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ARMY MILCON TRANSFORMATION FORUM

Thursday, April 21, 2005

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Byers & Anderson, Inc.

Court Reporters/Video/Videoconferencing

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THE PANEL

Garry Runyans, CEHNC

Ami Ghosh, HQ USACE

Bunnatine Greenhouse, PARC - HQ USACE

Judith Blake, SB HQ USACE

Donald Basham, HQ USACE

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REPORTER

J. Gayle Hays, CCR, RPR

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3 MR. MOY: Will the presenters please take their
4 place on the podium? Thank you.

5 My name is Howard Moy. I'm the Military Program
6 Director at Corps of Engineers Headquarters in Washington,
7 and I want to thank you -- thank everybody for taking the
8 time out to come to what we think is a very important
9 meeting with you, the industry, to talk about getting
10 facilities for the soldiers faster, less expensive and of
11 better quality because, without you, the industry, we cannot
12 succeed in this effort.

13 So we're looking forward to sharing a lot of dialogue with
14 you. You'll hear some presentations from us with regard to
15 the focus areas of which we've taken. After that, we'll get
16 to the meat of this meeting where we have a dialogue Q and A
17 between we, the Army, and you, the industry. We need your
18 best ideas, and we need to try to adopt some of your best
19 practices.

20 Before I go any further, I'd like to recognize General
21 Davis, the Commander of the Pacific Ocean Division.

22 GENERAL DAVIS: Happy to be here.

23 MR. MOY: You've taken the time out to
24 be with us. I know you've been just continually on the
25 road, sir, just like Mr. Basham and myself for the last

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1 three weeks.

2 Let me quickly run through what we're going to do
3 today. We're going to have a quick perspective from the
4 Office of the Assistant Chief of Staff for Installation and
5 Management. Then we'll go through the three focus areas of
6 our strategy, planning and programming, standards and

7 criteria area and acquisition briefing.

8 Then we'll have a presentation with regard to small
9 business concerns and how you, the small business, can
10 participate in this effort. Then we'll get into the meat of
11 the meeting with Q and A with you, the industry.

12 And at this time, I would like to present Colonel
13 Lewis, our host and commander. Commander Lewis?

14 COMMANDER LEWIS: I would like to
15 welcome everyone here on behalf of General Sharp who is the
16 chief engineer, and also General Gasoli, my boss, the
17 Division Commander, who, like General Davis, is stationed in
18 Portland and is responsible for five different districts.

19 We want to thank you for coming here today to
20 participate on such short notice. I know some of you did
21 not get the word when we were going to have it, but we want
22 to thank so many businesses to be here, especially our small
23 businesses. It's really great that we could have you here
24 today.

25 Today's event is one of four regional meetings that
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1 were scheduled across the country with industry. The
2 original one was in Washington, D.C. where it got kicked
3 off. That wasn't a regional one; that was the central one.
4 And then Atlanta, Dallas and Kansas City and now here in
5 Seattle.

6 And we have a long history of partnering together. And
7 this transformation conference is carrying that partnering
8 to the next level, a national partnership, to look at our
9 future program.

10 We recently had a presentation given by Lieutenant

11 Duplis. Some of you may know him. He's the Commander of
12 ICOR down at Fort Lewis, and he really gave us a wonderful
13 context. I'd like to share a couple of thoughts that he
14 had.

15 One is, when did the Cold War end? As you look at when
16 the Cold War ended, that was pretty significant. And while
17 the law came down in '89, it actually ended in '92.

18 Then we also had the combining of that with the
19 emergence of the information age. And if you can think back
20 to '92, we didn't have a web, we didn't have all these
21 things that we are so used to today and reliant on. And
22 when those two forces came together -- and of course, there
23 are many other forces, but those are two significant ones
24 came together, it had a huge impact; not just on the Army
25 which you saw the transformation that occurred with our

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1 Stryker Brigade unprecedented delivery of weapon systems and
2 a whole concept of unit deployment in really two years --
3 just an amazing time frame, the ability. You can see how
4 that has been able to best support us in this latest
5 conflict that we've been working on.

6 But when that happened, it not only just had an impact
7 on the Army, but it had an impact on the nation and how we
8 do what we do. And what we're finding out is that, you
9 can't just tweak the old plan. If you could do that, that
10 would mean a few things, and here are some of the conditions
11 that we talked about. Before we had pretty much relevant
12 knowns. You pretty well could plan. You have the knowns,
13 you know the cost, you know what would be required and what
14 units would be going to be deployed, what kind of facilities

15 you had to meet for that.

16 Well, now we're in a world of relative unknowns. It
17 used to be we had a pace change. When changes happened, you
18 could pretty well plan for it, you could take a look at it,
19 you could analyze it and say we're going to go through it in
20 steps, and we're going to figure out how to do it.

21 But where are we now? Hyperchange, hyperchange. I
22 don't know about your world, but in your personal life or
23 your professional life, things are just going at such a pace
24 that it's becoming overwhelming at times, maybe frequently,
25 more frequently than not.

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1 We also used to go from peace to war, at least for our
2 country, not necessarily worldwide, but definitely in our
3 country, and we're in a state of constant violence that we
4 have to address. It used to be our planning process used to
5 be hierarchical, parallel. We could do the sequential
6 decision planning process. Now, it's got to be
7 collaborative. Simultaneous decisions are happening. You
8 have to act, and then you adapt. You act, and then you
9 adapt.

10 And then another thing that happens is, we used to --
11 it used to be that ownership of ideas and techniques and all
12 of that were the power, the real power that you have. Now
13 the power really drives from access, the ability to access
14 that capability and bring it to bear on the situation which
15 you have.

16 And so it should not be a surprise to you why this
17 conference is important. At least first to us is that we
18 believe there's going to be a very large program change, and

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19 it's going to be unlike probably anything we've seen in the
20 past. There's going to be a lot of talk about that today.
21 We call it the perfect storm. We already have the global
22 war on terrorism that's drawing on our assets and asking us
23 to be creative in many ways that we never understood, and
24 priorities change. But you also have what's coming, the
25 BRAC and the closures that are going to be affecting certain

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1 installations. Now, that's going to cause things to close
2 down and move and do other things.

3 We also have a force that's coming that is restationing
4 troops from overseas back to the United States, and they're
5 going to go to places that they're going to have to be able
6 to stay at, and that's about 70,000 that they're estimating
7 is what that number is going to be.

8 Finally, transformation to the modular Army, what does
9 that mean to us? Well, in our geographic area, it means a
10 unit from Fort Polk, Louisiana 5,000 strong troops go to
11 Fort Lewis, we were notified -- I'm trying to remember.
12 Thomas is out there. I don't know when we first got the
13 word, but the decision didn't happen until December when we
14 did a presentation of the program, and then we didn't get
15 the money until the end of March, and that unit is closing
16 supposedly 16 April.

17 How do you deliver facilities for that type of entity?
18 And what Thomas -- stand up, Thomas. I'm very proud of
19 Thomas. He is our project manager on this. He's not only
20 had to be technically proficient; he has had to be
21 exceptional in communication skills, because you can imagine
22 the upper reporting requirements. But imagine 53 different

23 sites on Fort Lewis where you're stationing is not as
24 clearcut. Do we have clearcut areas in the Northwest? I
25 don't think so anymore. So he's having to do 53 different

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1 sites. If you break apart the modular sections, it's like
2 450 sections coming from four different facilities that are
3 constructing it, all the landing on Fort Lewis in a very
4 short period of time. So please bear with us when the
5 highways get closed and the other roads are a little bit
6 more difficult to navigate, but we've got to get this
7 program in place.

8 So this is a huge program in so many different ways
9 that we really can't anticipate. The things that you -- one
10 of the things that General Duplis talked about was, whatever
11 plans we're making now, you can be sure that in a pretty
12 short period of time, it's probably not going to be correct,
13 so you have to keep evaluating and making sure that you're
14 learning and you're adapting in your understanding what that
15 is going to be.

16 But our soldiers need quality facilities. They need
17 that to be able to operate and be successful for the nation.
18 But that work, 75 percent of the design work is done by
19 80 firms. A lot of times the Corps has got the work. The
20 Corps has got the work, but who is doing the heavy lifting
21 are you. You're doing the heavy lifting. And 100 percent
22 of our construction is done by private firms. So there's no
23 question there, for those who are in the business, of who's
24 really doing that heavy lifting and putting -- turning the
25 dirt and making sure that the buildings are constructed.

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1 So I hope this conference is important to you, our
2 industry partners is that it's an opportunity for you to
3 help us design our future, which is so very important. And
4 that you get the regional -- it gives you a regional forum
5 to influence and help us to improve delivery systems.

6 Like I said, imagine a timeline unprecedented in the
7 past. We've just never had to do that, other than one other
8 time I can think of, World War II, where we designed the
9 Pentagon on a weekend and delivered it in 18 months. There
10 are times that we have really had to push and get focused,
11 but now the environment has changed as a matter of course.
12 And we have to be able to identify issues with our current
13 business processes and project those delivery methods that
14 we need to improve for the future.

15 It's also a way to discuss how can we improve our
16 acquisition process. We're going to have some dedicated
17 discussion on that; also how to discuss our program
18 standards and criteria. How do you -- how can firms survive
19 in a world where the cost of doing business such as the
20 material supplies and labor supplies and other things are
21 being affected when we have a very static process? And
22 that's something that we're trying to look at and say --
23 because it won't do us any good if the businesses go under,
24 because by the time they bid and they construct it, they
25 can't afford to do that.

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1 And so our goal, what was mentioned earlier was faster,
2 cheaper, better, safer, greener. But what we're really
3 talking about is the ability to execute, maintaining a

4 quality product that's on schedule and under -- on or under
5 cost.

6 And so you're going to see some more about the
7 conference objectives, but essentially we're trying to
8 leverage the prior industry standards and best practices,
9 because you're already doing that out in the world. And
10 where you're building, we look at it. We see how many
11 months did it take for this building to go up, and then we
12 compare it to how long did it take for our buildings to go
13 up. And while we may have more rigidity in the standards,
14 we think we can streamline processes so that we can leverage
15 your industry standards and best practices. Also innovative
16 design and construction practices, we already talked about
17 that, maintaining a level of quality in values, optimizing
18 life cycle costs.

19 We have to live with this. As taxpayers, we should be
20 concerned that we have to live with the sustaining cost of a
21 facility. And I know you see those buildings that are up.
22 And as the construction folks, you scratch your head and
23 say, how in the heck are they ever going to afford to
24 maintain that facility, because of what -- how it was
25 constructed. It was beautiful architecturally. But the

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1 fact is, it could look beautiful, and if you can't afford to
2 maintain it, it's not going to help us that much.

3 And also, as I already mentioned, executing faster,
4 unprecedented speed that we're going to have to deliver
5 quality support. And the faster, the better, as long as we
6 can maintain that quality and stay within reasonable costs.
7 And right now we have a much longer life for our facilities.

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8 We're looking at a 25-year life with more to come.

9 And so, in summary, the Army and the Corps of Engineers
10 who is hosting this needs your help to identify the best
11 methods to deliver projects to support the soldiers and our
12 civilians in carrying out our mission. So I encourage you
13 to have a very open dialogue, and I hope what will be a very
14 vigorous exchange of views, because this is -- there's no
15 one way, I would say, that was right. I always put "right"
16 in quotes, because I think "right" is a relative term
17 depending on what your criteria is and what your goals are.

18 And so I hope that you will contribute and add what you
19 know, because I'm confident that you have the answers that's
20 going to help us succeed well into the future.

21 So I thank you for being here today, and I look forward
22 to an exciting day of dialogue. Thank you.

23 MR. DUFFY: Thank you, Colonel Lewis.
24 That was a very excellent address.

25 My name is Michael Duffy. I am with the Corps of
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1 Engineers. I'm helping support headquarters and ACSIM on
2 this initiative.

3 I wanted to briefly do a little administrative issues.
4 The restrooms are out the door and basically behind this
5 back wall here. Lunch, they will have a buffet set up in
6 the restaurant. I haven't got any details on that yet, but
7 when we find anything out we'll let you know.

8 Let me go through some ground rules real quick.
9 Currently the locations of the projects will not be
10 discussed. The work is nationwide, and that's why we are
11 doing these regional and national forums basically to get

12 everybody involved and at least let everybody know what was
13 going on. Please keep your questions until after the
14 presentation of each of these individuals have been
15 basically completed. Try to limit them to clarification
16 only at this time; and then we'll go into a formal
17 question-and-answer phase after the break.

18 Another thing, please only speak if you have a
19 microphone. And please introduce yourself. It's very
20 important that we get -- for our court reporter to get your
21 name down, who is speaking. And speak clearly enough so
22 that everybody can hear you.

23 If you don't feel like speaking in front of a crowd, we
24 do provide you question-and-answer forms. There will be
25 myself and a couple other ladies walking around, you can

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1 always hand them to us, and we'll make sure they get
2 answered.

3 Another thing, please keep your discussion focused on
4 the topics. We're going to try to go through each topic
5 individually and focus on the questions and answers
6 specifically to those topics. If you can hold your
7 questions for the other topic at that time, it would be
8 greatly appreciated.

9 And also please don't market. We're not here
10 necessarily to hear that you're the best firm out there that
11 can do all the work. We know you guys are great, and we
12 expect great work from you as well. But we are here to
13 listen and try to change the way we do business. And so try
14 to keep your comments and questions focused on that.

15 We have some government personnel in the audience

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16 today. We ask that you listen to what industry has to say.
17 Please keep your questions and comments for later forums
18 that will basically include the government personnel at that
19 time.

20 Also, like Colonel Lewis said, we're here to listen to
21 you. Please speak up. It's very important that we hear
22 from you. We gave you some questions and answers -- or
23 question forms that are specific to small business and also
24 to industry, and we really need your feedback on those. You
25 can hand them in at the end of the forum or at lunch, or you

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1 can send them back to me by e-mail. But we need those
2 answers as soon as possible. And please give some serious
3 consideration and thought to those questions.

4 And with that, we're going right to the ACSIM briefing.
5 And Ami is going to be speaking for ACSIM today. Mr. Mi no
6 was not able to attend.

7 MR. GHOSH: Good morning. My name is
8 Ami Ghosh, as he indicated.

9 And I just want to start by saying that I'm neither
10 ACSIM nor George Mi no. Unfortunately, George Mi no for some
11 family reason could not be here. I'm going to tell you
12 ACSIM's vision and work toward reforming the vision jointly
13 together.

14 First of all, I'm starting that, in the Army, we use a
15 lot of acronyms. And you know, whenever you don't
16 understand an acronym, please let us know, and we'll try to
17 explain. In some cases we may not be able to tell you that
18 too.

19 ACSIM stands for Assistant Chief of Staff for
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20 Installations and Management. And what -- let me tell you
21 what is our charter.

22 ACSIM is basically the steward for all military
23 construction. And in that role, we manage the overall
24 military construction program as a program.

25 We also work with the Army staff offices to respond to
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1 OMB, Congress and DOD type inquiries. And in this role, we
2 are always seeking opportunities to improve our policies as
3 we use -- as we issue the policies for military
4 construction. We're always striving to improve our
5 policies, practices and way of doing business. And that's
6 really the purpose here.

7 And what I am -- you know, as Colonel Lewis said, I'm
8 going to try to tell you the magnitude and time frame of
9 this new transformation mission we are going to deal with.
10 With that, I'm going to the next slide.

11 The first one, which is \$2 billion for Army military
12 construction, that is what we do right now approximately.
13 That's our traditional military construction dollars. And
14 what we are anticipating in the future is three more major
15 initiatives overlapping with our traditional annual
16 requirement, and those three missions are BRAC, GPI and AMF.
17 And I'm going to explain to you all these terms.

18 BRAC, you probably know. BRAC 05 is the base
19 realignment and closure of 2005. GPI stands for Global
20 Posture Initiative, and AMF stands for Army Modular Forces.

21 Now, BRAC, we already heard that the result is the
22 study is still going on. We expect the result of the study
23 coming out in the middle of May. 16th of May is the

24 targeted date. It may come out the earlier part of the last
25 week -- the 13th of May. We don't know, but that's what is
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1 going on.

2 And GPI is the Global Posture Initiative. By that what
3 we mean is stationing of our forces at the right location
4 and at the right time overseas. And AMF is the modular
5 forces, which is actually plug and place type forces we are
6 creating to support joint services' mission.

7 And as you can see from this, the timeline for both
8 BRAC and the GPI are between '06 -- February '06 and before
9 2011. And the modular force, although the program has
10 already started the physical transformation of the force,
11 will be taking place starting with '07 and continuing
12 through 2013 and maybe even further into the future.

13 As we indicated, the BRAC will be announced in mid May.
14 And this BRAC study results in recommendations, and that's
15 required by law. And I understand there will be an open
16 comment session when the recommendations are announced, and
17 it doesn't become law until it's finally passed by the House
18 and the Senate and signed by the President.

19 The projects, which will be -- all the projects and
20 basically the installations that shall be affected by this
21 BRAC will be announced, and the projects within those
22 installations will be identified by late June, early July
23 time frame. The Congress has the option of taking either
24 the package or rejecting it, and if it is accepted by the
25 Congress and signed by the President, it becomes law

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1 sometime in the next fiscal year, which is the calendar year
2 October to December of this year.

3 The last one, you know, we are hoping that this BRAC
4 Initiative will become the law. Congress has about 45 days
5 after they get the bill to study it further and accept or
6 reject it.

7 We are talking about -- I think the first thing I want
8 to mention is -- one thing is that before I go to Army
9 transformation, there are two elements of initiative which
10 is the BRAC and the Global Posture Initiative. There are
11 no -- because the BRAC has not been signed into law yet.
12 However, the Army Modular Forces, that initiative, as I said
13 is already underway. And even if for some -- the worst
14 scenario GPI and the BRAC does not get approved, the Army
15 Modular Force or Army Forces Modernization will continue and
16 will be in effect.

17 By the transformation, which we are really addressing
18 the AMF portion of that initiative, what we, the Army, is
19 trying to do is to provide the joint services as the future
20 forces will be more and more integrated. All three services
21 or four services are working together. The Army is
22 providing the capability to support the combatant commander
23 in the right place and at the right time. Forces are
24 modular so that they will be working as a plug and place
25 type forces, and they will be working as a unit. And the

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1 chosen unit for the future modular force is the brigade
2 level as opposed to the division level that we have.

3 And these modular units will be self-contained, and

4 they will be moved or deployed as a unit itself as opposed
5 to what we do currently. And we believe this posture will
6 give us the most flexibility to meet the future
7 uncertainties.

8 Now, one state of the Army transformation is the MILCON
9 formation. Now we are strictly talking the impact as a
10 result of Army transformation. And the Army and ACSIM is
11 trying to double up a holistic policy. And by "holistic,"
12 we mean we want to influence all aspects of the military
13 construction program starting with the planning,
14 programming, design, construction, acquisition, everything.
15 So that's what we see. We believe that, unless we take a
16 holistic approach, we will not be able to succeed under the
17 current environment. And we also believe that, because this
18 is an overall process, any major decision in one area
19 affects the other areas. And this is where we are. We want
20 your advice as to how to effect all the steps involved in
21 the military program.

22 The other object we keep on emphasizing and enforcing
23 is that we are really here to seek your advice and
24 experience from the industry building, the private sector of
25 the commercial facilities. And we would like to adapt the

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1 innovations that are out there in the private sector.

2 These are the three focus areas. In order to
3 accomplish this mission, ACSIM has decided to focus or to
4 work on three areas, what we call the focus area. First of
5 them is the planning and programming focus area. And we'll
6 have speakers who will be elaborating for us the details on
7 each one of the focus areas.

8 Planning and programming area, our goal again as a
9 holistic process, we want to approach it as a program, not
10 as a project-by-project basis. And for that purpose, we
11 need programming for an installation, our -- those who are
12 familiar with the project documentation, which is DD 1391,
13 we will actually program all the facilities involved in an
14 installation as a single program -- single programming
15 document.

16 The acquisition method may vary, and it will depend on
17 the best practices which we learn from you and from others.
18 So in other words, the programming will be all done in a
19 single document. However, we can repackage and resort
20 those -- each of the projects and issues within the
21 programming to best fit, to get the best value.

22 Let me explain here what we mean by "mission critical
23 facilities" and "community facility." "Mission critical
24 facilities" is what we call the Tier 1 facilities. These
25 are the facilities which a soldier needs to maintain his

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1 mission and the operation of any campaign. And these
2 facilities include barracks for the soldiers; dining hall;
3 TEFM, which is actually Tactical Equipment Maintenance
4 Facilities. And for Army, the majority of the tactical
5 equipment are the vehicles we use. And in some cases, it
6 could be the rocketry and wing engines and others. But
7 those are the maintenance type facilities we are talking
8 about.

9 Then we have the warehousing and also the
10 administrative type facilities within the Tier 1 of the
11 mission critical. And they are battalion and brigade

12 headquarters, they're company ops. facilities, and there is
13 unit storage facility. This is the primary Tier 1 facility.
14 And we will go into details of each of these facilities
15 farther.

16 And for the community facilities, they include the type
17 of facilities, because now with the new approach, the unit
18 will be deployed as an entire unit, and units will be
19 staying much longer in his home station as opposed to the
20 current situation probably six to seven years or even more
21 in one particular installation.

22 The Army wants to take care of who are left behind when
23 the soldiers are deployed, and these are the facilities --
24 community-based facilities which take care of the Army
25 dependents, their children and their spouse when the soldier

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1 is deployed, and they include facilities such as child care
2 centers, physical fitness centers, community centers,
3 libraries, and so on and so forth. And some of them will
4 overlap when we are building Tier 1 facilities. We will
5 start building, but they will be phased a little bit.

6 This is the area -- the second focus area is standards
7 and criteria. And the chart explains our goal. And when we
8 come back to standards and criteria, we will reemphasize
9 some of these points here. But just as a starter, I would
10 like to say, we in the Army have always had standards and
11 criteria; some believe maybe too many standards and
12 criteria.

13 And most of us have heard about the easy way, and then
14 there is the Army way. So what we are trying to do is get
15 out of the so-called, quote-unquote, Army way, and adapt to

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16 the real world's way. So as much as we want to maintain the
17 quality and any uniqueness we may have in the Army, we are
18 opening up our standards and criteria to align with the
19 private sector.

20 We -- let's skip that, because we will be addressing
21 each one of these more thoroughly.

22 But one thing we cannot forget is, we are trying to
23 comply with the private sector. There isn't an Army unit
24 criteria such as anti-terrorism and post protection, and the
25 goal for the environment, we want to retain those while we

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1 transform ourselves to private sector criteria.

2 The last of the focus areas is acquisition and
3 execution. And our goal here is very obvious from, we want
4 to capitalize on the economics of scale. And as we say, we
5 explore the private sector alternatives and choose to get to
6 our goal of build facilities faster, better and less
7 expensive. And we would not limit anything. We will open
8 up our process, so that everybody gets a fair share. And we
9 ensure whatever the law requires that will be met.

10 And that's basically what I have to say on behalf of
11 the ACSIM. Thank you.

12 MR. MOY: Thank you, Ami, for stepping
13 up in the last -- I'm sure George really appreciates you
14 doing this for us.

15 The next speaker today will be Garry Runyans from our
16 Huntsville Center. He will be talking about our planning
17 and programming. Garry.

18 MR. RUNYANS: Thank you, Howard. Good
19 morning. My name is Garry Runyans. I'm with the Huntsville

20 Center of the Corps of Engineers, and I've been associated
21 with facility planning for approximately 19 years.

22 We will be discussing some of the planning and
23 programming aspects for the Army in the next portion of this
24 meeting, and we will be covering the next few years.

25 You've heard that the Army is looking at some major
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1 changes and shifts in the way that we do business for the
2 Army Modular Force coming down and the BRAC 05 release and
3 the GPI. We'll touch on some of those and how they will
4 impact some of our planning and programming aspects.

5 Let me just start out by asking a question to the
6 crowd. How many of you have been in the Army before or been
7 in the service before? Good. You may remember, if you go
8 back far enough, where we used to have barracks in the open
9 space configuration and joint latrine. Well, today we're
10 looking at barracks where you have two rooms with a shared
11 kitchen and bathroom facilities much more like a dormitory,
12 a college dormitory of some sort. And we're calling that a
13 One Plus One standard. That's just to try to get an idea
14 that we're changing, we're looking for change. We're
15 wanting you, the industry, to help us move into a better
16 position.

17 You heard Ami talk about the Tier 1, the mission
18 critical. That's the project for the facilities required to
19 meet those facilities and things to help the soldiers be
20 better prepared and ready to meet their mission. And you
21 heard about the quality of life facilities as well. That's
22 the ones you see here.

23 As part of the planning, one of the first things you

24 want to do is start focussing on what you have to take care
25 of; and we're looking at brigade-sets of about 4,000 to 25
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1 6,000 soldiers. So when these troops come in, we have to be
2 able to take care of them. And if you break that
3 brigade-set down, it looks like it's about six battalions,
4 or 350 to 650 soldiers, or 29 to 36 companies, 65 to 100
5 soldiers each. This is just part of the first equation of
6 what, as a planner, we have to take a look at. The second
7 part is the family that we have to roll into it. The size
8 that we're looking at is roughly 77 brigades, and 43 of
9 those are with the active Army, and roughly 34 are going to
10 be taken care of by the Army Reserves and National Guards
11 component. If you take a look at one brigade-set of about
12 6,000 soldiers, we know that the average soldier's family
13 size is about 2.6. That works out about to 21,600 people
14 that we have to take care of at our installations. So
15 the movement of these troops is truly just the tip of the
16 iceberg of everything we've got coming on right now.

17 The three major initiatives happening all at one time
18 is truly -- I've heard it referred to here today as the
19 perfect storm. I've also heard it referred to as a tsunami.
20 It's a large undertaking for the Army to take care of.

21 The Tier 1 facility, basically you've heard Ami talk a
22 little bit this morning about the types of facilities. One
23 of the things we need to do is to be able to organize
24 soldiers and troops when they come on the installation, so
25 we need to provide them with administrative space. We need 26
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1 to be able to house them, bed them down, have some place to
2 sleep. We need to provide cafeteria or dining facilities.

3 What we're trying to do as part of the slide is show
4 you what we call things and what industry calls things. The
5 vehicle maintenance shop, where we can service our vehicles.
6 The organization of vehicle parking lots, these are the
7 parking lots to store or to park not just -- you know, not
8 personal vehicles but the tanks, big equipment. And then we
9 have unit storage or mini storage where we want to be able
10 to house the soldiers' equipment and gear.

11 Then there are some specialized facilities for the
12 aviation facilities, things such as hangars and aprons for
13 parking those aviation type equipment.

14 To give you an idea of the magnitude of the size of the
15 facility we're looking at as part of this brigade-set, we're
16 looking at roughly 500,000 feet of administration, 540,000
17 square feet of parking. That's the single two bedrooms with
18 a shared kitchen and bathroom.

19 The cafeteria, that's more along the lines of a
20 piccilli and Morrison style of dining facility as opposed
21 to what we've done in the past; truck maintenance shops,
22 parking lots. And the size, if you go down through this
23 whole list and you can add up all the acreage, it comes out
24 to around 70 acres roughly. It's a large area, a large
25 undertaking by the Army.

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1 One of the things we thought would be important for us
2 to do is take a look at the way we do planning, programming,
3 and the way the industry does it. One of the main things
4 we're trying to do is understand and get a better picture of

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5 how we can change the way we do business and make it, as
6 Colonel Lewis said, faster, cheaper, better.

7 So we want to take a look at and do a little
8 comparison. In industry, you look at, you know, business
9 development planning. We look at planning in terms of
10 master planning. We start out trying to understand what the
11 requirement is, what's coming into our installations, and
12 how we're going to meet those needs.

13 The next step for industry would be establishing
14 budgets and getting the funding to pay for it. We're doing
15 something similar, but we do it a little bit different.
16 Ours we're calling programming.

17 You heard Ami refer to the DD Form 1391 which is our
18 programming document. If you want to build an
19 administration building today, you would put down all your
20 justification, all your requirements in that DD Form 1391
21 and submit it to Congress. And to say that it takes us an
22 act of Congress to get our projects approved, we're talking
23 it actually takes us an act of Congress.

24 Then we get to the design, and our design is, we'll go
25 through the design aspects similar to the way that industry
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1 does it, but we're looking to change some of our -- and in
2 construction, but we're looking to change some of our
3 procedures on how we get there on all these aspects.

4 So we're seeking you'all's expert advice on how we can
5 do these things. So you'll hear more about this as we go
6 through this morning's session.

7 We came up with two concepts; one concept what we call
8 the green grass concept. That would be a master planner's

9 dream to have an unencumbered site, no infrastructure
10 problems, no environmental problems, just a perfect green
11 site that you can go out and start construction on day one.
12 That would be perfect. But we don't always live in a
13 perfect world, and so we have a second concept which is what
14 we call the in-field site. We have to go into an existing
15 post or installation and build around existing facilities.

16 We expect throughout the course of the next -- I think
17 Ami had it going out from '06 through 2013. We're expecting
18 some of both of these concepts to be utilized.

19 That concludes my portion of this briefing. If you
20 have any questions, I'd be more than happy to answer them.
21 Thank you.

22 MR. MOY: Thank you, Garry. Anyone have
23 any questions for Garry?

24 MR. KUCERA: Kevin Kucera with Alindeska
25 Electric. I wonder how many of these brigade-sets could
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1 potentially be in the years '06 to 2013.

2 MR. RUNYANS: The brigade-sets in '06 to
3 2013? Well, for the Army Modular Force, we're looking at
4 roughly 77 across the nation. The BRAC and the GPI, they
5 will have an impact as well, but there's more uncertainty in
6 those areas right now.

7 MR. MOY: Anything else? Thanks, Garry.
8 Now I'm going to bring Ami Ghosh who is going to talk about
9 standards and criteria.

10 MR. GHOSH: Good morning again. Can you
11 hear me at the back? Okay. Good, thank you. You'll soon
12 be getting tired of seeing me back here. But this is the

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13 area which I was supposed to be speaking. So if I said
14 anything wrong, I hope you not excuse me.

15 Standards and criteria, you have been hearing all of
16 these objectives in very vague terms, but this is an area
17 where we really seek your expertise to defining our
18 standards and criteria. It's -- and the practices. This is
19 our goals, as stated there. But you know, what we need from
20 you is how do we leverage -- and we have certain ideas
21 ourselves how we can achieve these goals such as so far most
22 of our criteria and standards have been very descriptive.
23 By that I mean that we not only told you what's the outcome;
24 we also told you to the Nth detail how to do it. We are
25 going from such very precise criteria to more like probably

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1 what is done in the private sector for form and style
2 criteria.

3 And we'll definitely tell you what is the desired
4 outcome, but we are not quite there yet, because we don't
5 know how to translate that in a text format or a certain
6 design format the right quality indicators within the
7 performance criteria, and this is where we need your help
8 most. Tell us how does the private sector write the
9 performance-oriented specifications or criteria, so that we
10 can learn from it. And at the same time, we want to make
11 sure the quality our soldiers deserve is preserved in those
12 standards and criteria. That is a big change for us, and we
13 want your help developing in that.

14 The second big change is the functional life. I mean
15 we have been traditionally building our facilities to last
16 forever. I mean we still have some Second World War

17 buildings on our installations. I mean they are not ideal,
18 but they are serving our needs. And I think part of this is
19 a result of the other side of our facility, we have a --
20 it's the operations of the facility. And we are trying to
21 not only effect the planning construction; we are going to
22 effect the operations side of the facility or maintenance
23 side of the facility where we probably have been lacking
24 lately.

25 And the tendency of building very durable and
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1 everlasting facilities maybe to some degree generates from
2 the fact that, you know, our maintenance isn't at par.
3 Maybe in some cases I'm expressing my own personal opinion
4 but -- and anybody, you know, General and Colonel, please
5 feel free. But that's -- we try to build very -- and what
6 happened in the process is that the building has lost its
7 functionality, because the functions within the building has
8 changed over the years, and we have been jury-rigging our
9 facilities to meet the function. It is not ideal, but we
10 have such an outer shell of the building, we are forced to
11 use and reuse. And not only the outer shell, the internal
12 layout of the building is very rigid.

13 So our goal is to, as we cut down on our
14 recapitalization rate, we also want to maintain the
15 flexibility so that we can reuse and repurpose inside the
16 building as the Army changes. We do not want to lock into
17 some kind of layout which will have -- so in other words,
18 translation of that may be, we are asking for more
19 surmountable certain things. We are asking for more open
20 work stations, things of that nature. And we'd like to

21 learn -- I'm sure this is not something just the government
22 uses. This is also going in the private sector, and we
23 would like to learn from your experience how to do that, how
24 to maintain the functionality of the building when the
25 mission and the requirements of its users -- the building

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1 users are constantly changing.

2 Obviously, the other goal is to execute faster. And
3 some of the savings which we anticipate as a result is the
4 result of building faster. But as I say, our concern is it
5 has to be a tradeoff. We have to find a commercial
6 equivalent of the Army buildings like the barracks. And as
7 we go into the next slides, we have tried to identify in our
8 own mind what are those commercial equivalents for each of
9 the facility types. And we also need your help to assure
10 that we are selecting the right kind of commercial
11 facilities for our own purposes. With that, we go to the
12 next slide.

13 By now, you know these are our Tier 1 facilities, but
14 I'm not going to spend much time on this one. But I'm going
15 to the next slide, which is our own case study. And this is
16 probably one of the very few cases where Army tried to adapt
17 a fully commercial type requirement for specifications and
18 others. And we did that because, when we did it the
19 traditional Army way, and which carries -- we found that we
20 can't build the total requirement within the program amount
21 or within the budget we have, so we were forced to look into
22 the other options. And what we found out, one of the
23 things, that traditionally we build our barracks using
24 construction type two or three. And we found that, if we

25 switch it to the industry equivalent, which is the apartment
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1 style, we can open it up for residential type of
2 construction, and we can totally open up the competition to
3 a different maybe type of contractors such as those who are
4 bidding for residential construction in the area. We can
5 open up our building materials and methods of construction
6 to different goals and standards, thereby saving some money.
7 And this is what we did, because we were forced to, due to
8 the programming of the budget constraints.

9 And what it shows, these are the two comparatives. The
10 one on my left, the Army, one of the typical type
11 construction costs, and what did we achieve after we changed
12 our criteria to somewhat of a performance criteria and used
13 a design contractor to build it a residential construction
14 type. And what did they save? We saved money, and we saved
15 time.

16 So based on our experience, this is what is our
17 approach basically in terms of standards and criteria. What
18 we'd like to do, we'd like to select a commercial private
19 sector equivalent, which we think is the apartment style, to
20 replace our barracks criteria and standard. And let us know
21 if we are selecting the right equivalent. This will help
22 not only just cost and the timing of the duration, but we
23 believe it will also help the soldiers to enjoy certain
24 amenities which is found in the commercial type apartments.

25 And you know, it will be -- because some of our
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1 soldiers live outside of the post fence, and we do not want
2 to make a double standard for the soldiers who live inside
3 the post and outside the post. Hopefully, if we adapt the
4 right equivalent and we maintain the quality, both of them
5 will have the same standard of living in terms of the
6 facility.

7 This is the same concept basically for the dining area.
8 We have chosen or we are considering a college or a
9 corporate criteria. And as you can see, for all cases, we
10 are opening the construction type to what the industry uses
11 for its occupancy type. If the industry in this case for
12 occupancy uses all types of construction, including type
13 five, we'll do so. We will not limit it to construction
14 type one or two noncombustible.

15 The next one is a company ops. facility, and this is a
16 functionality we compared. And we think it is the
17 equivalent, although we want your input in here what -- our
18 company ops. is a combination of an office and a storage
19 company. So we see it as a building in an industrial park
20 which has maybe some storage and some business or office
21 spaces, and this is what we selected. Again, we need your
22 input.

23 The battalion headquarters is really an office
24 building. And maybe when it comes to the brigade, it is an
25 office building in the private sector, and so we'd like to
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1 maintain that equivalency and then the quality within the
2 military installation.

3 Now, particular technical equipment maintenance
4 facility, this is where we may be different than the private

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5 sector. We may not have an exact commercial sector
6 counterpart, because I believe very few private sectors
7 maintain Bradley tanks in their storage shed. So here we
8 are a little bit apprehensive about how much we should open.
9 But I think when it comes to the actual function of space
10 within a heavy equipment maintenance facility, the cranes
11 they use, the type of doors they use for these facilities,
12 they probably should not be much different than what we will
13 be using for the Army.

14 So this is the process we are going through. We are
15 trying to identify the right private sector equivalent. And
16 the rest of the afternoon discussion, really we would like
17 to -- you know, we would like you to help us to define that
18 more. And also, your experience with the performance base,
19 and how does the private sector protect their so-called
20 quality measures when they define their desired outcomes.

21 The last bullet is important. If you see there are any
22 road blocks for you to fully implement the private sector
23 criteria, let us know. We'll definitely consider it. And
24 wherever feasible, we will try to eliminate that. If not,
25 we will definitely minimize it.

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1 That's all I have to say. Thank you.

2 MR. MOY: Are there any questions?

3 MR. BARRETT: Thanks. Good morning. My
4 name is Jim Barrett. I represent Earth Tech out of
5 San Diego.

6 On your case study for the barracks, just to clarify,
7 do you know if the contracting office specifies a contract
8 completion date or construction duration on those two

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9 projects, and was it the same?

10 MR. GHOSH: To the best of my knowledge,
11 we did. This would be one of the questions in the afternoon
12 session. We want the private sector input.

13 We traditionally specify a construction duration. This
14 is the right thing we do. Should we leave it open and maybe
15 consider when we evaluate our proposal as a factor in the
16 evaluation? That's a good point, and we need your feedback
17 on that issue. Thank you.

18 MR. MOY: Anyone else? At this time,
19 I'd like to introduce Bunny Greenhouse, the principal
20 assistant responsible for contract link. We will be giving
21 an overview on contracting. Bunny?

22 MS. GREENHOUSE: Good morning. You
23 know, you're going to find that we will have the same theme
24 over and over again as you look at the various focus groups,
25 because we all are kind of just interlinked into this trying

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1 to make sure that you, as the contractors, get the
2 information that you need, get removed out of the
3 misunderstandings that you might have, and leave here fully
4 understanding the requirements.

5 Colonel Lewis had mentioned in her remarks that
6 industry -- the Corps of Engineers organically does not turn
7 any dirt. You do that, and you do it very well for us. And
8 since General Stock and the whole Corps of Engineers has its
9 focus on becoming the premiere engineering organization in
10 this nation and where else, it's important that you
11 understand what our challenges are, it's important that you
12 understand all the requirements that is in this new

13 initiative.

14 And what we're going to try to do, I like your
15 questions that you asked, because that gives the -- an
16 insight into the type of depth and energy that we want you
17 to look at. We are talking about using the term that this
18 is revolutionary change. And it is revolutionary in the
19 sense that we are going to be infusing the commercial world
20 practices into what it is that we do, and we're not leaving
21 anything unturned for you to talk about here today. We want
22 you to leave here knowing that you've come here to make a
23 difference, and that you have an opportunity to make a
24 difference regardless of where you sit. As the principal
25 assistant responsible for contracting, I'm concerned about
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1 every one of you that are out there, every group, be it
2 those that are under the Small Business Act, or those that
3 are the large businesses; and those that fall outside of all
4 the groupings that are middle-size contractors and so on.
5 You are important to us. As we listen to our -- and look at
6 these Tier 1's, the different brigades stuff and so forth,
7 look at this as to how we have done business before knowing
8 that the IDIQ contracts are our blood line, but everything
9 is not done through IDIQ contracts. There are some work
10 that we have that are done locally, that are done nationally
11 and that are done regionally.

12 We are trying to ferret out of this process what is the
13 best way to conduct this. We are looking at your
14 capability. So if you don't tell us about those
15 capabilities as you sit here, tasks and opportunities that
16 you know are severable from the IDIQ umbrella type contracts

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17 and saying really you should break that out, that is
18 something that does not have to be under a big umbrella.
19 And these are the capabilities that we know that exist as to
20 how it can be done and how it can be successfully used for
21 this program that we are trying to execute here, so it's
22 good business for us. We like the idea of transformation.
23 We like the idea now, not only of Army transformation, but
24 we are coming now to MILCON transformation. And that
25 military contract transformation gets into what the U.S.

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1 Army Corps of Engineers and its cadre of contractors do
2 best. So we are about trying to make sure that we get all
3 the information that we need to make this transformation.

4 As you heard the earlier speakers, installations
5 actually have changed. We are in that forward projection
6 Army now. You know, we are making sure that the
7 installations that are back here that are to receive our
8 troops, and so that they are improved, and we do have a
9 quality of life improvement for our soldiers, so they're not
10 looking outside the gates where they may not have the money
11 to be able to take their families to those houses and the
12 amenities. We want them to realize that, as they're working
13 out there in the global war on terrorism at this time, we
14 want them to know that we care about what they are doing,
15 and that we are making a difference for them back here. And
16 since you are our agent for making that difference, we are
17 hoping that you're here today to help us reshape it.

18 The ACSIM, the Army contracting agency, the
19 installation agency as you know it, all of those agencies
20 are managing installations differently. You know that no

21 installation now is autonomous or is performing
22 consolidating things. But remember that this consolidation
23 is not about bundling; it's about a type of smart
24 consolidation, but it's also about smart breakout. Your
25 identifying your capabilities to us will tell us how smartly
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1 we can perform these breakouts.

2 You notice also you've heard "program" rather than
3 "aegis." We are looking for you to help us take these Tier
4 1 steps, take the brigade-sets and package them into
5 packages, you know, that are packages that you know that you
6 can be successful delivering to us, so we need your help in
7 that. Is the Tier 1 unit -- is a Tier 1 unit too big
8 within itself? It needs to be the right size in order for
9 your size of business to be able to participate. That's the
10 kind of analysis, you know, that we need here to understand
11 what that packaging should look like.

12 We are looking to understand what makes a good deal for
13 you. We know that industry matrixes are quite different
14 from government matrixes, and we want to understand your
15 matrixes as to what makes you want to participate in this
16 business. Those folks that serve in contracting, of which I
17 have the privilege to help to mold and help to lead, they
18 are the business advisors who work with the operational
19 folks to try to determine that we are packaging right, we
20 are looking at the right kind of documentation, and that
21 documentation can withstand any magnification of the
22 microscope over time, and it's not going to cause disputes.
23 It's going to be something that we work with. And as we
24 look at our arms length, those arms are getting a lot

25 shorter, because we are having you and forums of this nature
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1 to get you to participate in structuring how the RFP is
2 going to come out. We don't want you to ever leave here
3 when there's a time for the full execution of this that
4 you're saying those dumb government people, I can't believe
5 what they have placed in the RFP for us to work with, it's
6 just not constructible. So don't say that. You're sitting
7 here. And I tell you, every one of these forums have taken
8 on a life of their own. And they have really brought about
9 challenges to us and laid on the table the kinds of things
10 that we needed to hear. I want to hear that from this area
11 of the world as well.

12 I want to introduce you to a couple of people that I
13 see out there in the audience. I see Joe Scanlon is here.
14 Will you stand up, Joe? He's the Director of Contracting
15 for the Northwest Division. He's here hearing so that he
16 can make sure that those people who are down where the
17 rubber meets the road, you won't say that that's those
18 policy people from up there at Headquarters DA and also at
19 the Headquarters Corps. The ones on the ground down there,
20 they're not going to be doing the things, but he's here to
21 listen.

22 You also have Susan Chero, I believe, is representing
23 the Seattle District, and there are probably a few others.

24 Then we have JR who you're going to hear later. Will
25 you stand up, JR? He is the Director of Contracting from
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1 Huntsville, and he has a big role in part of the briefing
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2 that I'm going to give you quickly here.

3 But this is a forum about getting your attention,
4 getting your participation, wanting you to leave here saying
5 that my day was well spent. They really meant what they
6 said, that they want us to get down into the nuts and bolts
7 of their business and revolutionize it, and I hope you think
8 you can do that. And I hope you believe that you are
9 bringing ideas that are nonsubstitutable here, and that you
10 are going to make the difference in what we leave here with
11 as we have taken those different forums over the different
12 regions that you're going to bring to us that gold nugget.
13 So think about the gold nugget that is sitting in your
14 corner that you're going to bring to us.

15 I'm going to go over some of the things that we have
16 already looked at in the contracting arena. They may not be
17 all inclusive, but I want you to look at them very carefully
18 and then decide in the questions period when Don comes up
19 that you will decide that maybe there are more. We haven't
20 hit the mark, but I'm going to go to the ones that we have
21 here.

22 I want to, first of all, talk about the mission of the
23 principal system responsible for contracting for the U.S.
24 Army Corps of Engineers, and that's for the state and local
25 government providing and getting these services and supplies

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1 in here at the most reasonable prices and most affirmatively
2 true reasonableness in price. The most reasonable prices,
3 as well as having the skilled workforce out there, Congress
4 with this Defense Workforce Improvement Act has changed the
5 whole professionalism of the cadre of contracting people

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6 that you see out there. They must all have bachelor's
7 degrees. They must all be able they can sit across from you
8 and think about those things that are making good deals.

9 We are about total value creation. You're going to be
10 hearing about that O&M tale that we want you to talk about
11 as to how are we going to save money in that arena as well.

12 We're thinking about you on incentivizing. We are
13 thinking about things for the AE contractors and stipends
14 and how we should structure those types of stipends in order
15 that you will want to continue doing business with us and
16 give enough quality to the design. We're thinking of other
17 incentives there that would not be send us into the arena of
18 cost plus, but send us into the arena of firm fixed price
19 with some type of incentive there to keep -- to be able to
20 change your behavior to the behavior that Mr. Whittaker
21 wants in delivering these facilities.

22 We are certainly going to be monitoring the Small
23 Business Plan aggressively, and you're going to hear about
24 that later on from Judith Blake from the Small Business
25 portion of this.

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1 Innovation is here. You know, we are told that small
2 businesses have the greatest innovation in the world. You
3 know we have thought about your small business, the
4 guaranteed fix price remediation. We are looking for other
5 revolutionary type things that we are not doing to the
6 government that we are doing in the government now. We are
7 about changing our practices.

8 I just wanted to show you a few of our -- and you have
9 it, I believe, there in your packet -- a few of our

10 acquisition strategies that are kind of long-term that you
11 know about. And one of the new ones, you know that we have
12 been in the privatization arena. This isn't the first time
13 that we've been doing some type of transformation. We
14 realize that we could not bring the quality of houses to our
15 soldiers without turning them over to the developers and
16 getting those developers to help bring in the amenities and
17 work with the quality of life that the commander has to keep
18 on an installation.

19 We've looked at things -- design-build, you're going to
20 hear a lot about. We want to hear your experience with
21 design-build, which may not be the same as the experience
22 that you've seen in the Corps.

23 What have you done with other agencies? We don't mind
24 your talking about the Navy and talking about the Air Force
25 and telling us how great an employer they are. We want to
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1 hear about that, because that's going to help us to be
2 better. And for us after this initiative is over, for you
3 to think, boy, the Army is the greatest of all because of
4 your ideas that you kept infused into what we do. But we're
5 doing all these kinds of things. We're looking at small
6 business consortiums, and we want to talk about that. I
7 want you to ask questions about that. And we can tell you
8 how we can help you through the legal part of that through
9 the Small Business office at Headquarters DA.

10 We are looking at one solicitation with multiple
11 awards. We're looking where we can have multiple awards
12 that are right sized, all 8(a)'s together, all small
13 businesses together, all unrestricted where anybody can bid

14 on the project.

15 When we got this project, JR sat down -- he was the
16 initial one to try to structure what are we going to look
17 at. We are looking at flexibility, making sure that we
18 reduce the cost and reduce the time. We want our
19 solicitation from the type of -- from the time of
20 announcement in FedBizOpps to be awarded within four months.
21 Revolutionary, right? And we want certainly the duration
22 that you brought up from Earth Tech there, maybe there's a
23 new concept about that duration that's certainly not as
24 long, and maybe the contractor has as part of his
25 negotiation to have an effect upon that duration of that

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1 contract for its execution.

2 Innovative pricing, we've looked at our traditional
3 strategies and so forth. We looked at, because it's so much
4 modularity, we've looked at the fabricator. And I had an
5 opportunity to go into the Small Business office in the
6 Pentagon and saw where they didn't have wood anymore. They
7 have all these metal walls that they're bringing in, and
8 they are able to refashion them in so many different ways
9 that it's going to bring value when we are in any kind of
10 sustainment mode, and our troops and our capacities are
11 changing, and our mission is changing. That's what we need
12 to hear from you.

13 We don't do market research very well. We can't get
14 into the nooks and crannies in your garages and kitchens
15 when you're doing business that is prepared for industry,
16 but you're not getting it to us because we don't know about
17 you. You're here today. Tell us about you and what you're

18 doing, and where we need to take the middleman out of this
19 and deal directly with you with new procurements and so on.

20 So we're trying to determine when should we have a
21 local procurement, when should it be regional, when should
22 it be national? You're going to help us decide that,
23 because you're going to tell us about the capabilities that are
24 out there, and you're going to tell us about the stresses
25 and challenges that you have with the trade industry and

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1 being able to support you and being a prime contractor for
2 us or supplier for us. And we are trying to capitalize on
3 economies of scales and standardization, looking at
4 standardizing our RFP's, and standardizing so when you go
5 from one district to another, you're not perplexed as you
6 look at one, it's so different, and you can't quickly get
7 your proposal together.

8 All time is money to you, and we realize that. And we
9 want to save you time. And with this kind of
10 standardization, when is the standardization good, when is
11 it not good.

12 This is the whole list of things on the streamlining of
13 the process. You're going to hear the LEAN sigma that is
14 the buzz word running around the Corps right now from the
15 top of the Corps to the bottom, getting schooled on that.
16 In fact, General Stock sent us out a little booklet and
17 said, you have to carry that little bible around with us,
18 getting lean. So we are thinking how are we going to get
19 lean in the restructure.

20 Model templates, that's where we're looking how are you
21 going to help us restructure those from the experiences that

22 you've had from other agencies, or from the commercial
23 world.

24 Performance-based contracting, we're not going to tell
25 you how to do it. We're not going to give you a whole lot
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1 of guidance. We'll give you some. We're going to give you
2 some of the standards and criteria that you must look at,
3 but it's going to give us -- we give you the in-state, and
4 then you develop for us to that in-state of building that
5 quality of life and improving it and doing it in time, so
6 specific approaches.

7 How attractive are they to you? Tell us about it, when
8 should we use those other umbrella type contracts.

9 IDIQ's, they're very important to us, but it's not the
10 only way. Tell us about multiple awards and how that fits
11 with you, and whether you have capability of doing that over
12 this magnitude of work, so we're looking at everything.

13 We're looking at the schedules. We're looking at GSA.
14 We're looking at all the opportunities out there that you
15 are familiar with and you are involved with that you can
16 bring to us today and make a difference.

17 That's my numbers. And I tell everybody, you know,
18 when we're into this, and before it gets into the
19 procurement of Sue's and Cheryl's world, where there is an
20 RFP out there, and you've got to deal directly and only with
21 her, when it's in this world now of question, of course, Don
22 is there who is heading this whole project. And he will be
23 up here in a few minutes, and you'll see as to how he's
24 driving it with a very aggressive approach.

25 But these are all the numbers. So you can get me at
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1 3:00 in the morning, and I really mean that. Sometimes I'll
2 call you at 3:00 in the morning, and you won't believe it.
3 But you adjust too and let me know, oh, fine, we'll talk.

4 But that's how you can get in touch. And because we
5 really mean business, we want you to leave here knowing that
6 you had access to get your questions answered, and you're
7 going to get them all answered today that you feel
8 comfortable with. And the ones you don't, we'll give you
9 little cards to make you comfortable to provide those
10 questions.

11 And any questions? I hope you're excited as we move
12 into Don. Yes.

13 MR. KENT: I can't break the rule. I'll
14 wait for the microphone. Bill Kent with M.H. Mortenson.

15 The new strategy, your first option, I'm wondering what
16 the first option was with regard to construction projects
17 and reverse auctions.

18 MS. GREENHOUSE: Well, we were very
19 fortunate in the Corps to get \$1.4 million from Congress to
20 run a pilot program on reverse auctioning. We found that
21 reversal auctioning doesn't fit all of our engineering
22 services.

23 One of the things we found out was a very big push by
24 AGC saying this is not going to work, because AGC has been
25 behind us making sure that we looking at this in the right
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1 perspective, so we did learn that reverse auctioning is not

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2 for everything. Congress gave us this money to look at
3 engineering services, because Army Material Command has paid
4 something like 48 percent on repair parts. There are some
5 supplies and so forth that reverse auctioning could be used
6 if the Army is the integrator. And I don't know how much
7 we're going to be integrator and how much you then will be
8 using reverse auctioning to be able to get the cost down.
9 But it is on the table as one of the strategies that we have
10 out there.

11 MR. TOYAMA: My name is George Toyama.
12 I'm from Hawaii. We're a small business.

13 Part of the strategy you talk about is privatizing.
14 You did privatizing of family housing. Are you going to do
15 facilities privatizing?

16 MS. GREENHOUSE: I think we can say
17 pretty much on a broad scale here, we have always had
18 privatization, and we've had our MILCON program. This is
19 the MILCON program. As we're looking at it right now, we
20 don't have legislation for the privatization, you know, in
21 that sense, so we still have the MILCON.

22 This is not about privatization. But I don't know.
23 Don would be able to tell you a lot more about that when he
24 gets up as to whether he has put privatization in a small
25 way into the equation. But on the large scale, it's not

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1 about privatization, the RCI's of the world. But I want
2 you to look at what we did with RCI and what we did with --
3 the Baltimore District had done this challenge to the JOC
4 Program where they delivered under what are called TOCC's,
5 Task Order Construction Contracts, delivered for the

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6 commander in six months by 8(a), which is fantastic. That
7 was a challenge.

8 We want you to look at what is done in the
9 privatization world of bringing in the amenities, doing all
10 of those things from the eyesight of developer, and coming
11 up with what is going to bring the higher quality for our
12 soldiers. So it's a part of the equation in that sense for
13 you to look at it, see what were the benefits of it, how can
14 you restructure those benefits into a -- into this
15 transformation world without there being legislation for
16 guaranteed -- there were certain guaranteed loans and all
17 kinds of other privileges that were under privatization that
18 we don't have legislation for under this. Thank you.

19 MR. MOY: Thank you, Bunny. The next
20 speaker for our last formal presentation is Judith Blake.
21 She's the chief of our Small Business Office.

22 MS. BLAKE: Thank you, Howard. I love
23 being the last speaker in the transition speakers. Small
24 business is always on the interface in everything that we
25 do, so this is appropriate.

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1 I am really privileged to represent the Lieutenant
2 General Carl Strunk, Small Business Program today. I know
3 that he does care about small business.

4 Before we get started, I know you've been sitting for a
5 long time. So in order to let you stretch, how about
6 everybody who is a small business or is representing a small
7 business here today, stand up. You can stretch while you're
8 standing. Everybody in this crowd who is a small business
9 who doesn't want a prime contract out of this program, you

10 can remain standing. My job is to tell all these technical
11 folks that you do want to participate as prime contractors
12 in this process; and obviously there are going to be some
13 things that you're going to have to participate as
14 subcontractors on, and we don't want to lose those
15 opportunities for you either. But we'll talk about some of
16 that today.

17 Before we get started, I want to introduce to you some
18 local people that you can go to. We're fortunate to have
19 Carol McIntyre, who is from the Northwestern Division.
20 Carol, if you'll stand up just a moment. Know this face.
21 She can help you. Tackle her in the hall. She can answer
22 questions, and she can answer your telephone questions, all
23 that sort of thing, so she's a good representative.

24 We're also really fortunate -- I'm going to talk in
25 some detail a little later about some other ideas we've had.

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1 Diana Drake, would you stand? She's with the Small Business
2 Administration. And if you have questions about joint
3 ventures, about Mentor Protégé Agreements, I want you to
4 know Alice Stubblefield in the national office has committed
5 to doing some streamline processing of those. She's your
6 local point of contact to talk about some of that.

7 Tom Eubanks, Small Business Administration, also local
8 from the Seattle area, he works with access to capital.
9 He's a good man to call if you have some issues regarding
10 that. Rather than me trying to answer those questions, I
11 hereby refer you to them. So we'll get down into the weeds
12 with individual contract action.

13 As I get started today, what I want you to do is -- all

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14 of your hats that you wear, most of you are here
15 representing a certain firm, be it a large business, a small
16 business, a construction, an A&E. I want you to, for a
17 moment, take off that hat, and I want you to pull a couple
18 others out of your pocket. And one of those is as a citizen
19 and patriot. When you respond to the questions that you'll
20 hear today and when you respond and give us input and
21 feedback, I want you to wear that hat along with your
22 business representation hat.

23 And then the third hat that I want you to pull out of
24 your pocket and put on so you're going to be wearing all
25 three today as you talk to us is that taxpayer hat. This is
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1 your money. You are the building owner for each one of
2 these facilities. And when it comes out of the federal
3 government budget, it's coming out of your pocket as a
4 taxpayer. So put that hat on along with your business
5 representation hat along with your citizen patriot hat. As
6 you respond to our questions, please do that.

7 Know that small business matters. Your participation
8 in this process as a small business is critical. We have
9 questions out there on the website for you to answer that
10 specifically address small business, as well as technical
11 and large business industry kinds of questions.

12 Know that as an entity, as a group, both small and
13 large, it is your duty to stay informed. We try to get the
14 information out to you, but this is a huge project. It's
15 moving very fast. We may not get to everybody all the
16 information that we want. So stay informed by reading
17 FedBizOpps daily. Sign up in FedTeds and participate in the

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18 process there. I'll give you websites later.

19 Make sure that you actually do respond. You've got in
20 the lobby some questions forms that you can fill out.
21 You've already got the ability to do that by letter later.
22 Don't wait too long, because it's moving way too fast. If
23 you don't get your information in for a couple months,
24 chances are decisions will have been made by then for many
25 things.

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1 If you belong to an industry association -- AGC was
2 mentioned by Ms. Greenhouse -- others -- there are lots of
3 others out there. I can't begin to tell you the alphabet
4 soup. You know who they are. But get those industry
5 associations involved so that they can give the industry
6 best practices, and you have the benefit and the weight of
7 that industry to give that feedback as well so that we can
8 participate with them and with you in the planning process.

9 The last thing that I really want to say in terms of
10 your feedback is that sources sought synopsis when these
11 projects start coming out. If we do happen to run sources
12 sought that says Service-Disabled Vets, how many of you are
13 in the room? Company reps, stand up. Any Service-Disabled
14 Vets in the room? We've got at least one in the room. All
15 you folks that are looking to meet the subcontractor goal to
16 Service-Disabled Vets, tackle her. So you've got some good
17 things. Respond to those sources sought, because if we
18 don't know you're out there and have the capacity to do the
19 work and the capability to do the work, chances are you
20 won't see it as a set aside. If we ask, we think it's
21 possible. If you respond, then we know it's possible. If

22 you don't, it will not go that way. Okay? So just know
23 that.

24 And then the other thing that we want to stress to you
25 is, start now. The project may not happen until 2006 or 56
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1 whatever, but go see Ms. Drake. Talk to her about joint
2 ventures and if you intend to use those as a mechanism on
3 our projects, because they do take time. And not only do
4 they take time in terms of just processing the paperwork;
5 it's a marriage. And you don't want to marry up a couple of
6 firms, yeah, in a shotgun wedding. You want to make sure
7 that you plan that kind of partnership, and that you perform
8 some work together, because to be effective as competitors
9 with the Corps of Engineers, we're looking for you to give
10 us quality teams as well.

11 So we are serious -- and I mean serious -- about small
12 business participation. You've heard it throughout the
13 presentations here today. We are serious, serious, serious
14 about high quality facilities. Remember that taxpayer,
15 remember that citizen, remember that patriot.

16 Timeliness/time reduction, do we give you too much time
17 on our construction projects? If so, say so. We can give
18 you less. We would like to give you less probably, but
19 we're trying to be fair, right? Trying to make sure you can
20 perform. We need you to be on time though. Whatever we do
21 agree on, you've got to be on time.

22 And then those cost efficiencies, shoot for the moon as
23 a taxpayer. You want to spend as little as you can, get as
24 much done as you can. The work is still there. We may be
25 able to build two buildings instead of one, that's a good

1 day, so let's keep at it.

2 Now, the other thing I want to say about small business
3 participation, we can't do our work without our other than
4 small businesses. And small businesses, those contracting
5 opportunities are the life blood for many of you. We want
6 you to participate in that way as well.

7 And large businesses, some of you have heard my message
8 personally, some of you haven't. But I'm here to say we're
9 serious about enforcing your goal achievements. You must
10 perform. It is a contractual relationship between you as a
11 business entity and us as a government. You have promised
12 to meet certain subcontracting goals, and we intend to see
13 that you do that. Don't team up with small businesses that
14 you don't intend to use. It's not window dressing for the
15 proposal. We're serious about enforcement.

16 There will be -- we expect a mixture of prime contract
17 opportunities for small businesses. When that work is
18 identified, we will be performing market research throughout
19 this process. Make sure that, when you respond, you give us
20 specifics. If you can only do work in two states
21 effectively, guarantee that you will not fail, because we
22 cannot afford to fail on this process. Tell us that, and
23 maybe we'll find something within those two states that can
24 be broken out if enough interest is expressed. Tell us how
25 to do those.

1 We will keep you posted, but again, in general forums
2 for the most part rather than individual communication.

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3 There are a lot of you out there, and we have very little
4 time, so keep up with the public forums.

5 There probably won't be a lot of sole-source work
6 coming down under these projects, so look for competition.
7 Don't expect necessarily there's going to be a lot of 8(a)'s
8 set aside. It really depends on the work, but this program
9 is designed as military construction; and military
10 construction that has congressional approval at that level
11 for the most part is very large work, so know that going in.

12 Right now, under the Competitive Demonstration Program,
13 the set aside capabilities we have are in three categories,
14 8(a), HUBZone and Service-Disabled Veterans in the firm.
15 That may be relooked. I have heard rumors that the Small
16 Business Competitive Demonstration Program is being
17 reexamined at the DOD level, but I don't have any kind of
18 indication what they're doing with it, so I'll let you know
19 as soon as I know.

20 Large business is -- the threshold is \$500,000 service
21 type work or supplies type work; 100 -- or \$1,000,000 if it
22 is construction type work. Subcontracting plans will be
23 required if it is above that, and subcontracting plans will
24 be enforced.

25 Now, here's the transition piece. Remember I told you
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1 Fedteds is where you want to be responding. How many of you
2 have actually signed up and gone into Fedteds preparing for
3 this conference? Cool, as the Army would say. The rest of
4 you, you've got to get there. We're asking for information,
5 and it's really easy to capture the information if you go in
6 there and fill in that information in Fedteds. It gets

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7 right over to Michael Duffy and his team. Where are you?
8 There he is. That man is inundated with paper, but he's got
9 a process to deal with it. And your comments will be
10 captured either here or on Fedteds which makes it easy for
11 us to get the information. You need to go there.

12 The FedBizOpps website I've given you, if any of you
13 are commercial only and haven't had to deal with government
14 processes before, remember I introduced Carol. We always
15 have a Corps of Engineers website in each geographical
16 region of the country, a Small Business representative that
17 you can go to locally and talk to that representative in my
18 office. And in addition, the DOD Procurement Technical
19 Assistance Center, if you put that phrase into the Google,
20 you'll get one in the state where you are. Okay?

21 This is the website where you can find me, and that's
22 the website -- or that's the e-mail address where you can
23 e-mail me. If you want to call me, by all means. I've got
24 business cards with me, and I'd be happy to share those with
25 you.

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1 And as such, let's get those hats out. Let's get them
2 on and be prepared for the feedback portion that's coming
3 ahead. Thank you.

4 MR. BASHAM: Any questions for Judith?
5 All right. What I'd like to do, I'm Don Basham. I'm the
6 Chief of Engineering Construction for the Corps of
7 Engineers, so I'm the Don that you all know.

8 What I'd like to do, a few minutes before we take a
9 break, is kind of set the stage for you for the rest of the
10 day. This is the last formal presentation we'll have.

11 Good, bad or indifferent, I will try to serve as facilitator
12 throughout the rest of the day to lead the discussion.

13 First of all, I apologize to you upfront. Some of you
14 expressed the notion in other forums that you call this a
15 roundtable, and this doesn't look much like a roundtable.
16 But in this kind of facility, we'll have to deal with it.
17 So I guess I would ask you to close your eyes and imagine a
18 big room with a big roundtable if that helps to facilitate
19 the discussion, because it's not our intent to create a
20 situation here where you're going to be in a classroom.
21 You're listening to us, and then we're talking to you. What
22 I really want to do at the end of the day is have more
23 discussion coming from you up here.

24 What we did try to do this morning in setting the stage
25 is try to give you an overview in some of the major areas

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1 that we think that we've got to focus on to make changes
2 within the Corps to deliver services for soldiers out there,
3 so we picked four major focus areas. We'd like to
4 structure, or at least up until lunch and maybe shortly
5 after that, to try to focus our discussion initially in each
6 one of those focus areas so we're not all over the place and
7 kind of capture your thoughts and ideas.

8 If you think of another major area out there that you
9 think we've completely missed or are devoid in, could you
10 bring that up and talk about that a little bit later? I
11 would ask that you keep track of that so we can keep the
12 discussion focused.

13 I do not want or intend for any of the ground rules we
14 set here to get too cumbersome so we can't have a free

15 flowing. I hope you understand, we value your comments.
16 That's why we've asked the reporter to record all this.
17 That's why you need the microphone, so we can capture it so
18 later on we can go back and look at that. And if we see
19 something that we think is real good, we've got an
20 individual, we've got a name, we can go contact them and
21 discuss it. Quite frankly, we can go back to the office and
22 sit around the table and say what did he say? Who said
23 that? Because this is the fifth forum. And some of you
24 have been to every forum with me. So I'm sure you're glad
25 this is the last forum. I appreciate some of you coming to

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1 all of them. I appreciate all of you here.

2 Today, this is an expense for you. I understand that.
3 Time is money for every one of us, but this is an expense
4 for you. You're not going to walk out of here today with
5 anything in return. Some of you probably came to, at least,
6 get some idea what the program is going to be. The charge
7 you saw up there is about as close as I can get right now.
8 And it's not because we don't want to share it with you.
9 The big piece of it is associated with what Congress and the
10 administration decides it's going to be.

11 I can tell you for sure, in the first chart we talked
12 about, the \$2 billion program is our annual year-in,
13 year-out program. That's here now. That will be here
14 through the transition. It may adjust a little bit, but
15 when all the restationing is over, we still will have that
16 program.

17 And so what we're talking about here is three major
18 pieces here. It's our traditional program, about

19 \$2 billion, the restationing, bringing troops back home.
20 And you all have to understand, this discussion today is
21 basically dealing right now with construction here in the
22 continental United States. We'll have further discussion
23 about overseas. There's a lot of different relationship and
24 a lot of things we have to consider besides here in the
25 continental United States.

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1 So it's basically here in the United States, bringing
2 troops home, not only troops but families and children
3 that's coming back. The Army is going to be deployed in the
4 United States in the future, so we'll have soldiers living
5 here year in and year out, so we've got to provide housing.
6 It's a volunteer Army. And while we talk about the
7 processes and procedures and acquisitions today, I would ask
8 you to remember, at the end of the day, none of that is
9 relevant. What is relevant is providing quality facilities
10 for people that get up every day to defend us. That's what
11 we're all about here. Whether it's barracks, dining hall
12 facilities, and not just for the soldier but for the spouse
13 and for the children.

14 So at the end of the day, we can have all these
15 discussions, but we need to remember here, we're about
16 helping those people provide the quality of life.

17 Now, some of you have heard the term "revolutionary
18 change," "major change." To some of you, the industry, this
19 is nothing revolutionary to you. It is to us probably. And
20 some of you who do business with us can probably see that.
21 In some cases, this is nothing more than trying to help
22 capture the best practices and move us more in that

23 direction.

24 Let me ask for a minute, how many of you here have done
25 business with the Corps of Engineers? A bunch of you.

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1 Probably one of the largest percentages. How many of --
2 Judith asked about small businesses. How many of you here
3 are primarily subcontractors? Prime contractors? How
4 about -- and don't let me confine the definition here a
5 little bit, because there's a number of different terms.
6 How many of you here are kind of in the pre-engineered
7 tilt-up modular, whatever type of term you'd like to use?
8 That just helps us understand kind of what our audience is
9 here to have a discussion today.

10 Let me give you a couple of things to chew on here when
11 we take a break and come back and get started to give you
12 some idea where I think we want to be serious about this.
13 Let me talk to you for a second about the design-build
14 process.

15 The Corps of Engineers does not do design-builds like
16 the private sector does. Now, what I want you to
17 understand, having 38 years with the Corps of Engineers, I
18 feel like I have some right I can criticize my own
19 organization, because I love it so much. And I criticize it
20 because I do love it. So I'm going to say some harsh
21 things, but that's my right to do that, because I love the
22 organization. My guess is I'm probably saying some things
23 that some of you all want to say anyway.

24 Let's talk for a second about the design-build process.
25 What the Army Corps of Engineers has done over the last ten

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1 years in the design-build process is taking the bid out of
2 the design being built. Am I right? You snicker. By and
3 large, we still produce 100 percent design. We still
4 produce 20, 40, 70, whatever you want to call it, four or
5 five different levels to get that design. When we finally
6 get 100 percent design, then we issue a Notice to Proceed
7 and go to construction. Then after issuing the Notice to
8 Proceed, we go back to the beginning and request submittals
9 on the design, right?

10 Let's talk for a second about the private sector. What
11 do you do in the private sector? The day the Notice to
12 Proceed is issued, in many cases, for a design-build
13 contract, the contractor is out there literally within days
14 moving dirt and pouring concrete, and we don't even know
15 what the top of the building looks like. That's where we
16 want to move to. Some of you all told us in other forums,
17 on average, anywhere from a \$200 million to \$500 million,
18 you can put in the ground in 12 months. I cannot put a
19 \$20 million facility in the ground in three years. Am I
20 right, sir?

21 GENERAL DAVIS: I hear it all the time.

22 MR. BASHAM: That's what we're talking
23 about. I've got to go a long way, and so we're not talking
24 about today incremental improvement. I'm talking about
25 starting out with a clean sheet of paper. You're not seeing

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1 anything up here about here's our linear process, how we do
2 things. Help me look at parts and pieces of this. That's

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3 what I'm bringing to the table. I want to start from the
4 beginning, because I understand or we believe that we've got
5 to move so far. It's not about incremental; it's
6 reinventing our whole way of doing business.

7 I also understand that, while I think that will have
8 potentially a huge implication on the industry how we do
9 that, I also realize that, out of 35,000 folks in the
10 U.S. Army Corps of Engineers, 10,000 of those folks work for
11 me indirectly in the engineering construction community in
12 designing and building, so it's almost a third. I've worked
13 with those folks for a lot of years. We have learned and
14 we've taught our people to do things a certain way. This is
15 a huge culture shock to get them to change.

16 Obviously we haven't done it in ten years on the
17 design-build example I gave you, so I understand that part
18 of what we're talking here -- and some of you have already
19 told us -- you're talking about some neat things and you
20 think it's great, but we'll believe it when we see it,
21 because we've had this discussion before, and then we go
22 right back out in the field working with you folks and it's
23 business as usual. We understand that we're going to have
24 to make some tremendous changes in house to make this thing
25 work.

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1 And so it's really looking at the whole system, not
2 only just a system of applying contracts, but the
3 construction work, the design work, the relationship piece.
4 There's a lot of moving parts here we think will go into
5 this. And that's where we want to open this up and have a
6 discussion about it.

7 A couple other examples. In looking at standards and
8 criteria, what we need to have a better feel for is, even
9 when we talk about a performance-based requirement, what is
10 that performance-based requirement? I would tell you, in
11 one of our other forums or a couple other forums, the
12 gentleman sitting here over in the right-hand corner of the
13 audience, and I mentioned barracks. I said, do we put out
14 an RFP for a barracks, just a basic footprint and say you go
15 do it, you design it, set it up, some odd square feet,
16 thereabouts the room size. This gentleman stood up, and he
17 said, "How long have you been doing barracks?" I said, "Ten
18 plus years." "Do you think you've figured out every which
19 way you can put a bed in the room and put a bathroom and a
20 toilet?" Probably.

21 So the notion is, maybe we need to sit down and take
22 the ten years worth of experience that you've helped us
23 create out there and develop a model or models for different
24 parts of the country, different areas, and just do the
25 building. I could build an 85 percent model -- and don't

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1 hold me to that term -- but if I build an 85 percent model,
2 really what we're talking about is maybe not design-build
3 but adapt-build.

4 And what you're going to help us do is, if I'm building
5 in Florida at Installation A, do I have to look at a little
6 bit different planning, a little bit different installation,
7 maybe take a half inch away or add a half inch. Is my HVAC
8 capacity a little bit different? If I give you a standard
9 HPC, you can add some and take some away. Those are some
10 notions and ideas that out of those forums we're starting to

11 come to.

12 And looking at dealing with this thing more as a
13 program, today, on average, for the \$2 billion program that
14 was out there that you see, that equates to about 120 to 125
15 projects. We manage the MILCON Program today by project.
16 We hire an architect/engineer. We hire a contractor for our
17 120, 125 projects every year, year in and year out, the same
18 projects year in and year out.

19 We vary the combination of that from design-bid-build
20 to design-build, but at the end of the day, it's the same
21 thing over and over and over again. The Army said why.
22 That's a huge amount of design funds being spent each year.
23 How can we better streamline that?

24 If you had the model, does that help facilitate if I
25 gave it to you that, within days of issuing an RFP, I could
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1 be out there moving dirt and putting footings in, because I
2 basically know what the foundation is going to look like.
3 The siding that I'm going to put on the outside of it and
4 the finishes are not going to affect the foundation, I've
5 got days to work on the siding, what color if you want to
6 make this thing look pretty and the carpets and all this
7 type of stuff to put in it. It seems to me that would make
8 some sense. How can I move -- you know, the two things on
9 schedules today, today one of our goals is or milestones is
10 to award a contract in the year of appropriation award.

11 Mr. Whittaker says, I want you to turn dirt in the year
12 of appropriation. My system ain't going to get there, I
13 just now today, at end of the second quarter of '05, have
14 delivered -- I think it's about 45 to 50 percent of our

15 program out there today. And I say "delivered." That's
16 just the award of contracts, and that's some type of design
17 somewhere.

18 Do you think even with those 50 percent awards from the
19 first two quarters that I'm going to turn dirt by
20 30 September? What about the other 50 percent, probably a
21 quarter of that's going to come in the third quarter, and
22 the fourth quarter will come the rest of it. All of that is
23 giving awards, not putting dirt in the ground.

24 Once you get to the award, I want to be able to
25 complete in 12 months, plus or minus for different size

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1 facilities. But when people start telling me I can put half
2 a billion dollars in the ground in 12 months -- we asked one
3 individual who told me they could put a billion dollars in
4 the ground in 12 months.

5 Let me talk to you for a second about that billion
6 dollar guy, and I understand it's an exception. Let me tell
7 you conceptually what he lays out. He has 68 preferred
8 providers. The day the contract is awarded, he's got an
9 architect sitting here to design this building. But the
10 concept they use is not going through a design process to
11 produce a set of documents; he's designing to build. So you
12 want to talk about windows? Here's my three preferred
13 providers to furnish windows, window manufacturer A, B and
14 C. You pick that. You go from drawings to shop drawings to
15 fabrication all in one move, may even have a contractual
16 arrangement. Now ours are mostly firm fixed price,
17 qualification-based selection. Generally it's a firm fixed
18 price upfront.

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19 In this instance, the contractor comes on board, and
20 they may negotiate subcontracts for over 50 percent of the
21 work before they finalize the contract. And when then they
22 finalize it, maybe it's a guaranteed maximum price type
23 arrangement with still a fixed percentage -- some type of
24 percentage in.

25 But the notion he was trying to convey is, his firm
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1 fixed price are those types of vehicles we use today are
2 essentially designed to put the maximum amount of risk
3 where? On you. And minimize the risk on me. You get all
4 the parts and pieces, and you put everything together,
5 because I don't want to get involved in that because, over
6 the last 30 years, we've had different cases and different
7 things go to court where we've lost on those. So we pushed
8 more of the package out there.

9 When I do that, I lose what I think are some
10 flexibilities in the system that we can get some economy on.
11 And also, quite frankly, it deals with the relationship
12 piece. When you've got all the risk and I've got very
13 little, the relationship won't be the same as if we sat down
14 and said let's talk about a shared risk. How can we
15 structure a contract here that gets us to the shared risk?
16 I'm willing to share some of the risk if, at the end of the
17 day, it serves my purpose, serves my purpose of helping you
18 in a quicker, faster and less expensive way.

19 I've got to tell -- and the Chief won't agree with me
20 on this, and that's okay. I'm not into cheaper. I'm not
21 here about building cheaper facilities for our soldiers.
22 I'm here about building value facilities, less expensive,

23 more quality if I can get that out. But the notion of just
24 cheaper, I can go out here, and we'll have discussion a
25 little bit, what is that standard of quality? If you look
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1 at a barracks, and you talk about apartments or hotels. And
2 I'm not going to define that. I suspect you can all use
3 your own imagination so I won't get in trouble here. But
4 you could define quality. If I gave you a floor plan of a
5 barracks and gave you a picture of Motel 6, would that help
6 you define the quality of what I want out of that barracks;
7 versus I gave you a picture of a Hyatt Regency. Between
8 those two, you can figure out what kind of level of quality
9 you want here.

10 So when we talk about industry standards, I understand
11 that there's a full array of industry standards that can
12 generate a level of quality. We're not asking you to define
13 that level. What we are asking you to do in our discussions
14 today is, how do we convey that level of quality that we're
15 looking for, quite frankly, in the least of terms that help
16 us get there without writing 500 pages of specification,
17 without putting in there, as some of you told us in the last
18 few sessions, you specify in the 500 pages, every code and
19 every criteria there is out there in the world. And then we
20 put one more sentence into it just to top it off. You've
21 got to comply with the worst case. And then guess what?
22 You've got some engineer out there or some construction guy
23 out there who's going to find that page that's worse than I
24 found. And then here we go. It's down to relationship
25 again.

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1 So how do we help define that? It's my responsibility
2 to define whether I want Motel 6 or I want Hyatt Regency for
3 our soldiers. When I say "I," the Army. But once we kind
4 of frame that, how do we define that in terms for you to
5 understand and deliver?

6 One other thing. Then we'll break right quick. Part
7 of the packaging, I mentioned a couple minutes ago, we
8 procure our program now one project at a time. Maybe we
9 ought to reprogram our projects. You just heard talk about
10 earlier with the -- at least in the restationing fees part
11 of the BRAC, we're going to look at programming that
12 complete brigade-set. We haven't done that. The last time
13 we did that in a major way, I think, was Fort Drum.
14 Packaging a complete brigade-set gives us a tremendous
15 flexibility in how we can move money around within that
16 brigade and how we can build it.

17 For example, you saw the example of the green space.
18 Let's say you have a fort out here somewhere where I can
19 build a complete brigade-set in a green space. What if
20 within days of getting the appropriations to go do that, I
21 had a contractor out there doing the site work, start
22 putting in some utilities? All I need is the basic
23 information to go do that, go put in some streets, rough it
24 out. At the same time I look at another package to start
25 building buildings. So maybe if it's not a complete

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1 brigade-set, it's not to suggest that we're going to put out
2 a complete brigade-set in one procurement package. Or maybe
3 we will, and that's the kind of thing we'd like to have

4 discussion with you about.

5 The metal building, the pre-engineered tilt-up, that
6 type of industry, within the next two weeks, we're going to
7 invite some of you all to come back and sit down with us and
8 specifically focus on, if we lay out five or six facility
9 types for you, we want you to tell us, what can you go build
10 here. Because one of the other notions is, we've got some
11 of these facilities that are not in the most metropolitan
12 areas, so if we start building these out, one of the things
13 we're probably going to do very quickly is to deplete both
14 labor market and material market. And what happens when you
15 deplete the labor market and the material market? If we
16 don't talk about that, and if I use my existing way I do
17 construction and design, guess who is going to wear the
18 brunt of that? You. You're going to try to estimate how
19 far you're going to have to get out to do that to cover
20 yourself. You may or may not do it.

21 So another notion might be, if in fact there is a
22 pre-engineered type facility out there for some of these
23 facility types, what if I went off and advertised a
24 five-year or ten-year type of contract, maybe more than
25 one -- it could be two or three -- pre-engineering type

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1 folks to deliver these type of facilities on-site directly?
2 So I now become part of the old days in the Corps of
3 Engineers, and I'm talking about the real old days when the
4 Corps of Engineers were the master builders in the country.
5 If we didn't have the labor in-house, we'd go do it. We
6 parted it in bits and pieces. This part would be for the
7 pre-engineered firm or the tilt-up firm to come erect the

8 building. Let another contractor come in and do the
9 finishes inside. Let somebody else do the landscaping. We
10 moved ourselves away from that because we moved ourselves
11 from the risk of having to orchestrate those trades.

12 I'm not saying we're going to go there, but part of the
13 discussion we need to have is all that gives risk, your risk
14 and my risk, and how we balance that risk. If I balance or
15 offset the balance of that risk so much, it's costing me so
16 much dollars and so much time to get some of these
17 facilities built.

18 So I just want to kind of use that to set the stage of
19 some of the broad things that we're looking at here, that
20 that's not just incremental change here. So I'm looking for
21 the big broad ideas. I understand the design-build. We can
22 have some more discussion later on when we get in the
23 acquisition piece if you want to.

24 I understand that fundamentally I've got to move away
25 from my traditional design-build process. I've got to

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1 streamline the design piece. I've got to streamline the
2 submittal piece to do that. I've got that piece. What I
3 could use some help on is, what are some good ideas and how
4 do we go about doing that.

5 One last thing, then I'll shut up. At the end of the
6 day, what concerns us most in our procurement method is,
7 when I get to the last day of the job, and I turn that
8 facility over for a soldier to go live in or for a family to
9 live or children to go play in, I want a quality facility.
10 It's my responsibility, mine as representing the federal
11 community here, to make sure you as taxpayer that's paying

12 for these facilities, not only buildings but you're paying
13 for these facilities with your tax dollars, are getting what
14 we pay for. How do we do it if I cut out all the reviews
15 like we've done in the past? How do you do that in the
16 private sector?

17 Now, one model that I've seen is -- I know you don't
18 want to hear this. The one thing you do like about us, we
19 pay you every 30 days. You can count on getting a paycheck
20 from us every 30 days. You submit an invoice, and we do
21 that because, based on our quality control, quality
22 assurance system we go through, we do that. It's my
23 understanding in the private sector, you don't necessarily
24 do that. You get paid on reaching major milestones. You
25 get the design done, you get the foundations put in, you get

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1 the framing up, kind of like in the private sector also when
2 you go to -- when you want to build in the city limits, what
3 do you do? You put up walls, the inspector comes out, you
4 get your permit. And you put your electrical in, the
5 inspector comes out. You get your water in, you get your
6 insulation in. So maybe we need to move from making monthly
7 pay estimates to some milestone pay estimates.

8 And, oh, by the way, at some point in time -- and we
9 will have to talk about what that is -- 50 percent or
10 75 percent is not 99.9 percent. We're going to stop paying
11 completely until the facility is done. And so there is a
12 little bit of leverage there.

13 I see some of you shaking your head. I don't believe
14 that's done foreign to the private sector. How do we assure
15 that? People just say back off, get out of our way, and

16 we'll give you a building, and I accept that to some extent.
17 But I've got at the end of the day make sure -- and I'm not
18 even talking about -- I'm not trying to suggest there's any
19 notion here that you wouldn't try to deliver a quality
20 facility. Just the notion that your expectation of what
21 you're delivering and what I thought you were going to
22 deliver, if we don't have the right RFP or have the right
23 language out there, we're going to be disappointed. Let's
24 just leave that right now. I'm not trying to get into --
25 sometimes that occurs in relationships. Maybe I had

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1 long-term relationships with you. And maybe I had five-year
2 or ten-year IDIQ contracts with you, and the other piece
3 that gets the quality is return business. How do you get
4 your repeat business today with us? One procurement at a
5 time. You've got to compete with everybody else. If it's a
6 traditional bid project, you've got to be the low bid. Even
7 if it's qualification-based, you've still got to go through
8 this process to do that. Your performance evaluation from
9 your last projects gets raised with everybody else's. Quite
10 frankly, at the end of the day, whether you get an
11 outstanding or you get an average, that kind of gets rolled
12 up into that.

13 But what if you had a relationship that, on the last
14 day of the project, if you delivered a quality facility to
15 us, you're going to get the next barracks. You're going to
16 get the next job. We've competed that. We've had that
17 competition upfront, and we established that relationship.

18 The Air Force has got a model like that out there right
19 now in their environmental program that we're looking at.

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20 We've asked them to take some of that over to Iraq. That's
21 a tool we're looking at. I've got a team of people going
22 down there next week or the week after next to look at that.
23 Is that part of this mix? Again, it's looking at all the
24 parts and pieces. It's a long-term relationship; it's not
25 an individual procurement relationship. Does that help

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1 facilitate risk-sharing? Does that help facilitate getting
2 on the ground quicker, getting things done faster?

3 If you understand how to do one of the last buildings
4 and you're getting the next building, should that help
5 facilitate getting it up quicker and faster? If you do that
6 time and time again, year in, year out, at least the
7 \$2 billion program, there ought to be some economy of scales
8 there in the relationship there. Okay?

9 Let's take -- how about coming back at 10:30, and we'll
10 pick up from there.

11 (Break taken 10:08 a.m. to 10:32 a.m.)

12
13 MR. BASHAM: I just had one thought. I
14 do realize this is an expense for you folks today, and we
15 really do appreciate the value of your time here. I really
16 thought that, within the weeks and months ahead, that you
17 will be able to look back and look at this day and see that
18 this expense will turn into an investment for the American
19 people and the soldiers out there. So I would really hope
20 you can make that happen. We appreciate it.

21 Let me ask, before I get into kind of a further
22 transition, I'm going to ask each one of the panel members
23 who initially asked you a question of something they're

24 trying to focus on in the focus area. I would just like for
25 you to go around and limit our discussion to these specific
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1 focus areas, then we'll give you an opportunity to expand
2 that a little bit later, if you've got some follow-up
3 questions as well. I'm sure you will.

4 Let me ask, before we do that, is there anything else
5 like clarifying information or big picture stuff that you'd
6 like to get a better understanding or appreciation of as we
7 ratchet this down one level?

8 MR. BARRETT: Again, Jim Barrett. You
9 all mentioned a couple of times now your expectation for a
10 25-year life expectancy of the facilities. I would just
11 ask, do you see an increase or decrease in the current
12 standards?

13 I mean, in all honesty, you made the comment that the
14 structure is basically you've been using them since World
15 War II, and you haven't changed that aspect. So I would
16 only have to infer that 25-year life is a reduction in that
17 standard.

18 MR. GHOSH: Yes. Your assumption is
19 correct. Our 25 years to 30 years is what we're talking
20 about recapitalization here, and we calculate our life cycle
21 costs and everything else based on that assumed life. That
22 doesn't necessarily mean at the end of the expected life
23 cycle, the facility becomes nonfunctional or inoperable.
24 But it's basically for programming and budgeting purposes,
25 and we're reducing it from currently what we use like

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1 50 years. So therefore, it's a reduction, and it will be
2 changi ng.

3 MR. BASHAM: Let me carry that one step
4 further.

5 Why we're here today is to talk about the MILCON and
6 the new construction. We'll have a whole different
7 discussion about the O&M piece. Tomorrow I get the great
8 opportunity to take the red-eye back to DC to be in town by
9 9:30 to advise the Chief of Staff of the Army. One of the
10 messages we're going to deliver to him is, if you go in this
11 direction, and you think of the efficiency you gain as you
12 go in this direction, you have got to change the way you do
13 business in the O&M piece.

14 The basic fundamental piece of the O&M is that for
15 years the Army has underfunded operations and maintenance of
16 the facilities. So what happened over the years with that
17 underfunding, there continues to be a ratcheting up of the
18 initial MILCON piece to build a more sturdy facility,
19 because we know it's not getting the operation and
20 maintenance. We know it's going to be there a lot longer
21 and not go through a refurbishing or whatever. So because
22 we kept the pots of money separate, we built up to where
23 we've got a higher life expectancy.

24 So what we're being told by the Army, in the hard-core
25 Army supporting troops, that within 25 years, just like in

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1 the private sector -- somebody can help me -- I look at a
2 Wal-Mart or a Burger King, some of those types of folks.
3 They build their facilities understanding there are certain

4 pieces of what they build. Every five to seven or eight
5 years, yours and my tastes are going to change. So they
6 build that in, because our interest in lights, our interest
7 in colors, our interest in carpets are going to change, so
8 they build that in to do that. So we've got to get back
9 into that.

10 So the Army is saying that, we know for sure -- we
11 don't know exactly what it's going to be -- but we think the
12 future wars and the future conflicts we're going to have is
13 always going to have us evolving in what our organization's
14 structures are going to look like. Just this switch here is
15 going from division to brigades. Will we go to brigades to
16 battalion and smaller?

17 The Army is saying right now, we anticipate we will
18 change the way we look and the way we fight, at least on a
19 25-year cycle, if not more, and so we want the facilities
20 that can be more adaptable and flexible to fit that. So
21 it's a combination of not just looking at the O&M piece, but
22 it's looking to be able to retrain and rework that facility
23 to serve another purpose in a number of years. I'm sure if
24 you have done business with us, you know, we've got some
25 monuments built out there in some of our installations. We

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1 start trying to go in to refurbish them, it's a costly
2 exercise to do that, just starting the whole asbestos and
3 historic preservation issues and all those. So how do we
4 start building these facilities? We want to get some
5 feedback from you also. How do we build more adaptable or
6 flexible facilities?

7 If we decide to start planning to put a brigade here,

8 and then midway through our planning or even midway through
9 our construction, we start wanting to get something else,
10 how can we adapt and adjust to that to accommodate the
11 Army's needs without having to stop completely, tear it down
12 and start over again?

13 And we also understand that the adaptability of these
14 facilities with that decision to be more adaptable, there's
15 a cost associated with that that you build in upfront.
16 Where is the tradeoff? How serious are you about this Army,
17 and how much adaptability do you want to build into it? I
18 can build you an adaptable facility, but in some cases,
19 there will be a huge upfront cost. If that cost doesn't
20 materialize itself in the turnover that you're going to do,
21 that's a wasted expense.

22 Part of our role as the engineer is to try to help the
23 Army understand what that cost is and what the application
24 of that versatility is to make sure they're comfortable with
25 that expenditure to accomplish that. Others?

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1 MR. CLANCY: My name is Dan Clancy with
2 Olympic Associates here in Seattle.

3 Just a clarification, so we've got 77 brigades. That's
4 about three and a half million people including dependents,
5 et cetera. Is this considered replacement facilities of
6 existing facilities? Is this brand new with new troops?
7 You're going to have 77 new brigades. It's a
8 reorganization, right?

9 MR. BASHAM: It's a reorganization of
10 the Army itself, yes.

11 MR. CLANCY: Is it driving new

Army.txt

12 facilities as well as existing facilities? You're not going
13 to build 77 facilities for 77 brigades?

14 MR. BASHAM: No, no. Depending on where
15 some of that reorients itself, it's going to be major bases.

16 The comment was made earlier, you know, the likelihood
17 we're going to, quite frankly, have green spaces, that we're
18 going to have any green space and build a whole brigade in
19 itself is going to be remote. And so there's going to be a
20 combination. That could be one extreme to 50 percent.
21 Fifty percent of the facilities might be green spaces, and
22 will refurbish and rebuild and rework others. And it could
23 be everything would be refurbished on the installation or
24 retooled and turned over. So it's not just all new
25 construction.

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1 MR. CLANCY: The 77 brigades then
2 represents your total?

3 MR. BASHAM: Total both active and
4 reserve. I added up the number. I can't remember.
5 Somebody made the comment, but I think the number we heard
6 somebody mention the other day is that 2.6 spouse-children
7 ratio. I think it's about 50 percent of the Army is
8 married, about 50 percent single. You've got to take that
9 whole soldier number and divide that in half and multiply
10 that by 2.6 to get that, whatever, 80,000 number was.

11 MR. GHOSH: Mr. Basham, can I add
12 something to that?

13 MR. BASHAM: Yes.

14 MR. GHOSH: In the ACSIM I had today,
15 some of the transformation to the modular Army will take

16 place -- the total is 77 units -- will take place in the
17 existing installation. So while the Army is transferring
18 two modular forces, some of the troops will remain in their
19 own installation at this time, and hopefully will be able to
20 use some of the facilities which are existing in that
21 installation.

22 So in other words, when we envision that part of it,
23 the whole transformation will lead to some renovations and
24 some of the repair of the existing facility within the same
25 location, within the same installation where they are now.

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1 And in other situations where the troops are moving within
2 the corners within the continental United States from one
3 installation to another, and the beginning installation does
4 not have adequate buildings or facilities, then we have to
5 build. And so that would be the case for soldiers moving
6 from overseas into the compound.

7 MR. BASHAM: So part of the discussion
8 we will need to have here with you all, if we can, talking
9 about new construction and the way to package and procure
10 all of that, and maybe have a discussion about standards and
11 criteria and packaging. It could be some rehab-refurbish.
12 So we would like to talk about that.

13 And I wish I could tell you more. But quite frankly,
14 it's probably only two or three of us in the room that
15 really have any inkling where BRAC and restation is. And
16 quite frankly, if I started giving you some numbers, you
17 could start doing some math, and I'd get a phone call, and
18 so the phone will start ringing. And what are you doing
19 superseding the President?

Army.txt

20 SPEAKER: Fortunately more than I do.

21 MR. BASHAM: And that's your answer, and
22 you're sticking to it.

23 There again, if when May gets here and we get an
24 opportunity, we've got an inkling of what that is right now,
25 some of it. When we get a little bit further, we'll have to

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1 split that out, and that's going to further our discussion.
2 And along that same line, I would just mention to you that,
3 while this discussion, I understand, today is kind of at the
4 30,000 foot level, some of the data and information we can
5 give you, hopefully it's going to help us frame a general
6 direction we think that you can see us going in that you can
7 be supportive of and work towards. And then what we will
8 start doing over the next few weeks is start pulling
9 together some smaller groups of folks, and some of you might
10 be getting down in the weeds on the details of some of these
11 subjects. We clearly want to have another discussion to
12 better understand our appreciation for the pre-engineered
13 modular type industry to see what they can deliver, so we
14 will have another session with them and have a discussion
15 with others the same as well.

16 MR. TOYAMA: My name is George Toyama.
17 I'm from a small business in Hawaii.

18 My question is, if you did find a green space, and you
19 had a brigade that was going to move into that, would that
20 project be one contractor do all of the work, or do you
21 break it out? What would drive that decision, you know?
22 What would you do with that green space?

23 MR. BASHAM: I think right now the short

24 answer would be is, we don't know. We're open. What would
25 drive that decision process is the discussion we're having
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1 with you today like how to best package it. Is the best
2 just to package one brigade? A big brigade can be somewhere
3 between \$350 million, \$400 million -- \$350 million, \$400
4 million for the complete brigade.

5 The last couple of forums we've had, I couldn't get
6 people to raise their hand about their bonding capacities
7 for that much money. And so it might be the most -- we
8 perceive the most efficient package for us to do that, if I
9 put it on the street and one person raises their hand,
10 again, that's why we're having these forums. If the notion
11 is -- and I'm asking you all in a minute -- and again, I
12 don't want to release any trade secrets, but one thing we
13 need to have a discussion about is, what is the bonding
14 capacity out there?

15 And I understand that it's more than just an individual
16 package. It could be a series of packages that you get
17 yourself overloaded on. But that's important, because at
18 the end of the day, you've got a bond issue, and the issue
19 of a small business of bonding and what have you.

20 So we have to look at that. We're not of a notion
21 right now to just jump to put a complete brigade package out
22 if for no other reason than because of some of the feedback
23 we're getting on the bonding piece.

24 The other thing is that, I'm concerned about putting a
25 complete package out so that it becomes so onerous that I
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1 can't hit the ground running. So I mentioned I might
2 program a complete brigade, but the first thing I might
3 award is a separate contract to go out and do some site
4 work. Can I do enough pre-advanced planning to have that
5 generally laid out to go on and start doing that and putting
6 different packages together? So, no, I would not assume,
7 just because we have chosen to maybe program a complete
8 brigade that we can even package it.

9 Another example is someone said, you ought to break it
10 up and get consistency where you hire somebody to do all the
11 barracks, somebody the dining hall, maybe four or five at
12 different installations so you can get some repetition
13 there, get some economy of scales, get some returns and
14 stuff like that.

15 So those are all the type of things we're looking is,
16 what is the right combinations to get that.

17 Any other kind of clarifying --

18 MR. EDMONSON: Willett Edmonson of
19 Haworth. Recently there's been a lot of discussion on
20 sustainability issues, environmental issues. We have two
21 hours. Maybe it's inappropriate at this point, but
22 obviously that seems to be a change. Is that going to
23 continue?

24 MR. BASHAM: Yes. I will tell you, I
25 thought we had it up somewhere, but the Army will cover a
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1 little bit more. We're not moving away from the
2 sustainability. We're not moving from things like force
3 protection.

4 Now, having said that, can we do that better? One
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5 example, somebody told us that, you've got a great spec,
6 probably the best in the industry, to use to do windows.
7 But you know, when you put that window in that building and
8 you walk six inches away from the window, the rest of your
9 building is not at the same level as what you built that
10 window there. We need to look at that. Maybe it sends the
11 wrong message about the level of protection I've got in that
12 facility with that window.

13 Sustainability, I would tell you the shift we're making
14 in sustainability is only for the Army. It's moving away
15 from Spirit, and we're going to adopt LEAN. That's part of
16 this discussion, how can we move more toward the industry
17 standard? Why do we have to have a separate criteria out
18 here that in many cases is not that far off from the
19 industry standard.

20 And oh, by the way, the other piece is in the last six
21 or eight years, how many times has LEAN been updated? At
22 least three, I think. You might want to ask me, and Raina
23 said seven or eight years. I think that's when we first
24 developed Spirit, about seven years ago, six years ago,
25 something like that.

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1 MR. GHOSH: Five or six years.

2 MR. BASHAM: How many times have we
3 updated Spirit since then? So there again, I have to
4 develop a criteria standard out here I put in the industry.
5 Six years later, it's out of date potentially. Is that
6 driving part of my cost? Do I really -- when I say gold, am
7 I really getting gold, or am I getting six-year-old bronze
8 because I haven't changed it?

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13 question, and industry has suffered some pretty catastrophic
14 losses. So it's an interesting dynamic that places well
15 into your plan.

16 MR. HOLBROOK: Hi, I'm Jon Holbrook with
17 BPS & J out of Henderson, Nevada.

18 The comment I was going to make was with regard to
19 program management. I was wondering if you typically do
20 your own program management or hire A&E's to take on that
21 responsibility of insuring consistency between your multiple
22 packages.

23 MR. BASHAM: Traditionally in the past
24 we've done our own program management, from programming to
25 go to Congress to get the project authorized. Generally
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1 program management has executed that program.

2 I guess it's initially centralized in Washington, D.C.
3 with the Program Manager Office there, then it will filter
4 down to a regional program management for each region. That
5 will then filter down to a district program manager in
6 various districts. And quite frankly, that what I just
7 described to you over time is what has moved us to 112
8 individual projects. And while there's program management
9 in the broader sense in a \$2 billion MILCON program, I'm not
10 sure that's program management necessarily in the sense of
11 what you might be getting at of how you would package these,
12 how you put them out and deal with them. And I think that's
13 a question we've got to ask ourselves. I just tell you I'm
14 convinced -- and I was convinced before I came into these,
15 and I'm convinced with the last one we had here, that we've
16 got to move from project management to program management.

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17 We're having to have project management principles, the way
18 to go do it, but we just can't build 112 buildings each
19 year, year in, year out, and then accomplish any economy of
20 scale here. It's like the Ground Hogs Day movie. Every day
21 is a new day to start over again.

22 So I think that's kind of the suggestion you gave in
23 the overall program management. Hey, you better look at
24 managing that program. How would you package that project?
25 The districts look at packaging projects. By the time you
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1 get down to the district level, you're down to aegis again.

2 When I first came on board last year, one of the first
3 things I did was reduce the centers from eight to four and
4 we consolidated them. At the time, we weren't into the
5 discussion here. But in hindsight is, how can I find the
6 acorn? I think that was a good decision to do that.

7 So now next evolution of that is to have those centers
8 develop what we call a programmatic layout plan. This
9 notion I mentioned to you earlier, maybe I need to take
10 these centers and say, you need to develop a model RFP that
11 you're going to push forward with every district. You're
12 going to develop a level of standard and design that, when
13 developed, whether it's 50 percent or 90 percent or
14 80 percent, we're going to push that forward, and then we're
15 going to have these relationships. And every improvement we
16 have of that model is going to come back to that center to
17 crank into the model.

18 Wal-Mart was at our DC conference. They say they've
19 got a model for Wal-Mart. They make 140 changes to that
20 model a month. When they go out and procure 20 stores a

21 year, wherever it is, every change that's made to that
22 facility comes back to that center, and they look at that,
23 and say was that a change that was unique to that region, or
24 was that a better innovation to streamline that model. And
25 if it's the latter, they crank it into the model. The next
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1 procurement round they go, they go back out again.

2 I can't do that now. I go with hat in hand across the
3 street every time I have to take a reprogramming action.
4 And the Army looks at me and says, you were just over here
5 yesterday with the same change at installation X. What are
6 you back here for again? And it's hard for us to share
7 those lessons learned and get it cranked in the way we're
8 organized right now to do that. That's a big piece for us.

9 Any other clarifying questions here? Yes.

10 SPEAKER: I wanted to ask a question
11 about construction and focus about final product quality. I
12 want to take the approach from a design perspective.

13 On IDIQ contracts, there's a review package of
14 100 percent in the final. And our responsibility sort of
15 ends with -- it doesn't end there, but our contract ends
16 when we're done, but the construction continues. I'm
17 wondering if the Army is interested in having the A&E team
18 involved in construction to participate in scheduled
19 construction meetings, review shops, O&M, be part of the
20 acceptance and warranties, be part of the commission.

21 MR. BASHAM: I think that's one of the
22 options we can look at. I'll say that we kind of get there
23 in some direction with the design-build concept. Probably
24 if there's anything that we've accomplished in our overall

25 design-build is keep that designer married to that contract ⁹⁶
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1 throughout that process. It's always been a challenge for
2 us in the Corps to have a design and then to work that
3 design to fit in after that. It gets to the cost issue,
4 paying for that effort to go forward. We've got folks out
5 in the field overseeing that work. That's a valid question
6 to ask how do we crank that into the future.

7 Again, you've got a designer that's putting all of his
8 energy into developing a design for this facility that ought
9 to know the ins and out. So when it comes to looking at
10 shop drawings and submittals and reviews, why shouldn't they
11 be in the best position to do that in an expeditious and
12 expedient manner?

13 That's a great question, a great thought. We need to
14 know how we crank into that.

15 SPEAKER: You mentioned earlier, in the
16 specification, you list just about every document ever
17 invented by man. I would think that probably the very first
18 step you should start with is reasonable specifications that
19 could be reasonably interpreted.

20 And so if you have a mission statement, you can tell us
21 possibly how you're going to approach the present method at
22 some point creating one-sided contracting.

23 MR. BASHAM: Talking just a tad more
24 about -- I got the first part about the one-sided
25 contracting. Is that the risk --

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1 SPEAKER: No. You may have
2 specification that refer, as the adaptation specifications
3 go through, will end up having references to the
4 International Building Code and the NFPA, UFCA, on and on.
5 And then when you're trying to go through a design-build
6 process, you have different ways of interpreting that. And
7 the designer will select the method of interpreting that as
8 reasonable for the particular project. As well, you stamp
9 that project, and the contractor as well is willing to
10 warrant that project. But you'll go through, and
11 unfortunately so often, not until after you've gone through
12 three design meetings on this thing and you're into
13 construction, somebody says no, you will be doing it this
14 way.

15 MR. BASHAM: So the one-sided is we come
16 back later and say no, you will do it this way.

17 I think quite frankly we've got that -- we've got to
18 start out with a clean sheet of paper. We can't be talking
19 about how we're going to cut and paste the existing
20 specification we've got, so one of the things that the Army
21 will talk to you about and asking questions about trying to
22 get out of the standards and criteria is, if you had that
23 clean sheet of paper, what are those minimum or specific
24 code requirements? Is the International Building Code all
25 you expect? That's it. And NFPA, you add that to it,

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1 something else. What are the major components here that
2 you've got to add that gives you a basic level of quality?
3 Because at the end of the day, the codes, the stuff you're
4 looking at is itself specifying a certain level of quality.

5 And we say you pick the most stringent of all of them and
6 ratchet up every level of quality to the maximum we can get
7 on the facility. That's one thing we'd like to get feedback
8 on is, what is that?

9 Right now, the criteria that we're using in the
10 contracts that we awarded for the last \$2 billion, we used
11 the International Building Code. That's basic. That's all
12 we put in there. Is that all we need here?

13 Some of you told us there are certain things the Corps
14 of Engineers developed over the years that are better
15 than -- it's not necessarily better than the industry. The
16 industry doesn't have a standard, and you've got the right
17 one. And you can tweak them a little bit, so you maybe
18 don't throw out everything. So we'd like to have some
19 discussion with you that the Army will help lead here in a
20 minute to -- that would be good feedback. What is that base
21 level that we need to get to in that number of pages that
22 clearly, when you read that, we all understand that? And we
23 take out the annual review and come back and say later, no,
24 that's a designer preference or whatever. And I understand
25 that at the end of the day, you always get into the issue of
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1 that's the designer's preference or the architect's
2 preference. Part of that is my fault. Quite frankly, part
3 of that's an internal issue with me. It meets the purpose.
4 At the end of the day, if we're talking about
5 performance-related, then I want a house for the soldier or
6 wife or children in a facility to do something. If that's
7 performance-based and I can get that performance, I
8 shouldn't be quite as concerned about the steps I get to

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9 that. And quite frankly, we have to deal with the steps
10 sometimes. And you've got to clearly help us with all of
11 these steps.

12 MR. DUNCAN: Good morning. I'm Alan
13 Duncan with Carter & Burgess, and my question is related to
14 what you just discussed.

15 I think as a suggested category up there for a focus
16 group could be standard designs and criteria, because
17 there's intrinsic value in the big step that you're taking.
18 You're going to have standard building layouts,
19 arrangements, criteria, that will just settle a lot of
20 issues right away, because right now an operations building
21 becomes a standard unit rather than 24 different varieties
22 for each unit.

23 So I would personally like to see a discussion group on
24 standard designs and criteria. Thank you.

25 MR. BASHAM: Okay. Others have 100
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1 mentioned that as well. Even though we might develop -- in
2 the past look at one of our centers to develop a draft
3 outline for an RFP, by the time we put it out there to
4 20 some odd districts, it becomes 20 different drafts. We
5 have to go through this thing and try to figure out what
6 this district has put in versus what was in the last job we
7 built, because it's going to trip me up. And so clearly one
8 of the things we've got to get at is some standard in our
9 RFP, because by the time we put the project out on the
10 street and ask you all to bid them, you shouldn't be
11 spending your time trying to figure out what District A, B
12 or C has added to this thing that is different from the

13 others.

14 And we ought to have a standard model, and I would
15 suggest to you the simplest is, you've got a standard. And
16 if we had to deviate from the standard in any way for some
17 reason, then we ought to highlight that in yellow so you can
18 just thumb through it. If you saw three new points the last
19 time around, you can thumb through it just very quickly and
20 look at the highlighting. That's simple. Clearly we got
21 the message. But the notion is that, the Corps of
22 Engineers, the only thing similar in the
23 engineering-construction arena is, the minute you walk in
24 the door. All of you operate separately, differently. You
25 put different packages together to build the same

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1 facilities. It just drives you crazy trying to sort through
2 that. So we've got that message and understand it.

3 MR. GHOSH: Can I add a little bit to
4 that question? We do have internally within the Army a
5 process and a group which are already working towards
6 developing standard designs and a standard criteria, and
7 extending to the standard RPF standards. That group
8 consisted of members from the Corps of Engineers, members
9 from ACSIM's office, members from the Army staff offices.
10 So this is a group -- and also the members from what we call
11 installation management agencies, so this is a group which
12 are really the user part of the buildings, maintainers of
13 the buildings; and in a sense, we are the de facto builders
14 of the building on behalf of the Army.

15 What our plan is, once we come up within the Army some
16 kind of standards and -- prototype standards and criteria,

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17 then we will go out and seek out private sector's comment
18 and those so that we can align our standard. At the same
19 time, we want to make sure that we're not giving private
20 sector or you too much too late. And that's the tradeoff,
21 and we need your comments on that; what is the right level
22 of information for the standard. And in this case, our
23 first focus is the five facility types, how much is enough
24 adequate for that, and what we should be about? Thank you.

25 MR. DEGERSTEDT: I'm Ross Degerstedt 102
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1 from Coffman Engineers here in Seattle.

2 Historically, in working with the Corps on the design
3 phase, the designers and the Corps representatives typically
4 hold each other somewhat at arm's length. Coordination is
5 not necessarily the order of the day. In my opinion, this
6 enhances the time it takes to accomplish the task that you
7 want done and we would like to get completed.

8 Can you discuss for us a little bit what is being done
9 by the Corps to enhance collaboration and communication not
10 only between yourselves and the design communities, but also
11 between your offices? Your compadres in the Navy that
12 embarked on several exercises with Primavera and other
13 software packages to enhance that. Are you looking at
14 similar processes to speed up your design phase?

15 MR. BASHAM: When you say "other
16 offices," are you saying construction or other districts
17 or --

18 MR. DEGERSTEDT: Between the districts,
19 between yourself and construction contractors and between
20 your IDIQ support staff.

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21 MR. BASHAM: A couple things. The
22 former Chief John Paul started us down the road about this
23 notion that all the private sector had in common was the
24 door, so he was pushing us very hard instituting what he
25 called the Project Manager Business Process. One standard
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1 process is across the board.

2 Part of that package was what we call developing
3 Primavera from the network scheduling. Another component is
4 what we call P2, which is the package piece, coordinating
5 information together to be able to do that. So we're
6 working through that.

7 But I will tell you that the BMVP that's been
8 established so far is a pretty high resolution here, and so
9 throughout the Corps we're trying to ratchet that down. But
10 unfortunately -- and this is my view -- unfortunately, in us
11 ratcheting that down, what we've done we're ratcheting it
12 down eight divisions in 41 districts. While I had good
13 intentions, we started uniquely going down. And so at least
14 in the ENC arena, I'm going to put a stop to that and say,
15 we've got to have common processes and procedures. And how
16 can we put different groups together to come up with those
17 that represent the whole organization? And understanding
18 that at different points at different times, that process
19 and procedure has to be adapted and adjusted. But it ought
20 to have a change from some basic standards, and you ought to
21 understand why you're changing for that particular reason.
22 And quite frankly, you ought to have to document a little
23 bit.

24 So if it's a huge success or a huge failure, that's

25 feedback to the modeling again to the rest of the 104
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1 organization to say don't go there. We learned from that
2 experience, or we need to adopt this as a part of the
3 business process, and we all move in that direction. Again,
4 when we all make the shift to move, whatever we move to, and
5 you see it in the industry as one motion across the
6 industry.

7 So we're making some strides in that area internally.
8 We've still got a long ways to go. But there's a lot of
9 emphasis -- the current chief is dead serious about
10 including MVC. He's pushing very hard with getting
11 Primavera. Joanne will tell you he's going through the
12 spell of getting all the projects loaded into the system
13 when we started using it; how can that help us managing
14 better as a program versus individual projects, so we're
15 working through that.

16 MS. MCINTYRE: I'm Carol McIntyre. I'm
17 the Small Business advocate for the Northwest Division.

18 Under the other focus areas, and what I hear in my
19 experience, a lot of times in the small businesses -- and I
20 think we've even touched on it here -- is a lot of it does
21 come down to the field in terms of how the actual
22 administration and execution of that contract goes. And I
23 think that's something that we internally have to deal with,
24 because when we start looking at subjective things like
25 quality, and what the end result is, and the overarching of

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1 everything that's involved particularly when it's a small
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2 business, and we're supposed to be mentoring, I think some
3 of that is not getting filtered in the way that it needs to.

4 And again, it goes over towards, when we talk to
5 industry and we say we want them to do it, and I think that
6 in your previous comments we looked and we know a lot of
7 this may go to large business. We know the Air Force has
8 been a customer. We have done housing projects for Air
9 Force. We have historical data on it, what that problem is.
10 We also know where we fall relative to execution of
11 subcontracting plans, and yet we come in and use that as an
12 evaluation criteria. And we do have to be serious about
13 doing that, or else we are not improving.

14 That's just a comment. But I do also feel that
15 really -- I feel our construction reps, the guys on the line
16 out there, a lot of times we can talk theory and everything
17 all we want to, but when it comes down to getting it done,
18 we have to enable them.

19 MR. BASHAM: I understand that. And the
20 comment I said, before it's over with, I'll have to bring
21 every chief of engineering and every chief of construction,
22 if I have to go to every field office of the Corps of
23 Engineers to convey this message, you're right. And I think
24 both Cheryl and Mike would agree that it's applicable to the
25 small business groups out there.

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1 MS. MCINTYRE: I agree. And I loved
2 your comment about being critical of us and still loving us.
3 But it is true, we have to change.

4 MR. BASHAM: I agree completely.

5 MR. HUNT: Rollie Hunt, Strand Hunt
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6 Construction.

7 You discussed standardization of specifications and/or
8 criteria. How does that run into the individual based
9 standards that are out there that change from base to base?

10 MR. BASHAM: Good question. We should
11 clarify that to start with.

12 A couple years ago when the Army stood up the
13 Installation Management Agency, its primary focus was to
14 become the installation agency from the Army, to move us
15 away from 184 installation managers doing their thing, all
16 of them thinking they're doing the best in the world they
17 can do providing facilities for the soldiers. But I think
18 even the soldiers -- again, I look at this soldier. But
19 even the soldiers are saying, I think the olden days, but
20 the olden days ain't too far back.

21 Before we got into some of our more recent conflicts
22 the last few years, we moved troops in the United States
23 every few years around. And they say, well, gee, I'd like
24 to go back to the installation because they've got better
25 quality facilities. And it got to be you're got some haves

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1 and have notes here.

2 So the Chief of Staff of the Army said no, I want a
3 soldier, no matter where they go in our world or the United
4 States right now, we're going to have the same level of
5 quality facilities, so we stood up behind him. It's like
6 the young child trying to get its feet.

7 And just some of the examples I've used within the 41
8 districts, can you imagine trying to do that with 180 some
9 odd installations, getting them all working together.

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14 think that's part and parcel of what we're hearing initially
15 at the foundation. One more and then --

16 MR. DRAPER: My name is Bob Draper. I'm
17 with Burgess & Niple in Cincinnati, Ohio.

18 As far as business practice, I guess we would like to
19 see if the Corps of Engineers get the 1391 pricing real. We
20 as designers --

21 MR. BASHAM: Don't go off on me.

22 MR. DRAPER: We as designers and
23 architects and contractors expend a tremendous amount of
24 money to put these processes and proposals together. And
25 when the 1391, which I assume is where the government

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1 estimate is justified, if we put our package together,
2 submit it to the government, and then the prices that we
3 submit are anywhere from 50 to 100 percent higher than the
4 government estimate proposal, and we can't send out a
5 resubmission, we have just thrown away tremendous amounts of
6 money that we could never recoup.

7 MR. BASHAM: Clearly, that's one of the
8 reasons we established the focus area in the planning
9 program. And the piece of that is 1391 prep. We have had
10 discussions in-house about -- there's a number of things,
11 and there might be a lot more -- many of you are familiar
12 with the 1391 budgeting piece. And I would offer some
13 advice in that.

14 Just to give an example, one of the problems we face
15 with that is, even if we come up with the best estimate for
16 the facility, we're required to have to use the OSD
17 inflation factor -- O&B -- use the O&B inflation factors.

18 Traditionally, in the last two years, the inflation
19 factor has been 1.9, 1.8, somewhere in that neighborhood.
20 Has anybody seen that in the last ten years? I just had
21 folks tell me last year it was seven or eight percent.

22 And so if we look at our traditional process, by the
23 time we develop the 1391 and submit it, it's then generally
24 two years before it's authorized. If you've got a
25 three-year contract, and that estimate is to the mid-year of
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1 construction, that's another 18 months onto that, so it's
2 about three and a half years I'm projecting into the future
3 on this project, if I'm projecting that three and a half
4 years at 1.7 percent versus eight percent, you all can do
5 the math; you wind up to 25 or 30 percent as a minimum
6 difference. So we've got to talk about that.

7 But I will tell you, that's going to be hard, because
8 why do you think O&B uses 1.78 or 1.7? They use a higher
9 number so you can't build a larger program, so we've got to
10 look at that, so we've got to deal with that.

11 So we understand that the part of the problem of
12 costing issues and scoping issues that we have on our
13 project is the regional development of the 1391, and that's
14 just one small piece that drives that.

15 I would share anecdotal with you though that, out of
16 112 projects we had in the FY04, out of 112 projects we did
17 in FY04, 39 percent of them came in at the award time plus
18 or minus five percent of the PA, not too bad. Some 56,
19 57 percent of them came within plus or minus 10 percent,
20 which I believe, if I can get within plus or minus
21 10 percent, is good. But over 50 some odd percent of my

22 program was out that 10 percent, whether he's over or under.

23 In any case, it doesn't make any difference. I may be
24 saving a huge sum of money, but my problem is I should have
25 invested that huge sum and known a lot sooner to put it

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1 somewhere else versus it being over.

2 You're right, we've got to look at that. Clearly
3 40 percent of your program is going to be plus or minus
4 10 percent of what it needs to be. We need to have
5 90 percent of that program within that range, I believe. So
6 clearly we've got to look at that. It's part of the focus
7 area in the programming budget.

8 MS. GREENHOUSE: Don, there was a
9 question asked earlier regarding, the Corps of Engineers is
10 a project management organization, but you might be able to
11 help us in that arena in order that we can do it better and
12 meet the objectives that we are trying to meet, which one of
13 the participants described earlier that we're in a Catch 22
14 type of situation. How are we going to meet all these
15 objectives with them being somewhat competing, you know,
16 type of objectives?

17 But what you brought up is that about the project
18 management, and I just wanted to say to you we have some
19 experience using IV & V -- that's Independent
20 Verification -- Validation and Verification -- type of
21 contracts. We have done it for USAID in Iraq where the
22 Corps of Engineers has served as that IV & V.

23 And I don't know, Don, you might need that. If you're
24 going to reach these ambitious objectives, we might need to
25 have an arm to our project management in the form of some

1 form of IV & V to give us -- give you that support that your
2 contractors are really moving you forward, and at the end of
3 the day, you're going to arrive there with success.

4 MR. BASHAM: Okay.

5 MR. HOLBROOK: Jon Holbrook from
6 PBS & J. I just retired from the National Parks Service
7 after 30 plus years of federal service, and I also worked
8 for the Fish and Wildlife GSA and Coast Guard, and I have
9 done nothing but design and construction all of my career.
10 I've never seen any of the agencies I have worked for
11 use that 1.7 O&B criteria for pricing in the future. We
12 always used what we felt was the appropriate markup for
13 future use. Is that a Corps of Engineers criteria?

14 MR. GHOSH: May I just add, no, it's not
15 a Corps of Engineers. It's DOD-wide. And let me clarify
16 what we're talking about here as the markup. And if I may
17 go a little bit further on what Mr. Basham said that the
18 cost isn't real what you just said. It's the way the
19 system -- our present system collects the costs and
20 forecasts for the future.

21 Let's go back to the collection of cost itself. As we
22 check -- we look our projects, as we said, two to three
23 years back. And when we project this cost, we based it on
24 our historical experience just like the private sector does.
25 But our historical experience is going to go really a longer

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1 time between the award and completion of this contract. So

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2 for us -- for instance, let's say at this time, in the
3 project phase for 2005, what we are collecting, we are
4 collecting the results of 2004 projects which were awarded.
5 And the 2004 projects which were awarded, they were designed
6 a long time back. So if you add up on the historical side
7 of the picture, there is a tremendous gap between when we
8 actually wrote this project and when we are collecting.

9 On the other side of the house, when you are
10 forecasting this project, we are supposed to use the
11 inflation factor given by O&B through the DOD, and maybe
12 specifically for the construction projects. Maybe there are
13 different inflation -- there are different inflation factors
14 for different types of federal programs. But when it comes
15 to construction -- predicting construction at least within
16 the DOD, we are limited to use what the DOD sees as a future
17 projection from 2005 onwards, and that's the other side of
18 our problem.

19 If you could say your experience with other agencies
20 for building for construction, what kind of future
21 inflation? Is it given to you, or do you actually have your
22 own internal set of inflation factors? How do you do that?
23 I would be interested to know that.

24 MR. HOLBOOK: At the Park Service, we
25 used four percent. At the National Park Service, we used

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1 four percent as an average for future year projections. I
2 believe we used the same -- as I recall, all the different
3 agencies I worked with was four percent pretty much across
4 the board.

5 MR. GHOSH: And is that for construction

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6 programs?

7 MR. HOLBOOK: Yeah, exactly. That's why
8 when I heard the 1.7 --

9 MR. GHOSH: We get this guidance every
10 year at end of the year what is to be used for the next
11 year, and we update that on an annual basis. This year it's
12 about 1.7. We know from the year and other sources what is
13 the projection from the private sector as to the future
14 building construction costs, and you can see the gap right
15 there.

16 MR. BASHAM: This is clearly an area
17 that we're going to put on the plate to deal with. We think
18 we'll probably get some information from the Air Force and
19 the Navy as well to work that issue. That does get back to
20 one of the issues we've got.

21 Let me ask you this question here. I kind of started
22 out this morning -- and there are some others. You've
23 mentioned a couple others, I guess -- major big areas that
24 you don't think that we're looking at that we need to make
25 sure we're focusing on here, if we're asking the right

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1 questions and looking at the right things to get essentially
2 the time cost quality issue. And as I mentioned before,
3 just to give you a ballpark -- and as I mentioned before,
4 the \$20 million may take us three years to get. The minimum
5 when I started out this discussion as far as the staff, I
6 don't know what the number is, but I like to cut both cost
7 and time by 50 percent. That's the benchmark I'm working
8 against. Now, we may not get there, and I may be the most
9 disappointed person in the world.

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10 But to give you some notion, I'm not talking about five
11 or ten or fifteen percent. Those are you'll's business now
12 with your costs and time to do things. I'm talking about
13 trying to cut 50 percent from both of those design concepts
14 so we're talking about some major adjustments here.

15 MR. WILBUR: Jack Wilbur of Design
16 Alaska.

17 We talked a lot so far about process and a little bit
18 about relationships. And I think that we need to think more
19 about relationship building because, if you build good
20 relationships, the process will take care of itself. And in
21 relationships many times -- or the best relationships are
22 built on a local level. So part of the process, I think, is
23 giving more responsibility for selection of teams at a more
24 local level, because that's where relationships are built.
25 Relationships are built by neighbors. Relationships are

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1 built because you go to the same PTA meetings.
2 Relationships are built because you go to the same
3 professional society meetings, and those sorts of things.

4 And if you build relationships, then you can build
5 trust, and you can build the ability to forgive or
6 understanding. And once you build a relationship on trust,
7 then you can go to a team with very little information, with
8 just programming information and a budget, and rely on them
9 to deliver you a project with very little requirements or
10 restrictions, or that sort of thing, and get a project
11 accomplished.

12 That is the key difference that I see between the
13 private sector and working with the government or Corps of

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14 Engineers is that the private sector builds those trust
15 relationships, especially on the local level, and then can
16 get the project more easily accomplished.

17 MR. BASHAM: So the focus area for you,
18 what tools and what methods and what procedures help you
19 build those strong relationships? Okay.

20 MR. LEE: Calvin Lee from Havortz.

21 We talked about the two delivery methods of -- the one
22 that hasn't been mentioned yet -- and the gentleman that
23 just spoke now touched on it to some degree with
24 relationships, and that's more like a construction
25 management type delivery model where you get a team together

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1 very early in the process, whether it be local, and you work
2 as a team on a collaborative effort to reschedule costs
3 simultaneously.

4 Have you guys used that model in the past, or are you
5 looking at that model?

6 MR. BASHAM: If you don't mind, let's
7 hold that question. I'll ask JR to cover that when we look
8 at the acquisition area. We looked at that, we'll give you
9 some examples of what we've done so far, and we'll have a
10 discussion on that. But let's hold up for the acquisition
11 piece.

12 Any other major area you think we're not looking at
13 here?

14 MR. JELLI SON: Neal Jellison with Soltek
15 Pacific.

16 You mentioned cutting costs by 50 percent. As we're
17 all aware, a lot of our costs working with you are

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18 regulatory costs, whether it's environmental or
19 labor-related or whatnot. Are you looking at those
20 regulation aspects to see how you can streamline your costs
21 assessment?

22 MR. BASHAM: Yeah. I guess yes and no.
23 I would tell you, regulatory is related to things that we've
24 imposed upon ourselves, the Corps of Engineers regulation
25 requirements, yes. We wrote them, we can change them.

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1 Regulation by law, like finance and labor, Davis-Bacon, I'm
2 not going to change that. But now having said not change
3 it, we've heard in this forum here that, if you had a
4 notional idea that you can build some of these facilities
5 off site and have them brought on site, you're still not
6 maintaining Davis-Bacon, but you're paying a whole different
7 rate of Davis-Bacon in a pre-engineer environment to the
8 tune of almost 50 percent.

9 So you're still not going to get around that, but the
10 way you package it and the way you put it out will give you
11 a huge economy of scales.

12 The other thing that's attractive about, when you
13 started adding those together, again if you go in and round
14 up one or two of these brigade-sets, not use the BRAC but
15 the \$2 billion installation somewhere, somewhere along the
16 line, you'll overload the market with both material and
17 cost. So there again, this idea of being able to fabricate
18 some of this off site without an immediate market area seems
19 to be attractive in helping facilitate that area as well.
20 So there seems in some instances, if you can make it work,
21 you can get two or three benefits out of something like

22 that, but we're looking to wherever we can.

23 Our charge has been to not disregard anything just
24 because it's a law. Put it on the table. If we do decide
25 to go after it, it's probably not going to be something

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1 we're going to do tomorrow, because you go through the
2 process to do that.

3 But we've been charged with Mr. Whittaker, don't put
4 everything out, but don't come to me with a proposal that
5 says I've got to change these three laws before I can make
6 any of this thing work, because I'm going to start doing
7 something tomorrow or next year. Tell me what the
8 incremental changes I've got to do that leads up to some
9 other change before you try to pursue changes in the law,
10 I'm not going to do that.

11 And quite frankly, we're going to probably run into
12 some of that where he'll have to go fight and do it. It
13 will be easier than others.

14 I think in my notion of what we've had some discussions
15 with you all, just the packaging and acquisition piece of
16 this can give some of those requirements out there. And I
17 just would mention that the last one that you didn't really
18 mention, one of the others is working with the Small
19 Business Program. We put that as a major focus area here as
20 something we want to deal with. We're not going to discard
21 that, whether it's a sub or a prime basis. And we'll talk
22 about a little more, as she mentioned in her remarks, we
23 want to try to prep the battlefield to get you prepared to
24 deal with this and not be a hindsight to you. There are
25 some things that you can do to prepare for that, and things

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1 we can help you to prepare for that.

2 Any other major focus areas?

3 SPEAKER: One of the focus areas that we
4 would like to see, we do design-build for the government.
5 And we do the design-bid-build process.

6 When we've design-built, we have noticed that the way
7 that the contract is interpreted changes. Somebody touched
8 on it earlier, about when you go to the 100 percent design
9 process, we start building, and the government can come back
10 with a different interpretation later on in the project.
11 Later in the contract, we found this confusion at the Corps
12 level about how we interpret and move forward to the design
13 process and what these rules really are, because it's a
14 different dynamic than what it really is.

15 MR. BASHAM: Sure. So the focus area is
16 going to look at the process across the organization, and
17 wherever that process is, make sure it's consistent across
18 the organization.

19 SPEAKER: Interpretation of the
20 contract.

21 MR. BASHAM: Process and the
22 interpretation. Okay. Anyone else?

23 MR. BARRETT: This is my third time, so
24 I'll have to sign off after this.

25 You keep talking about speed. Have you considered any
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1 financing possibilities in advance of appropriation? Earth
2 Tech does a lot of design-builds and financing for

3 municipalities. I would be interested in hearing your
4 thoughts.

5 MR. BASHAM: Bunny touched on that in
6 her remark. I wouldn't say we exclude. That's a step
7 forward to talk about that being a viable option.

8 Let me give you one play on that that's close to what
9 we might initially have a discussion about. I use the
10 example that the installations of the future are going to
11 really become the home for the soldier and the family. It's
12 going to be their home. What's going to keep the family to
13 want to stay on post and play and eat? It's not going to be
14 building a massive commissary somewhere. I don't know about
15 you'all, but my wife isn't going to be too happy with a big
16 commissary to get a meal.

17 If you go to some of these major airports or a shopping
18 center, they've all got a food court. What if we built a
19 facility on an installation that had 20 boxes, and so it
20 would be a government-furnished box, if you want to call it
21 that, then we lease, rent, whatever arrangement we came out
22 with, with different vendors. We want to bring McDonald's
23 in, we want to bring a Piccadilly Restaurant in, different
24 eateries. And then the installation folks, people that use
25 those, will govern whether they stay or don't stay. And

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1 when you get less than 20 people a day that comes to your
2 counter, you're probably going to fold up your tent and go
3 home, and look and see who else wants to come in. Just like
4 I talked about earlier, as we change over time, the soldiers
5 and the family, their lifestyle is going to change, so I'll
6 think that gets a little bit what you're talking about. The

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7 way we feed the troops and the family in the future may
8 change in that respect. That's one option I think we can
9 look at.

10 We build our facility and lease our facility, it gives
11 you the culture change and our interests change. It's an
12 adaptable, flexible facility for us and keeps up with the
13 current trends.

14 MR. RICHARDSON: Could you explain more
15 what you meant -- in your terms what you really meant, if
16 you could talk about it just a little bit more.

17 MR. BARRETT: I'll be happy to take it
18 offline.

19 We're pursuing this with the Navy in a couple of areas
20 to support BRAC, and that to achieve and accelerate, we are
21 under discussion with the Navy. And I spoken about Colonel
22 Bob Barrett with the Army and with a couple of people in the
23 Air Force. And as the military looks out to accelerate
24 operation closure under the BRAC property so they can go
25 ahead and dispose, there is the sense that it may create a

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1 demand greater than they can afford. And so we are looking
2 at opportunities where we might be able to create a
3 mechanism where we could bring financing to the table to
4 accelerate that construction. And that's where it starts to
5 get complicated, and people's comfort levels begin to
6 change, depending on what mechanism you're talking about.
7 I'd be happy to talk to you offline.

8 MR. BASHAM: It wouldn't surprise me
9 we'll have the same issue before it's over for us as well so
10 we'll be able to keep up with the timeline for BRAC.

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11 MS. GREENHOUSE: What we were saying in
12 our focus is that this is not privatization in the sense
13 that we have legislation for. But I think it's worthwhile
14 talking about, because it is -- you know, it might be an
15 investment on your part to help us speed it up just as it is
16 with privatization, and we had legislation to guarantee, you
17 know, any loans that you would have made in case. But this
18 is now going to be after BRAC. I mean after the BRAC, not
19 like BRAC would be one of the challenges that you might
20 have.

21 But we're going to look at that, I believe, Don,
22 looking at that privatization model to pull out of that.
23 And then since Mr. Whitaker is our champion here, he can
24 certainly move legislation a lot faster. So throw it on the
25 table, what you're doing with the Navy, because we want to

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1 hear about it, so that he can use that as a leverage to get
2 some of that done.

3 MR. BASHAM: I will just share this with
4 you.

5 At the end of the day, whether it's BRAC or restation,
6 if we get a BRAC, and a decision is to restation, which
7 means the second one has been made, two things are going to
8 happen. Once the law is passed, there's a deadline to get
9 it done. And once the decision starts moving troops, the
10 troops are coming home. And they're going to move into
11 something, so the notion is there's not a sufficient amount
12 of funds out there to house these young folks, to come home
13 is not an option; take a seat, and we'll get to you
14 somewhere. We may be forced to get in that mode to have to

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15 deal with that. And right now, that's an unknown for us,
16 one of those we've got to look at how we're doing that.
17 We're not willing to take it off the table, because that may
18 come to us. It's just one of the unknowns and uncertainties
19 is how much is it, where it's going to be, what
20 installation, what part of it's going to be new
21 construction, what part of it's going to be rehab
22 construction.

23 Each one of those types of things drives you to a whole
24 different way of accomplishing that work. We can't be
25 sitting here, quite frankly, six months from now scratching

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1 our head and start thinking about that, so there's wasted
2 energy here. Just like all of you in the development
3 industry; you've got to look for a way to be there when it
4 hits, and that's what we've been challenged by today.

5 In one respect, I hope -- what I want to get here to
6 is, it may look like we're all over the map -- yeah, I agree
7 with that -- because I've got a lot of unknowns and a lot of
8 uncertainties that I've got to be prepared to try to shift
9 and adjust to. And just like the Army is trying to get the
10 modular units to go, and I've got to have some tools out
11 there from an engineer's perspective to plug into
12 accomplishing different things for different places. Yes.

13 MR. NEWMITTY: Excuse me. One more
14 question. Two actually. Carl Newmitty again.

15 In the speed efficiency question you were asked, is
16 there some way of determining how many QC's for what type of
17 facility? For instance, I'm aware of a vehicle maintenance
18 project that specifies eight QC's, a company operations

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19 facility that specifies eight, and a company headquarters
20 that specifies two. And I can't reconcile them. The
21 customer asked me that question.

22 And secondly, do you have some minimum standards or
23 expectations in terms of processing time on design
24 clarification?

25 MR. BASHAM: On design clarification?
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1 MR. RUNYANS: In terms of the quantity
2 of facilities, repeat the numbers that you --

3 MR. NEWMITTY: Yeah. I'm familiar with
4 a vehicle maintenance project that's valued at \$26 million
5 that the contractors were required to employ eight QC's on
6 that project. In another situation there was a company
7 operation facility that required six QC's, and then the
8 company headquarters required two.

9 MR. RUNYANS: You're saying QC here --

10 MR. NEWMITTY: Is there a uniform method
11 for determining how many QC's per type of project or per
12 size of project?

13 MR. BASHAM: QC is quality control
14 people on the job? I can give you a yardstick. My
15 yardstick may be a couple years dated, but when I was an
16 engineer, you could generally count one to \$1.25 million of
17 placement per person in the organization. I think there's a
18 resident engineer somewhere not very far off on that number
19 today. Generally we wouldn't -- are you talking about
20 government or contractor?

21 MR. NEWMITTY: Contractor.

22 MR. BASHAM: Oh, contractor. Generally
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23 we would not spec a certain number or have not in the past
24 that I'm aware of. We spec the quality control rep to
25 oversee the overall quality control. We may spec that

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1 you've got to have a designated safety person the job. Are
2 you saying a whole project directing that you've got to have
3 seven QC folks on the job? I guess I'm embarrassed.

4 MR. PEREZ: I'm Pete Perez. I'm the
5 current chief of construction engineering.

6 In Section 1451, which is the quality control specs, in
7 there is where we have our QC requirements. That's driven
8 by the size of the work what you're doing. So there is
9 where we identify what we expect you to provide. So when
10 you're there, it depends on what you're interested in.

11 MR. BASHAM: I'm familiar with that
12 different phases of the job require you to have a different
13 technical person in what the Army calls QC. So it could be
14 seven if you've got an electrical, mechanical and whatever
15 other systems. The fire protection system might require
16 that you have a particular discipline on the job. But I
17 think, yeah, I agree with that. I wasn't aware that it
18 specified a certain number.

19 Some cases may tell you that the superintendent cannot
20 be the quality control person. In some cases, the minimum
21 job will say that the superintendent can't be the safety
22 office depending on the scope and skill of the job. The
23 number relates to the disciplines that's going on with the
24 job.

25 Your other question was submittal RFI. Clearly, today

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1 your notion is you take too long, and we take days for a lot
2 of our submittals. Some of you already mentioned you
3 reserve the right to come back, even though we tell you it
4 was wrong information. Sometimes we do it too late.

5 In the future, when we're talking about here at the
6 time we're trying to get to. And the notion is that you're
7 going to make those RFI's within hours, not days, because
8 while we're asking how you can speed up to deliver, if I
9 don't and do business as usual, I still take 60 days if
10 we're going to have any type of shop drawings, I'm going to
11 take 60 days to do the shop drawing. Again this is part of
12 the risk-sharing piece. I can't just take it off on your
13 side and say I'm still doing business as usual. The shop
14 drawings have to be done in days.

15 Other groups have mentioned that people come together
16 to solve a problem, you've got to walk away from that
17 meeting with that problem solved and that answer made, not
18 going back to somewhere in Timbuktu, I'll get back to you in
19 a couple weeks and give you an answer, because under the new
20 concept, I think people are working, concrete's going in the
21 ground, dirt is being moved. I can't wait for that.

22 I guess the short answer will be, it will have to be
23 within hours. Part of the issue would be how can we set up
24 processes that will help hopefully minimize those number of
25 RFI's, minimize those number of submittals in the future, so

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1 that you can cut that piece out of the process.

2 MR. BAN: As we go to -- I'm sorry. I'm

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3 Gene Ban from the Pacific Ocean Division, U. S. Army Corps of
4 Engineers.

5 As we move more toward design-build, we will be
6 streamlining these things as far as supplemental
7 requirements. This would be all part of the team. The RFI
8 would be part of the design-build team, and I think this
9 will speed up the process a lot.

10 MR. OLSON: Court Olson, Olympic
11 Associates.

12 Just a vehicle of communication is a subject that I
13 don't specifically see up there, but we find an effective
14 tool is a web-based tool rather than using paper these days,
15 and that can speed up your process quite a lot. I don't
16 know if you want to add communication system or tools, but
17 that might help.

18 MR. BASHAM: Yes. Communication is --
19 again, kind of back to this gentleman's observation about
20 communication and relationships, or communications and
21 systems that you provided.

22 MR. OLSON: The vehicle of
23 communication, a web tool, for example, posting. And in
24 terms of RFI's or submittal review, it's instant.

25 MR. BASHAM: Something everybody can
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1 plug into it, have one database to work from. We have some
2 of that capability now, what we call a reasonable management
3 system for construction jobs to give contractors access to
4 that data submittal, and we can do more. My sense is
5 there's not much more in the focus area. We can come back
6 to that later. We were just trying to capture the idea if

7 there were any other major areas that we need to make sure
8 we're not missing here when we look at this.

9 Let's spend a couple minutes before we break for lunch
10 and go back to the acquisition focus areas. That's kind of
11 the one that I cut off a while ago. The gentleman asked the
12 question, I think, would we look at options like CM at risk
13 or design-build at risk. And all of us in the room here
14 could probably come up with a different term we call that.
15 But is everybody generally familiar with those two?

16 Yes, I think we look at that. I mentioned a notion,
17 we've got that I'm aware of -- and maybe JR -- I think I'm
18 aware of two that we're currently working on within the
19 Corps, one in Baltimore and the other one is -- Kansas City
20 is working the other one. Kansas City is further than
21 Baltimore.

22 But we're looking at those as design-build where you
23 hire the designer, and the designer gets the project to a
24 certain level. You bring a contractor on board. You get
25 him on board. It's not a firm fixed price. You work with
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1 that contractor. He's in the initial phases. Why we're
2 looking at Kansas City model right now is they're using the
3 contractor kind of as the construction manager,
4 construct-building, looking over the A&E's shoulder as he's
5 doing the design, offering his solutions as far as
6 construction to put into that. Even at the point -- some
7 point in time you might decide they've got enough here that
8 you start awarding some subcontracts, so the government will
9 be involved and then getting some subcontract awards. You
10 still don't have a price agreed to with the contractor. And

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11 that at some point in time, the notion will be where you got
12 that balance and risk between the government and the
13 contractor, then you can definitize that contract. And when
14 you definitize it, you'll probably have a contingency piece
15 in there that you and/or the contractor has the right of
16 access.

17 SPEAKER: Well, one of the things we're
18 finding as we're getting involved across the nation is that
19 when you guys talk about moving towards design-build, we
20 find the industry actually moving towards the construction
21 management. Especially some of the larger corporations are
22 moving away from the design-build concept. And what we
23 find -- one of the key factors in construction management,
24 when we get engaged in that type of model, you get a very
25 motivated team in very early in the process, and that can be

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1 right down to the subtrade levels, because all of these
2 different vendors, et cetera, they can bring different
3 values to the project at a lot earlier stage. That's where
4 we find the base value of a CM model.

5 MR. BASHAM: Let me ask you this. It
6 seems to me, when you say the industry is moving away from
7 design-build, it seems to me that's still design-build.
8 It's just a different acquisition way of getting that
9 relationship, that marriage between an owner, the designer
10 and the contractor.

11 SPEAKER: The CM method is really the
12 blend of the two previous models. It takes all different
13 shapes and forms. But like I had mentioned, what we found
14 is, the key thing is to get a team in together as soon as

15 possible in the process. Army.txt

16 MR. BASHAM: Whatever you call the
17 tools, back to that notion, the sooner you can bring in the
18 constructor to marry up with the designer and establish that
19 relationship with the owner early on in the process.

20 SPEAKER: Potentially with your vendors,
21 like you were talking about the prefab manufacturers, if you
22 get them engaged, they can all bring a certain value to the
23 process. We just found that, on some of the projects we
24 worked on, some of the more successful ones had been taken
25 more along that line.

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1 MS. GREENHOUSE: Don, with Alaska doing
2 so much with the design-build charrette, charrette and so much
3 of the charrettes being there, are you going to talk about
4 that as to when the contractors get involved with that
5 charrette concept?

6 MR. BASHAM: Yeah, we can do. I guess
7 everybody is familiar with our planning design charrette
8 process we've instituted. We don't do as good a job as we
9 probably should trying to bring on the designer and
10 constructor. In fact, somebody mentioned to me at the break
11 a while ago, why don't you bring on -- if you talk about
12 long-term relationships, why don't you bring on the designer
13 when you're preparing the 1391, then carrying on through.
14 The thing is, why we didn't look at that very closely so
15 far, there's such a gap between the 1391 and the 3086 right
16 now that we have hundreds -- if we began to look at
17 individual projects, we literally have hundreds of
18 contractors on board for an extended length of time. So if

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19 we're talking about developing some long-term relationship
20 with firms out there, that might a lot more palatable,
21 because you know they're going to be around.

22 I like the notion, if you can establish that
23 relationship, then you've got continuity. The industry
24 talks about the interoperability. How do we get better
25 interoperability? It appears you bring on the designer

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1 early on.

2 What also fits the notion is, other groups say in our
3 system right now, we hire an architect to develop an RFP,
4 and we tell that person you can't compete in the
5 procurement. And then we go out, and some of you have told
6 us, we're not going to do any more, because that isn't where
7 the money is. So you need to look at how you're going to
8 package these things, because some people just aren't
9 wanting to do RFP's. So maybe the notion is to bring them
10 on a lot more palatable. I really like that notion.

11 SPEAKER: That's what I was touching on
12 with the -- even beyond the design of the contract, even
13 bring it to further down in the level, before you develop
14 the 1391, you have the ability to get the creativity and the
15 imagination you were asking from the industry that perhaps a
16 certain selected individual can bring.

17 MR. BASHAM: Let me ask along that line
18 in the creativity piece, how do I maximize your ability to
19 be creative, at the same time minimize the amount of effort
20 I'm putting in to 112 facilities year in and year out. How
21 do I get to a model -- or can I get to a model and still
22 leave something out there for you to offer as an innovation?

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23 MR. HARRIS: Duane Harris with Pacific
24 Mobile Structures. The one thing I can tell you that we
25 looked for -- we're a very small firm and we're small
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1 business, but we dream of having a client come to us and
2 telling us, you go to work and you do what you do best. And
3 then if they have to get it out later, we can live with that
4 as long as we're paid fairly for that. What kills us is
5 when someone designs it from outside our industry who does
6 not understand our industry. That's all I'm saying. You
7 talk about Wal-Mart's, they know what they're doing. And we
8 know what we're doing. So do these other gentlemen and
9 folks. So I would say having us design the building, all of
10 a sudden, you've got us really interested in the project and
11 it's a win-win.

12 MR. DRAPER: First of all, if you could
13 tell us what you want instead of telling us all the steps to
14 go someplace. And I refer to this as the -- excuse me, Bob
15 Draper with Burgess & Niple.

16 I refer to it as the pretty rock syndrome. You tell us
17 that you want us to go out and do a thing. And we go out
18 and do all the steps that you ask. And then we present it
19 to you, and then you turn around and say -- we present it
20 and say here's a pretty rock. And the reviewer says no,
21 that's not a pretty rock, go get another one. We say, well,
22 what does a pretty rock look like? He said, well, I don't
23 know, but I'll know it when I see it.

24 I really like the Corps of Engineers. That's why I
25 said it.

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1 MR. BASHAM: I really appreciate
2 you'all's honesty. We're not going to get anywhere without
3 you being honest with us and tell it like it is.

4 MR. HUNT: Rollie Hunt with Strand Hunt
5 Construction. We've been in several RFP's lately, and the
6 RFP has to meet the RFP requirements, your proposal does.
7 And we have approached the government trying to solicit or
8 present better alternatives. The government has told us
9 that, if you have a better mousetrap but it doesn't meet the
10 RFP, we have to go out by amendment to all the other general
11 contractors and ask them for their pricing for the same
12 creative solution.

13 Why would a contractor go through the effort to come up
14 with a creative solution if it's going to be shared with all
15 his competitors on an equal basis? What you're looking for
16 is incentivizing the contractor to come up with that set of
17 ideas and create that to his advantage, not everybody's
18 level playing field.

19 MR. BASHAM: I guess we have to get into
20 specifics. I've been involved over the years -- we have the
21 ability to go out and invite bidders to come in and give
22 proposals. And part of the proposal process is to look for
23 that innovation. So you evaluate who is giving me the best
24 proposal. And it's not like you have to go out and share
25 that with everybody else. You've got to have the right

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1 contractual vehicle to do that.

2 MS. GREENHOUSE: Right. I call it the
3 rules of engagement from the beginning. It's in that

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4 solicitation. We can -- the government is always in the
5 driver's seat. We can decide that we're going to have
6 whatever that someone has used over and over a critical
7 mission function, and then we can always ask for
8 alternatives, you know, in that opening solicitation. Then
9 it doesn't require us to go back out for an amendment with
10 that. But it's all within -- and you're laying something on
11 the table for us right now to say that, in many of these
12 construction projects, there may be alternatives. So begin
13 your solicitation process, you know, with that ability to
14 give alternatives.

15 MR. BASHAM: Again, that might be part
16 of the consistency. How you interpret and package that
17 design-build is different, so we need to have consistency in
18 doing that. I would not disagree with you at all. I think
19 part of our notion would be, if you're going to do that,
20 that's part of the incentive to get the creativity. And as
21 many of you'all look over these forms -- and I got a lot of
22 cards from you'all -- and you're willing to talk to me
23 one-on-one about your unique piece, and that's to your
24 advantage, and I understand that. So we need to be pursuing
25 the creativity mechanisms out there, if we ask for that

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1 creativity and evaluate that and make the award based on
2 that without having to share it with everybody else in the
3 world necessarily.

4 MS. GREENHOUSE: Just remember the rules
5 of engagement follow the whole life of the process, not only
6 the solicitation, but even until that project is
7 successfully closed. And so if we didn't start off with

8 that alternative, then we've got to go out. That's the way
9 we've got to go out. And so you're helping us now to make
10 sure that alternatives are placed in there.

11 The same thing with conflict of interest. We don't
12 want -- in the government, we must mitigate all potential
13 conflicts of interest. So if somebody is working with the
14 1391, and into the budgetary process, they then will have a
15 clause in their contract to say that you won't be able to do
16 firearms work. But it's how you package that initial -- if
17 you're going -- if you happen to do the 1391, and you also
18 want them to do the construction management, it's going to
19 be a part of that original package that it doesn't come up
20 as a potential conflict of interest. It's how you package
21 them is what it's all about.

22 MR. RICHARDSON: We've talked about
23 CM-build, we've talked about design-build, privatization.
24 What other tools are used in the industry that industry
25 would share with us to help us deliver these projects?

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1 SPEAKER: The one we've been talking
2 about for the last few minutes is the cost alternatives,
3 savings alternatives. The gentleman touched upon why should
4 I put all this energy into creativity and time towards
5 coming up with a creativity option for you if it's going to
6 be shopped. That's like your intellect. Why would you shop
7 it on the street?

8 So I guess we just finished going through the big
9 process where it's a matter of how you set up the contract.
10 But I think it was touched on in the beginning, you guys
11 have got sort of to let us know where you want to be and not

12 tell us how to get there. Keep your deliverables at that
13 level, so that -- that's, I think, the only way you're going
14 to get the creativity from individual vendors especially.
15 That's where we find our creativity comes from when we get
16 the opportunity to come in and show them there may be a
17 better way to do it.

18 But yeah, I would say you're very restrictive. If I
19 felt that I came to you with a new way to deliver electrical
20 or deliver an air system, and then it gets shopped to the
21 street again, probably the next time I would not be so
22 motivated to put that innovation into it.

23 MR. GHOSH: Just to follow up to that, I
24 think we -- I just want to make sure I understand. Are you
25 talking about that aspect, or are you also talking about

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1 something related to the intellectual property right where
2 you have a creativity solution for the government with your
3 innovations and everything, and the government has the right
4 to use it. Is that also the aspect you are referring to
5 here, or are you just referring to the first part which is
6 that you have consumed a lot of energy to have a creative,
7 innovative solution, and then it's been turned down or
8 revised? Which side are you saying?

9 SPEAKER: The intellectual property as
10 far as the government being able to use it, it's more of the
11 shopping of the intellectual property out on the street to
12 try to get a similar solution. Some companies put a lot of
13 R&D into certain solutions; and then all of a sudden, you
14 know, that solution gets shopped on the street. It's a lot
15 easier to start when you have a starting position versus

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16 coming up with creativity and solutions. It's just that we
17 can spend a lot of time on R&D, and then all of a sudden the
18 idea of it -- that actually scares me -- the idea that it
19 would be -- the solution would be put on the street to see
20 if somebody can add to it or match it and not put that
21 invested energy that we had already put into it on that.

22 MR. GHOSH: Not getting return for your
23 investment.

24 SPEAKER: Right.

25 MR. MYERS: My name is Gregg Myers. I'm
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1 with URS's Seattle office. We do a lot of project
2 construction management and design work for public
3 universities, and I go to the public universities, because I
4 think there's a lot of lessons that can be learned from them
5 in that they have tried to emulate the private sector
6 through the implementation of using CM's at risk. However,
7 not as I have heard here today -- or maybe I misconstrued --
8 but not with the design team under the CM at risk but under
9 separate contract.

10 I think one of the two lessons that can be taken from
11 the universities is, they have not yet implemented but are
12 moving towards is one CM at risk has not been allowed to
13 self-perform at a level that they need to self-perform at to
14 reduce the contingency that is required in the budget. They
15 need to self-perform at a high level, and that's not
16 happening. All right.

17 The other aspect is that bringing -- the general
18 contractor has to be brought on earlier in the process.
19 Oftentimes the public agencies aren't bringing the general

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20 contractor on until the design team has gotten to a point in
21 the design process where the general contractor can be a
22 fixed price, a guaranteed price, that typically if they're
23 brought on late in the game, the advantage of the
24 participation of the team is diminished substantially.
25 There's nothing that would not permit them to be brought on
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1 earlier in the process and really brought on to work from
2 the prequalification standpoint and can really be
3 participatory, and also make them more responsible to the
4 budget because you now require the design team to design it,
5 so that they're working collectively. I think those are two
6 hurdles that can be learned from the universities and
7 implemented in the contract.

8 MR. BASHAM: Help me a little bit. When
9 you say the first piece about being allowed to self-perform,
10 what do you mean?

11 MR. MYERS: Well, for example, I believe
12 in our state, the general contractors is allow to
13 self-perform, in other words perform actual construction
14 activity up to about 20 percent of the construction value.
15 The rest of the project has to be competitively bid out. In
16 essence, what you end up with too often is you end up with a
17 general contractor who becomes a broker. If they can
18 self-perform, they will do a lot better job at estimating
19 their pricing, because they're going to perform it. If they
20 have to bid it out, they won't know what the bids will come
21 in at any more than I do or you do.

22 MR. BASHAM: I got it. So for us, where
23 we don't necessarily specify a certain percentage, you have

24 a subcontract out overall that would manifest itself in our
25 program in the percent of, I guess, subcontracting out to
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1 small business. Okay. Is that fair? Got it. I don't
2 think there's any question that we've got the message that
3 not only in this forum but others that, whatever these
4 relationships are, you've got to get them married up earlier
5 on in the process. If you're going to really get innovation
6 in the design construction piece, you've got to get the
7 designer and contractor together early on so that you can
8 really maximize it. You're moving from a notion that this
9 builder here is just a builder itself. Here's the facility
10 design, now build it to the point now you're saying the
11 builders bring some innovation to the project as well, even
12 if it's expertise to the table. If you don't bring anything
13 to the table, the designer gets into the design to the point
14 that you can't turn that around. It's too late to try to
15 turn that around. We agree that whatever that relationship
16 is, it's going to be further along in the process.

17 MR. WILBUR: Jack Wilbur, Design Alaska.
18 And I don't know how to put a name to it or a term to it,
19 but what I see as a major way to save both time and dollars
20 is get rid of the RFP process entirely, and so that you are
21 going directly -- and I don't even like to separate the
22 designer and the contractor as two separate entities. We
23 need to start thinking of them as a single entity. It's a
24 contractor who designs the project for you, or a designer
25 that constructs the project for you. And going directly to
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1 that team on solely a qualification basis, no price
2 involved, qualification-based, select the team right from
3 the beginning, and then you skip that whole predesign RFP
4 process which takes six months or more, costs you lots of
5 dollars. And so that I see as a way to save time and money.

6 While I have the microphone, just a couple other
7 things, is that, as far as the Corps of Engineers
8 representation in the field during construction, those
9 representatives need to move away from checking up on the
10 contractor to answering the contractor's questions. They
11 need to be there so they're johnny-on-the-spot to answer the
12 contractor's questions so the construction can move along
13 efficiently rather than being there just to make sure the
14 contractor is doing what he's supposed to do.

15 One other a little bit off the subject, but talking to
16 something that you broached is, how do you make military
17 families want to live on the installation. I think that's a
18 no-win situation. I don't think you can ever create that.
19 What you need to do is move the families off the
20 installation, move them into the community. They can be
21 separate little subdivisions like 801 housing, but get them
22 off the base and into the community, and then they will
23 truly enjoy the sorts of things that the private sector
24 enjoys in the community.

25 MR. BASHAM: Okay. I've got a quarter
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1 after 12. Why don't we try to break for lunch. What I'd
2 like to do when we come back, I'd like to start off with a
3 discussion that goes something like this. His discussion

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4 about doing away with an RFP, hiring essentially a design
5 builder in one entity to do the work, some of the feedback
6 we heard from other forums, they say I don't like this, I
7 don't like to be married with the contractor through the
8 group over here, bring the designer on board, bring the
9 contractor on board. We, the Corps, are really kind of the
10 CM person that's striking that balance. So I'd like to have
11 some more discussion about that.

12 But along with that, I'd like for you to also have
13 discussions -- and if you want to wrap it around this RFP
14 type thing. And I really think it's not the RFP as much as
15 it gets back to your original comment about the
16 relationship. But think of the two major pieces here, the
17 new facilities and the rehab facilities. Okay? In new
18 facilities, I'd like to have a discussion about how can I
19 better package them as a program, because one barracks is
20 the same, one dining hall facility is the same whether it's
21 by installation or by region or on a national basis, i.e.,
22 the notion I have a model out there, I'd rather use that
23 model to whatever maximum I can get it to, and then ask you
24 to take it and adapt-build it, because it's repetitive.

25 The other model would be, where we're going on and
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1 using existing facilities on existing installations and
2 refurbishing and rehabbing those. Obviously I don't have a
3 model for those. And so those are kind of the one on the
4 aegis. There's not much I can do about that, so that's
5 going to require a different packaging, differing potential
6 relationship, or maybe it's the packaging that's different,
7 the relationship isn't different. It still gets the

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8 design-build. You still bring the designer and the
9 contractor on board so they're married before they get
10 there, whether we make the marriage.

11 I'd like to have a little bit of discussion because, if
12 those are the kinds of two packages that we're heading for,
13 there will be a lot of new facilities, there's going to be a
14 lot of rehab facilities. It seems to me I'm missing -- a
15 lot of our discussion here is procuring one facility at a
16 time. I'm looking for some discussion about, well, I'm way
17 out in left field here. There's so way that you can get
18 economy of scales to some of these facilities. I clearly
19 understand I can't get economy of scale necessarily in a
20 rehab type facility. I've got a large piece of this that's
21 new construction work. Surely I can get some economy out of
22 that. That might be an engineer that resolves that model,
23 that takes care of that model, that updates that model for
24 me. I understand that.

25 I'd like to have a little bit of discussion about that
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1 and pass it around those two different pieces, what's the
2 RFP look like, what's the relationship it's going to look
3 like, how you get there, and maybe get back to programming
4 issues. Does that make sense to you?

5 MR. RICHARDSON: Can I just add one more
6 thing? We really need to engage a group on bonding, because
7 it's going to get to packaging. And so we really need some
8 feedback in that area, because that's going to control,
9 quite frankly, how we slice and dice or how we put these
10 things together.

11 MR. BASHAM: So that would be part of

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12 the packaging, what's the maximum limit in packaging. If
13 you don't want to talk about specific dollars and volume
14 capacity, if you can give me some idea, \$100 million,
15 \$250 million projects doesn't bother you seems to be good,
16 what are the limiting factors to that?

17 MS. GREENHOUSE: I'm an old teacher, so
18 I can belt it out. You know, I want you to know one
19 thing -- and I think Don will support me on this -- is that
20 we are not averse to, you know, getting a qualified group
21 for whatever it is that you need. But one part of that
22 equation always has to be effective competition. We want
23 every contractor out there and every nook and cranny in all
24 of you sitting here to be a part of those qualified teams.
25 So think about how are we going to get effective

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1 competition, because I don't want a qualified team that's
2 going to be hanging around for seven, eight, nine years.
3 You know, that's the very best qualified team. How are we
4 going to get all of these skills, and where are we going to
5 talk about the breakout of the nonservable type of
6 capabilities that we may not have to put under an umbrella
7 type team.

8 So that's something that we want to think about, is
9 effective competition that everybody in here can have a role
10 to play in this in some way and somehow. We know that
11 that's not the reality, that everybody will be playing, but
12 if we focus toward that, I think we will think of a
13 different type of programmatic qualification, team
14 qualification and so on, so that it stretches and includes
15 more, and it gets that innovation from the ones who may not.

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16 But we need to break out some things and not place them
17 under the umbrella.

18 MR. BASHAM: Thank you. Do you want to
19 tell us about lunch arrangements?

20 (Break taken 12:21 p.m. to 1:47 p.m.)

21

22 MR. BASHAM: If you'll take your seats,
23 we'll get started. Let's see if we can get started back
24 again. I value your time. I have a 10:35 plane tonight, so
25 I've got all day.

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1 Having said that, my intent is not to keep you until
2 5:30 just for the sake of keeping you until 5:30. I'm done
3 playing now. So when we're done, we're done, we want to go
4 home.

5 As I said before, before we went to lunch, I wanted to
6 kind of see if we could get a little bit of discussion about
7 how we would look at the RFP for what you would call new
8 construction or major rehab construction. And clearly any
9 of you who do work for us and you look across all of the
10 Army installations, none of the Army installations, quite
11 frankly, have an unlimited amount of land to work from.
12 Some of these that you heard mentioned today using 70 acres,
13 that's just facilities grounds, not counting all the
14 stations. So there's not going to be a lot of in-field
15 associated with this, so there's going to be a combination
16 of new construction and rehab work as well. Either one or
17 more of those can be a strange condition.

18 So I'd like to have a little bit of discussion about
19 what would you see, if you look at the complete procurement

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20 package, how would you develop that package, what would it
21 look like for new type construction for different facility
22 types, and would you have something similar for rehab?

23 Let me start out with the big one here and get that out
24 of the way. That will help us also have a better
25 understanding as we talk about these packages. Let's get

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1 back to the bonding issue. And I'm open for discussion on
2 how you want to have the discussion, but I need to get a
3 feel for what's the range of packaging that accommodates a
4 large set when you get out there. And I'm not saying one
5 size fits all. I'm trying to find that upper limit by
6 working from the upper limit back down. So is it a range,
7 \$100,000 to \$200,000? Is it \$200,000 to \$300 million? Is
8 it \$300 million to \$400 million? Is it half a million?
9 What is the range of packaging? And does it make any
10 difference what that packaging is, whether it be rehab type
11 work, reconstruction work or whatever? That allows you, I
12 guess, to not have to ask the question or deal with the
13 questions about bonding. That's the problem for you. Yes,
14 sir.

15 MR. RITNER: I'm Paul Ritner from JKT
16 Development, Inc. I personally want to address the last
17 question that JR asked this morning about the variation on
18 procurement packages.

19 We just finished a project last December for the Navy,
20 and it was one where they were applying this program at one
21 project in each region, and it is design-build with a
22 mandatory five-year maintenance period that allows them to
23 accelerate the recycle more loosely -- not more loosely, but

24 leave more interpretation but leave more decisions up to the
25 design-build team, and it guarantees in five years it will
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1 be turned over to them in as-new condition. It's a small
2 arms training center, state of the art, to the Navy at
3 Subbase Bangor. And it's a hard user project, so after five
4 years they are assured it will be a new product.

5 The second thing addressing your question here about
6 bonding, we are currently involved in a 14-barrack project
7 at Fort Carlson, Colorado, and it's rehabilitation
8 renovation of 14 barracks. The total value is
9 \$74.5 million, one year, a small business. But it was
10 issued as a negotiated IDIQ with 14 task orders, and each
11 task order is immediately bonded and has some overlap. It
12 was a rollover, so we're using less bonding capacity for the
13 overall project.

14 MR. BASHAM: Okay. So one option is go
15 to the large contract and break it up into task orders.

16 That's a pilot program with the Department of Defense.
17 It was budgeted what, three years ago, a couple years ago
18 anyway. We were doing five or six projects. The Air Force
19 was doing five or six. We have the requirement to write up
20 a joint tri-service back at the end of that five-year
21 period. The problem is going to be, we'll expect you've got
22 five years. We're supposed to report back in five years.
23 We'll have much more than of the facilities built in five
24 years, so we're going to give them a report and do a
25 follow-up later with others. That is a Department of
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1 Defense initiative. Each one of us are working together
2 picking out different facility types that we can put in the
3 package and say what seems to be good out of all of those.
4 And that might be an option down the road is, do you have a
5 design-build to operate and maintain? Is the incentive even
6 further that I've got to maintain this facility for
7 10 years, 20 years, 5 years, whatever it is, will I build
8 more here down at the end. And I think it's a viable thing.
9 I think the thing that we would need to learn, at least
10 initially in the Corps, the one we bid so far, there really
11 is not a whole lot of interest in one at a time in five
12 years. It just gets your bond tied up on one project. It
13 gets your staff tied up on one project. So there again, it
14 gets you to having a discussion, maybe make some good
15 concepts, should it be longer, should you package more of
16 them, how can you package more installations, things like
17 that.

18 So I think it's a viable option and may even get, if
19 you don't solve the detail piece and the financing piece, if
20 I solve the financing piece and I can't solve the O&M piece,
21 here's the way to deal with the O&M piece. Back here.

22 MR. JELLI SON: Neal Jellison, Soltek
23 Pacific. In response to your question about bonding, I
24 think the industry is built around general contractors
25 building a structure, whether that structure is a

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1 residential house or a high-rise. I think the norm for
2 bonding depends on the size of the structure which is driven
3 by how big a project you have. For most of us that go out
4 and do \$20 million buildings in one bonding thing, it's

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5 going to wipe us out. For us to do one building isn't too
6 much a problem. I think that's where interest has been. So
7 if you want to ease most people's bonding concerns, that
8 will be the direct approach.

9 MR. BASHAM: Okay.

10 MR. NEWMITTY: Thank you. I'm Carl
11 Newmitty. Am I the only bonding person in the room by the
12 way? I can say anything I want now, right?

13 Just by way of some background, bonding is -- it's a
14 finance industry. The entire industry last year was equal
15 to \$4.2 billion. So if you scale that with Costco doing
16 \$45 billion on double A batteries and paper towels, or
17 Boeing doing \$65 billion in aerospace and so forth, you can
18 see that it's a minute industry that supports the entire
19 construction industry, and it's been under heavy duress over
20 the past four years.

21 When you take a look at large and small projects, if
22 you're talking about the one project in the \$300 million to
23 \$500 million range, that's going to be difficult for the
24 likes of anybody, a case in point being California is trying
25 to build the Oakland Bay Bridge. The industry can't come up

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1 with the capacity to support that. So if you take other
2 contracting vehicles, collect a group of contractors to
3 participate, then you're going to take that battalion with
4 four barracks and company ops. and headquarters, and you're
5 going to have four participants, not all of which will take
6 on that full lump sum. You can process that efficiently
7 that way. The Corps has the advantage of being on the
8 preselection process, and the qualified participants will

9 accomplish the goal. The single project can be difficult to
10 come by because it is severely limited by competition.

11 MR. BASHAM: Let me take yours and the
12 gentleman back there, all three of you. Let's say -- we're
13 not going to get there again. Let's say we've -- again, all
14 of this discussion this morning about the success here is
15 building long-term relationships, having repeat business.
16 So I have a large contract out there. Let's say it's
17 \$400 million. But again, it's a structure that you can
18 deliver, or maybe a structure you get three or four folks
19 into. I think that's the gist of what you gentlemen are
20 saying. You've got to get it broken down in bite-size
21 bites. What's the bite-size bite then? Is it a combination
22 of \$50 million, but I can't take three \$50 million within a
23 certain range of time. Individually \$50 million is not
24 much, but if I turned around to all three of you or five of
25 you that were competing and turned out three or four of

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1 those packages to each of you, now you're up to \$100 million
2 within a two or three-year period of time. Is that a
3 challenge for you? Can you see what I'm trying to figure
4 out?

5 I think we understand the notion that you can't put
6 \$400 million out there. The only place that's been done in
7 the world, quite frankly, is our Civil Works Program, and I
8 built one of the Florida lots in the system. And
9 unfortunately it was a trial venture. And before we got
10 done, one of the trials went under and almost took the other
11 two ventures under. So I understand those relationships are
12 a huge undertaking to do that. And to build large lots of

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13 dams, you've got to break them down to some extent.

14 So we're not talking about necessarily putting that
15 single procurement out there, but I am talking about it
16 could be an IDIQ of a large amount. What we're trying to
17 get at is what is that incremental range that's going to be
18 broken down; not only the incremental range, but how many of
19 those are stacked up for any one individual over what amount
20 of time that you can deal with it, deal with it individually
21 and maybe deal it with selectively as the surety community.

22 Am I asking the right question to get here, or is this
23 too broad?

24 SPEAKER: Let me take a stab at it if I
25 may. What the surety industry will do, it's a

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1 prequalification or preselection process, so it will
2 determine -- by way of not making the bond credit available
3 to contractors, it will determine what in their opinion is
4 the appropriate single project and aggregate program
5 available predicated on some basic standards. It's a little
6 bit subjective, but it's capital and enterprise. It's
7 financial resources, test management, proven track record,
8 the same things that you look at on a pre-qual. You look at
9 past performance records and various other considerations
10 that the surety would be available or not be available. So
11 again, you've got an IDIQ.

12 Let's say it's a budget of \$5 million over five years.
13 Then the task orders or delivery orders are scaled for a
14 contractor small business. The large contractors wouldn't
15 be too interested. If you take that and scale that up to a
16 single contract where you talk about hundreds of millions of

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17 dollars over a period of time, you're not going to get a lot
18 of small participants because the task orders or the
19 material is much larger.

20 MR. BASHAM: Back there. What I'd like
21 to get is both.

22 MR. MCDONALD: Rick McDonald, Pease
23 Construction. We're a small business general contractor,
24 done a lot of work with Boeing for the last 20 years.

25 In simple terms, small businesses, I think what,
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1 \$27 million on average over three years. When we asked the
2 question earlier, how many here have small businesses, most
3 of the hands went up. The simple question to -- the answer
4 to your question is, with that kind of a bonding factor,
5 most of the contractors in this room are right around
6 \$27 million max per given year.

7 MR. BASHAM: Anyone else? Right here?

8 MS. CABRAL: Just to add some
9 perspective -- Elizabeth Cabral from Stronghold Engineering,
10 formerly a small business, now being very successful as a
11 large business -- well, a small-large business, let me say
12 that, a tiny-large business. What I look at and something
13 to keep in mind is, if I have my -- for example, State
14 Department, by GSA, my Navy as well as my Air Force, large
15 IDIQ's are already on the table with five-year or eight-year
16 programs, and I'm going to take a look at the Corps as well,
17 so there's another piece of my thinking to take a look at
18 for sizing concern.

19 But I know in the past, particularly the numbers the
20 Navy has used in the past, I've seen 8(a)'s going out for

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21 their \$50 million program for five years. I've seen them
22 now for \$100 million. It seems that \$50 million and now
23 \$100 million, I have seen more recently programs which are
24 \$1.2 billion.

25 MR. BASHAM: Even that \$1.2 billion, 158
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1 that's still broken down and spread out. Somebody told me
2 20 some odd contractors, combination of large businesses and
3 small businesses, still get it broken down into small and
4 large.

5 MR. HUNT: Maybe this may give a little
6 different perspective. I'm sorry, Rollie Hunt with Strand
7 Hunt Construction.

8 Like someone was saying that limit for small businesses
9 is \$27 million. Typically, they don't like to see any more
10 than 50 percent of your capacity in one project. So if you
11 want to really involve the small business, if you break it
12 down to \$13 million or so, you'd hit that mark. In our area
13 here, we figure that anywhere from \$10 million to
14 \$50 million, you're going to have as much competition as
15 you'd like to see in those projects.

16 Above \$45 million or \$50 million, then you start
17 attracting what we call the travelers, which is still you
18 get plenty of competition, but then you get the national
19 contracts so that the contract is large enough that they'll
20 come into our area. So you can get competitive bids the
21 larger you go. It's just whether you want to address small
22 business, whether you want to address the contractors in the
23 local area, or you want to attract the contractors from the
24 national area.

25

MR. BASHAM: Yes. Right there.

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1

MR. DUNCAN: I'm Alan Duncan with

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Carter & Burgess. To take advantage of the specialization

3

required or the specialization capabilities within the

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industry, if you divided your programs, first of all, by

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facility type, so you have, let's say, four facility types,

6

it will take on a four-dimensional model. So you have a

7

facility type called Category 1; regional area qual. No. 2;

8

and No. 3 would be size of projects. So if you had those

9

three all mixed in, you would get the specialization in

10

housing. And traditionally housing people don't build

11

office buildings, they build housing, so you get the

12

expertise. The office building group would be one category,

13

and you could have people that are specialized in the

14

developer type or business type office buildings.

15

So if you had those three elements all cranked into one

16

deal, the bonding capacity would take care of itself with --

17

that would be the fourth item. Size of project would be the

18

fourth item, zero to 10, ten to 40, over 40, something like

19

that.

20

MR. BRITZ: Bill Britz with Butler. If

21

we look at this project as a national program and maybe not

22

break it out by buildings but maybe break it out by some of

23

the more complex or risky divisions, you might make some

24

sense. You could come in, possibly to the site work, and

25

then maybe do the individual for building shells, and then

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1 finish out that building which is the less risky area to the
2 small business, that might make some sense, your site work
3 guys, that type of thing. I know that our company certainly
4 has the bonding capacity as needed to be able to do a
5 national program with putting shells up. But maybe a good
6 way to break it up is to just break it up by building rather
7 than break it up by major divisions.

8 MR. BASHAM: Okay. Those two concepts,
9 break it up into facility size and break it up into
10 divisions, which I'm not too sure in some cases, in some
11 aspects, might be too far from the facility type.

12 Any others? We've been talking about bonding, and I
13 think you've got a sense for it. Let me ask you this kind
14 of see -- I'm sorry.

15 MR. WILBUR: Jack Wilbur, Design Alaska.
16 One possibility that I haven't heard mentioned is to do away
17 with the requirement for bonding. That actually places the
18 risk -- the government is taking some of the risk. And your
19 comment was, how do you share the risk. And that should be
20 more amenable if you are associating with contractors you
21 trust, contractors you've worked with in the past,
22 contractors you know can do a good job, contractors you know
23 can complete projects like that, and then just carry the
24 risk yourself.

25 MR. BASHAM: Got it. I'm not saying 161
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1 it's not a bad idea. It's a good idea. There are
2 definitely some challenges to that. We have to say though
3 that that is shifting the risk the other way. Do you agree
4 with that?

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5 SPEAKER: The bonding companies take the
6 risk. All you'd be doing is taking the same risk the
7 bonding companies are taking right now.

8 MR. BASHAM: We're self-insured with the
9 federal government anyway, so what is the big deal?

10 MR. JOHNSON: Gary Johnson with
11 JV Contractors. On the issue of bonding, have you
12 considered at all allowing flow-down bonding of projects, so
13 that when you're putting teams together -- we've talked
14 about an awful lot at Johnson we went past the small
15 business qualification. Bonding isn't necessarily an issue
16 to us, but we do an awful lot of CM. And in our CM and our
17 PM world, even when in a prime position, call it CM at risk,
18 whatever you want to call it, a lot of our contracts are
19 allowed to flow down. And what it does, we will start
20 reaching out into specialty types of areas, so that the
21 bonding is spread out. So you can try bringing in the
22 specialty fabricator and bringing in the small business
23 concerns.

24 What is happening is, we're doing a lot of the work
25 ourselves. But we're able to go ahead and look at the large
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1 program. We can look at the installation and say we can do
2 \$500 million on the one procurement. Where we've run into
3 difficulty -- the most difficulty with the federal
4 government is how the small business is handled. We get
5 requirements in the large business, and we can as the
6 subcontractor get 70 percent of the dollars of the contract
7 out to small businesses. The Corps of Engineers doesn't get
8 credit for that. The Corps of Engineers is looking at

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9 priming out in order to get the credit. So the second part
10 of my thing is, are we mistaken about that?

11 MR. BASHAM: I guess when you say get
12 credit, we get credit with what subcontracting you do. We
13 also have subcontractors go -- as well as we have primes go
14 to small businesses. They're not mutually exclusive. It's
15 not one or the other. I think the fundamental issue here
16 is, somebody help me, 50 -- what is the number we generally
17 put?

18 MS. BLAKE: We normally putting --
19 depending on the type of work, we normally put 50 percent in
20 our contract. That's the contracting goal. But the real
21 key issue is these firms are small businesses who don't want
22 to spend their entire business life doing nothing but
23 subcontracts. One of the purposes of the Economic
24 Development Program is to bring prime contracts to small
25 business so that they can grow and develop their company and
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1 be viable for the future. And I think that you have to
2 recognize that, you know, I asked that question earlier,
3 stand up, stay standing if you don't care if you ever get a
4 prime contract, and nobody stayed standing. They all sat
5 down. They do care about it, and it does make a difference.
6 It counts more if you're a prime for future jobs.

7 MR. BASHAM: Okay.

8 MR. JOHNSON: Put in the context of
9 multi-billion dollar programs where the stated objective or
10 one of the goals you'd like to achieve is getting it done
11 for 50 percent less dollars, the more procurement activity
12 that you have to go through and the more selection processes

13 and the more you start chopping these projects up -- I'm not
14 asking you to change the goals, because we have a lot of
15 awards as a prime supporting small business. But I don't
16 think it's trying to look to changing what you're trying to
17 accomplish, but it seems to me that somehow you have to be
18 able to think out of the box on what counts toward
19 accomplishing that.

20 I mean one of the things about being a CM -- I know
21 there's a few other large companies in here -- there's a lot
22 of different ways you can set up a CM/PM contract. If
23 you're working in that relationship with the prime, we can
24 be putting together packages that you can put out. They
25 don't have to be a subcontractor to us. So as the project
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1 is developing, as we're managing it along with you on this
2 program, we can cut pieces out; and instead of having us do
3 the subcontracting, we can put the packages together and put
4 it on the street the way you want to do it.

5 So it seems to me all the answers are here. It's just
6 that the whole system tends to work against flexibility.
7 And for what it's worth, I think in order to get this done,
8 get the small businesses involved, keeping the big
9 businesses interested, which is another part of the
10 equation, is somehow we've got to get out of the box and
11 have contract language that allows a little bit more
12 flexibility in the program so that, if you want to award one
13 of these as the PM/CM -- and the PM/CM, as we talked about
14 earlier, one of the things that's on the civilian side, we
15 have been allowed more and we have been doing more of the
16 work ourselves, so that added some flexibility into it. And

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17 I think as far as looking at this the same way, where
18 allowed contract intervals should leave flexibility between
19 you and us on what elements of work can actually be
20 accomplished.

21 MR. BASHAM: Okay. Quite frankly,
22 that's part of this acquisition packaging piece. At the end
23 of the day, I think somebody made the comment just before
24 lunch, the main issue here is somewhere in the process,
25 we've got to get competition. We don't necessarily have to
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1 make the competition occur at a certain place; we've just
2 got to have that competition, so everybody has an
3 opportunity to compete for it. Right now we have
4 competition at the project by project by project level. We
5 can move it somewhere else to deal with it. All we have to
6 do is structure it to do that.

7 So all of your comments, you have not said anything to
8 me, other than maybe the bonding piece over here, that I
9 don't think it's not doable in a contractual relationship.
10 Have we done much of it or done any of it? Probably not.

11 The other comment -- I guess I'm the guy that walks
12 around, my glass is always half full, not half empty. I say
13 that in the notion that there are a lot of challenges.
14 There are a lot of competing interests. That's why they pay
15 me all this big money to figure out how we're going to pull
16 all this stuff together to make it work.

17 But I'm convinced that you can work. And would I get
18 50 percent like I said? I don't know. Would people be
19 tickled to death if I got 45 or 40? Right now we're saying
20 nobody knows what the number is. But I have picked an

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21 aggressive number, because I have learned over time that, if
22 you don't, you can achieve about any number that you want to
23 put out there, unless you put out what you probably care to
24 achieve. If I don't achieve 50 percent but I can achieve
25 45 percent, I'm tickled to death. I'm scared to death at
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1 putting a 10, 15, 20 percent goal and achieve that and leave
2 30 percent on the table. I think all of you'all would look
3 at it that way.

4 I may be far too optimistic here. That's okay with me.
5 If I want 45 and somebody wants to fire me and send me home,
6 that's okay. I'll be proud of that. I'll be very proud of
7 that.

8 MS. GREENHOUSE: If I can just make one
9 comment here, we are flexible. Remember, when we are able
10 to draft our solicitation, we're in the driver's seat, you
11 know, where we're looking at the community, looking at what
12 we have discovered here in this listening and deciding what
13 we have to do. We realize that, when we put 50,
14 62.5 percent and all that in a solicitation, and say that's
15 our subcontracting goal, it's up to the prime to decide
16 whether he's going to subcontract. That's no definite to
17 those subcontractors out there. So it doesn't have the
18 teeth in it in the general way that we put in the
19 subcontracting goals. We do have the authority to say that
20 we are going to establish 45 percent of the total contract
21 value. And some of those, as some of the procurements, are
22 going to go to small business.

23 We can get that permission. We've already tried it
24 with Tracy Henderson at Headquarters DA, and she has allowed

25 that. So Don is going to be looking at all these situations
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1 and use the best tradeoff to whatever the objective is along
2 the way as we are trying to prosecute this work and meet our
3 endeavors.

4 Small business, as Judith had said earlier, we are
5 serious about it. So know that there's going to be some
6 out-of-the-box type things in order for us to get this
7 effective competition that we are bound to get with these
8 dollars under this new initiative. It's a new initiative.
9 It's not a pilot. You know, we've got to go with it as far
10 as we can go with it to make sure that everybody gets a
11 chance. I'm not saying that everybody -- I'll just tell you
12 the truth, that everybody in this room is going to get a
13 piece of this action, that may not be true. But I'm saying
14 it certainly is going -- we're going to give our best effort
15 toward making sure that we right-size it, we package it, we
16 listen to you, we take out those things that are severable,
17 and that we can do it and not have to do it under a big
18 umbrella contract, so that we can get to the most of the
19 people.

20 And the thing is best value. The thing is, quality of
21 life for our -- and however that comes about, we don't care
22 really whether it's a large business or a small business,
23 we're going for it.

24 MR. BASHAM: Let's move back a little
25 bit or go down in this discussion about looking at new work
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1 and rehab work, how we might package those, what that might
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2 look like in an RFP. Or some people would say why do you
3 have to have an RFP. If you don't have an RFP, what does
4 the contractual relationship look like to do that? Let's
5 start out with the piece that talks about, if you look at
6 new construction, let's say for the sake of argument right
7 now you might be talking about a 40/60 split, 40 percent of
8 the BRAC restationing is going to be rehab type work,
9 in-field work as the chart used earlier; and the other
10 60 percent would be new construction, may or may not
11 necessarily be complete new facilities as complete
12 brigade-sets. Maybe two-thirds would be brigade-sets. So
13 talk to me about the new piece.

14 Earlier we talked about some notion about maybe treat
15 it as a program, a barracks is a barracks is a barracks.
16 Would you come up with a standard design and reproduce that
17 design and send it out to the field and have some preferred
18 providers or relationships out there that could carry to
19 100 percent as far as the six geographic areas? Would they
20 do multiples of those, or do on-site installation? The
21 gentleman back there suggested maybe you have a -- you look
22 at facility types, geographic location, and then dollar
23 amount.

24 So you know, did I paint enough of a picture around
25 this piece to figure out what would a package look like,

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1 how.

2 Would we structure that package, what would the
3 relationships be down the road with the one thing? Quite
4 frankly, is it one procurement at a time? Or is it putting
5 projects together to put them out in the facility types? Is

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6 there a preengineering industry out there that would produce
7 these hangars or warehouses that would mass produce, that we
8 have a contract with them and put them on-site for somebody
9 else to finish up the rest of the facility?

10 MR. CLANCY: Dan Clancy with Olympic. I
11 had a little background, I've been involved with developing
12 value-based design charrettes for the Alaska district. I
13 have done 70 of these. I don't want to tell you how many
14 times we've dealt with the standard design for the lower 48.
15 It doesn't work. One size does not fit all. The point is,
16 you can't -- you have to deal with the regional differences
17 when it comes to outside of the continental U.S. And I can
18 see your goal trying to standardize and doing a program-wide
19 procurement as being a benefit ultimately to the modularity
20 concept where a unit can get plugged in anywhere, and it's
21 always going to be the same. You have to remember that,
22 once you put the building in the ground, whether it's in
23 Montana or it's in New York, where is the com. coming from.
24 There are always unique situations.

25 You talk about new construction, it's always a remodel,
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1 because you're fitting the ground. Where are the utilities
2 coming from? And until you get the people that are involved
3 in design and construction and operating involved in doing
4 the 1391 so that you've established what's the adequate
5 amount of money that we need in order to accomplish this
6 mission, you're always going to end up being a pound short.

7 I don't think I'm addressing your specific question.

8 MR. BASHAM: One of your comments, as
9 we've already said, your suggestion is you need to get the

10 design architect involved other than the 1391. We were at
11 an issue even past that, so I think it's a valid issue.

12 But I think the model issue -- I accept the notion
13 that, you're right, what you build in Florida and what you
14 build in Alaska are different. So when I talk about a model
15 and I say one model, maybe over time you develop two or
16 three models that you can use, and you still have a model
17 that's working.

18 At the dinner table last night, one of the guys made
19 the notion that -- seismic design for different seismic
20 zones. But then when you apply force protection to that
21 design, in some cases, the force protection governs so much
22 that it will drive that seismic issue. So designing for a
23 seismic zone one versus a seismic zone three, instead of
24 having to put up with either one of those, if somebody could
25 put a little energy into looking at that model, you come to

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1 the quick conclusion that for certain seismic zones it's
2 irrelevant, but the force protection for this type of
3 facility carries a stronger burden.

4 I understand there's a lot of other issues besides
5 seismic and force protection and HVAC installation and the
6 atmospheric conditions and all that. But if you could list
7 those 20 items -- I don't know if it's 20. If you could
8 list those 20 significant items that has the largest impact
9 of significance on the facility, number one, what are those;
10 and number two, then could I go back to trying to manage
11 those and clump them into groups so where over time, instead
12 of doing these on the aegis, I gain some efficiency by doing
13 that? Maybe I'll waste a little bit if I'm producing on

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14 some production rate, is the idea I can invest more time in
15 that model, tweaking that model and refining it, because I'm
16 going to produce that model over a three-year period at ten
17 different installations ten times a year versus I can't
18 afford to put that much energy on the aegis in one facility
19 in Alaska or somewhere else in one year.

20 So that's kind of what I get at. And I realize it's
21 not one model fits all. But quite frankly, it seems to
22 me -- I'm sure you'all are a lot smarter than I am. But in
23 this age of technology -- and it seems like we're starting
24 to move with the 4D CAD system where you literally design
25 that facility in a virtual box somewhere, and then you take

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1 cross-sections and say go build it, I've seen some examples
2 where if you had that type of generic model, it wouldn't
3 take very much to adapt it and push the button and do a
4 little bit of work, and all of a sudden you've created two
5 models or three models for the northeast and the southeast,
6 and the northwest.

7 What I'm getting a sense from some of you is, I see
8 some of you shaking your head. I can't tell if you're going
9 this way or this way. Is that a viable solution? And
10 what's the inherent problems with that obviously being one
11 model doesn't fit for everyone.

12 But the notion is, that you're all going to tell me,
13 yeah, that's a great concept, but you probably -- you still
14 don't wind up with 35 models. And I think 35 models, I'm
15 going to build ten of these a year.

16 MR. BRITZ: Bill Britz with Butler.

17 Shortly after 9/11, Gary Gardiner came to us and asked us to
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18 give them 45 hangars in a short period of time, and they
19 wanted them in 30 days. What we did was we designed in the
20 strictest spec for every one of those, and so the one in
21 Florida had the same seismic as in everywhere else in the
22 U. S.

23 So at the end of that process, we went back and looked
24 at what we'd done, and we found that in some of the lighter
25 areas, where we could have used a lighter steel, we put

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1 about \$3,000 too much steel in the building. We also found
2 out that it cost \$12,000 to find that out. So when we
3 backed up and looked at all that, we found out that the
4 steel was much cheaper going the other way. We did it for
5 the sake of speed, but we found out that afterwards.

6 But the force protection and the things you alluded to
7 earlier is the fact that, once you put in the force
8 protection requirements in the different seismic zones, so
9 on and so forth, you're getting pretty close to the same
10 building anyway with the wind loads and some of those things
11 considered. But we would certainly suggest that someone
12 take a look at doing maybe one or two and running that
13 through the entire process. And I think that the economy of
14 scale would be tremendous when you do that.

15 MR. BASHAM: Okay. Anybody else?

16 MR. ADAMS: Bill Adam with Kiewit

17 Construction, a small business. The only problem I see with
18 a model is that everybody puts their -- the industry puts
19 their efforts in the meeting room model as cheaply as
20 possible instead of trying to meet your objectives as best
21 as possible, so that's my only concern with the model. We

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22 see that a lot, and you focus on your model instead of what
23 is the intent, what is your problems. And so I think you
24 just kind of limit yourself, and everyone focuses on the
25 model instead of what you need.

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1 MR. BASHAM: Limit myself in the
2 innovation. You're trying to get a performance outcome
3 here. You've defined this model to essentially define what
4 the outcome is, so there's limited impact that you can play.
5 The same notion, I guess, if you take on individual
6 projects, you take a design, once you take the design up to
7 a certain point, if you bring a contractor on board, you
8 might as well bring them at the end of the thing because
9 they might add value.

10 MR. ADAMS: Absolutely. After the
11 30 percent documents, you're done, you're set. You just go
12 forward as quickly as you can.

13 MR. BASHAM: See, that notion, what
14 you're saying, and what this gentleman here just said is
15 what I'm wrestling with. Once again, I go back to the
16 notion that, once you get -- I'm talking about a minimum of
17 \$2 billion a year, and that's for the next 10 or 15 years
18 for these basic four or five facility types. Where do I
19 draw that line of maximizing your individual ability to
20 contribute to this production and the end outcome versus
21 trying to get some efficiencies of scale knowing the
22 conditions in Iraq? That's what I'm wrestling with here, is
23 where is that bound?

24 I understand how I come up with a model, but how do I
25 still innovate that model? If I don't do something to

1 innovate that model, ten or five years from now, three or
2 four years from now, what I've got is going to be out of
3 date, and we're right back to the notion I've got something
4 that's costly, because I'm not current with the bond.

5 So I understand there will be an investment if I head
6 it that way. Somebody's got to get up every day and
7 innovate that model and keep it current for the next
8 generation of procurement, whether that's somebody in the
9 Corps, or we hire a series of architect engineers and/or
10 combination of contractor to help take care of that model.

11 MR. OLSON: Court Olson, Olympic
12 Associates again. You also need to keep in mind that there
13 could be some restrictive hang-ups in your standard models.
14 Just as an example, here in the State of Washington, if we
15 do masonry construction in Western Washington, it costs
16 15 percent more than Eastern Washington, just because of
17 availability and particular market materials. And so you
18 want to allow some alternates or flexibility in whatever the
19 standard model is, so it doesn't become too restrictive.

20 MR. BASHAM: Right. And there again, I
21 guess where is the -- where do I resolve that model to the
22 point that then you take into account the site of that,
23 because of the different materials. The notion, even if
24 you've got a single model, you're just not going to do the
25 same on the East Coast as on the West Coast. There's

1 different materials, different techniques in the way you go

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about constructing things.

3 MR. HOLBROOK: Jon Holbrook with
4 PBS & J. When I worked with the Park Service, we developed
5 design guidelines, and we tried to keep it in those
6 guidelines or addressing in those guidelines the strengths
7 that we definitely wanted to stay within our focus. But we
8 also tried to maximize flexibility within those guidelines
9 to give the A&E's the opportunity to be creative.

10 MR. GHOSH: May I ask a few questions?
11 While you're on the subject of modeling, I'd like to get a
12 feeling from you here is that, what aspect of the modeling
13 do you want us to standardize, because the word
14 "standardization" of the model means various different
15 things to various different people. Let me give you an
16 example.

17 The functional layout which is how the facility will
18 operate and room dimensions and things of that nature, that
19 is pretty much user defined. And in our division, what we'd
20 like to do -- that's the basic level of standardization we
21 would like to talk about. We would like to standardize so
22 that each installation, when you go from Installation A to
23 B, you still have a basic floor layout; just like Mr. Basham
24 said, that the commander's office will be always on the
25 right-hand corner of the second floor, so on and so forth.

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1 The next layer of standardization I hear you mentioning
2 is, how will the building look like. And that to us is
3 where we need to leave enough room for regional variations.
4 So in that sense, we are not going to standardize. It will
5 depend on either the local region or the industry to offer

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6 us the material and construction method that is particular
7 for the local area, the roofing and so on and so forth.

8 And the third layer of standardization, what the Butler
9 Building and your group is referring to, having a full
10 plated design calculation and everything done to go with the
11 standard floor plan, that's where I'm trying to get a sense
12 what level for an ideal package, what do you want us to
13 provide you? Do you want us to provide just a functional
14 layout with the room amenities and function and leave it
15 there, or do you want us to go beyond that? And if you do
16 want us to go beyond that, to what extent?

17 SPEAKER: I think what you may want to
18 do is look at more of the matrixes used to measure certain
19 deliverables. For example, let's take acoustics. For
20 example, some of the older military documents will say they
21 need a 50 SEC rating on the wall structure. Maybe you have
22 to look at the pricing index versus the SEC type of
23 construction, so you may want to look at if what you're
24 asking for is deliverable. Again, don't tell us how to get
25 there. Tell us what you want.

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1 So I think you should look at your matrix, what you set
2 up, and how you measure different aspects of the
3 construction industry. That would probably be an area to
4 start with.

5 MR. GHOSH: Some matrixes are easier to
6 read than write, and that's why we need your help. If you
7 can help us, instead of designing it for you, how to state
8 that in a textual format where you understand what we want,
9 and it's a conveying our part. Our comment to you but being

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10 very descriptive, that's the hardest part of building a
11 model.

12 SPEAKER: What it really comes down to
13 is not really a product solution, but a performance
14 solution. I think, if you guys get away from that very
15 scripted description, that will help a lot in freeing up
16 creativity to let us come up with a better solution.

17 MR. GHOSH: Sometimes we are at a loss
18 to describe what the performance outcome will be.

19 MR. CANNELOS: George Cannelos here. I
20 worked on a program where a fiberoptic utility company was
21 putting in the new generation along the I-5 corridor from
22 Washington to California. And they started out with a
23 prototype that was developed in Georgia, and they had local
24 consultants modify the prototype plan. And it was a dynamic
25 process. It was always changing and brought in things that

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1 they liked incorporated.

2 But essentially I think the thing that can help on a
3 prototype is standardizing your building program. The
4 general will always be on the second floor on the northwest
5 corner regardless of where Mount Baker is or the view,
6 that's where he's going to go. And your loads are always
7 consistent. That's the hard part. We have to come up with
8 the design standard and figure out what the exact use is.

9 And we document all that in our basis of design. And
10 once we agree to it, then we start getting out calculators
11 or the code. If all that is done, we're jumping from SD
12 right into CD. And we go to the site. And yeah, the
13 fiberoptics for the telephones are on the wrong side for

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14 this building, but we can make that work. I think if you're
15 standardizing the building program, and you have a
16 standardized floor plan, it makes it a lot easier.

17 MR. BASHAM: I'll tell you, I think the
18 we hope the Army has achieved that first step, the standard
19 facility. That's helped tremendously to get there. No
20 matter what you do after, that's a tremendous help. So the
21 general is always going to sit in the same place, and the
22 HVAC system is always in the same place.

23 MR. CANNELOS: Also it helps in
24 construction, when we're able to focus on where the problems
25 occurred in construction. And when we went out to the site
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1 to do observation or work with the contractor, it was
2 usually always the same thing, so we could address those
3 before they happened, because we're on our fourth revision
4 of that construction. So it can save money there.

5 MR. GHOSH: I can tell you that the
6 programming is pretty much standardized, so the general is
7 always going to get 250 square feet of floor space no matter
8 where he goes.

9 MR. CANNELOS: And if the panels are all
10 in the same place, the electrical engineer basically has to
11 check that to make sure that's consistent, that's still what
12 you want. I would say that, what we ran into on that
13 program was, equipment started to get sole source. It's
14 always so much easier to have that equipment. It always
15 worked. And you could run into some situations where all
16 your equipment is always the same manufacturer. The
17 contractors know that that's what they're going to use and

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18 supply it, because it's easy, and they know the cost. You
19 can run into that.

20 MR. BASHAM: Let me back up two steps,
21 if I could. Let me try a performance-based approach.

22 \$2 billion a year, year in, year out, I want to reduce
23 my design cost in time by 50 percent. How do you get there?
24 Is that performance-based enough and generic enough to get
25 away from the model? How do I do that? How do I cut my

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1 design cost? Not my project but my whole design fee on a
2 \$2 billion program, how do I cut that by 50 percent?

3 I think you can start carrying this discussion saying,
4 well, what I'm doing in design, I think that then has an
5 implication in construction. I guess maybe you'all got too
6 hung up on the model.

7 My objective is to execute a \$2 billion program. And
8 let's not worry about whether it's rehab or new work,
9 a \$2 billion program. I want to cut 50 percent out of the
10 design process. How best do I get there?

11 MR. CANNELOS: Not being part of that,
12 knowing all of your information, but from experience, you're
13 always going to pay for that design. If you have a
14 prototype done by somebody, you're still going to pay for it
15 somewhere. Then when you have the local 8(a) team put it
16 together, you can't just stamp it. They have to understand
17 it. You're going to pay for that design. It might be a
18 smaller portion of it, because they're not doing new work,
19 but they're going to have to understand it, accept it and
20 become responsible to the engineer and architect of record
21 to get it through the building department. So you're always

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22 going to pay for a portion of that regardless.

23 Not knowing the exact specifics of your program and
24 what you're going to do, I can't address that. But I think
25 you should keep in mind that you're not going to get rid of
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1 that design. You're going to require professional engineers
2 and architects. You have to.

3 MR. BASHAM: I didn't say get rid of
4 them. Anyone else?

5 SPEAKER: There's a lot of people
6 smarter than I am. I came here to learn, just to let you
7 know. I think that you have to design on the fly, and that
8 gets into the relationships and the trust because, once the
9 ship has sailed, the train has left the dock, you can't go
10 back and redesign. We get caught up in this continual
11 sharpening of the designs. The shell, the new idea comes
12 out. The slab is already poured. The utilities are in.
13 You overcome, and you get your mission done. That's where
14 we get caught in bouncing this ball back and forth and
15 wasting a lot of time, you know, where the engineer comes
16 back to the architect and says, well, we've got a better
17 mousetrap. We're not ready for the better mousetrap. We
18 see a lot of time lost.

19 MR. BASHAM: Okay. Anyone else?

20 MR. TOYAMA: I'm George Toyama. A lot
21 of times, on the performance-based contracting, you deal
22 with what you want. But sometimes you tell us how to do it.
23 And if you tell us what you want and tell us how to do it,
24 you're probably not going to get it. You get the basic
25 contract. You've got to tell us what you want and get out

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1 of the way.

2 MR. BASHAM: Somebody needs to write
3 that down.

4 MR. RICHARDSON: What should we say in
5 our RFP to make sure to tell you what we want? Should we
6 just describe the objective?

7 MR. TOYAMA: Primarily just a functional
8 goal, we want so many square foot. Tell us what type of
9 activity is going to happen, what are the basic requirements
10 of the building, the power, the infrastructure, and that
11 sort of thing. I don't know. I don't know how detailed you
12 can get or how vague you can get. But what we're really
13 saying, we want to cut cost of construction, the more you
14 tell us what to do, the more it's going to cost you. You
15 need to tell us what you want, and let us figure out how to
16 do it.

17 SPEAKER: One thing that jumps out at me
18 with these PowerPoints, the one in Washington and the one
19 now today, I think one thing that might be really going
20 against your saving 50 percent of your cost is that idea of
21 targeting the structure to have a lifespan of only 25 years.

22 In the industry, we've been talking to our clients
23 about making future ready real estate. We're all in the
24 real estate game. The idea of going in and building a
25 structure that only has a 25-year lifespan, I think, is just

1 so completely against the philosophy of trying to save
2 money.

3 Now, this isn't necessarily an Army thing. North
4 America is pretty popular at building structures to last
5 25 or 50 years, I think if we take more of the European
6 mentality of building structures to last 100 to 200 years,
7 and building a flexible infrastructure in those structures,
8 you stop designating functions to structure and making them
9 able to adapt and change. I noticed that everything you
10 talk about is a barracks or an office. Why can't they
11 potentially be able to do both with minimal cost to be able
12 to put that real estate into another function. That's
13 something I would put out there as a potential.

14 Now, it's not going to maybe save you 50 percent on
15 your new structures. But potentially when you add your new
16 and then your refit spaces together, that's where you
17 possibly could do a large number of your savings to be.

18 MR. BASHAM: I can tell you, from my
19 perspective, the 25 years is more about being able to --
20 not that you've used up the building in 25 years and knock
21 it down. It's the idea that, in 25 years, we want to be
22 able to rejuvenate it and put it into some other form or
23 fashion. The notion of building a 100-year facility and
24 building in the flexibility if the Army changes and
25 adapts -- I've got 100-year-old facilities today. They're

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1 not very adaptable or flexible. And they cost me more
2 than -- in some cases, we sit around a table. And if it
3 wasn't because of the historical preservation in some
4 occasions, we'd tear them down because they're too old for
5 rehab. That's what I'm dealing with. How do I build that
6 in? If I could build a 100-year facility, the notion about

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7 building a courtyard where you just put modules in, and
8 whenever the modules changes, the building itself is 100
9 years old, but the building is turning over every 10 or 15
10 or 20 years, whatever is it you're turning over. Like with
11 food, your reference or my preference.

12 SPEAKER: Exactly. The 100-year
13 structures you're talking about, were not those that way
14 when they were designed? That would be the challenge when
15 you're designing that structure, is put that mentality in
16 place and moving forward.

17 MR. WALTERS: Ken Walters. I had a
18 question about the model, and that was we talked about some
19 regional differences in construction in different areas.
20 One of the questions I had was, what about the brigades? Is
21 it becoming that all the brigades will be identical as
22 opposed to an armored brigade, because my experience is that
23 those two units don't look anything like each other.

24 MR. RUNYANS: Just to address the
25 brigade issue, there are several different types of

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1 brigades -- primarily, I guess four. You have your light
2 brigades, heavy brigades, aviation brigades and UEX. And
3 obviously an aviation brigade will have an aviation
4 component. We talked earlier about some of the special
5 facility requirements such as aprons, hangars that would go
6 with that aviation brigade. Your heavy brigade would
7 incorporate your vehicles, your tanks, your M-1 tanks,
8 things of that nature.

9 MR. BASHAM: I think the notion is, we
10 think basically we're going to go down to four. And of

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11 those four, I think there's going to be some commonality
12 with those four that help us build adaptability. So there's
13 always going to be a little bit of difference there. So
14 therefore, again, I think having one model fits them all,
15 you're still not going to have it. The notion is, over
16 time, we want to try to get down to those four standard
17 models. And then of those four standard models, we want to
18 get as much consistency as we can among those, again,
19 building in adaptability. As the light brigade changes into
20 heavy, we're not in a big building program to accommodate or
21 the other way around.

22 MR. GHOSH: If I may add, even though we
23 are reducing the number of evaluations the way the Army is
24 organized and going down to four different brigades, but
25 even we have different brigades, it doesn't matter where the

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1 facilities are located; they still look the same. The
2 barracks, for instance, whether it is part of the UEX or
3 part of the aviation brigade, they still look the same. So
4 are the battalion headquarters, the company ops., it's a
5 matter of what is the proportion. Maybe some brigades
6 require more equipment space, so they have been provided
7 with that. However, the office spaces and barracks and the
8 dining hall spaces, regardless of which brigades it belongs
9 to, those will still be the same. Maybe the numbers of the
10 units will vary.

11 MR. MCGOWAN: Ken McGowan from McGowan
12 Bros. Engineers.

13 Don, with all due respect, I think the \$64,000 question
14 is not cutting design cost in half; it's cutting

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15 construction cost. Over a life cycle of institutional
16 building, design cost is about one percent of the
17 construction cost. And I think it's admirable to have
18 standard buildings.

19 Our firm's working on a dining facility at Fort Lewis
20 that we were given a standard design for. It turned out not
21 to be a standard design at all, so now we've gone back to
22 square one, because the kitchens were using
23 electrical-powered equipment instead of gas-fired equipment,
24 which will significantly cut the load and allows us to go
25 12208 instead of 48277.

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1 But the design with lead being as important to the
2 Corps and the DOD as it is today, it's pretty difficult. I
3 maintain that where we have barracks and facilities that
4 have many repetitive design elements, abbreviated design may
5 make some sense. A 30 percent design may be enough for a
6 contractor to take it all the way through the construction,
7 so that might be the best approach in terms of looking at
8 the use of design.

9 MR. BASHAM: That's kind of general, and
10 that's what we're trying to get at. And I understand that
11 is a big project cost of the building. But again, I go
12 back, and I look at the program year in and year out. I
13 spend a ton of money in design. One percent doesn't seem to
14 be very much. But when I do that 112 times a year over a
15 ten-year period of time, that's a lot of design. On the
16 aegis, it doesn't look like very much. I'm not saying just
17 cutting the design cost. I understand that's a big piece of
18 the construction and also duration. I'm just trying to see

19 if we can get this thing broken down into bite-size bites.
20 That's part of what I'm trying to get at here. Is
21 30 percent maybe the best you can do?

22 My initial sense from some of you, what I'm getting
23 from some of you, I guess, is you can't go there. Each
24 building has to be done one at a time. You might get to the
25 30 percent, but you're not going to be able to remodel it.

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1 You're going to have to do them all individually. It's
2 about establishing a relationship between the contractor and
3 the architect-engineer early on.

4 And we had discussion with the head fellow about how
5 you define what that relationship is, whether it be
6 design-bid-build or design-build or risk and some
7 combination of that. So my sense is that, across the
8 country, with the different types of buildings, the thought
9 is you can't get there from here. It's one procurement at a
10 time.

11 MR. CANNELOS: George Canelos again.
12 I'm thinking about, how to save you that 50 percent on your
13 design fee, what Mr. McGowan brought up is right. If you're
14 in a relationship where if something totally different comes
15 up with the basic design like the gas, then you address
16 that. But I think from a 50 percent standpoint, if you
17 think about your statutory-nonstatutory requirement for your
18 design, one is maybe six percent and the other one is maybe
19 six percent too, depending, so it's somewhere eight and
20 12 percent of your construction costs, and you start to say,
21 well, I'm starting to look at the statutory requirement.
22 The second time I should be dropping down; the third time

23 certainly.

24 So if you say there's a 10 percent design fee on this
25 construction, and you say, well, on the next one, maybe

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1 we'll just do five percent, because the design is pretty
2 much there, and notwithstanding the changes I have to make
3 to it, then you use that five percent to work with the
4 contractor in a continuing relationship to get that thing
5 built. And you get something for that five percent later
6 rather than design.

7 MR. BASHAM: Is this -- under your
8 scenario, this is a multi-year relationship?

9 MR. CANNELOS: Where you're guaranteeing
10 the 8(a) team a multiple, that's the only way I'm going to
11 do it. Like if you're into building schools, you lose money
12 for a few years while you figure out how to do it right for
13 them.

14 The same with this prototype. They're all the same
15 except where they're different. So you get into the -- you
16 let me use that five percent, which is a 50 percent savings
17 in the fee, to spend it in construction -- when there's a
18 law there, there's construction cost, well, maybe you have a
19 stable relationship with the contractor where you can say,
20 look, it's something we didn't see, because it wasn't in the
21 design, and then invest the utilities like I normally would
22 or get that involved in the prototype.

23 MR. BASHAM: The gentleman's comment
24 back here, take that thought. How would you package that?

25 Would you do it on a regional basis, or could you take on a

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1 nationwide contract?

2 MR. CANNELOS: I gave up my microphone,
3 but I'll say this. I think it only works regionally. I
4 think 8(a) teams, we're working everywhere. We're really
5 specialists in our area. We know the building department,
6 we know people's names. We worked there a lot. I would say
7 that most 8(a) teams are probably regional at some level.
8 We're here in the Northwest, Alaska, Washington, Idaho,
9 Oregon, and then maybe we get down to California. But
10 there's probably a California firm that is much better at
11 it. Maybe they're in New Mexico too. It's just geographic.

12 MR. BASHAM: So I might have four of
13 those, north, south, east and west.

14 MR. CANNELOS: Yeah. An 8(a) team will
15 put together 23 of these type of buildings. And actually
16 the other type, if we've been working with this other firm
17 in our area, we're going to give those to them. And I say
18 okay, I've got 20 of the sites in the first one. You've got
19 to figure out what it is, and then I'm off and doing the
20 rest of them.

21 SPEAKER: I think one of the ways to try
22 to save money on the design side is keep it simple. When
23 you write the RPM, pick a color, whichever is closest to the
24 standard. And then what happens, I think some standards
25 should try to get to your modular goal. And then what will

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1 happen is, we'll leave the innovation to the design process
2 and for the construction process, and now the design uses

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3 standard details, standard concepts. That will cut down on
4 the engineering time. They will go to simpler designs, and
5 that will reduce the construction process. That's how
6 you'll save money.

7 MR. BASHAM: When you say "standard
8 details," you're talking about standard to the industry type
9 details?

10 SPEAKER: Exactly.

11 MR. BASHAM: Is there a difference in
12 the standard of detail that gets into quality?

13 SPEAKER: Yeah, there would be. As long
14 as your quality is basically set by whatever code you're
15 planning to use in your RFP, then most of the time most of
16 the designers use IBC or UBC, they're going to have standard
17 details that are going to be set per that code. That
18 building is built per the code, and your quality is built by
19 very simply defining the code. And keeping it simple will
20 allow innovation. It will cut down on design time. The
21 more restrictions, the more you're putting in the RFP that
22 defines what you want, as everyone said, the less you'll
23 get.

24 MR. BASHAM: So the code -- in your mind
25 the code would define that quality level?

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1 SPEAKER: Sure.

2 MR. BASHAM: Pick one.

3 SPEAKER: Pick one and tweak it to get
4 as close as you want.

5 MR. CLANCY: Dan Clancy again. I'm
6 going to ring the bell for value engineering because I'm a

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7 value engineer, also an architect. But we've had great
8 success in Alaska breaking out of the box, bringing value
9 engineering up to the front end of the process. And we
10 actually got an award from the Department of Defense for
11 contracting last year because of the work and the success we
12 had in Alaska. Value engineering helped pay for LEAN and
13 Spirit features on a number of projects that had to happen
14 in a very, very short duration and time frame.

15 Unfortunately we're hearing now that the value
16 engineering program at the Corps of Engineers is not
17 allowing value engineering that occurs at the front end of
18 the project to be valid as value engineering. Would you
19 care to comment on that? New regulations, are you aware of
20 that?

21 MR. BASHAM: Yes.

22 MR. CLANCY: At the same time, I'm
23 wondering, where is that coming from? It really seems to be
24 from the whole thrust of what we're talking about, which is
25 to try to bring forward the mingling of the expertise of the
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1 builders and the designers and the user.

2 The National Park Service has been very successful in
3 using value engineering at various stages during the course
4 of the development of a project. They'll use it at the
5 initial stage by defining why do I need to build this big
6 all the way until after you've awarded the contract. You
7 have a design building contractor who has interpreted an RFP
8 a certain way. We bring in the B team again. And it may be
9 the team that wrote the RFP, but now you've got that synergy
10 between the people that were there at the beginning and the

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guys who actually build it.

12 MR. BASHAM: Yes. We just put out a
13 regulation. I signed the regulations.

14 MR. CLANCY: So you're the guy.

15 MR. BASHAM: I'll tell you, the
16 regulation does not preclude you from doing value
17 engineering. And if my staff out there is telling you that,
18 it's wrong.

19 What it does say, because I'm not convinced we're doing
20 it -- Alaska is the leader. They had a young lady up
21 there -- somebody help me -- Monica -- Carrie Walker. She
22 had the Northwest. She led that effort. I went up there to
23 visit Alaska when I came on board last year and spent some
24 time with her, and she was doing some great things at moving
25 not really in my estimation value engineering as the Corps

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1 of Engineers issue, but it's really value management. And
2 in fact, our draft regulations that we put out before I got
3 to headquarters said value engineering/value management.
4 But all the work was value engineering stepping in the
5 process to do things.

6 So when we put it out, we took value management out,
7 because it's a mismatch there. I think you would agree it's
8 more than that. So all I have said is, I'm not convinced
9 that, number one, we're still practicing and learning
10 planning and design. I have no objection to incorporating
11 the value management concept and principle, that I agree to
12 completely upfront and as early as you can in the process.

13 What I'm not willing to give up is, if there's a ton of
14 things, what happens in that exercise, you don't really --

15 you can't identify the savings per se. It just gets eaten
16 up in the process. But that's okay. But all I'm saying
17 right now is that, at least in the steps, I want that value
18 engineer stopping along the way.

19 The worst thing that happened is, I've wasted a little
20 bit of dollars, because when I stop in the way of doing a
21 really good value engineering part or value management part
22 of the planning and design surrette, what number should I
23 get basically when you get to the BE study in the normal
24 process? It ought to be close to zero. Okay? Does anybody
25 know what that generated this past year?

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1 MR. GHOSH: I don't recall exactly.

2 MR. BASHAM: \$125 million. I don't
3 believe I'm there yet. So if anybody is telling you in our
4 organization that the regulations say you can't do practice
5 value management and value engineering in the planning and
6 design charette, quite frankly, if I've got somebody out
7 there and I accept the notion they don't want you to do that
8 because I've got a goal out there to meet in the value
9 engineering program, and you do it up there, and it gets
10 mixed up, and I can't account for it, I don't care. That's
11 okay with me, get it mixed up. Because my ultimate goal is
12 performance based, I would like to drive -- if I could crank
13 value management up into the planning design charette, or
14 even back up into the concept of a model and do it the
15 model, and measure over the next three years and drive
16 \$125 million to zero, I would be tickled to death. I would
17 be tickled to death. But I just am not prepared to
18 discontinue this, because it's kind of a checks and balance

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19 to make sure I'm going in the right direction.

20 MR. CLANCY: I guess the problem is,
21 from what I'm hearing, is they're having trouble with their
22 customers who, once they go through the design charette and
23 do value engineering, and we've implemented all these great
24 ideas, and it doesn't check the box for the value
25 engineering requirement, they're having to come back and
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1 look at it again at 60 percent, they could lose the schedule
2 if somebody comes up with another way of doing it. And
3 that, or the customer doesn't want to pay for it. And
4 that's why the Alaska model was so successful, because it
5 was driven by their unique client and schedule they have to
6 meet, and so they were forced into that. That's why they
7 have been so successful. But I appreciate your comment on
8 this.

9 MR. BASHAM: We'll look at that. Again,
10 as much as you can crank in your current action to do that
11 and not have a stop in the way, I agree completely. And if
12 we've overstated that --

13 MR. CLANCY: I guess we just need to
14 make sure that, if they do it upfront, it still is okay.
15 But you need to maybe look at it on a case by case basis.

16 MR. BASHAM: Again, it's like everything
17 else. When you sit on the top, and you put out guidance and
18 you put out a target and goals, and people's performance is
19 tied to those, you want six percent, I've got to find them
20 six percent. I'm not going to let you do the planning
21 charette if I can't get my six percent. I need to deal with
22 that.

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23 MR. CLANCY: You've got to account for
24 it.

25 MR. BASHAM: The only place I'm going to
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1 account for it, the Army's got a goal. It's not my goal,
2 but the Army's got a goal out there. At the end of the day,
3 if you have to go to the Chief of Engineers and say, sir, we
4 failed as the Corps of Engineers to meet the Army's program.
5 Let me tell you another story as long as I've got that right
6 story.

7 The \$125 million that I saved last year, if we went to
8 zero this next year, and I told him that we saved
9 \$150 million this year in some form or fashion because we
10 did it up here and I couldn't capture it, he wouldn't care.

11 MR. CLANCY: Oftentimes during one of
12 these events, you'll find value engineering savings, and
13 then you'll pay for it. It will pay for that com. that has
14 to come from five miles away. Thank you. Okay.

15 MR. BASHAM: I'll look at that.

16 MR. OLSON: Court Olson again with
17 Olympic Associates. Hearing Dan Clancy, I had my idea
18 before he did.

19 So as I think back on that, I think there's a danger of
20 being foolish by focusing too much on the design or trying
21 to be design standardized. And the first costs, suddenly
22 the 80 percent of your first cost is in the contractor
23 expense. In my experience -- and I was in the general
24 contractor realm, not the architectural realm like
25 Mr. Clancy, for 25 years before I started wearing this
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1 consultant hat and the chief estimator for several of those
2 years, so I'm very much aware how localized cost expertise
3 can be. And in the construction realm, if you can save
4 10 percent of construction, that's seven to eight percent of
5 your overall budget, which is more than in some instances
6 your total design cost. And you need to be very much aware
7 that your standard design model has a much smaller potential
8 to save you overall money on first costs than getting
9 localized best execution for whatever that locale offers.
10 And that's getting down to your local contractors in most
11 cases, not your big travelers as someone called them,
12 although they may have their useful purposes, especially on
13 the larger projects. But you've got to get localized to get
14 your best construction prospects.

15 A third thing we may be overlooking, your first cost is
16 not your total cost. Your life cycle cost is probably
17 bigger than the first cost. And the people -- now I am
18 linking up with Dan -- the people that get you focused on
19 that life cycle cost are the value engineering people who
20 aren't invested in the design necessarily, and they aren't
21 invested in the construction or the contractor's cost
22 necessarily. They're invested in your life cycle cost. And
23 the fee concept is really pushing that. That's where you
24 need to focus to get your most money over the long-term
25 period. That's where your biggest value is going to be.

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1 But I think it sounds like you're focused too much on design
2 and design standardization where your real bucks are going
3 to be paid back.

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4 MR. BASHAM: There again, I want both of
5 those with a balance there.

6 MR. OLSON: If you focus too much on the
7 design, you're going to lose the other, and the other is
8 much bigger value.

9 MR. BASHAM: I understand that. That's
10 going to be the second part of your discussion about how do
11 we go to the next piece, which is the bigger piece. How do
12 I realize savings there? I wasn't getting anywhere in the
13 larger conversation, so I was trying to break it down. And
14 I probably messed up as well.

15 I understand there's a huge amount at the end of the
16 day, 90 percent of our money is over here in this piece, and
17 less than 10 percent is over here. Anyone else?

18 MS. GREENHOUSE: Somebody out there
19 wants to talk about warranties.

20 MR. BASHAM: Who wants to talk about
21 warranties?

22 MR. RICHARDSON: Did you ever get your
23 question answered, the one that you asked about taking the
24 projects that are green grass projects, combining the
25 projects where we get the in-field relationships over a

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1 period of time? Do you remember the question you answered?

2 MR. BASHAM: Yeah. I guess I kind of got the
3 point that, when we were talking about the new construction,
4 they're generally saying that's still on the aegis project.
5 It's site specific or regional specific. It seems that
6 logic is going to apply to rehab as well.

7 I kind of thought there might be a discussion on

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8 packages. Again, it's going to be hard not to take an
9 engineering firm, have them build 10 or 12 of these things
10 and build a relationship over four or five years that you
11 may or may not be able to do on individual rehab projects,
12 because each one is different. There's no consistency or
13 similarities in some cases of those. At best, if you get a
14 30 percent at best out of the standard, that's the best
15 you're going to get.

16 MS. GREENHOUSE: I think I found him.
17 Somebody talked to me about warranties.

18 MR. BASHAM: Do you want to talk about
19 warranties?

20 MR. MERRICK: My name is Ken Merrick
21 with Trimco. I think we've kind of talked about this.

22 If you reduce what you're asking for your minimum
23 requirements, which is a good quality of life to the
24 soldiers, give them a good place to live with the family
25 that lasts 25 years, blah, blah, blah, if you reduce it to
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1 set the stage, I mean, if that's your minimum requirement,
2 the guy a while ago mentioned getting out of the way and let
3 us do it, right? Another fellow mentioned at -- about
4 the -- I lost my train of thought already.

5 The -- if you set a 25-year standard for the
6 construction, that's 25 years. Are you going to end up with
7 something cheap to start with, the quality of that? How
8 about if you required the firm that designed it and built it
9 to take it to the end, to be responsible for a period of
10 time afterwards.

11 MR. BASHAM: Yeah. You can do that.

12 Oliver mentioned a conversation about there is a pilot
13 program out there that the Army and the Air Force and the
14 Navy are working on to build a series of projects. That's
15 got five years into it. And we've got to report back to
16 Congress how that works, where is the balance. How does it
17 work out if the contractor has to operate on containment for
18 five years?

19 Carl commented there's more money to be saved in the
20 construction piece than there is in the design piece, and
21 there's far more money to be saved over 25, 30 years than
22 there is in the construction piece. So we're all looking at
23 those projects. Quite frankly, in my humble opinion, five
24 years is not going to give us a real good test of this.

25 MR. MERRICK: If the onus is on me to
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1 build you a good facility, and I own it for a period of time
2 of years afterwards, I'm going to make sure I build it right
3 the first time.

4 MR. BASHAM: Sure. You're going to
5 minimize your life cycle. You can strike that balance on
6 upfront new dollars versus what you spend over time with
7 operations and maintenance.

8 MR. BRITZ: Bill Britz with Butler
9 again. It looks like we're going to talk about risk. I
10 just wanted to mention that the Butler standard seam roof
11 has a 25-year warranty. That's a weather type gold
12 warranty. And in 25 years, you can buy a roof program or
13 you can buy a good roof. Okay? We sell good roofs.

14 But as far as warranties, our steel buildings and the
15 standard seam roof that are both warranted for 25 years are

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16 coming out now. But I just wanted to let you know. I'm not
17 the one to talk about warranty.

18 MR. BASHAM: Any more questions on
19 what's been generated?

20 MR. GHOSH: Just clarification to follow
21 up to his question, when we're talking about the codes --
22 I'm sorry. What is your name? Phil? You were talking
23 about the codes, and we are leaning towards identifying a
24 single code. And most likely, it will be the IBC for all
25 our construction.

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1 The question we have right now, does really the code
2 ensure the quality, or does it only ensure the minimum
3 construction standard? And if the answer is it doesn't,
4 then how do we and how does the private sector ensure the
5 quality, which as I see it is different than the code.
6 Anybody want to deal with that?

7 MR. WILBUR: Jack Wilbur, Design Alaska.
8 You're right, the code sets the minimum standard, and it's
9 really the design team that sets the quality for the
10 project. And the quality that the design team builds into
11 the project is the quality that the owner wants built into
12 the project.

13 But that understanding of the quality that the owner
14 wants only comes from a long-term relationship with the
15 owner. It's not by something that they write about; it's
16 through experience and knowing the sorts of facilities that
17 they want and the sorts of facilities that they desire.

18 MR. CANNELOS: He's right, at least I
19 agree with him. If you look at your owner's building

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20 program and you look at the mission critical facilities of a
21 major software manufacturer or a telecommunications company,
22 they don't want to talk about first costs; they want to talk
23 about network reliability. They can't have a down time
24 where their customers aren't getting service.

25 So you have standards in place that are well above the
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1 minimum acceptable requirement of the codes. For example,
2 conduit for electrical circuiting has to be a minimum size
3 for conductors going through there. Our client may want to
4 have that a half size larger for future growths. So when
5 the loads become increased, they can just put in a new wire
6 without ripping out wire in conduit that's in concrete. So
7 those standards are coming from our client.

8 The idea is, when times are tough, do we need to say,
9 well, do we have to make everything that way? Do we have to
10 have plus one HVAC systems everywhere? I think it's up to
11 the design teams or the contractors or whoever is involved
12 in the building process to sit down and say, well, maybe
13 only this rigid galvanized conduit on the mission critical
14 pump serving the network area and not everywhere. And we
15 all need it in the places where they're going to get bumped
16 by equipment, not up in the plant.

17 And so it's going to be coming from -- the owners
18 usually tell us what's important to them, and the designers
19 can say, well, okay, let's do it here. And the contractor
20 can say, you know, we've learned if you do it this way --
21 it's a group effort.

22 MR. BASHAM: Let's go to -- I'm sorry.

23 MR. MCGOWAN: Don, one final comment.

24 Ken McGowan again.

25 You say in conjunction with NABFAC and others, taking a
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1 Look at AIA master specs as an alternative to USGS Ready
2 Check, the reason I bring this up is that there may be some
3 economies that can be realized in commercializing government
4 projects by going at least a little bit in that direction,
5 and then tailoring them for military requirements. Just a
6 thought I wanted to throw out there.

7 MR. GHOSH: I'd like to respond to that.
8 We probably would like to get totally out of the
9 checks-writing area or performance standards and let you
10 decide whether you want to build master specs or CSI or
11 anything. That's our ultimate goal. Yes, we have looked
12 into that, and we will have talked to the agencies and
13 others, and there is quite a different way in the contractor
14 community; still not totally agreed.

15 So our goal in the current process with design-build is
16 to make it easier for the contractor to build. In that
17 sense, if they want something in a separate format, we try
18 to adapt to that format. But if we go forward with the new
19 building types, that business, especially in a design-build
20 circumstance, the contractor can decide how does his own
21 architect or designer want to format the specs.

22 MR. BASHAM: I'll tell you that the
23 three services, we're working on with my two counterparts to
24 talk about that, we have some professional disagreement
25 within that direction. We're ready to move in that

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1 direction. I would like to push us to take that and see
2 what I've got to add to it. If I need anything special
3 versus trying to see how I can take my current spec and move
4 it in that direction, I think that's something we definitely
5 want to look at. Clearly what the problem would be, we've
6 spent -- you may not believe it, but we've spent a lot of
7 time in the last five or six years in the three services
8 trying to move ourselves to joint standards and criteria,
9 joint guide specs. We have, in fact, merged all of our
10 unified facility criteria into one base. And in some cases,
11 that's all we've done is put it under one name and put the
12 same cover on the three of them. About 50 percent of them,
13 we have merged to one. Of the 50 percent -- I may be off a
14 little bit -- but of the 50 percent we originally started
15 with, we've eliminated about 50 percent of those and gone to
16 the industry standard.

17 So between the three services, we've done a lot of work
18 over the last few years to try to consolidate. And I think
19 this is one of those great big ones that deal with that. So
20 I think it's one of those things, I think, for the Army, the
21 time has come. The rest of the service is addressing that,
22 if it has merit, and they will have to demonstrate and see
23 if the other services will follow.

24 MR. DUNCAN: Wal-Mart model was
25 mentioned earlier, I believe. And I think that's a thing to
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1 key off. At Carter & Burgess, we're continuing to work for
2 Wall-Mart in their distribution centers. They probably told
3 you they have a model format for their distribution centers.

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4 These are \$100 million facilities, and they treat it like a
5 commodity, so a distribution center is going to be a
6 distribution center.

7 Then as he mentioned over here, they're the same except
8 for where they're different. But you start out with the
9 basic design, and it gets regionalized, it gets customized
10 for the various -- it get customized with the latest
11 technology. And when you're working on your criteria or
12 standard documents, those aren't going to be fixed over the
13 years. You're going to continue to work on that. You'll
14 get feedback

15 A dormitory concept may not work as well, but you're
16 still going to be working with a standard physical
17 arrangement. That's why, in the definition of when we say
18 "model," my concept of a model is not necessarily the
19 contracting model, but the physical description of the
20 facility. And after, you know, doing interviews for squad
21 ops. facilities and things like that for the Air Force, and
22 going into interviews with, well, here are four other squad
23 ops. buildings we've designed, and which one do you want,
24 that doesn't work, because a squad ops. in the past has been
25 different for any given operation.

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1 Now you're talking about you're going to have an idea
2 of this brigade center, and it's going to be like a
3 commodity. You can drive it with that concept. Anyway, I'm
4 excited about it.

5 MR. BASHAM: Let me ask you this, if you
6 know. Help me understand. What's the difference between
7 your discussion about how you take a model and design it for

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8 Wal-Mart, and there's a problem of adapting to the region's
9 conditions or whatever, versus the discussion over here that
10 you can't do this and get 15 or 20 percent. Let me back up.
11 What is the Wal-Mart model? Is it the 10 to 15 percent
12 model, or is it related to the highest you can get to, and
13 how to deal with seismic and all the other conditions that's
14 regional and localized?

15 MR. DUNCAN: It starts with a typical
16 program. It's got square footages, the CAD arrangements.
17 It's got adjacencies, production areas versus office areas.
18 It's got material handling, storage, order picking, all the
19 functions. So the model is based on functions, and the key
20 description of functions that are going to go on in each of
21 these facilities.

22 Then when it gets site adapted, then when we get the
23 acreage lined up, why, you've got to arrange so that the
24 truck docks are on the right side of the building or
25 whatever. But the functionality of the building is what you

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1 stress in your design standards.

2 MR. BASHAM: So it's really about
3 functionality, not about a model that's got actual walls and
4 partitions and everything else designed in those?

5 MR. DUNCAN: Well, it's a program, it's
6 a floor layout, it's a model floor layout, square footage
7 requirements, truck dock heights, maybe some elevations.
8 But the elevations are expressed in clear height for the
9 building.

10 MR. BASHAM: What about the structural
11 frame or elevation?

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12 MR. DUNCAN: For certain locations, they
13 go tilt-up; for other locations and ownership, they will go
14 with the steel-frame buildings.

15 MR. BASHAM: You leave that to the local
16 procurement to determine that?

17 MR. DUNCAN: Well, for Wal-Mart, they
18 specify it. They have certain criteria that they use, okay,
19 in this area, we're going to use tilt-up.

20 MR. BASHAM: So they have over time
21 decided in this region here, that seems to be the best fit,
22 so they go tilt-up, in this part of the country maybe brick,
23 in this part of the country maybe that. So while they've
24 got a model, they've got a regional model, a basic model and
25 then a subregional model.

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1 MR. DUNCAN: It's not necessarily based
2 on the region. It's based on the ownership and operation of
3 the facility.

4 MR. RICHARDSON: Before we lose too much
5 steam, I want to refocus your attention just a little bit.

6 The RFP documents, you guys have seen our RFP
7 documents, and I want to know if you guys can give us some
8 feedback. What are some things that we do that prohibit you
9 from submitting proposals more quickly? Are there things
10 that we can change to help that?

11 MR. WILBUR: Jack Wilbur. It will help
12 a lot if you offer stipends.

13 MR. BASHAM: We're in the process of
14 writing some criteria to deal with that. But I guess I will
15 tell you that, I'd rather try to figure out a way to

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16 minimize the impact to you in the long run so we wouldn't
17 have to have that, sort of shifting of that burden off of
18 you. Even if we pay a stipend for that, in the short list
19 of three, and one gets it and pay a stipend to the other
20 two, 112 projects a year times three times two-thirds of
21 that, that's a lot of money. Some part or portion of that,
22 even if we got down to saying, well, some of these projects
23 are simpler in the level of detail of effort than others, so
24 maybe start out at maybe \$25,000 versus a \$125,000 venture.

25 MR. WILBUR: Well, one way to save 212
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1 time -- and we deal mostly with vertical construction -- is
2 limit the submittal to those elements that really let you
3 know we're meeting the program. For instance, I believe
4 that most vertical construction and RFP responses would be
5 limited to an architectural floor plan and a site plan, and
6 no mechanical plan, no electrical plan, no structural plan,
7 maybe some narrative to describe the direction we're going,
8 but eliminate the requirement for the mechanical, electrical
9 structural work at the RFP stage.

10 MR. BASHAM: What are the real salient
11 critical features you're looking for in this building? What
12 is driving it? Pick out the salient features that really
13 drive your selection and only submit that. Is that fair?

14 MR. WILBUR: That's fair.

15 MR. RICHARDSON: How does the IT or
16 information technology world fit into that type of scenario?
17 In other words, from one of the discussions that I've had
18 with several other folks is, the IT requirements nowadays in
19 facility requirements is a lot higher than in the past. And

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20 so is it fair to say that industry would look at IT
21 solutions for facilities and buildings or should be treated
22 the same as electrical distribution systems or mechanical
23 system under that kind of scenario?

24 MR. WILBUR: You mean leaving it as an
25 element as demonstrated to you later that they're complying
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1 with the RFP? Yes.

2 MR. RICHARDSON: Okay.

3 SPEAKER: You brought up a good point
4 about the timing to speed up the RFP response process, and
5 the gentleman said to offer a stipend. If you did reduce
6 the time of the project by just a month, you can save on the
7 small projects \$40,000. I don't think a stipend is really
8 the issue. The issue would be how to get the time down.

9 We're talking about architectural fees. Well, cut my
10 time in half, and I'll give you four percent per month.
11 Time is really the key factor for us as far as general
12 contractors and what our costs are. There are the fixed
13 costs. If we start with simply 30 percent on the
14 foundation, then it's going to be beneficial to make sure I
15 get that in the bid.

16 The other thing that I can offer, if you are giving me
17 twice as many projects, is reducing my markup on each
18 project. If you're cutting my time in half and I'm not
19 doing it cheaper, I make less margin on these projects.

20 MR. DRAPER: Robert Draper. From a
21 designer's standpoint, the last RFP that I downloaded and
22 brought with me for this project, it's due in 30 days, there
23 are 1,285 pages and 114 drawings. Define, again back to the

24 statement of what it is that is important. And going
25 through a document of that size, it's difficult to find 214
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1 what's important on the first, second, third, fourth, fifth,
2 even sixth read. And then the typical process is, as the
3 questioning begins from the contractor design-build
4 community, is that then there becomes a flurry of
5 amendments. And quite frankly, the RFP process is not the
6 place to define the scope of the project.

7 And the other issue that could help us is, when we have
8 the walk-through, the predesign meeting, is, of all the
9 predesign meetings that I have attended, I believe there's
10 probably been maybe four legitimate questions asked by the
11 participants. It would be quite useful if you would tell us
12 at the design meetings or the preconstruction meetings what
13 it is that the Corps of Engineers and your customers really
14 want because, if you ask us, we have questions about a
15 document that's six inches thick, nobody there is going to
16 ask the question, because we're all competitors. And if we
17 ask the questions, we have given up any competitive
18 advantage. Or we have given out the innovative solution
19 that we may be thinking about, or value engineering
20 solution, and we've just given it away to everybody else.

21 MR. RUNYANS: Can I ask a follow-up? I
22 can appreciate what you've said, but I'd like to go back to
23 the gentleman for a second for clarification from the
24 Wal-Mart example.

25 When you get your request or proposal, what kind of 215
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1 package are you getting? What I'm trying to do is compare
2 it with what we're doing in your situation to what you're
3 seeing in a Wal-Mart example.

4 MR. DUNCAN: First of all, we have the
5 longstanding relationship that was mentioned over here.
6 That's built up over 12 or 14 years of doing this kind of
7 work for them, so we're getting a pretty small package. And
8 it's related to the last most technically upgraded facility
9 with all the latest manufacturing technology capabilities
10 there are for the receiving and storage of materials.

11 So the package is a small package. It's basically a
12 markup on the last one, but it will have layout. It will
13 have complete facility layout. It will have -- they will
14 have the site. But in some cases, they ask us to go and do
15 the site selection work ahead of time, so there's two
16 options there. We have done site analysis for Wal-Mart.

17 So other than that, why, it's not a large package.
18 It's a design-build package.

19 SPEAKER: Coming from the small business
20 contractor standpoint, kind of I'd like to respond to the
21 questions.

22 Talking about the facility, what we're hearing is
23 design-build contract procurement. And in the RFP, one of
24 the problems with a small business contractor who doesn't
25 have a longstanding design-build track record is many types

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1 of criteria, we may have worked for some years and done a
2 great job. But then we come to an RFP and it says, we're
3 not qualified to do the job because we don't have the
4 specific design-build requirements team of architects to do

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5 it. We may have worked with those architects for 10 or
6 15 years, but not as a design-build. So the RFP
7 prequalification set is based on our experience, our ability
8 to do the work. It would be much better to allow us to get
9 work as a small business contractor.

10 MR. BASHAM: Okay.

11 MR. MCGOWAN: Kevin McGowan. I'd like
12 to spend just a minute and talk about stipends again.

13 Contractors look at it all together differently than
14 engineers and architects do, because they're used to bidding
15 projects in the first place. We as A&Es simply need
16 something to take the sting out of doing upfront design that
17 we don't get compensated for. Contractors are used to
18 spending that time anyway, because that's their business.
19 So a stipend does make a big difference to us.

20 I realize, at the federal level, there's a finite
21 number of dollars available to even construct these
22 facilities, let alone paying out stipends to firms. But I
23 think, with the use of stipends, you're going to get more
24 and higher qualified A&Es going after your projects. And so
25 in the end, it may bear some fruit for you.

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1 SPEAKER: Second.

2 MR. AMSVEN: George Amsven from Coffman.
3 I've been sitting on a committee that reviews design-build
4 packages from multiple A&E construction teams, contractors.
5 And what the owners did was he paid each team to deliver
6 10 percent. And by doing that, they owned the value
7 engineered idea, the key to making this thing work, even
8 though they may not select that team, because they found

9 some other thing that may have been detrimental to the
10 design, in other words, the look of the building. And I
11 think by doing that, you can call it a stipend or whatever
12 you want to call it, but you're basically buying something.
13 I noticed that the government likes to have something when
14 they give money away. Tell me what you know about that.

15 MR. BASHAM: We never give money away.
16 We always get something for our money.

17 MR. CANNELOS: I notice when I send in
18 an invoice, I have to send something with it.

19 MR. BASHAM: We may question the value
20 of what we got for the money, but we get something.

21 MR. CANNELOS: I don't know if -- I'm
22 not involved in the bid process with the government
23 obviously. But in the private sector, when you're talking
24 about modeling, in the private sector, how we work, that's
25 one thing that they do is, the owners will recognize that,

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1 well, somebody's going to have some upfront cost here.
2 Whether the contractor or the 8(a) team doesn't like it,
3 owners recognize that, well, I'm going to get something from
4 this, because you're going to give them something. And any
5 time we put together a package or proposal, whether we get
6 paid for it or not, it's real dollars.

7 MR. BASHAM: Sure. We recognize that.
8 We're about ready to -- we've had a team working on trying
9 to craft some guidance to the field. We've evolved over the
10 last few years from the traditional one step to two steps.
11 I understand we're asking our engineers to make a big
12 investment out there. In some cases, when you start out,

13 where you've got five or six architects with a big
14 investment many times, that doesn't make sense. We've got
15 to get it down to three. Now we're starting to go -- there
16 are some facilities out there where people are putting out
17 \$100,000 or \$150,000 to draw up a proposal. It may be one
18 of the first steps we need to do is go back to the beginning
19 and say why are we putting out \$150,000 to get a structural
20 layout and mechanical system, and maybe figure out what the
21 basis is, and maybe that will cut it in half. There may
22 still be a sting there, but we maybe can cut some of that
23 out.

24 Still, at the end of the day, the policy is going to
25 still allow a stipend to be used under certain conditions.

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1 But the notion where there's an excessive amount, I think
2 the difference begins when we talk about the contractor.
3 And the contractor can afford to invest more money in that
4 proposal, because if he wins, he wins
5 \$20 million, \$30 million, whatever it is, to get a profit on
6 versus the architect/engineer's portion. So \$150,000 is a
7 pretty big piece of the fee that you've now got to
8 distribute over a whole bunch of other contractors. And I
9 might do that once, I might do it twice, I might do it three
10 times. But it gets to the point you've got to start making
11 a conscious decision. If I'm not getting one out of three,
12 or one out of five, or one out of two or something, how much
13 more am I going to be able to invest in this exercise?

14 And actually, I kind of like the notion, quite frankly,
15 that you'all give -- and this has come out of all of them,
16 the notion of a longer term relationship that's not one

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17 procurement at a time. And so you go out and maybe award
18 two or three or four of these, but you have a choice to go
19 to these different contractors without having a procurement
20 on each of them. And some of that is based on
21 relationships. If you don't give me what I want in the time
22 that I want and the quality that I want, I'm going to go to
23 the next guy down the road. And I hear from some of
24 you'all, that's the incentive. That's what's keeping me
25 coming at the table is, I like the competition; I just don't
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1 I like to compete for that competition. I want the
2 competition to be based on I did you a good job this time,
3 and so I can come back.

4 The other piece of that, I think, is this notion from
5 the Wal-Mart piece, it's the repetitiveness. If we took the
6 facility types and you were doing barracks, and you did a
7 good job on this barracks, I'll give you the next one.
8 We'll take that model, and maybe that becomes the model
9 concept I'm talking about, and let's improve on that model
10 and go build the next one and go build the next one. Over
11 the two or three-year period of time, we've taken that
12 model -- that's a model not only of a building, but a model
13 of a relationship, it's a model of doing business, that
14 really gets it down to two pages of an RFP, because you've
15 been there and done that before. The only thing we're
16 really having a discussion about now is whether you're
17 building this building at Fort Polk, Fort Campbell,
18 Fort Knox, or wherever it is. The basic building, you've
19 got down pat.

20 SPEAKER: Is the Army thinking of doing
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21 this as a design and then build by job contractors, or are
22 you looking for A&E-contractor teams to enter into a venture
23 as a design-build entity and maybe get 20 of these buildings
24 in, say, the Northwest?

25 MR. BASHAM: Well, I guess I don't want
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1 to say they have made that final decision. I would say
2 they're probably leaning towards the design-build. Again,
3 the reason for the design-build, I think one of the
4 advantages that comes out of that is, I can be building one
5 design. If I get even a better relationship, and I really
6 truly have a barracks out here that you've done three of
7 them, and I'm getting ready to go over and do one, I think
8 literally within days, if you did the last two, that you and
9 the contractor know where you can go right quickly to start
10 turning dirt to do something, and all we're doing is
11 changing the brick and maybe just the brick color, maybe
12 some of the fascia, the foundation, and the geotech work is
13 all the same in that area. So you literally can be out
14 there within days and start digging footings and maybe still
15 changing some of the architectural features on it.

16 SPEAKER: I don't know if I asked that
17 question completely right.

18 MR. BASHAM: Okay.

19 SPEAKER: Were you looking to turn that
20 over to your established job contractors, or are you looking
21 for the communities to develop their alliances and say, hey,
22 I'm going to team with this big construction outfit who has
23 the in-house design so I need this A&E team? Or are you
24 just looking to go to an A&E team, get the prototypes under

25 contract so that -- review this prototype, change it how you
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1 want, and do these twelve buildings, and then turn that over
2 to the job contractor to bid that out?

3 I'm not sure exactly how that process works. I know
4 how it's worked in the past with the private sector.

5 MR. BASHAM: Again, I welcome thoughts
6 on that. Again, I don't think it's one procurement at a
7 time. Maybe it's asking an architect and a contractor to
8 bid collectively on a five-year contract together on that
9 particular facility, or you could have an arrangement
10 that -- some of the others talked about maybe you hire an
11 architect to develop that initial model, and then you bring
12 the CMS contractor on board. And in the first one of those
13 you do, you're going to only go so far before you turn it
14 into a guaranteed maximum price.

15 I would think after you got about ten of those done,
16 before you'd get your guaranteed maximum price a lot quicker
17 than you would be in the first one, each one of those.
18 Because of that relationship, the comfort level with the
19 facility, you're going to turn that over a lot quicker. At
20 least it seems to me that you would. How you package that,
21 do you get that economy of scale and that relationship and
22 comfort level with five buildings or ten buildings over two
23 years, three years? That's been part of what I've been
24 trying to get at here.

25 So I think it's some arrangement like that. And part
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1 of the discussion here is, how do you make that marriage?
2 Am I the go-between, kind of the CMS person, to bring the
3 designer that's done ten of these, and then have some
4 contractors out here that I can give these to, not
5 necessarily on procuring on each, but some CM's with a
6 design risk relationship, some type of deal?

7 Also what I can do is get the innovation between what
8 the contractor is bringing over time to what he does on the
9 job back to you and the design piece over and over and over
10 again to a series. It seems like to me, there's some huge
11 advantages to doing that.

12 SPEAKER: You're getting at a point I
13 was just trying to elaborate on. I see some very good
14 economies of scale in the Wal-Mart model, but there are some
15 differences between the Wal-Mart execution and locality and
16 yours.

17 For example, in our Northwest region, there's only one
18 Fort Lewis, and there's going to be only one brigade or
19 battalion headquarters done in the next 10, 20 years. I can
20 drive around in my car in one day and count a few dozen
21 Wal-Marts around here. It's a repetitive kind of business.
22 It's a different kind of relationship kind of business.

23 The biggest cost is on the contractor side, and the
24 biggest cost advantages are relationships that he has with
25 the 85 percent of his cost that is subcontracted out to the
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1 local subcontractors. That's where most of your money is,
2 so you've got to make sure that, if you're tending toward a
3 Wal-Mart design model, that you preserve an alliance of
4 sorts in the localities. And I'm glad to fill that role as

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5 a consultant that helps pull it all together, but it's very
6 important to preserve that local contractor's economy,
7 because that's where most of his money is.

8 MR. BASHAM: I agree with that. But
9 just how do we actually package and make that happen?

10 MS. GREENHOUSE: I'm going to share this
11 again. In 2000, we had a little fatter one before that we
12 shared. But I would just like to make a comment here.

13 We were feeling so good about ourselves. And Madonna
14 Southcott is here from Alaska. And they have done a lot of
15 our pilot things, and one was the stipend. And over in
16 Alaska, the construction period for construction was really
17 short. And we wanted to keep those quality A&E's on and
18 letting them know that we understood what an ROI is, and
19 that in industry, you want a return on your investment. And
20 that's why the Air Force decided to go with that investment.

21 But my balloon was really burst in Washington the first
22 forum that we had when the contractors got up and they said,
23 we know you're doing these stipends, we want you to know
24 \$75,000 is nothing, that that was nothing to share, among
25 the lowest.

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1 And then the second thing they said was, and then you
2 are always requiring a consideration. That's just normal
3 contracting. We need a consideration when we're passing out
4 money, be it to keep you in the game or whatever. But they
5 said, but we are not interested in these stipends because of
6 the fact that we're not going to give our intellectual
7 property to the government to use unlimited, and so on.

8 And it just warmed the cockles of my heart again to see

9 out here in the Northwest, you still would like us to
10 consider stipends, and that that would be something good.
11 And I think there has been some case law that has said that
12 we cannot take your design and use it wherever without
13 giving you some royalties. But most of the time, I don't
14 think we had been using those designs. Maybe there were
15 parts of them that we were looking at, but never used it in
16 full as the result of getting the consideration.

17 But you just warmed the cockles of my heart in that we
18 were thinking of ROI's and saying we're being good
19 government people thinking of good deals for you that you're
20 thinking we might want to think a little bit further. And
21 I'm not saying that that is telling Don that he must include
22 that in his program. But that is just one of the incentives
23 we want to get to. Thanks.

24 MR. BASHAM: Anyone else? Any more?
25 Anything else to offer? Again, I do really want to --

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1 SPEAKER: You wanted one more. Taking
2 the extreme situation of you want to reduce everything, you
3 could do that by building type, number one. You could look
4 for five procurements at your level by building type, you're
5 going to procure X amount of headquarters buildings and so
6 on down.

7 You stated you want firms to go ahead and organize so
8 that they can handle the uniform design as specified by the
9 standard criteria that you're going to prepare. And then
10 that's done by one unit on a -- one unit. Okay.

11 And then the details of the design would be handled by
12 another element or another unit or component of the team,

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13 which would have to be a local component. So you can set up
14 your contract for multiyears with options, and each facility
15 would be an option. So you could -- if this unit entity
16 flunked the course, you could go to somebody else. And
17 procurements, build the relationships -- and contract
18 development projects by building type and in sequence, and
19 taking full advantage of the local talent, because the final
20 designs, if you will, are going to be done fully recognizing
21 the local talents above the contractors and the
22 architect-engineers.

23 MR. BASHAM: Okay. Anybody else? Last
24 call. I really do appreciate you'all sticking with us
25 today, and we've had a lot of good discussion and lot of
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1 food for thought. I hope you get some sense in the program
2 about, it's not an easy challenge. We just don't say, well,
3 we'll figure out some way.

4 As I started out at the beginning of the day, whatever
5 we do, it's got to be compatible with you'all. A
6 hundred percent of our construction work, 95 percent of
7 architect-engineer work is done by you, whether it's going
8 to be some form of an RFP, IFP, some package that you're
9 going to have to work with. The reason we're not here is to
10 try to gauge it. At the end of the day, if I don't set you
11 up for success, I'm not going to be successful. I'm not
12 about spending a nickel, dime or penny in court. Nobody
13 wins there. We've got to figure out, how do we balance the
14 relationship that's best for us all. As I said this
15 morning, at the end of the day, it's about providing
16 facilities for those people that are out there defending us

17 each and every day in the world.

18 And so I hope that you'all here in a few weeks start
19 seeing some of the fruits of our discussions. I'm not going
20 to say we're going to please everybody. But you've given us
21 a lot of food for thought.

22 I encourage all of you to -- let's put up the website
23 and the e-mail. We've got a website where we'll post the
24 minutes of this meeting on and all the other meetings that
25 we've had and the discussion if you want to look at that.

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1 We'll also use that forum if we start trying to frame where
2 we think you might be going and put it out there for you to
3 look at. We encourage you to provide us comments and
4 feedback.

5 There's a questionnaire out there that was passed out
6 today. It's on that website. We really would encourage you
7 to take the time and answer those questions. It further
8 helps us in our deliberations of things.

9 Some of you gave me your cards. You have my card.
10 You're more than welcome to give us a call on further
11 discussion.

12 At least two other things we're going to do in the next
13 couple weeks, I think I mentioned earlier, we're going to
14 pull together a focus group, the pre-engineer folks out
15 there in the industry and see what they have. The other is
16 that the Corps of Engineers is a member of the Construction
17 Industries Institution, which is made up of about 95 owners.
18 And I had Emil VanWinkle, who is the executive director of
19 the CII, pull together a focus group of about a dozen
20 owners, DuPont, General Motors, some of those big firms

21 that, quite frankly, do not deal like the Army, if you look
22 at the Army as a whole, some of the buildings they build,
23 operate and maintain. So we want to sit down with some of
24 them and look at them from an owner's perspective, look how
25 they do business with you, how they assess risk and

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1 establish those relationships with you as
2 architect-engineers and contractors, and how they go about
3 doing that. So that's two other major groups we're going to
4 look at here within the next couple of weeks to have some
5 dialogue with to kind of move around the table and look at
6 it from a business perspective and see how they do it,
7 again, to bring this thing down about 10,000 to 15,000 feet
8 and get it down to ground level and further define this
9 thing. We may ask you to come back and say, here's what we
10 think we're going to do, help us figure out how to put some
11 meat on the structure now and go forward. We're excited.
12 We want to go in this direction with an RFP or this type of
13 concept to maybe help work better. Does that sound like a
14 plan? A comment?

15 MR. MYERS: I'm just curious -- Gregg
16 Myers. I'm just curious why it is that we've talked a lot
17 today about the effect on the architects and engineers. Yet
18 I haven't heard anything about a focus group or a planning
19 meeting with specifically architects and engineers to
20 discuss these issues.

21 MR. BASHAM: There's a lot of
22 contractors. There's been a lot of architect-engineers as
23 well. And we still can do that. Some of the follow-up
24 groups, when we actually decide where we're going, will look

25 at the engineers and how you develop an RFP. There again,
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1 if we look at the design-build arena, I need to pull both
2 the architects and some of the contractors together to look
3 at that jointly. If we decide to go with a model with an
4 architect-engineer developing that model, and carrying it
5 all and pass it on to some form, when we start trying to
6 sort that out, that's where we'll start bringing individual
7 group back that have the biggest impact on that to have a
8 discussion. How's that?

9 MR. MYERS: Not good enough.

10 MR. BASHAM: Do you want us to meet with
11 each one of you? I've got two dozen cards here.

12 MR. MYERS: You tell me, who did the
13 solicitations for this meeting today? I think it mostly
14 went out to the representative of construction contracting.

15 MR. BASHAM: I don't believe so. No, it
16 did not. It went out to architects, engineers, small
17 business, large business. We tried to hit the world. We
18 did not limit this discussion or attempt to limit this
19 discussion to contractors.

20 One of the things, I'm disappointed in, quite frankly,
21 is the turnout of the modular building folks. We have only
22 had this gentleman here representing them in all five
23 sessions. I would have liked to have more discussion with
24 them. But if we did that, that was not our intent. It was
25 wide open. We thought we had opened that up. That's the
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1 reason I went back to Emil VanWinkle, because I thought
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2 maybe there would be some owners here as well, and we could
3 get a whole different perspective. The closest I've gotten
4 to an owner was with the individual who came to Washington
5 DC from Wal-Mart.

6 MR. MYERS: I brought that up only
7 because I sit on a couple different committees with
8 architects, and one of the things, at the committee meeting
9 just recently, I asked if they were aware of this, and they
10 hadn't heard anything. I believe that the word was not out
11 there very well.

12 MR. BASHAM: We used the vehicle that we
13 thought the architect-engineers used, the FedBizOpps. We
14 posted it out there, because we thought everybody would get
15 access to it and look at it. If we failed, I'm sorry. That
16 was not our intent.

17 MR. MYERS: So anyway, I brought up in
18 the first place, because what I thought I heard you say at
19 the end of your statement was much stronger than what I
20 heard throughout the whole presentation is that you really
21 are somewhat compelled to lean towards the design-build
22 process. Did I hear you correctly?

23 MR. BASHAM: Yeah. But I think right
24 now, the notion we've got out of the five sessions, if you
25 want to get there quicker and faster, you can't have those
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1 individual handoff relationships to get there.

2 MR. MYERS: If that's the issue that we
3 have, I think it might be counterproductive. I think your
4 best advantage toward procurement to get the best price is
5 still to have a design firm and a construction firm on board

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6 together early, but independent of each other.

7 MR. BASHAM: That's a possibility. When
8 I say "design-build," if you remember, when I mentioned
9 earlier, when we talked about design-build, every one of us
10 in here, when I say "design-build" has a different
11 interpretation. That design-build could be a separate
12 relationship with an architect-engineer and a separate
13 relationship with a construction contractor. How you marry
14 those up? It could be a forced relationship. But we
15 haven't sorted that out yet.

16 MR. MYERS: The design -- the architect
17 or designer in a subcontracting world, the general
18 contractor, at least from our experience, has proven to be
19 very challenging, very difficult, to say the least. The
20 architect's role is one that's more value added, I believe.
21 And there the value comes really in the initial 30 percent
22 of, I believe, the programming and planning of the project.
23 You need to try to find solutions that, if it's cost
24 reduction and time savings, we'll help you try to find that.
25 If what you're bringing is a prepackaged product that's

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1 further along, say, 30 percent, and you're giving it to a
2 design-build team, then the role of the architect has been
3 reduced. And in a subcontracting capacity, especially in
4 the design-build role, it's still the low bid will get the
5 job. And now the architect in the subcontracting role will
6 probably be expected to reduce their hours or reduce their
7 costs in some way during the construction phase. And the
8 tendency in that capacity then, in order to make a profit,
9 is really simple; they'll put their lesser qualified people

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10 on the job. The contractor may do more of the performance
11 work than would have traditionally been done, and if the end
12 product isn't satisfactory for one reason or another, the
13 architect is also going to take a hit on something they had
14 very little involvement in.

15 MR. BASHAM: I understand.

16 MR. BAUM: I'd like to just respond to
17 that. My name is Bill Baum. I'm with the American
18 Institution of Architects, and I'm here representing the
19 AIA. I'm here basically on information gathering. We have
20 many programs at the AIA to address all the issues that came
21 up. I would encourage continued dialogue with the
22 associate, whether it's AGC, EPIA, whomever. There's groups
23 representing their members doing the best they can for the
24 members, so I'm encouraging a dialogue with those groups.

25 MR. BASHAM: We have relations in some
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1 form or another with all those project managers out there.

2 MR. TOYAMA: My name is George Toyama.
3 I have a small business in Hawaii. I would like to see open
4 dialogue with small business also. We have participated in
5 some of those things. I'm saying that the Department of
6 Defense's biggest bang for the dollar will come in bundled
7 contracts. And the bundle that we talk about, design-build
8 and everything else, we don't mind because work is work.
9 We'd like to be prime contractors. It cannot happen all the
10 time. But I think that what we need to do is find out how
11 small businesses are used, because we don't want to be used;
12 we want to participate.

13 A lot of times when we get into these bundled

14 situations and it is left to the big businesses to then put
15 the teams together, we get into a position where we're used
16 as a bidding service. We're doing takeoffs in a reverse
17 auction position. There's a lot of things that happen that
18 wouldn't ordinarily happen if we were bidding directly to
19 the Corps of Engineers, the fairness of how we get our jobs.

20 So I think that that is one thing that's got to be
21 done. You've got to give me an opportunity to tell you that
22 XYZ contractors don't treat their subcontractors right, so
23 you can do something. Generally what the small business in
24 Hawaii is doing, you're just counting numbers. That's a
25 good contractor. You use ten small businesses. Well, ten

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1 small businesses over a year when you only needed three is
2 not a real good sign, so I think small businesses have got
3 to be taken care of in this whole process. And it's going
4 to be a different system rather than just counting boxes.

5 MR. BASHAM: We would not disagree with
6 you. That's why we made the small business a key focus in
7 our session, so we can keep track of it, so we can get them
8 from a subcontracting role to a prime role. Are you okay?
9 Do you want to add something?

10 MS. BLAKE: That's my job, and I've got
11 coworkers who care about my program too. So that's why they
12 say my stuff for me. So small business, respond to those
13 announcements, get your information in. And the rest of
14 you, don't wait for us to tell you. We do this every day.

15 MR. BASHAM: My guess, if we further
16 refine this, I'll ask you to help me pull together the small
17 business community. Here's where we're headed. In the

18 first focus group session, here's a niche for you both as
19 subs and the primes.

20 SPEAKER: We've done government business
21 for many, many years, design-build. We can absolutely say
22 that the government has the best value from design-build
23 contracts having the architect and the engineering team and
24 the contractor in one under the engineering company or the
25 general contractors. There's no question about it.

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1 MR. BASHAM: I would tell you folks,
2 there's no unanimity in this community on this single issue,
3 I know that. And there's two camps. I know there's at
4 least two. The two extremes is this gentleman with the
5 design-build, whatever form you want to take the
6 design-build risk, the relationship that he brings to the
7 table is a joint community; versus the other extreme, I want
8 the Corps, I want the owner to contract with the architect,
9 that's who I work for, I don't want to be subservient to a
10 construction contractor, I want to be part of the contractor
11 and force that marriage. Those are the two extremes here,
12 and there's a whole plethora in the middle there.

13 I've got that out of these sessions. I've got that out
14 of 37 years. The day we started in design-build, some of
15 you with drug kicking and screaming to go there. And I
16 understand and appreciate that from an architect-engineer's
17 point of view. We'll look at that. We've got to consider
18 that.

19 Again, I'm not sure that it's one size fits all.
20 Different facility types will cause us to do different
21 things. Some of us will want to get a contractor that's got

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22 an architect-engineer, or it might be something else.

23 The rehab, maybe that's when you'll get a long-term
24 relationship with an architect-engineer and come in and do
25 the rehab piece up to a certain level, and get a contractor
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1 in and get them married up and start the work and move on.
2 I don't think it's the right mix, but that's a notional
3 thing of how you would be different.

4 MR. MCGOWAN: Kevin McGowan with a
5 couple of final recommendations, Don. The true middle
6 ground is a project delivery system now called Design
7 Contract Build. I would encourage you to get the
8 documentation on the specifics of this program from AC-DC.
9 They have been putting on dog-and-pony shows for the last
10 several years -- it's a modified form of GCCM. And it
11 involves both the A&E staying on and bringing the contractor
12 in early. That's the first recommendation.

13 The second one is, COFPAES. Are you familiar with
14 COFPAES? Committee on Federal Procurement of A&E Services.
15 AIA, NSTE, a number of other organizations are highly
16 involved in procurement at the federal level. I would
17 suggest getting ahold of John Palliatello and seeking his
18 input, because he represents the larger body of all of us
19 here in the A&E community particularly and could bring forth
20 even more recommendations in various forms.

21 MR. BASHAM: John Palliatello.

22 SPEAKER: Palliatello.

23 MR. BASHAM: How do you spell that?

24 SPEAKER: P-A-L-L-A-I -- I'll come up
25 afterwards.

1 MS. GREENHOUSE: Don, if I could have
2 one last word here, I just hope you see the benefit that the
3 forum has been. Today, the way we look at it is that nobody
4 has a contract today. But you received the information.
5 You got a chance to remove a lot of the myths and the
6 misunderstandings, and you got a chance to give us some
7 value added information for structuring whatever
8 solicitation documents come out of this. So I hope you see
9 that we are trying to level the playing field here. Even
10 the A&E's can decide whether they're going to be the lead
11 and bring on a general contractor with them, or whether
12 you're going to join with a contractor and let the general
13 contractor be the lead. You have the opportunity to try to
14 fashion out what it is that you can do.

15 One question that I'd like to ask is, are you working
16 anything in, Don, to have a draft solicitation? Maybe, I
17 don't know.

18 MR. BASHAM: Have a draft --

19 MS. GREENHOUSE: A draft RPF to go out
20 so that you could get further input.

21 MR. BASHAM: That would be one focus
22 group we'll have is, once we get down to the program
23 solution, before we put one together, we'll put a draft
24 together, whether we work with the AIA or whoever, we'll use
25 some form to get some input on some draft.

1 MS. GREENHOUSE: And I think you'll also

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2 see that the government has had to decide, because we
3 believe some of the capabilities are severable from the big
4 umbrella type contracts, that some places the government
5 might serve as the integrator, and at other times the
6 government is not going to be integrated at all with a big
7 systems contractor to work this for.

8 So I think you're going to see just a conglomerate of
9 things going on here, so that we can get to effective
10 competition, and that is getting every small, large, middle
11 size, contractors not in any kind of special group, if
12 you've got something value added to improve that quality of
13 life for those soldiers, you're going to get an opportunity
14 to do it, at least we're going to try to go for you.
15 Thanks.

16 MR. BASHAM: Any questions back here?

17 SPEAKER: I just have a question for
18 you; that is, in the Corps' activities in the reconstruction
19 of Iraq, have there been some success stories or lessons
20 learned from the contract actions there getting people on
21 the ground in a short time frame to do pretty loose work?
22 What can be learned from that and applied to our work here?

23 MR. BASHAM: You bet you. I was on the
24 team to put together the contract for the \$18 million that
25 went to Iraq. We put a team together in 60 days with

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1 \$18 million worth of RFP's together. They were all a cost
2 plus piece. The notion was that they're all design-build.
3 They were married, because they were trying to hit the
4 ground running. They were basically -- there are some
5 variances of that. Basically they were -- they got out

6 there, and the contracts were broken down, which might look
7 strange to some folks.

8 But the Iraqi government is organized by sectors,
9 electrical sector, housing sector, public works sector. And
10 so one of our goals was to leave them in better condition
11 than they were as a government, not necessarily just
12 facilities by itself. But so we didn't want to package
13 things that looked efficient to us that made no sense to
14 integrate with the government over there. So we wound up
15 packaging these packages along sector lines. So we had
16 electrical contractors and a public works, different ones
17 like that. And they were basically -- the Iraqi ministry
18 and coordination for the overall program management would
19 bring together a scope of work to the table. And the
20 contractor would take that scope, go out in the field and to
21 the Iraqi government, whether it be a school or power house
22 or water treatment facility. And they would -- they
23 wouldn't scope it, but they'd start a design to the point of
24 what had to be rehabilitated or rebuilt or removed.

25 And at such point, if both the designer and the Iraqi
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1 government could get that project to the point it could be
2 definitized, then we'd definitize it. So that's how those
3 were structured. And we're looking at those for a model.

4 And to get people on the ground in 120 days from the
5 time that we took over government there is a tremendous feat
6 in our estimation. It wasn't my feat at the end of the day
7 or government's feat; it was you folks. And if you had to
8 put folks out there within 30 days of awarding that
9 contract, we said you had to have a team somewhere on the

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10 perimeter of Iraq so that you could start construction and
11 start doing business. It's been a tremendous push to
12 definitize those contracts as quick as we could, because of
13 the money that's involved in that. But it was a tremendous
14 success that we can learn from that in five years overall in
15 some of those contracts.

16 SPEAKER: I have a follow-up question to
17 that, and that would be, I've found out, the more I learn,
18 the more I find out I don't know anything.

19 When we talk about the quality of life for our fighting
20 troops, the family left behind, and then we talk about
21 Wal-Mart and this idea that -- I don't go to Wal-Mart
22 because I enjoy hanging out there. The idea that we want to
23 keep our families on the bases where it's safe, when these
24 guys have got bullets flying, the last thing you need to
25 worry about is whether your family is having fun and is

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1 comfortable. If the idea is the quality -- you mentioned
2 Motel 6 or Sleep Inns -- the idea that load everybody in the
3 GOP van, you take them to Motel 8 and you say walk around,
4 go through the rooms, this is what I don't -- come over, get
5 in the van, we'll spend the day, that can basically mean in
6 two weeks. It seems to me that if you have facilities that
7 you build that you're happy with, all you need is the price
8 of a plane ticket to get these sidewalks on site to show
9 them this is what I want, this is the quality I'm looking
10 for.

11 MR. BASHAM: I think we can do that, and
12 I don't think I have to buy a plane ticket. Whoever the
13 individual or individuals was making comments a while ago

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14 about a prebid conference, you show up at the field office,
15 you show up at the district, and we lay out this thick book,
16 and we say a couple of words and say what's your question.
17 I'll take you out to the site and show you where I'm going
18 to build it to start with. Then I'll take you down the
19 street and show you a building that we built a year ago, and
20 I like everything about that building except this and this
21 and this, and that's what I want to change.

22 Now, you replicate that and change these three things,
23 what piece of paper are we going to sign to get on with it?
24 Maybe I'll take photographs or some 3-Ds that gives you
25 that. But ultimately what we're trying to wrestle with is,
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1 at the end of the day, we have to define the quality. And I
2 don't want you to walk away from here -- this is no
3 disrespect. I'm not suggesting that Wal-Mart isn't quality.
4 I'm just talking about the concept of procurement that they
5 have as a method. I don't think the concept of how you
6 procure has anything to do with still getting a quality
7 facility or not getting quality facilities.

8 The notion is that Motel 6 or the Hyatt Regency is a
9 quality issue. Just mentioning those two to you, you could
10 go out here and build me a barracks. We probably wouldn't
11 be too far off on what we agree on that quality level is.
12 So I think we've got to define which one of the two we want.
13 Then once we define it, how do we describe it to you? Is it
14 just as simple as you said, let me take you to the Hyatt,
15 and you go down to the gate and take a right and go down to
16 the corner, there's a Hyatt there, that's what I want. And
17 I want it fast. I want it generally to be \$125 a square

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18 foot. Or do you want -- with this kind of facility, that's
19 just a general description of \$100 a square foot versus \$50
20 a square foot. That number defines a huge quality level in
21 some respects. So maybe it's as simple as that. Maybe
22 that's what we were having a dialogue with you about, to get
23 at that level. Who else?

24 SPEAKER: I just wanted to touch on the
25 construction management model. Most of the conversation
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1 that is going around the discussion here seems to make the
2 assumption that the CM is going to turn into a GC. There's
3 a lot of other models than that. They can be an independent
4 entity which could focus on bringing that team together,
5 whether it be local or small business, whatever the best
6 value is for you on that particular facility, location. So
7 I just want to bring that up again that everybody seems to
8 be assuming that the ceiling is going to the GC. That's not
9 necessarily the best model in every instance.

10 MR. BASHAM: Sure. I will tell you I'm
11 excited about the possibility that I'm going to go to the
12 CM, that I'm going to completely -- I'm not going to have
13 the inspectors out there or engineers out there inspecting
14 the building and looking at the shop drawings. What am I
15 going to do with them? Obviously I'm going to go home. But
16 I've got to reinvent myself, and I go back 200 years ago. I
17 was the master builder. And I was the GM or CM back then.
18 I took all the parts and pieces and put them together. I'm
19 going to accept that responsibility and liability of then
20 going on a construction contract and marrying them up and
21 working on them, having a team of engineers to work that

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relationship through.

23 SPEAKER: Let me just add that -- again,
24 another point on that CM model, it's always the contractor
25 and the A&E. Let's not forget that vendor subtrades and 245
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1 manufacturers that can bring value at that early stage, so
2 it may not always just be the marriage of the CM to define
3 it. I think the responsibility of the CM is to bring
4 together a team effort as early as possible to bring the
5 best value in both dollars and schedule to the client.
6 That's what his role is. I'm not limiting it to anybody
7 that's really determined, depending on the scope of work of
8 that facility that you're trying to achieve.

9 MR. BASHAM: And the notion was -- now
10 you get me wound up here. So I'm going out here and take a
11 long-term contract with the engineering firm to provide the
12 building on site. I've got another long-term contract out
13 here for the HVAC. I've got three of them. So now when I
14 hire the architect-engineer and I bring the contractor --

15 SPEAKER: There are certain efficiencies
16 in that.

17 MR. BASHAM: That's the integrator's
18 role that I now play versus the role of QA/QC, shop
19 submittal review, which might in some respects be a lot more
20 meaningful and challenging work for a workforce in the
21 future than it is now. Okay.

22 SPEAKER: Slap down that 1,300 page
23 document.

24 MR. BASHAM: It could very well be. I
25 had the notion here talking about the construction side of

1 the house, I've got the same limitation here over at the
2 engineering side of the house. If I put together 1,300
3 pages of documents, I got folks that need to be refocused.
4 Do I create some engineering research and management team
5 that serves that role? Please don't run out of here and say
6 the Corps of Engineers is going into the construction
7 management end of things.

8 MS. GREENHOUSE: Maybe industry has to
9 understand that you may have to change a little bit too in
10 this new transition. And think about that, because we're
11 asking you to be our think tanks.

12 MR. BASHAM: Anything else to get
13 across? Again, I really appreciate you'all spending the
14 afternoon or the day with us. I know at the end of the day
15 it was an expense to all of you. You did not walk away from
16 here with any work, but you have done one great thing today.
17 Whether you know it or not, you're helping to frame the
18 future of the Army by providing facilities for soldiers. I
19 hope you at least take away and be proud that you
20 contributed to that. Stay tuned. Stay with us. There will
21 be opportunities coming.

22 And we need you, as I said before, and it bears
23 repeating over and over again. I'm only going to be
24 successful, the Army is only going to be successful at
25 providing facilities for the soldiers that fight for us, but

1 I have to have you on board. I've got to have you with me.
2 I've got to have you working together, not separately.

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3 We've got to work as a team to do that. So we need you.
4 Thank you' all very much.

5 (Concluded at 4:27 p.m.)

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CERTIFICATE

STATE OF WASHINGTON)
COUNTY OF KING) Ss

I, J. Gayle Hays, Certified Court Reporter in the State of Washington, County of King, do hereby certify that the foregoing transcript is a full, true and accurate transcript of the proceedings taken in the matter of the above-entitled cause.

Dated this 26th day of April, 2004.

J. Gayle Hays
Certified Court Reporter
CCR # 1964