the most important to you as far as the dining hall.

I mean yes, you can get somebody who's going

to design/build, turnkey operation. I know NIH did that with this one company years ago and they were just stuck with them.

I mean there is no place else you can go if you get somebody like that, so you have to decide. It's like what are your priorities? If you want a facility, as far as the dining hall goes, a facility that's going to last a long time, be durable, low maintenance, you get one sort of design solution.

If you get some facility that you just want the ease of operation and you don't want to think until the problems happen later, you know, that's a different -- so you really need to decide.

Or is -- small business is a big priority. You know, I mean you have to kind of decide what your priorities are, and you might have to narrow them down and prioritize them, and then you'll get what you want when you know what you want.

MR. BASHAM: One other thing I wanted to -- you all were talking earlier about -- I think Jeff was trying to have a discussion about quality and how you define quality.

You know, there's one thing -- if it came across that way, and I think at least it led me to believe that we came across that way in the way we delivered this to you, we're not asking you to define quality for us.

We understand, whichever couple of you made the point, is the people that needs to define quality for us are the soldiers and airmen that live in these facilities and their wives and families.

And we'll do that through the ACSIM and IMA to try to accomplish that. You know, what we're trying to get at is once we figure out what it looks like talking to that soldier and airman, how does that get conveyed in some set of documents, whether that's two pages or 2,000 pages, obviously 2,000 pages I can define quality pretty down level, you know.

Give me a boat six inches lone, this, it has to have so many threads per inch, this, that, and the other, or to a performance specs. Well how do I define the quality?

I know what I want but how do I define that in a performance spec to convey that to you to know

what I'm getting, and now only get it, I want to get it consistently from installation A to installation B, because when Johnny, Mary, or Sally does move, one of the things the Army says, we want them to have the same experience whether they're at fort A, or fort B, or fort C in the future.

And right now Johnny doesn't have the same experience at fort A or fort B.

MR. KUMM: Dan Kumm of Butler Manufacturing. But maybe to comment on that a little bit and also to refer back to your question about contracting, and again going back to the private sector and large customers we work with such as Federal Express and Wal-mart who again are reviewing their construction programs.

They have opportunities different where they can actually build programs as they went off projects. They'll typically, you know, pick a few primes at the contract -- we might contract direct for the pre-engineered structure, and they might go for some HVAC equipment.

Some of the other long items that are on the

critical path that kind of establish the parameters, maybe some -- the basic standardization of the basic parameters of the design, yet leave a huge amount still for the flexibility of local locations and changes they can do.

But they will contract direct in a few different segments in order to help us establish basic design parameters, get economies of scale, some standardization, combine that with some of the other methods to give their best overall value for their overall program. Yeah, not a one off but a program.

MR. BASHAM: So they will contract with you for kind of the standardization piece direct.

MR. KUMM: That's correct.

MR. BASHAM: And then they'll contract with a separate --

MR. KUMM: General contractor, that's right. They might contract us direct for a building shell, the structure, the basic parameters. But they'll leave a lot of the internal changes that can take place locally.

The 150 changes a month you talk about, a

lot of those don't change the basic parameters that they have established around the program. It's the things that are changing that gives -- that they want to leave the flexibility still in the program.

They can still operate within the shell. And they're had good success with that.

MR. BASHAM: Is that relationship with you to deliver X number of those buildings over X number of years, or is it one on each?

MR. KUMM: It's a little bit of both, actually. I mean we have like a strategic partnering agreement that we enter into where it is a program, where there's dedicated resources.

But it still ends up being each off a project so to speak, but different clients have done different things. There's also programs we've done for like the Texas Department of Criminal Justice.

It needed similar, smaller scale, but the entire state of Texas, 34 prisons in a six month period. Building shell actually had to be there in about 100 days.

And there were 23 different sites. So they

again separated out from many of the primary general contractors, and also went directly separate of those prime contractors to the building shell in order to put that package together and accomplish their goals, so --

MR. BASHAM: Is there any relationship between you and the general contractor?

MR. KUMM: No, there's not other than just our ability to integrate on the design side and work as an informal partnering member, which has worked well in the past.

There perhaps is some additional risk, you know, associated with that, but the reward is so far beyond, you know, that risk that's taken on is well worth it.

And it works well for those, again, programs.

MR. BASHAM: We were talking about incentives and penalties a while ago. Is there any penalty in you delivering on the date that you're supposed to deliver to this general contractor? Or what --

MR. KUMM: Interestingly enough a lot of the agreements with the general contractors have those penalties in place because of our relationship it's more just performance driven to where we have to do it if we're going to get the next job, if we're going to continue the relationship.

That's truly our real incentive. It's not so much penalties. There are some liquidated damages that are quite frankly very small. It's not that significant.

The damage is that you lose the client, you don't get a chance to do the next project. And that's the same as our incentive. We don't have incentives for early completion.

Our incentive is we're maintaining a relationship here for a book of business that we can give them the best value as a program, not a one off, you know, construction project but a program.

And that's what gets so frustrating with the construction industry is how fragmented we get from design and construction and suppliers and fail to integrate. And it happens too much.

And with a program like this there's, you know, a huge opportunity to eliminate a lot of those traditional barriers that truly make construction a non-LEAN process.

Someone mentioned manufacturing earlier, and especially auto manufacturing. Look at what they've done in the last 25 years implementing LEAN principles.

And if you focus that wan in construction like several firms are, including ourselves, around the country, of really driving that waste out of a job, you can see tremendous results.

The opportunity is there, but it takes a culture change, and it takes the entire group all the way from the customer, all the way through designers, contractors, and suppliers to totally integrate.

It can be done but it is, you know, and this certainly has that opportunity sitting in front of it, so --

MR. WEATHERMAN: Greg Weatherman, Green Contracting Services. Not to beat the food thing to death, but that probably is an area that probably

causes you all a lot of trouble on a lot of different projects.

Like for instance when the Ronald Reagan building was built, one company controlled the whole thing as far as food service, whether somebody did on sight catering or anything.

They had to go through them which then rose the price of everything. And then so for a period of time nobody wanted to hold events in the building because it was just out of reach.

So that hurt the Government, and it hurt the Ronald Reagan building all because of, you know, a contract situation. On the buying side the chef had asked for a certain type of press core so that delicate foods wouldn't be ruined.

Somebody came in with a lower bid with a lower end press core that holds food that's cooked and ready to serve. Now they couldn't serve the menus that they said they were going to serve in the very expensive silver chafers that the Government had spent their money on.

You know, and I'm sure this is a problem, so

maybe you should separate that out. But it does affect your building indoor air quality, and then also the storage.

It depends on what kind of food you're going to serve. If you want to serve seafood, you need to be buying a lot of IQF food and having a lot of storage place so you can get it at a reasonable rate.

But if you don't have the freezer space and that wasn't designed in there, now you're in trouble. And I've heard this grumbling from several people.

I know a lot of people in the restaurant industry.

MS. HOPKINS: It's just that food service is very unique because we do have this relationship with equipment manufacturers. And when you have design/build, you have -- you know, when you have contractors who are buying equipment, well the difference between the designer and the contractor who's buying the equipment and installing it is that the designer has no relationship with equipment manufacturers.

And it's part of the SCSI code of ethics

that we do not sell equipment, we do not get any kickbacks. That is so important to the end user. I can't tell you ? well, he told you.

Because if you get somebody who's trying to cheapen equipment you're in big trouble in the long haul with your maintenance, with everything. So that's why you want a designer who's going to have your interest at heart in the long run.

But I'll tell you -- I'd like to tell you about a situation on the record that was very unique and a very interesting way that we did business was Georgetown University.

They had just built this huge dining hall, and they didn't want a big sucking action coming out of the whole campus to this one dining hall because that would be a disaster.

So they asked us to come and help them renovate a smaller dining hall, Darnell. When they first called us up around November they said listen, you know, can you renovate Darnell, we have about 700,000 dollars for this project, would you please just do it for us?

I was like sure, you know, why not. So then I guess I said sure too fast because then they called me back and they said well you know what, we realized we only have 250,000 dollars for the same exact project, and your design fees have to come out of that.

I was like well that's almost impossible until you realize that you've got to try to make possible the impossible. So it was a very creative way that worked very well.

What we did was as the designer we went in there and we did the schematic. We did the first -- the layout. We selected the equipment. We told them what we wanted.

But then we decided which contractor, kitchen equipment contractor, should get the job because of people that we worked with, that we trust, we know.

We have no relationship with them other than just to recommend them. So they were brought in and they had a lot of incentive to do a really great job because they needed to impress us, so that we could

put them on a list of people that would get opportunities in the future.

And they went ahead and they just did it very cheap. They brought in the equipment. Sometimes they had to change out a few pieces of equipment because they just happened to have something that they could do for less.

But we had to approve it, and we had to approve everything in the end. So I think that it was amazing, but this client really did get what really should have cost 700,000 dollars for 250,000.

This is a small case scenario, but it could be extrapolated to a large situation effectively. It's just a matter of using people's -- what incentives we have, like he said, incentives that are not necessarily monetary or by project, but what relationship incentives already exist in the industry.

MS. BLAKE: I guess we'd appreciate having some of that information put into the site if you have specific suggestions.

MR. BASHAM: Know the -- mentioned a while ago about the, I guess, kind of the waste and working

things together. Have you all read the NIBS report that came out here I guess sometime last year, 14 point something billion dollars a year is wasted in the construction industry, just interoperability. Interoperability of systems, interoperability of relationships, I mean that's the only thing that kind of makes me kind of good that I'm not out here my myself with the MILCON program of the inefficiencies that we got built into ours.

There's 14 billion dollars of it in our industry out there collectively to work on. And so, you know, one of the things that challenges me to see, you know, can we do some things here that would help the industry?

Because you know, while we've invited you all here and we want your input, I got to tell you the industry collectively has got a long ways to go here together.

I mean 14 billion dollars, if we could wring that our of our system, all of our -- every client out there would be a lot better served in doing that.

And so you know, part of what we're looking

at when I was starting to ask the question is, you know, what is that interoperability? What is hard about those relationships that give you overlap?

And another piece that you all are talking about I'd like to hear some feedback, and after I give Gary a chance here, is in some cases you're also talking about long-term relationships.

You do understand, I'm sure, that when we talk about long-term relationships with somebody that means somebody gets a long-term contract that other people don't get.

And you know, the Government by and large, while it's in competition, it's also out -- generally been out there to try to spread the wealth around and make work for everybody to some extent.

But I would tell you it wouldn't bother me to some extent. Because I think maybe we've gone too far of the one way. I mean again, if you look at the automotive industry, a lot of what they've accomplished over the last 20 years has been over-preferred providers, and that's nothing more then long-term relationships.

There are no incentives. The incentive is there's four of you here. If you don't perform and you don't deliver those bumpers or those generators, when I tell you I want to, to the plant in Timbuktu, you're not going to get the next order.

And so that might ought to be incentive enough to stay in business. But you know, when you start having those discussions, I assume everybody understands, and I'd be interested in some feedback, you know, is everybody okay as long as there's complete open competition to compete for it, that you might be entering into a ten year venture here or a five year venture, or something like that over a period of time.

Because quite frankly if you're going to get the standardization, you're going to get consistency, you've got to establish some type of long-term relationship with some people because every time you get up I'm starting over again. Gary?

MR. LYNN: Gary Lynn with 3D/I. I hadn't really thought about it until a gentleman, Butler, mentioned it. But I would strongly encourage you all

to look at the Texas Department of Criminal Justice as a case study.

It's a good example of a lot that we've talked about today. We joint ventured with Jacobs as the PMCM. I think there were four regional builders, Turner, Hensel Phelps, Gill Bane, Brown and Root, so it was a good example of how to -- on an unbelievably tight schedule, deliver quality facilities on time and within the money.

And I, you know, I just want to encourage -- we didn't talk about it a lot, and there isn't time here to go into the details, but I really would encourage you to look at that as a case study because it's a good example of how it can work.

MS. O'BYRNE: Angela O'Byrne. I just want to say to the food service lady that it's true for all design really. And the more that you go to design/build and privatize I think the more you're going to need your design standards and your quality control.

And maybe the Army Corps becomes even -- so I wouldn't necessarily throw away those thousand page

books. Maybe they need to be simplified and reduced in size and maybe made more to code.

But in private industry every fortune 500 company I've worked with, they have their design standards, and they've got their facilities group that's out there policing and making sure that the designers and the builders are following standards and doing the quality control.

Now when you get into design issues like skylights and things like that it's a little fuzzier and it's more -- a more subjective decision. But you know, if it's critical for your hangers or your airplanes or whatever to have that many threads per inch, you better have that in your design standards.

So it's up to you all to decide which are the critical items and which ones aren't. Maybe the doorstops aren't, but the food service equipment is, depending on what that facility's going to be used for.

MR. BASHAM: Any other questions by the panel? Go ahead, sir.

MR. FLEMING: I have a point of

clarification. Okay. I have a point of clarification I want to make sure. At lunch there was some discussion about how we package the projects in the 1391s and does that have a dependence on how the contracts will come out.

And the answer to that is no. We'll package -- we're going to package the brigade sets -- for the critical facilities. The purpose of that is, as we mentioned earlier, is to try to gain Congressional support and funding as one package, whether we phase them or all at one time, so that we know we're getting support for those facilities to support those soldiers when they're relocated.

When it comes to the contracting phase, that can be done totally separate. I mean you got multiple ways that those projects that are funded become actual construction projects.

So there's no direct relationship how we package the 1391 to how it would be contracted in the end. Any questions on that? Yes, sir.

MR. DEWILLIE: Glen Dewillie. I'm with Buchart Horn. With Buchart Horn. We've got a design

project that we did for Fort Indian Town Gap, a battalion complex for a striker brigade.

We took the design of 15 percent, and within that complex we also have a design for a storage building. In that same complex they decided at the 15 percent mark to separate that design off, give it to another design firm, and where we picked up the 15 percent on the storage building, and went all the way to 100.

Now the complications that start to occur on a site like that when you start splitting contracts apart, or you know, start in the ground with utilities for relocation, drainage facilities, storm water, you start getting a lot of complicated coordination that's required.

And you could have some design efficiencies if it were the same firm, you know, trying to pull all that together so it operates as one site as opposed to two fragmented complexes and you know, and a separate, adjunct site.

I would just caution against doing that, you know, I think it's -- we don't have a real free line

of communication with the other firm. And I think it's just causing a lot of problems as we go through the design process.

MR. BASHAM: Okay, thank you.

MR. HOOGHOUSE: Here is a quick one. I hear what you're saying about the deficiencies that can occur. Let me pose a question to you in a different way.

I'm building a college research park. How do I do that? Who runs that main contract? I'm building a mall complex. Who does that? Who develops the mall, the structure of the mall, the out parcels, the site work?

Someone, I believe in the industry, has to be pulling these things together. Same with an apartment complex. When I'm designing an apartment complex and constructing an apartment complex, is it all the same contractor?

Sometimes -- you may answer me sometimes yes, sometimes no. And that's an acceptable answer. I guess what I was getting at is I'd like to hear the other side of what you just mentioned and say do you

see the value in having someone do all of the site work, maybe, or just be the construction manager in managing those out parcels plus the main buildings and the different pieces, and sending those out as separate contracts.

Are there any other ways that industry does that is what I'm asking.

MR. BIRD: I'll give that a shot. Michael with Walton Construction. There's a developer that has lots of money, or else he knows somebody that has lots of money.

And yes, usually he'll go out and hire a site contractor, and or course he's going to hire an AE firm, probably keep the AE firm the whole time. Prime goes in, does the site work, 80 acres, 100 acres, whatever it turns out to be.

And then if the prime can do some good negotiating with the owners then he may get the big job, he may not. Again, same AE firm is designing the building.

As the foundation gets designed -- and again, they're going to come out with a guaranteed

maximum price, sign all kinds of, you know, excuse me -- AIA forms, get everything down on paper.

And then of course the prime's going to start building. And as the foundation gets done -- and of course, you know, before the whole job starts they agree on level of finishes, level of detail, all those great things, and yes, they go through and build it.

And typically 80, 100 million dollar project can get done in a year. 200, 250 million dollar project can get done in 16 months. But again, the goal is to finish early, to put the facility into operation so they can start making their money back, you know, the hundreds of millions they lay out.

MR. MORGAN: You have two kinds of projects to consider, too. You've got new construction, and you also noted infill. I'm Mike Morgan with the Harris Design Group.

We are as much a design integrator as we are an architectural firm. We have a comprehensive furniture management services contract that allows us to provide turnkey solutions for the Government.

Case in point, we are working right now with the USDA in College Park. We as the design integrator are providing a turnkey solution. We've done all of the programming, all of the design, we have inventoried all of the furniture.

We have then since gone through, created a swing space, moved people into that swing space. We raised the floor of furniture. We go back and do that renovation and remodeling.

We bring the furniture product back. We by new UNICORPS furniture in this case. We schedule and coordinate all of that. It gives the customer that continuum of services through the project.

It gives them one phone call to make to do that. So there -- I think in terms of scales on a very large construction project from the ground up that may be difficult to do.

But for your infill projects it is very feasible and very easily accomplished by a firm like ours, for example, that's small business. We've only got 16 people, and yet we're doing five and six million dollar projects that range from 500 to 1,200

to 2,000 people, not only programming it and designing it, but on the back end we pack them up and move them in.

So there are ways to do that. But I think you have to look at the different types of contracts you have. On your infill projects that would be one way to approach it.

MS. GREENHOUSE: My final word here. I am Bunny Greenhouse. I don't want anyone to leave here today feeling that, you know, you're a small business, you came here with some capabilities that maybe we didn't talk about those capabilities during this session, you know, on a smaller scale.

But know that we are looking to do things different, you know, in this initiative. I spoke of earlier that IDIQs are our bloodline. You know, they are very available, very responsive, you know, to our customers to be able to get things done, you know, quickly and sometimes be able to get them done without the Government being the integrator.

So a lot of decisions are going to be made here. One of the things that I regret, and I hope we

are able to do in the next sessions, is that each one of you, you know, that are here, if we have the time, that you stand up in the very beginning, you know, before we go through a whole bunch, and let us know what it is that you have a specialty in and what it is that -- you know, each of you come here thinking boy, you know, I don't lie the way the Corps, or the Army, you know, has been doing things.

I really wish they would break, you know, things with food service out, or break, you know, some of the other things that we are doing that may be under an umbrella type or IDIQ contract.

You know, right now on our website that has been told to you, you can write in those things that you believe would be best value to the Government if they were done, you know, in this construction arena, if they were done, you know, without it being under our umbrella, but as an individual contractor.

Our main purpose here is to make sure that in any initiative that we get effective competition. We want effective, but we also want to do good business that's going to bring value, best value, to

the Government.

Sometimes that means consolidation. And it doesn't, you know, mean that we're going to get as much of that each's, or effective competition that we'd like to get.

So you know that we're serious about this business because we're here to hear you and hear the things that you think we can do better. I just want us to make sure we have a mechanism where those things that folks realize that they can do -- that they can go on our website and let us know about those.

And then when we're in that decision mode, our contracting officers really spent a lot of critical thought when it's whether it's going to be an IDIQ, whether it's going to be a multiple award, and when it can't be a multiple award, that you can't do two different things on the same site with three or four different contractors to do it.

We just need all of the integral, the individual pieces, to know what is available out there, that you are available out there to be able to meet our needs, you know, as we -- so everybody has a

possible place that you can fit into this.

Just let us know what it is that you bring to the table so that once we got all the pieces together we are going to use them effectively to first, ensure effective competition when we can, and then make the best decisions and bring about what our real objectives are to get things done in a very much shorter period of time, you know, at lower cost, maybe, possibly, and also that we are going to consider our customers and consider you by bringing about the best incentives that we can to keep good partners in building quality partners for us as we do our business.

So I just want you -- I've heard some comments, some people -- well I don't know why I'm here, because it really didn't hone in on some of the things that I was interested.

I think you still have an opportunity to tell us what you believe that we could maybe do better. And so do that. And we're going to make sure that at the beginning of these sessions that each of you get an opportunity to stand up and say who you

are, what it is that you believe that you bring, you know, to whether you understand the program or not, but what you bring, so that as we're having this day you can have the various synergy and you can really intermingle and collaborate together.

And who knows what will come out of this about stretching people and building firms, you know, even the ones who have fear about joint ventures and so on.

We want to remove that because it's a different landscape. But thank you so much. I just -- I think that you -- this has been a good day and you all led, you know, a very, very, you know, good discussion, and one that I think is going to be valued.

By the time all this listening gets done we'll know a lot better how to do this, get to the objective that we've set out. Thanks.

MS. SIMONE: I just want to thank you as a small business for being here -- the way in which you do business. And I think I was very happy to spend the day here, although I was somehow lost among the

crowds.

But I thought it was very, very helpful to me, and thanks very much for sending me e-mail and inviting me as a small business.

MS. WALKER: I'm April Walker, and I work at Sherman Engineering, which is a specialty fire protection engineering co-consulting firm. And in talking about everybody working together in trying to pull into a large program, we do all the fire protection engineering and code work for the Mills Corporation, which is, you know, doing -- you were saying something about Wal-mart earlier.

Well, the Mills Corporation might be something to look at because they have food, they have recreation, they have all these different things.

They do things quick. They do things big. They have everybody involved. So I just wanted to bring that up as a program format that you might want to look at.

These Mills things are always somewhat the same but all different also. In New Jersey they're planning to put a ski slope in one. So that's just

1 something that you might want to consider instead of
2 Wal-mart as another thing to look as at fast, quality,
3 service oriented for the customers, and lots of people
4 involved in something.
5 PARTICIPANT: Yes, you know, for those that
6 don't know, the Mills Corporation are the ones that do
7 Potomac Mills, which is south of D.C., Ontario Mills,
8 the one up in New Jersey is called -- the new one
9 that's -- Xanadu, they're the builder of the largest
10 malls in the United States.
11 I don't think they did the one up in
12 Milwaukee, but they are a model company developer.
13 MR. BASHAM: Panel, do you all have any
14 other questions that you want to ask? Anything else
15 that you'd like to give us? My sense is we're kind of
16 running out of steam, and some folks have left, and so
17 I don't want to keep you here any longer than you want
18 but we're here.
19 Stay here as long as you'd like to have a
20 dialog with us. But --
21 MR. PAVLIDES: I think some of the issues
22 that were brought up early about how these things

should be packaged and so forth are a very relevant issue. I think if contractors can get continuous work packages over a long period of time, it's going to be the most cost-efficient way to produce the work.

And they'll be able to have a reliable work force, and they'll be able to count on, you know, continuous work in order to keep that workforce busy.

So I think that's an extremely important element. Chopping up these things into small projects, or like subdividing them, as a gentleman said here, if it just doesn't make sense, or too small, it really works against time schedule and cost.

So I think that's a really serious concern, especially since so many of these have these very large number of facilities located in one spot.

I think you can really get an economy of scale by looking at the project in that way.

MR. BASHAM: Okay. Any other comments, observations?

MR. BIRD: Yes, Michael with Walton Construction. The ability of the Corps to publish maybe an acquisition, an advanced acquisition

strategy, and put it out there, you know, like Savannah District.

Every August they brief their SAME chapter, and they lay it right out, this is what we're going to do this next year, you know. Other districts, I can't -- don't want to name a whole lot of names, but other districts won't tell you.

So you don't know until it hits the Federal Biz Ops or their website, you know. And so by laying out a five year plan say for this thing, or three year or whatever it's going to me, then you know, industry can -- we can plan ahead what we're going to take on and what we're going to be able to bid on and what we're not. It's hard to decide 30 days out.

MR. BASHAM: Yes, I would tell you one of the key things that I took away here that came out in earlier discussions, as this unfolds -- the notion earlier you all said, you know, you all put it out there, we'll get it done.

We'll come up with the capacity somewhere. I am little bit concerned about where the somewhere is in some case. Somebody mentioned well, you know, you

1 got all the right skills, we'll import it, whatever.
2 But I know you all will recover from that,
3 and every time we do that there's this curve that's
4 called cost that gets built in to deal with that. And
5 I understand that you got to do that to export folks
6 in to do things.
7 So one of the things I take away from this
8 is as this starts to unfold, and it may even be for a
9 traditional program, when I say traditional the
10 traditional two billion, not only for that but the
11 other as well, is we've got to do a lot better job at
12 working and conveying to you the larger picture, and
13 out there as far as we can convey it.
14 We may not be able to do it at installation
15 A, B, and C, particularly, while I think we might be
16 able to. But at least conceptionally we need to tell
17 you as an industry I'm going to go in this direction.
18 I'm going to start putting contracts
19 together this way. I'm going to start packaging this
20 way. I think it's kind of you -- you know, what's
21 your overall acquisition strategy?
22 And obviously that will adapt and change as

we go through this. But clearly to ask you to come on board and execute and at the same time try to minimize the impacts to you, which ultimately winds up being an impact to us in terms of cost or delays or whatever, the further we can get out and prompt you so that you can get position to either compete or do the work or participate in the work, the far better off that we'll all be.

And so that's one of the things I take away from this, that in an overall acquisition strategy and program here we're got to get out further than that.

MS. GREENHOUSE: When we try to do that in our small business conference that Judith hosted in the November, December timeframe. It only lets me know a lot of you, some of you, don't know about that small business and have every small business, every cheap contracting, you know, comes to that small business conference and we lay out the projections, you know, of, you know, each of those -- each division, each district, you know, at that time.

We try to do that. And on every website you go to Vicksburg website it's really wonderful because

they even have a video showing you of the bid openings if you are not able to attend a bid opening.

They try to have every question you can ask, you know, on that website. So it's a lot out there. And it's sometimes just that you don't know that it's out there.

But small business conference, November, December timeframe, that is the biggest thing that the Corps does to make sure that you get a, really, a strategy view of where it is that we're going.

MR. BASHAM: Yes, I guess in my estimation we're talking about a quantum leap beyond that, because you know, next year's contract awards that are out there is not very strategic in my estimation.

In Louisville we used to have a deal with SAME and others that we attempted to do that. I mean while we met with them every so often and told them what the upcoming workload -- you know, there was a cycle back in the `80s, and somebody up here can help me, that we had a program come down the track that was fast-track.

We stepped out, stuck our neck out, and

awarded some contracts. And they went out on the street something like this. I don't know where the work is.

I don't know what it's going to be. It's going to be somewhere in the Louisville District. You know what lives in Louisville District, but it's going to be a bunch.

And we awarded about 5 or 6 IDIQ type contracts before the physical year so that when the President passed the budget we'd be prepared to hit the ground running.

Now I knew that eight months before we did that. And so we went out to the community and said folks, were going to put this package together, we'd like to have a dialog with you, we need for you to think about, you know, will you go down this road with us and work with us.

And so we had that dialog. And so I envision this as kind of the same thing. It's not on the each's, but it's the overall strategy. Now we got to do the same thing Bunny's talking about on the each's when we get the packages put together and try

to put them out, too.

But in this context of the discussion today what I take away is the larger piece, because what I'm talking about is moving the ship. And if I get the ship moving and you're in the way, we're going to have a collision.

And so you're part of the ship that I got to move, and move together. And so I take away from that we're going to have to continue this dialog and discussion.

There was a couple others back here. Yes, ma'am? Oh, I'm sorry, go ahead.

MR. ALEXANDER: Chris Alexander, Parsons. Since you mentioned, Ms. Greenhouse, it is a great conference. Even as a large business we regularly attend.

So I just wanted to -- I wasn't sure if your question was answered regarding large businesses, but you know, we like being PMCM, and over a long term it's certainly much more advantageous because I think the economy of scale issue is -- for us what's extremely difficult is bidding twice, once to win the

contract and on every task order.

It's very, very expensive for us. That's not something we want to do. The other thing is as a large business, you know, if we were a PMCM we could break up those bid components into discrete taskings.

And that way all small businesses who are competing can have a certain cap on each of those issues. So you can address it that way as well and you're satisfied that way.

MR. BASHAM: Okay.

MS. HOPKINS: Lynn Hopkins, Hopkins Food Service Specialists. I think the small business conferences, I've been to so many of them, and it just hasn't really been very effective for me because I'm a subcontractor.

So I think that the small business conferences and meeting all of those people would be wonderful for someone who aspires to be a prime contractor, who typically is.

I just wanted to repeat that the two-step GSA process of design excellence is heaven for the subcontractors because our resources are low. And so

we let the architects or the engineers go out there and, you know, do their song and dance, and spend their 50, 60,000 dollars on the proposal.

And then when they get short-listed we have only about three or four teams to present our qualifications to and to try and join those teams. And it's very, very effective for small business subcontractors, which are different than small business prime contractors.

So I just wanted to bring that to your attention.

MR. BASHAM: Anyone else? Well, listen, I really do want to thank you on behalf of the Corps and the Army as a whole for you spending your day with us and sticking it out with us this afternoon.

Again, I encourage you to follow-up on the website. We'll post all of this information. And not only will we post it, we'll use this forum -- okay the website's up here.

We'll use this forum also to try to share with you as we take your thinking, and the thinking, and what we hear from the other four regional sessions

at where we seem to be going.

And again, I'd encourage you to push back and say well wait a minute, if that's what you thought I said that was way off base, this is what we really meant to say, and continue that dialog.

And I'm sure we'll offer other forums like this. As I said earlier, somebody made the comment about it'd be nice to have some smaller group forums, smaller group focus sessions.

We'll look to do that, as we start trying to define parts and pieces of this, to bring groups of people together to do that. But I really do appreciate you all sticking out with us this afternoon, and I really do thank you for your time and effort. Thank you all very much. What? I'm sorry.

FACILITATOR MOY: If you have a -- have filled out a question form, please leave it on the registration desk outside. Thank you.

(Whereupon, the above-entitled matter was concluded at 4:19 p.m.)