U.S. ARMY CORPS OF ENGINEERS

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ARMY MILCON TRANSFORMATION

INDUSTRY FORUM

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TUESDAY,

APRIL 12, 2005

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WESTIN PEACHTREE PLAZA HOTEL

210 PEACHTREE STREET

ATLANTA, GEORGIA

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The above-entitled matter convened in the Plaza Ballroom, pursuant to notice, at 8:00 a.m., Howard Moy, HQ USACE, presiding.

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8:15 a.m.

MR. MOY: Good morning. My name is Howard Moy. I'm from the Military Programs Directorate at the Army Corps of Engineers Headquarters in Washington and I would like to welcome you to the 2nd Industry Forum on what we're calling MILCON Transformation, finding better ways of providing the soldier better facilities, less expensively and faster. With that, what we would like to do today is hear from you, you the industry, on your ideas to help us get us to that goal.

We will kind of give you a general direction of where we are going. We need your feedback. We need your better ideas. Let me kind of quickly run through the agenda today. We're going to have a brief vision from the Assistant Secretary -- excuse me, Assistant Chief of Staff for Installation Management's Office on where we are going on MILCON Transformation. We are going to take a quick look at three focus areas: planning and programming, standards and criteria, acquisition and execution.

Then we will have a little discussion on small business concerns. Then we will have what we usually call a round table discussion with you, questions and answers from the audience and from the Panel up here. Then we will have lunch, continue discussion and then we will finish up.

At this time, I would like to introduce our host here in Atlanta, General Michael Walsh, Commander of the South Atlantic Division.

(Applause)

BRIGADIER GENERAL WALSH: Thank you and welcome. You folks who are outside Atlanta, welcome to Atlanta and you folks who are from around here, I want to thank you for your interest in coming today and helping us try to get past some of the issues that we put together from the past and how we can develop what the Army needs for the future.

I see we have kind of dispersed ourselves pretty much like church. We filled up in the back and the front rows here are still empty. So any of you guys in the back, if you can't hear me or you can't hear one of the speakers, please move forward.

As I was thinking about what to say to you all today and I kind of was reminded about that old story about a doctor who was walking past a street and he was seeing one of his elderly patients walking by, and he had a very good looking woman underneath one arm and every place where he was passing, he was being very cheerful. He was saying ?Have a nice day,? ?Wonderful outside? and things of that sort.

And the doctor walked by him and he was remembering the story that he told him and his concern, his prognosis. So we went up to Ben and he said, ?Ben, what are you doing?? And Ben said, ?I'm doing exactly what you told me, doctor. You told me to find a pretty mama and also to be cheerful.? And the doctor pulled him aside and he said, ?Listen, I didn't tell you that. I told you you had a heart murmur and to be careful.?

I'll wander that back around in just a moment. The Army is transforming for a number of reasons, but the key one is to be able to provide forces to the combatant commanders in a lot faster method than we have in the past. The Army is

transforming in three different vectors. The first one is restructuring. You know we're going from 48 brigades to about 77 brigades in the active and reserve component. And we're going to remove an entire level of a chain of command out of the Army.

The other item is rebalancing our active component and reserve component. About 100,000 slots are being restructured. We're looking to bring in 50 percent more infantry capability than we have in the past, as well as bringing in more military police, civil affairs, intel, things of that sort. Out of that 100,000 we have already changed 34,000 positions.

The last item is stability. The Army is looking to stabilize the force, leave people in place longer and that's going to have some significant impact in the way our Army is deployed. By leaving them in place longer, we're moving towards unit replacement as opposed to individual replacement. This same direct leap that the Army has taken moving from process-oriented work to output-oriented work is the same leap that the Army expected us to take.

They expected us to take how do I bring

more brigade headquarters, more TAC Shops, more motor pools to the force faster, and the Army has taken this up two years ago and we and the Corps of Engineers, the ACSIM and the IMA shop are still in the mode of how to turn things over more rapidly. And we got that call from the doctor saying you've got a heart murmur and to be careful, and that's exactly what we're trying to do here.

We have heard the Chief of Staff of the Army and we've heard others tell us to get moving. Trying to build things in the old -- in the way we do it today and the way we have done it in the past is very much like having -- well, it's like having a parachute malfunction. You're coming down in a swirl. You can kick your legs all you want. You think that you're doing a lot of work, but it ain't working the issue that you need to be working. And that's exactly why we're here today.

Following me will be speakers that will talk to you about other general information on the direction that we need to go as an Army to be able to provide for our Army, be able to provide that

infrastructure. We want your dialogue. We don't know, the Government doesn't know all the solutions, but we do know we have to provide a solution set because those changes that I talked about earlier are already started and we're behind, as we went back to talk to the doctor about our heart murmur.

Although most of the team that you see up here today, you'll see Corps of Engineer folks, but you also heard that there will be folks here from the ACSIM's Office and also from IMA's Office. All of us are together trying to come up with a solution. We realize bringing in the great partners from our private industry is really the key. And we have had an excellent public and private partnership for years and years in what we have been able to do in providing for the Army, as well as our many other requirements.

So bringing in our partners is the first choice. And I want to thank you for taking your time out of your busy day to come help us provide solutions for the Army. I look forward to your dialogue, your comments, reading -- for folks who are uncomfortable raising your hand and talking about things, there will

be a little pad for you to provide comments. I look forward to reading about all of those. Although, from my experience working with this partnership, most of you guys are not concerned about raising your hand and telling us what is wrong and how we need to fix things. I look forward to that dialogue. We all do.

And with that, I'll turn it over back to Howard, and thank you all for coming.

(Applause)

MR. MOY: We're going to step back just for a moment and Mike Duffy is going to go through some of the administrative parts of today's forum.

MR. DUFFY: Good morning. My name is Michael Duffy. Some of you have emailed me, some of you have called me. I'm the contract specialist working with the Huntsville Center that is helping support Headquarters ACSIM and IMA on this project.

Quick administrative issues, bathrooms are right out the doors to the left and to the right, women and men. Lunch, there is plenty of restaurants here in this hotel, but there is also some across the street, regular sit-down restaurants. There is also a

food court with a lot of selections so that you can make sure that you get your appetite filled.

We have some ground rules that we would like to go over. The first one is that the locations of the projects that we expect to have happen underneath this program will not be discussed today. The work is currently nationwide and that's all we can relate to you at this time. Keep your questions until after the individual presentation is completed. At that time, the speaker will ask if there are any questions or comments.

Speak only if you have a microphone. We do have a Court Reporter in the back making sure that they capture every second of the presentation and all your questions and our answers that we provide to you, so that we can post these later. You will be able to view this on our website and also on that FedTeDS website if you've already been able to get to that. Again, we just want to make sure that we get everything captured.

If you have any questions and you don't feel comfortable speaking in front of a group, please

write them down. We have passed out some question and answer forms. We'll pick them up. Just hand them to us as we're walking through the aisles with the microphones and we'll make sure that they get answered, either at this forum or they will be posted on the web as soon as possible.

This one we really want to stress: please keep the discussion focused on the topics. We want you to talk about your experience, but please don't try to convince us that you are the best firm to perform this work. We're really not looking for marketing at this time. We want to make sure that we get our questions answered and try to answer your questions so that we can work together as a partnership overall, not just one on one as far as us to just your single firm.

And as I said, you know, we're here to learn from you as the General said, you know, please speak up.

MR. MOY: Thanks, Mike. Now, I would like to introduce Andy Shoulders from the Office of the Assistant Chief of Staff for Installation Management.

MS. SHOULDERS: Good morning. As he said, my name is Andy Shoulders. I work for Mr. Reed in Construction Division at ACSIM. For those that are not familiar with our office, we are responsible for providing policy guidance and program management on all matters relating to the overall management and resourcing of our Army installations.

The purpose of this brief is to provide an overview of the Army's permanent facility requirements of which the total potential magnitude has been the driver behind the Army's MILCON Transformation. Again, I would like to emphasize that we're talking about permanent facilities here, permanent construction, not temporary facilities.

The annual Army military construction averages about $2 billion per year. Three major initiatives above our normal annual military construction will require additional permanent facilities. This includes the Base Realignment and Closure, BRAC 2005, Global Posture Initiative. It's also called IGPBS, but they both refer to restationing, and the Army Modular Force which is tied

to the Army Transformation.

An additional several billion per year is currently estimated to support these new initiatives and that's several billion over the approximate $2 billion per year that we already program. The Army's annual requirements are not expected to change. The unknowns right now are the BRAC and the restationing, although the permanent facilities to support the Army Modular Force and the annual requirements still need to be addressed.

The emphasis here is that because we do have our annual military construction as well as the Army modular permanent facility requirements, we are looking to transform the way that we do military construction regardless of whether BRAC is passed or not.

BRAC and GPI will most likely be announced together mid-May. The current date, I believe, for announcement is the 13th of May. Both will be recommendations and not final until law is passed. The recommended projects will be identified towards the end of June and we anticipate a law to be enacted

between the October and December time frame. Again, as I said before, there is always the possibility that either the President or Congress could kill BRAC.

I would like to give a little bit more explanation as far as Army Transformation and the Army Modular Force for those that may not be familiar with it. The major focus of Army Transformation is to provide the Army capabilities for the Joint Forces Command, at the right place and at the right time. There are several phases of this, several requirements. The first is that the forces need to be modular to allow for a selective mix of Army units that meet the combatant commander's requirements at any given time.

There is a lot of information on there, but this is what really applies to us with respect to the Army Modular Force. What does it all mean? It means that we are making units that are more joint, that can deploy as a self-contained package and that can integrate with other units as well, so it's kind of like a plug-and-play capability where the combatant commanders can order and say I need one of these, one

of those and they are self-contained units. It's a really simplified explanation, but for those that are not familiar with the Army Transformation, I hope that helps a bit.

The goal for the MILCON Transformation is to transition the new approach in fiscal years '06 and '07. The Army has to develop a holistic approach to reduce planning, programming, design, acquisition and construction time lines and costs to meet all the permanent facility requirements. And the Army must leverage private industry standards and practices to realize these time and cost savings.

This is coming from the Secretariat level as far as the direction for transformation. What is meant by holistic is that we understand the inner relationships between each of the steps of the process and that a decision on approach in one impacts the rest. Army MILCON Transformation Initiative is being executed by the Corps of Engineers and they are developing strategies in three focus areas: Planning and programming, standards and criteria, and acquisition and execution.

Each focus area will be discussed in more detail later by other presenters, but I will speak to the general guidance that was given by the Headquarters Department of the Army in the following slides. The planning and programming focus area is to -- the guidance is to program for the total requirement, rather than for individual facilities. This is pretty significant here. Program for mission critical and community filled facilities first to meet the basic functional requirements.

For clarification, we will be programming for the total initiative, all mission facility requirements for a given unit, given brigade combat team on one programming document, but our acquisition will be in whatever combination makes sense, given the availability of funding for each program year and the competing priorities by other construction requirements.

The annual MILCON Program that I mentioned that's about $2 billion per year equates to about 100 to 115 projects, so when you are looking at several billion additional for BRAC and GPI, that kind of

gives you a little measure there. The potential average size of the acquisition will most likely differ for these initiatives than what we see for the normal annual MILCON Program. We expect the projects to be bigger in size. The point to understand is we're looking at this programmatically and not on an individual facility basis as we have done in the past.

The standards and criteria focus area, the general guidance given was to employ the Army Standardization Process but accommodate local architectural themes. Address the Army functional requirements and use performance criteria versus prescriptive requirements; target for a 25 year useful life; incorporate best life-cycle operations and maintenance cost considerations; design for flexibility and building use while still complying with energy efficiency, sustainable design and development and anti-terrorism requirements.

The acquisition and execution focus area general guidance was to capitalize on the economies of scale, explore acquisition and construction alternatives that will reduce time lines, leverage

standardization to limit time for preparation of requests for proposals, the evaluation of the proposals and the final award and assure the approach addresses small business.

That's all I had. If anybody has any questions or clarifications they would like me to make? No? Okay.

MR. MOY: Thanks, Andy. The next speaker will be Judy Milton, who will be discussing -- I'm sorry. The next speaker will be Frank Hall from the Huntsville Support Center to discuss the planning and programming.

MR. HALL: Good morning, ladies and gentlemen. My name is Frank Hall. I'm a master planner with the Corps of Engineers in Huntsville, Alabama. As you can tell from my accent, I'm not a local lad. What I would to talk to you today is about the planning and programming focus area, which when we look at those focus areas that Andy addressed earlier, it probably could be considered the easier one.

Just some definitions I would like to go through. We hear a lot about temporary facilities or

modular buildings or whatever that are being put on Army installations today. Those are relocatable facilities. Just so everybody understands what a modular building means. It's not the same that a lot of people would think a modular building is. All right. I'll start again. Did you get that about the modular buildings? Okay. Thank you.

The planning part, we need to identify the facilities we need. This is what we should have been doing all along. Some of the criteria will change. We will adjust. Programming is where we get the cost estimating and the documentation putting together to go for financial support through to Andy's office. Unit integrity, the General mentioned a little bit about that. Unit integrity is building these blocks and when the guys are at home station, they have a place where they work and basically live in an area that they can call their own, so that's what we mean by unit integrity. You need to look at that.

Dependents, dependents is something a lot of people may not think about. When we station 4,000 soldiers, we're looking at 2.6 dependents per soldier,

that's -- you know, the numbers add up. That's the sort of impact on the population of an installation that will occur on average.

The green grass, that is when we go to an installation where there is open space, virgin territory, there is nothing there and we have to construct from infrastructure to vertical.

And then the in-fill, the definition of in-fill is we have an installation or the facility is already there that are worth using and those will be considered as part of the requirement solution.

Andy mentioned that we are looking at "Mission Critical" Facilities, that's the first tier. Those are things like the admin for the companies, the battalions and the brigades, vehicle maintenance, the mission critical part. Once we have got our hands and our heads around what we need for those guys for that part of it, we will then look at the community or, as I call it, the family support packages. And that is just some of the ones that would be included in that, those types of facilities.

This is the fourth structure for those who

are non-military. Remember, those brigades are quite big, that's just the soldier part of it. You know, think back to what I said about the dependents. It's quite a population footprint. We're getting feedback. Am I talking to myself again? Okay.

This is the "Mission Critical" Facilities. We call them one thing. You probably understand them better as the big stuff in blue. You can read those yourselves. The vehicle maintenance, I have a problem with the Jiffy Lube. It should be really more of a truck maintenance shop. It's a heavier issue than just Jiffy Lube which is automobiles.

This is the sort of footprint for one brigade combat team, one brigade combat team. These are the sort of magnitudes we are looking at in construction. A lot of stuff that we're working out right now. As Andy inferred before, we are programming as brigade combat teams. That's the way we are developing our programming documents. That has nothing to do with how it will be awarded or acquired or contracted or anything. It is a programming strategy and that's what we're doing.

We're coming up with some really large dollar amounts on our 1391s, but that is a programming document. That's just what the form looks like. It's the sort of data that's collected on that form for your interest. This is a very basic overview of how we go through our construction process acquiring the financial and sometimes political support, not too dissimilar to the way you guys do business, don't you think?

Just to give you a layout, this is a green grass scenario, a notional layout for a brigade combat team. These will probably change quite soon because we?ve had some new direction on some facilities. And this is just an example of an in-fill solution where we have existing facilities that we can reuse. Does anybody have any questions or comments they would like to make at this time? No? Thank you.

MR. MOY: Thanks, Frank. At this time, I would like to introduce Judy Milton, who will be discussing the direction we're taking on the new standards and criteria.

MS. MILTON: Good morning and thank you

for coming. We need your help and we appreciate your time. My name is Judy Milton. I'm an architect with the Design Branch at Savannah District. I'm also the District's point of contact for sustainable design. I didn't prepare this briefing, but I'm giving it. And my briefing notes say this focus area is where the Army needs your help the most. I hope the others don't disagree with me on that.

But we are the focus area that is looking at our standards and criteria for construction. Our existing standard and criteria fall into two categories, functional and technical, and that's what I'm going to discuss. On the functional standards and criteria, we have our standard designs and these vary in complexity and specificity from a list of required spaces to a complete floor plan that is mandatory with no exceptions. That's what we have today.

On technical standards and criteria, first of all, we have our own guide spec system, unified facilities, guide specs used by Army, Navy and Air Force. They deal with processes, the Division 1 guide specs deal with scheduling, Contractor Safety Program,

construction submittal, environmental permitting, coordination with the installation, a lot of the Division 1 is covered in our own guide specs.

And then also Divisions 2 through 16, we get into construction. And if you have dealt with our guide specs, you know that they are very prescriptive. We get into how often your brick ties are placed and your gyp board finishes, hardware grades. We generally in the past are very prescriptive in our description of requirements and our guide specs reflect that.

The next tier is the unified facilities criteria, and these are design requirements that deal with -- the most notable is our anti-terrorism requirements, also fire protection, seismic requirements. These are where we exceed or differ from industry standard. And then moving on down we have, I couldn't even count the number of Army regulations, technical manuals, engineering technical letters. We have a host of publications that run the gamut.

As an example, the description of the

requirements for an arms vault for storage of weapons to our Sustainable Design Program, which has a huge impact on design and construction. Moving on down, on any given project we next have the installations requirements, the Army installation that we're dealing with, and those requirements typically concerned with aesthetics and maintenance. Maintenance is a huge issue at our Army installations.

Sir? Okay. Maintenance funding at the installation level has been a perennial problem and it has driven the installation to want -- if there is such a thing as a zero maintenance building, that's what they want. This is where you would hear the term ?soldier proofing.? And so many of our requirements are driven by the installations and their specific needs. And last but not least, you have your individual Corps District requirements, most often driven by a really painful experience that results in the "We will never do that again" requirement.

All of this adds up to products that differ from the industry's normal construction. It costs more. They take longer. They minimize our

risk, but we can't afford the time and cost any more, which you have heard. There is an internal effort underway. We have already begun the process of reexamining all of our standards and criteria. Pretty much everything is on the table.

We have got to realign our methods and our construction and we've got to find a new way to define our needs so that we can meet our new requirements for cost and time. As Andy mentioned, flexibility is critical. The Army is changing rapidly. We don't think it is done changing yet. So we have to provide facilities that can adapt to these changes. And that's a lot for the first slide. It's going to go faster.

With that in mind, we identified our goals and opportunities. Our first objective by bringing you here, we need to leverage your standards and capture your best practices. If there are things that we do that prevent that, we need to know, where are we standing in the way? We want to avail ourselves of innovative design and construction practices. If there is something you do that's successful, let us

know so that we can embrace it and at least not step on it without realizing it.

I'm going to insert the word acceptable. We need to maintain an acceptable level of quality and value. We need to find a balance. And more importantly, write this down, we need advice on how to convey that to offerers. You know, if we are not going to be writing extremely prescriptive RFP as we have in the past, what is an appropriate way of conveying to you what we consider an acceptable level of quality?

Optimize life-cycle costs. We need to find a balance that we can afford in our facilities. Maintenance is going to continue to be a problem at the installations. And, of course, energy and utility costs are always of grave concern at the installation level. And as I hope you all have gathered, the last two, well, there are actually three, execute faster. This has been described to us as the perfect storm.

On top of our normal program, we are going to be slammed. It's going to be critical that we be able to meet the challenge by executing faster and we

need to spread those dollars as far as we can. As Andy mentioned, the 25 year life is what we are shooting for in our facilities. Historically, it has been more like 67 years. So you can see that we recognize we need to change the standards to which we build.

The first priority facilities, the first wave are those that house, feed and provide work places for the soldiers and they are listed here. And we're going to kind of go through them real quickly and provide an industry comparison and I'll point out a few of the minor differences. I think it's fair to say that at least in the first wave, these are going to be design/build projects, at first. As was mentioned previously, they are appropriated -- Congress will appropriate a project on a brigade scale, which as you have seen before is a huge scale.

One of the questions that our acquisition team is interested in is how do we carve that up to take advantage of competition and expertise in the market? So write that down on your list of questions to give us information on.

This is a case study that was done at Fort Meade where they enjoyed exceptional acceleration of schedule and reduction in cost. This project was a smaller project, as far as it was only barracks, and they were allowed, you know, they had enough room to do smaller buildings and go to residential construction. They stick built it. What they found was a dramatic increase in competition, which led to better pricing. They also were very successful primarily because they had an outstanding relationship between the contractor, the Corps and the installation.

Now, when we are writing this new RFP, when we determine our selection factors, how do you think we can capture those contractors that will foster and maintain a good working relationship? Any of you who have worked with us, you know we're not perfect. We've got to work problems out. What kind of selection factors would contribute to selecting you if you are the most best?

All right. Now, we're going to look at the different tier one facility types. First of all,

the barracks and, you know, the Army is famous for acronyms, so I'm going to give you the acronyms in case you are not familiar with them. Barracks are often referred to as UEPH, Unaccompanied Enlisted Personnel Housing. This has been compared to a private industry or industry apartment. I would say that also a fair comparison is a college dormitory.

These soldiers are usually assigned roommates. They can choose their roommates, but often they are assigned roommates, so you have the security issues associated with that. They are college age kids, mostly. Another minor difference is because they do things as a unit, they all go to PT at the same time, they all come back to the barracks and take a shower at the same time, so you have a huge spike in water demand. Also, they come back from the field and they have to wash their own gear and clothing. We have found from experience that the mud in the washers ruins them, so we need to provide some way to get that mud off of their clothes before they throw them in the washer.

What I'm doing is just pointing out the

minor differences that we see functionally between the industry and our Army facilities. The dining facility is compared to a college cafeteria, very aptly. The major difference that I can think of is that they often have a field feeding mission, which means the kitchen also has to supply, you know, carry-out for large groups where they truck it out to where they are doing their field exercising. There is no acronym for a dining facility. It's just a dining facility.

Company Operations Facilities, COF, you see that a lot. This is basically an admin office with a warehouse, the primary difference being that they have an arms vault and they also have storage and lay-down area for their backpacks with their field gear. Basically, they store this in the warehouse area. They have to kind of file through and get all their stuff together before they go out, lay it out so their commander can make sure it's all there before they pack it up.

So you have some group movement through the facility that needs to be accommodated. They also historically have provided showers for the married and

off-post soldiers to use after PT, those who can't go home to take a shower. Once again, flexibility is critical in a facility like this.

The battalion and brigade headquarters are just office buildings. The battalion headquarters have large classrooms and we do have some secure communications and secure documents requirements in both of these facilities, so we have typically met them with a modular vault. Flexibility is critical in this facility as well.

Okay. Tactical Equipment Maintenance Facility. This one goes by many different names, TEMF, Tactical Equipment Maintenance Facility. A lot of people using slang call it a TAC Shop. Some people refer to it as a Vehicle Maintenance Complex, VMC. So a lot of names floating around for this. This is for tracked vehicles and heavy equipment as well as trucks. It does have an admin and a training function as well as small parts shops. Once again, flexibility is critical in this facility type.

Okay. In summary, the Army needs your help. Quality and value improvements; where can we

find the balance? We know we can't afford a Fort Knox 67 year life span anymore. How do we find the balance and how do we convey that in our RFPs so there is no misunderstandings?

We need help on how we can get out of your way and allow industry best practices to work for us. Improve execution time, asterisk, asterisk, very important. Life-cycle cost improvements. Again, finding the correct balance. Areas of opportunity for innovation, roadblocks and barriers. If you have worked for us and you know what's --

(Very brief audio loss -- hotel employee unplugged equipment.)

MS. MILTON: -- so that we get rid of those roadblocks. And last, but not least, it's not on here, but I'm sure you realize by now we need to reduce costs. Now, as I said before, we are undertaking an internal effort to reexamine all of our standards and criteria to get rid of what we actually don't need.

So far what is not on the table is our anti-terrorism requirements and so far what is not on

the table is our sustainable design requirements. We anticipate switching over to LEAD in the not too distant future, but so far no one has proposed eliminating that.

Metric remains a law, but in a design/build scenario it is a non-issue. You are required to design and build metric only if it does not increase construction costs, so it would be up to the design builder to determine. I mean, you can build metric if you want, but you don't have to if it increases your costs.

Thank you and I look forward to your help. Oh, any questions? Oh, I think you have -- does he have to wait to get a microphone? So nothing you say will not be documented.

MR. TANAHEY: Yes. Frank Tanahey, B.L. Harbert. I guess I'm going to kind of state the obvious, which everybody here is probably thinking in their head is, okay, we want it to last maybe 25 years, but we do want it faster. We want it cheaper. We want to have it at lower cost. We want to make it maintenance free.

What we have here is a catch-22 situation, from what I'm seeing, that a lot of the things are somewhat diametrically opposite. Life-cycle, excuse me, lower life-cycle costs typically means more expensive first costs. They typically mean a little more complicated systems. Who are going to maintain them? You know, our experience is the maintenance is not very good.

So there's a lot of things you have to grapple with and I think something out of that list has got to be reexamined somewhat. Plus the 25 year life span that you may look at a Fairfield Inn or something like that assumes a certain amount of maintenance, a certain amount of retooling, a certain amount of renovation after seven years.

Again, you're not going to get that kind of money in typical MILCON budgets for those type of -- so there are some very catch-22s that you're looking at. I know that's what you're asking our comments on, but there are some real issues I'm not sure how you're going to solve right now. I don't have a clear answer.

MS. MILTON: I think you're right, Frank. I think that it's not realistic for us to say we want to maintain the same level of quality, if not higher, and we want to reduce our life-cycle costs. We understand that you can't have everything.

And what I was saying was, you know, we need to find a balance. We don't want to throw out life-cycle completely. We don't want to throw out quality completely. We have to find a balance that represents what we can afford, and that is what we need your help with.

MR. WRIGHT: Neal Wright from Michael Baker Corporation. Just a couple of quick observations and a question for you. From my experience as a Corps of Engineers guy, my experience with a state agency where I was chief engineer and now at Baker, one of the things that I see is that the Navy really has some exceptional approaches to business that seem to get them quality facilities, and they seem to have a very good partnership and we seem to be ignoring some of the lessons that they have already learned.

Specifically, both the Navy and the Air Force do design cherets exceptionally well. The Navy calls them the CCD. They have been using them in the Naval Facilities Command for a couple of years. And one of the keys to that is, at that point, you address the anti-terrorism force protection. You address your codes. You address some of the seismic, but also you really lay a very good foundation because you grab the entire chain of command and you bring them in and you engage them.

And at the end of the exercise, squadron commanders, wing commanders, installation commanders, everybody has to sign off on the document. They have to sign it, and thereafter, their successors cannot come in and make changes. Somebody who was a commander at the time and command authority, those that are sitting to my side, know about that, a commander makes a decision, and it stays and they seem to do that very, very well where we don't.

The other thing in the Corps we have often done is said if we're going to do design/build, we do design/build and we give you a huge book that has got

all of our guide specs in it. Here, do design/build and do all this, too. And I would submit to you that the way the Navy and the Air Force are doing the charrettes combined with minimal standards, just a minimal of what you got to get all our construction compatriots to do, will get you what you want better, faster, cheaper.

Navy does multiple award construction contracts, so they get best value. They have got a stable of firms that they trust with a proven history. They are already pre-screened, so you know you're not going to get a change order artist that's going to come in, get you low and then try and nail you on the changes. So that system works extremely well for them.

But again, one of the things that I see we're going to have to be careful of is, you know, Ms. Greenhouse, we want all this stuff, but I know we have got all these procurement requirements, small business, disadvantaged business, etcetera, etcetera. So much as Frank said, we're asking for one thing, but we're going to hinder ourselves with the other.

And then my quick questions, life-cycle following on to what you said, are we even planning for mid-life repair on these facilities or are we just going to, 25 years from now, gut them, start over like we're doing on some installations? And I think it goes back to how we also define quality.

I know you're going to get to that, but traditionally in the Corps of Engineers quality was light fixtures that looked a certain way, and you know, we have got to get away from our traditional Corps of Engineers definition of quality. So thanks.

PARTICIPANT: Go ahead, sir, first.

MR. ARNETTE: I'm Glenn Arnette with Analysis, Research and Management. Strictly to the Navy side of the house with NADFAC. We work out so often with NADFAC, been over there and talked with them several times and it comes back to the same old story. They have got a contractor crew that they like to use. One of them is Karl, Brown and Gruden, which you, the Army, are well-aware of what Karl, Brown and Gruden has done.

But trying to get in to do business with

NADFAC, is terrible for small business enterprises. To get in to do anything with the Government, as a small business, is terrible. It just doesn't happen. We go to the larger guys, but speaking of the NADFAC, from what we heard at NADFAC the Air Force design/build is essentially the best work at the moment. They simply have a real good process in order that they use and I don't know how they use it in their small business, but I certainly would like to find out and get them to this.

Setting the parameters so strict with your building leads to a lack of innovation when it comes to doing most anything. I went in and I got -- I remember the circumstance, we do that with general contractors, we could come in with the best crews, the most environmentally friendly crews, the fastest way to put it on, and we could send that proposal to you, but you make the specs on everything that you do is so difficult that innovation trying to come in, you can't get into it with it. You set a solicitation that is firm, fixed, done and that is what you want. Well, we can come back in and say why aren't we doing it that

way? But then you come back and, of course, that's what we want and that's what you?re laying out, so you can't get in there with innovative ideas.

My wife said, and we?re a well-known business so -- if you put a woman in charge of the building of like your barracks or your cafeterias or things that are going to be utilized that, I guess, for capability, you would find out you would get better prepared buildings, because they tend to look at things differently than their male counterparts. Here is what you're going to need. Here's how you must defend it. Here's how. Those sort of questions need to be asked from the perspective of one that lives that lifestyle, I presume.

But given that, I have talked too much, and you will hear from me again with small business concerns, but I hope that helped.

MS. MILTON: Thank you. I think that I may be speaking out of school, but I think we can probably expect the use of the guide specs and the required use of guide specs after award to go away. We won't see guide specs, UFGS, anymore.

And I think that you touched on a very interesting internal structure feature. You know, you have -- I'm in Design Branch and we deal with that RFP until award, and then it gets turned over to our brothers in construction, and then they are the person who is dealing with the construction contractor and they are very, you know, enforcement oriented.

And so you don't get a whole lot of the interchange between professionals on, you know, hey, why don't we just do it this way? Those who are in the decision making position, at that point, you know, might not want to mess around with the design. So that brings up a good point, first of all, how strictly we define things and then, you know, whether we just say no, we don't want to deal with any changes because of our organizational structure, you know? So that's a very good point that you bring up.

MS. HAUGHT: My name is Kathryn Haught. I'm with IMA Southeast Region. One thing that needs to be considered, and this is going to make keeping the cost down ever harder, is preserving real estate, because the installations can't expand unless we

overturn some environmental laws or buy more land, most of which are occupied by communities. So you know, parking garages cost more than asphalt parking, for example, but we're not going to have enough room to provide everything with the way we're doing things now.

MS. MILTON: And you're absolutely right. Some of our installations are already really feeling the crunch. They don't make land, and they're running out in their main cantonment areas. That's going to be very critical at the planning and programming stage. You know, if we're having this massive influx of new facilities, we have got to get our act together on density. Thank you. Anybody else?

MR. PRUITT: Yes, a question. Lynn Pruitt with Stanley Consultants. You mentioned sustainable design and LEAD certification. Is there any thought given to, and the post would still be in the mix, what level of certification might be appropriate for this?

MS. MILTON: Well, I would welcome your ideas on that. You know, right now they just jumped it up using SPIRIT, which is the Army's knockoff of

LEAD. FY'06 jumps up to 50 points, and so it's not such an easy ride anymore, 50 points.

Now, when we go to LEAD, LEAD is not apples to apples with SPIRIT. There are a lot of kind of freebies in SPIRIT. So that is something that we will have to make recommendations on. I feel certain we will continue to be self-monitoring. In other words, the requirement to submit the project to USGBC would be an exception. We would still handle it at the district level. But yes, if you have some thoughts on that, we would welcome that.

The change, there has been no official change, although there has been a lot of talk recently about abandoning SPIRIT and just using LEAD, so accompanying that change would be the appropriate achievement levels to expect. So input on that would be welcome. Thank you.

MR. MOY: Thanks, Judy. Now, I would like to introduce Bunny Greenhouse, the principal assistant responsible for contracting for the Corps of Engineers.

MS. GREENHOUSE: What a nice segueway into

my presentation. I just want to tell you it warms the cockles of my heart to hear the initial questions that you have asked, because it only tells me that you have come here to bring your candor, to let us know what is the status quo that you believe could be changed and we're here to listen. You know, this is what these regional sessions are all about.

You have heard a lot over the years about the Corps always being very arrogant and telling the customer what it is that they want and so forth. I can tell you that over the last few years, that has changed. There has been a lot of listening. There has been a lot of relationship building and because of most of what we do is in contracting, we have made sure that we are able to gain U.S. partners changing the behavior, so that we can delight our customers. And I see former Major General Madsen who started this delight, you know, of customers, you know, within the Corps.

What we believe in delight is that a satisfied customer keeps on shopping, but a delighted customer keeps on returning, you know, to that

employee of choice and that's what the Corps of Engineers wants to be.

You notice that we have gone into what is called USACE 2012. In USACE 2012 we are looking at ourselves differently. We are looking at ourselves working interdependently. We are looking at making sure that we leverage all of our resources, you know, across our world and become that premier engineering organization in our nation and in our world. You as partners help us to become that.

You know, just from your initial questions here this morning, it only tells me that this idea of this forum is one of the best things that we could have come up with, you know, for a new initiative, because you have a lot of things in your minds.

Some of them are factual. Some of them are probably myths and we are hoping that we are going to be able to relieve some of these myths today and also infuse some of the new ideas that you are bringing us in order to make us better and make sure that we bring about the transformation in the MILCON that the Army is expecting.

You know, we have been hearing about transformation for many years now and someone earlier spoke about the various aspects, you know, of that transformation. The Corps of Engineers has been involved, you know, in the transformation from the beginning, but now they are really kind of hitting home saying that we are going to be involved in the military construction, you know, transformation to raise the quality of life, you know, for the soldiers and for the installations, you know, since we are now in a different kind of installation management.

You know, a few years ago we went to the Forward Projection Army. Well, what did the Forward Projection Army do for us? It meant that a lot of our power base was going to remain back at our installations, and because of that our installations had to be better. You know, we went to Army Contracting Agency where we have consolidated these installations. They are no longer autonomous anymore.

We have also ACSIM and ACA and IMA. They have taken on a different role, you know, with installations. We want you to hear about these

things, you know, today as we talk about what we need from you. But I think a forum is the best opportunity to get you engaged early, so that you can help affect these solicitations that we are going to put out.

You know, often we hear, you know, in the distance, can't believe that those dumb Government people put out this type of solicitation. You know, it's just like throwing a requirement over the fence, you know, to a manufacturer and the manufacturer finds out that it cannot be manufactured. That is what this is all about, making sure that you're not going to be wasting time on looking at how poorly we put together a solicitation, because you are going to help affect that solicitation from the beginning.

You know, I came down here thinking that oh, boy, going a little bit south. You know, it's going to be really hot weather and really, really nice. And then I heard this morning that it's already raining and had left Washington, was so happy this weekend that we had nothing but sunshine and so I got a cold overnight. So it's a little bit of a brusk voice here, but I hope that you will be able to get

the points that I need to leave with you.

I hope that each of you have come to make a difference, you know, in this forum, because you will have every opportunity to make a difference. I'm hoping that before we make the breakdown that, you know, this audience is a little bit small enough whereas we can have each of you to stand up and tell us who you are and what you might be bringing, you know, to this new initiative, you know, that we have here.

We know that you are out there. You're working with the Navy and you're working with the Air Force and we don't mind hearing the good experiences that you're having, you know, with the Navy and Air Force, because we are here to listen and we are here to infuse those things.

But some of the things, charrettes and so forth, we are doing and we are doing them in a grand way, you know, just as the Navy and Air Force, you know, are doing them, but we want to do them better, you know, if you can point out to us some things that we are not doing along with the good work that we are

doing.

I also serve as competition advocate for the Corps of Engineers, so I am here to make sure that the small business, along with the Small Business Office, that you have a viable play in this operation. We have been doing some things under ID/IQ contracts, you know, that is the umbrella. Maybe there should be some breakouts, you know, of some of those activities that are being done. Tell us. Show us the business case around why status quo is not the way that we should continue.

We often look at ID/IQ contracts and we say well, you know, the Army is just abusing those contracts. Everything that comes along, they place it under an ID/IQ, already existing contract. That is not what we're about here. We want to make sure that when it's a new procurement and we have capability out there for those new procurements that we can use that capability, you know, that is out there.

So it's a lot of things, a lot of little things that have been a thorn in your side. We want to remove those thorns in your sides, at least put

them on the table for consideration. So make sure that you are bringing your candor and you are giving us what we need and this time is not going to be wasted. And when you see that RFP come out, you will be able to say I had a chance to affect that and I see that they were listening, because it made a difference, the day that I spent, you know, trying to give the things that I think would work best.

Installations really have changed. We are about the reach-back. We have already in the Corps got a good track record on this transformation. Remember, we were the ones who started with RCI, you know, the Residential Communities Initiatives as you know it.

It certainly became a part of our whole nation that we didn't have enough funding to be able to give the soldiers the quality of life and keep them from moving out to the communities to try to find a better quality of life for their families, and we did it through RCI. We did it through forums and getting you to participate with us.

We already started, even right directly in

the Corps, with Baltimore District doing contracts that are called TOCs. So many commanders were saying JOCs are just not good enough for us, the Job Order Contracting. They are never getting anything done on my time. TOCs, Task Order Construction Contracts, performed by 8-A contractors were getting facilities done for commanders in six months. These are the kinds of things that we want you to think about when you're sitting here, because this is the change that is wanted.

Okay. We are looking at all of the things that you have brought to our attention that we may need to change. Of course, everybody is about streamlining. I believe I skipped one of my slides here. Let's see. Yes. We want to go here first.

We want to make sure that we are about those kinds of flexible solutions, cost savings as well as time savings. What do you have in your chest that can make a difference there? Innovative contracting approaches. You know, what are you doing in industry that may not ever have been done in Government that you want to infuse into this process

and believe that that catch-22 that you brought up a minute ago, you know, can be at least mitigated, you know, in some way by some of the innovations that you bring in.

We have been talking about whether there is going to be a fabricator or whether there will be new construction that is building all the way up from the ground. You know, will it be like modular buildings? Will it be that we will bring in all the walls and then be able to construct?

I went over to the Pentagon the other day into the Small Business Office. It was just amazing to see that they had very little wood, you know, in this office. It was all these metal panels that were brought in. Instead of having the folks in cubicles, they were actually in what were rooms and had light switches and all of the other amenities, you know, right on these kind of modular frames, you know, that were brought in.

Is that the best way that we can go for this 25 years and O&M at the level that we want it to be, and the quality not being diminished really was

looking good in this building, you know, without it being in the form of -- they were actually in rooms and not in cubicles.

We are looking at market research. Market research we have not done very well. We started with reverse auctioning, trying to see in the engineering field whether we could get for engineering services, whether we could get lower prices like Army Materiel Command did with their repair parts, being able to get a 48 percent savings. We did that. We saw that that was a difference. Congress gave us $1.4 million in order to run a pilot program, you know, in reverse auctioning.

So we are looking for ways in order to get those folks out of their kitchens, garages and so forth who are viable contractors, who can make a difference, who can maybe give us a new way other than only our umbrella contracts. We don't plan to give away, to do away with the ID/IQs. ID/IQ contracts are our bloodline in the Corps of Engineers.

You know, we are a reimbursable organization, so many times we do have to have

contracts available to be able to meet customer's needs even in times when they don't do advanced acquisition planning. They are not set up for that, but at the same time they are there, so that the Corps can be on point.

Remember, Corps is the arm for FEMA. Whenever there is a hurricane, the unexpected ones, the four that we had last year, you know, that were kind of back-to-back, you know, we had advanced contract initiatives that we on the show, you know, ready within less than 24 hours, you know, to be able to put on the roofing, to take away the debris and so on and that is the kind of thing that we're looking for.

Multiple award contracts, somebody spoke about, we do plan to use multiple awards. You know, you will notice that when we go out with multiple award solicitations, we usually have maybe about two or three competitions under that one solicitation, so that we don't intermingle the groupings, the small businesses, the 8-As and so forth.

We may have an 8-A competition, sometimes

a small business competition when it's permissible, and then we'll have an unrestricted competition, because when you make a multiple award contract, you're saying that everybody that you award to can, is capable, of executing that entire capacity. We have a minimum guaranteed, but they are capable. The ones who come out best with that are the ones who are executing, you know, at the rate that we are expecting.

We are looking at determining whether our market capacity will be -- that it's local, that it's regional or we'll have our contracts. It's local contracts, regional contracts, national contracts or we'll have a group, a conglomerate, you know, of those according to what the regions, as we go around from region to region, tell us.

So I want you to think about what are the challenges that you are having with the trade industries. You know, are all of you vying for the same people? You know, if that is a problem, you know, let us know that as to what that industry is like on a local basis, on a regional basis, or is it

best for us to consider on a national basis?

Of course, everyone has talked about economies of scale. That is what Army contracting activity has been about. That is what consolidation of the installations have been about, so that we wouldn't be about the "each's," that we wouldn't be infringing upon you and bid and proposal costs by having 17 or 18 different solicitations for the same thing when we could have one regional one, you know, and get more of an economy of scale and more of standardization, you know, in the solicitations that we put out.

I think I had one other slide that I wanted you -- yes, I wanted you to look at this. This is basically the PARC's Mission and we do this not only for domestically, but for our foreign customers as well, and we make sure that we are providing those the highest degree of quality in our services and supplies. We don't inspect it in. We insist that we incentivize you in our performance evaluation criteria that you build it in and we won't have to inspect it in.

How do we build it in? We do have charrettes. How do we build it in? We do have partnering agreements that go along with our contracts, don't go to the heart of that contract, but go along with that contract to make sure we stay out of the petty little things of disputes that can take us for years and years and years with no progress with where we're going.

The major focus. Please, note those. We are about total value creation. We are looking at that tail on the end. Don't build something that is going to have a tail, a maintenance tail that is totally unaffordable. So we are looking for that total value creation. We are looking for improving the work that we do with small business, and I think that you will hear more on that from a follow-on speaker.

But the small businesses are important to us. We are doing differently with our monitoring of the Subcontract Plans. Often you have come to me and said it's not working. We have helped to prime to win, but what he is doing at the execution, he has

kept on shopping. He is never using me and I'm not getting any return on my investment.

We want you to have a return on your investment and if that prime contractor is changing, he has come to the contracting officer and got permission for that change not unilaterally on himself just simply to change without any reasons, at least giving us the reasons as to why there is a change.

Innovation business practices. We have a team of people that I'll show you on the next slide or now that is about trying to make sure we streamline our processes. You have heard about LEAN Sigma. You know, we're into that. We have been given a little book in the Corps to learn the language and make sure that we, wherever we sit, you know, within the Corps, that we are executing those LEAN Sigma, you know, type of -- JR Richardson over here that is sitting, from Huntsville, will you stand up, JR?

JR is leading that team, you know, along with all of the other directors of contracting. Laura Harold who is here from SAD, will you stand up, Laura? She is also working on that team to make sure that we

streamline these processes and get out of that, you know, things that we should not be doing.

We are looking at templates for our solicitations, fewer solicitations. More of them are going to look alike, so when you see them you're going to be looking in the same areas for the same type of things, enables your people to get your solicitation completed and your proposal completed faster.

Performance-based contracting. We're going to give you an end state. You're going to come up with how you're going to do it. We are not going to give you that whole book of descriptions, you know, to tell you what to do at every point in it. We want you to deliver and we want you to deliver a quality package that is going to improve the quality of life for our installation people as well as our soldiers.

We have got to determine whether we're going to have more solicitations that are centered around site-specific or are we going to simply have national kinds of solicitations. Standardization we look at as being attractive for a lot of reasons on your side as well as on our side. When is it that

standardization is not the right thing to do? What are the advantages that you see of site-specific?

We are looking into the regional mode and the local and national mode as I had said to you before, but one of the biggest things, multiple award schedules, determining just when we are going to use those multiple award schedules. We want to award as many small business contract prime contracts as we possibly can, because we want effective competition.

So don't think we're here to just play around with this. Give us what you believe are the impediments to your being able to be a prime, to your being able to do business with us and you will see that we will listen and try to make a difference and change it. We got a track record on that. We are changing to make sure small businesses are able to work in Iraq by putting out a solicitation for defense-based insurance that is going to give them affordable and available insurance to have that for their employees as they are in that dangerous area.

So we are here to listen and I certainly welcome any questions that you have with regard to

where we can go from here. Any questions? Yes?

MR. GREEK: Thanks. I'm Bill Greek with Gil Bane Building Company.

MS. GREENHOUSE: Yes, thanks.

MR. GREEK: I guess it's not clear to me what your primary contracting strategy is for this military work. I mean, is it going to continue to be lump sum design/build, competitive bidding under the ID/IQ form of selection process? I mean, I'm here because I'm interested in whether you're going to qualification-based selection or are you going to continue with lump sum competitive bidding on all your work? That is my primary question.

MS. GREENHOUSE: Right. Well, you have noticed on all my slides, I threw them all up there. I'm going to pass you out today, you know, what are our traditional strategies that we use, all of them, not only ID/IQ, you know, design/build. But we are here. At the last forum that we had in Washington, someone was talking about transportability being under an ID/IQ contract when that was one of their specialties. We're going to be looking at that, you

know, as a separation, you know, of those functions from the umbrella type contract.

What we are trying to do is reform that umbrella. Does that umbrella need to continue to consist of all that it has been? You know, does the designer of record have to follow that design, you know, from the time that it was made until it is turned over, you know, to the customer?

We are looking at all of the elements that make up an ID/IQ design/build type contract to see what your capabilities are, and to see if you can give us information that maybe we need to change from the status quo and look at some breakout, you know, in the way that we are doing business today.

So everything that you say there, you know, is on the table. If you're looking for these qualifications or a RFQ that comes out as under our RCI Program, that may evolve out of this according to how much feedback, you know, we get in that area.

MR. GREEK: Okay.

MS. GREENHOUSE: So it is open. We have not decided that the bullets that you have seen here

are the strategies that we have used. Everything has a question mark behind it. What are you going to provide us that tells us that that is not the right way to go? Yes?

MR. GREEK: Well, you know, again, you know, our company does two things.

MS. GREENHOUSE: Okay.

MR. GREEK: CM at risk and design/build at risk, but we do that under a negotiated, primarily a qualification-based selection process. Okay?

MS. GREENHOUSE: Okay.

MR. GREEK: We're just not going to be interested in participating with the Army if it's going to continue to be lump sum bidding, you know, competitive bidding. I'm just asking.

MS. GREENHOUSE: Sure.

MR. GREEK: It's my understanding that most of the work that the Army solicits is lump sum design/build work and whether it's under ID/IQ or not under ID/IQ, that's the primary delivery strategy.

MS. GREENHOUSE: Right.

MR. GREEK: Is that --

MS. GREENHOUSE: We needed to hear that and that certainly is going to be documented, so that it can be heard far beyond this audience, you know, that you are not interested in continuing to do business with us, you know, if we are going to say --

MR. GREEK: Well, actually, we haven't started doing business. We're interested in doing business with the Army and all the branches of the military, but not under a competitive lump sum bidding scenario.

MS. GREENHOUSE: I understand, I understand and that is noted.

MR. GREEK: Thank you.

MS. GREENHOUSE: Okay. Any other questions?

MR. ARNETTE: I have got two other suggestions.

MS. GREENHOUSE: Okay.

MR. ARNETTE: Have you seen or read anything about this Charleston Bridge that they just built or put in. It was a prefabricated bridge brought to and put in place. They are a year ahead of

schedule. They are under budget and they are going to have to open it in an amazing fashion. It was just short of unbelievable how they did that. So having a manufacturer brought in to put it in place it's a really decent idea to build that.

The other thing that is highly restrictive and anybody in construction, if you're sitting on the outside, if you look at the industry statement, we don't work from 8 to 5. This first became possible like the roof. I can't get up on the roof, they have started, telling him three hours later he has got to stop and go to lunch for an hour. Then the fact that they are working and then tell him he has got to go home at 5:00. I don't get anything done. It's just virtually impossible. It's too much setup time. It's too much to get the guys to leave once they are working to go home. I pay them when I'm out on a commercial building, like now, on what progress can be made each day.

MS. GREENHOUSE: Yes.

MR. ARNETTE: We don't pay by the wage hours. There's no minutes. We pay for performance

and that I think is a one big stumbling block with what the Government. Everything is now built on an hourly basis. With what you are proposing, you know, generally, we just can't do it and meet those hourly requirements. We can do it, it would cost you more, but we could do it more efficiently, if we could move the bridge, in other words, in the period it gives us incentives to finish our work.

MS. GREENHOUSE: Right. Again, I say that this is transformation. I feel that all that you're saying there has been experience that you have had, you know, but we are certainly looking at performance-based and the intent, you know, of what that initiative is all about.

So know that performance-based is not our giving you directives, hourly or whatever. It's our giving you the end state, you know, of where it is that we want to go with whatever criteria, you know, that is needed, you know, to be able to preserve the historical buildings or whatever we might have on the installation, but you will present the how-to in however manner that is best for you to get there.

Yes, we are really, really, really committed to performance-based. Any other questions?

MS. MILTON: I have one comment.

MS. GREENHOUSE: Yes.

MS. MILTON: Can you all hear me? I know that she has been talking on a very broad scale about, you know, overall acquisition strategy. But since I work at the District level, I would like you to think about if we issue an RFP for a single project and at a single installation, I would like you to provide me whatever input you can on what is appropriate for a technical proposal.

You know, a lot of money and time goes into preparing a technical proposal. What is appropriate? Do we even need a technical proposal and what are your thoughts on what would be good experiences that you have had and better ways to do that, and also design after award, what constitutes an appropriate approach and set of documents for post-award design. And so if you all have any thoughts on that, I would really like to hear them.

MS. GREENHOUSE: I think that's great,

because that's what we're here to make sure we fuse, from where I am and where I sit, you know, to provide for you, you know, just what our challenges are, just what we are trying to do. But at the districts we're down where the rubber meets the road. You know, that's where the execution is. That's where the solicitations are going to be put out.

I don't do contracting at my level, you know, but I do want us to make sure that we fuse together and that you clearly understand and are not mistaken what is to be understood from the national point of view and also what is to be understood. That's why we're here together.

So are there any other questions? We want this to be an active dialogue. Yes?

PARTICIPANT: I have a question.

MS. GREENHOUSE: Yes.

PARTICIPANT: Since we have heard that these massive tones guides with restrictions of details, they know with these guides projects are going to be lessened. The people who are guided these things, for instance, if you don't go into the

specific details of say a design protection system, could you tell us, do you design a like protection system that the people who are evaluating these RFPs are going to be coordination personnel and are going to go right to that ground standard that they are so familiar with and they are going to be judging it and reading these proposals based on the same standards that they are no longer putting out up front, which for those of us who have a lot of experience in this field, we'll use the same standards.

When you bring in the new people, people from outside who haven't done Government contracting and are not familiar with those particular Federal Government standards, and so they are going to be falling out of the process.

MS. GREENHOUSE: Yes.

PARTICIPANT: Not only that, but also you're not getting this huge specification that everyone is going to meet, everybody is going to be meeting this standard or meeting the requirement in different ways, which is going to bring the evaluation process from the three week or a month evaluation on

your part to maybe six months, because you are breaking down all these varied responses and there may be totally different approaches.

MS. GREENHOUSE: Notice we didn't say that we were going to be totally void of standards and criteria, you know, for you. Yes, no, it's not going to be void of that. But it's only trying to make sure you understand that there will be a difference than what you have seen before. These voluminous volumes, you know, of whatever. But there will be some standardization. There will be some criteria and standards.

And you are going to hear more of this from Don, you know, who is going to talk to you in a few minutes about what really -- he is the Chief of the Construction Management Branch at the Headquarters. He will be giving you that national focus on what you are to look for with regard to just the question that you have asked. You know, all of us just kind of have our little focus areas that we are, oh, gosh, I'm sorry, I hit the wrong thing here, talking about. But Don is going to fill-in that for

you. And then you will be able to ask more specific questions around there when he does that.

MS. MILTON: I would like to add something to that response. The interesting criteria --

MS. GREENHOUSE: I'm sorry.

MS. MILTON: I'm looking at pretty much, I won't say we're going to trash it all, but we are going to take everything that you have to do on the outside, IBC, FPA, every standard. We probably are going to be doing away with an awful lot of the military requirements. Also the draft RFP that we are putting together right now, as far as design and technical requirements, we have a section on military criteria where we indicate the criteria and we also provide some bullets for offers pointing out the highlights, the things that are, you know, the big ticket items associated with those.

Right now, we have a list of those that are superseded or assumed to be superseded, so, you know, for those of you that, you know, you've got a hard way about that lightening protection criteria. Hopefully these things will, to the extent that they

exceed industry standards, unless it's based on a military requirement, probably be gone. And those that remain we're going to try to kind of hit the high notes, so that an offerer who is not familiar with Government work won't be deprived in a bad way when they finally do read that document.

The other thing about evaluations and all, evaluations should not concern themselves at all with requirements. Evaluations are only the realm of where you differ in terms of being better than the minimum requirements. Anything that has to do with meeting the minimum requirement, you know, that's a foregone conclusion. That's not an evaluated factor. As I said before, you know, do we need drawings or do we just need a list of betterments or do we just need examples of work you have done in the past that you say this is similar to what I'm going to give you in the future?

What constitutes your proposal is something, you know, that we're kind of throwing up in the air. We know it has been a very burdensome effort in the past and that they have probably precluded

competition. So if you have done design/build for others or, you know, CM at risk or DC at risk, you know, what is it that you agree upon when you sign the contract in terms of what we're going to give you? How does that work? And how would that work to benefit business to minimize your risk in responding to these offers, as far as lost effort?

MS. GREENHOUSE: Remember, it's going to be mutually beneficial. We are looking for all the streamlining. We are looking for all the efficiencies. We're looking for all of these things that we always look for. But we have never sacrificed quality, you know, for that. And I think we're all saying that. So expect that there will be a contract that is to the letter of the law, but instead of the arms being -- the arms length being as you have known them to be, those arms are going to be a lot shorter, you know, in this process as we try to prosecute this work.

I think we have one last question here.

MR. NIKSCH: Yes, Bill Niksch with Austin AECOM. We do a lot of design/build work.

MS. GREENHOUSE: Yes.

MR. NIKSCH: Just a follow-up question. I'm excited about what I'm hearing about the acquisition strategy.

MS. GREENHOUSE: Yes.

MR. NIKSCH: And what you may do with the guide specifications and the relaxation of the prescriptive requirements. After an acquisition occurs, there is still a project to perform, however.

MS. GREENHOUSE: Yes.

MR. NIKSCH: One of the key aspects of the performance of the project are the multiple reviews that are done of the design by the Corps of Engineers.

MS. GREENHOUSE: Yes.

MR. NIKSCH: I would be very concerned that people who are very trained and experienced in the prescriptive guide specifications are going to be the people who are now going to be reviewing a set of documents that are designed around an RFP or a contract that uses industry standards and there is going to be a whole education process that quite possibly might come at the expense of the contractor

that is performing that work.

So my question would be how will this process filter through the staff in terms of training Corps of Engineer architects and engineers that will be reviewing these designs and these documents to the new standards?

MS. GREENHOUSE: Remember that the Rules of Engagement under any contractual situation is the solicitation. You know, whatever is in that solicitation and those attachments thereto to give you information on how you are going to be evaluated, those are the Rules of Engagement. So you will know them all, you know, before as well as the valuators will know them all before we get to the point of evaluation, because it's in the solicitation.

MR. NIKSCH: I appreciate that. I think my experience has been just a little bit different.

MS. GREENHOUSE: Yes.

MR. NIKSCH: Sometimes the people doing the evaluation weren't given maybe that benefit of the review of those contract requirements and a considerable amount of time is spent reviewing

comments that are made that prohibit the project from moving forward until every one of them is addressed, every one of them is cleared before the project can move to the next step and a lot of that is just simply -- I could envision this being an education of -- well, the RFP says this, it doesn't require this any more. And there is a lot of arguing and time that gets expended. So it's a concern I have on how it goes forward that the rest of the team is brought into this.

MS. GREENHOUSE: Right, and that's the training sessions. Before we have any source selection, you know, there is always a training session on the objectives. But I'm going to let JR speak on this, since he is down where the rubber meets the road, and he can tell you exactly what that process is like.

MR. RICHARDSON: (Speaking off mike.) Yes, you are correct. There will be some people who will address those specific things you're talking about. And Mr. Basham will also test these things. He is from the Construction and Engineering, so he

will discuss that.

MS. GREENHOUSE: Yes. You are in good hands today. You are here with the open Corps, you know, trying to hear you and trying to -- even what you think may be a little something that will not -- never have any impact, you may see that difference in the solicitation. This is why we ask for your time today to tell us, so we don't take exception to anything that you tell us. Just tell us, because what you think might not be effective, might make all the difference in the world for this new initiative that we're under.

Thank you and I appreciate having the opportunity to come here and I'll be here all day, so even during the session when there are things that come up in the contracting arena, I will stand up, you know, and say whatever it is to make sure you don't leave with any miss or confusion about what we do. What it is is what it is. How we change is the result of what you are telling us today, that's something that we look forward to doing as well. So thank you and keep up this energy that I'm beginning to feel

right now that you are here to make a difference.

MR. MOY: Now, I would like to introduce Debra Overstreet from our Small Business Office.

MS. OVERSTREET: Good morning. I would like to ask just a couple of questions of those of you in the audience. First, I am Debbie Overstreet. I am in the Headquarters Small Business Office. My boss is Judith Blake. I used to work in the Jacksonville District, so I have a pretty good perspective on some of the conversations here about what we think is going on when we sit at headquarters versus what really goes on when we are out in the field and we're at a district.

How many of you are small businesses that are here today, please? Could you share that with me? Thank you. And how many of you currently or have worked for the Corps of Engineers doing military construction projects of the type we are describing today, large and small? Okay. That's a pretty good mix. One thing that makes me feel good today and I hope it makes those of you who are small businesses feel good, too, is that you have heard the words small

business used a lot already and I'm supposed to speak about small business, so you have heard a lot of it already.

I think that shows a level of commitment. The most important thing I learned when I was out in the field is that it's important to remember small business issues when we are going through our planning process, and that was brought up today. When we look at requirements and we have a customer who comes to us and they need a project done, initially the project manager begins to look at how to structure the requirement. How are we going to get the work done?

And generally, what they think of is just that end -- the end look of the project. What is it going to look like. How we're going to make the customer happy. And we need to look at how we're going to get there. Meaning, is it going to be one contract? Is it going to be broken out into two or three or four contracts? Some other issues that were brought up today is local versus regional versus national contracts.

We need to know what small businesses are

capable of performing as we talk about these different ways to structure our contracts. There is a handout that you got today that asks quite a few questions. I think it's about a five page document. The first two pages deal with small business issues. It is critical that those questions get answered by those of you who are small businesses today. Because this is our first step in doing market research and deciding how we're going to actually conduct our procurements and what type of strategy we're going to use.

Your participation as a small business is important through this entire process. This is a learning process. As we start one of these procurements and we do it a certain way, it doesn't mean that's how we're going to do all of them. We're hopefully going to get smarter as we go through this. You must stay informed, re: FedBizOpps, go to the websites. It's up to you. We're not going to send emails to everyone that's in the small business community asking them to, please, watch our website.

We're not going to send you information all the time. You have to watch us. Keep industry

associations involved. Some of the things that I have found helps small businesses the most is building those relationships with other small firms and large businesses through SAME, through AGC, through AIA, provide input during forums, as I spoke of the first thing that we're looking at here is that handout.

The answers to those questions and I've been talking to the folks, to Michael Duffy, here today about this. The answers that we get to those questions will be the first pieces of information we use on deciding how we're going to structure the first projects. Respond to sources sought. As requirements come up, we will very likely issue a sources sought and we'll be seeking information on that particular project to get your feedback on how we might handle it and to determine if there are small businesses or HUBZone firms, 8-A firms, Service-Disabled Vet firms that can do the job.

I'll share with you right now something that really concerns me. We really want to ensure that we use Service-Disabled Vets. It is a huge initiative for the Corps of Engineers. We always want

to balance programs, but right now we're trying to ensure we use more Service-Disabled Vets. There have been sources sought, synapses issued by some of our districts stating that they will conduct a set-aside for a construction project if they can determine that there are a adequate number of Service-Disabled Vet firms that can do the work.

Meaning, they have the capability, the expertise and the bonding capacity. They are not getting adequate responses. That means we are not conducting those procurements as Service-Disabled Vets set-asides. It's going to be some other type of set-aside or unrestricted. So it is very important for you to respond. Don't think the other guy is going to respond and I don't need to respond. We need each of you to respond.

Prepare ahead. Ms. Blake was working with the Small Business Administration about getting special procedures set in place for joint-ventures and especially for the mentor-protege agreements. There were questions about how we were going to conduct the selections. Corps doesn't use a lot of competitive

bidding. We use a lot of best value. The most important thing here is mitigation of risk. Certainly, if you are a small business concern and you have in place teaming arrangement or you are in a mentor-protege agreement with certain firms, that lowers our proceed to risk of your performance.

So I would strongly encourage large businesses to look at teaming with small businesses and the small businesses to look around at the large firms who might be able to help them have a greater competitive advantage. We are serious about small business. Now, when I say that, we're serious about small businesses who can give us a high quality project, we need it performed in a timely manner, we need to meet the deadlines, that is very critical, that's what you're hearing here today.

It's a quality product and we've got to have it on time. We're not going to have a lot of time to make these projects happen and get them on the ground. And we're looking for cost efficiencies. We're also serious about the small businesses when we conduct set-asides complying with the limitation on

subcontracting clause. Depending on the type of work, there is a different percentage of work that you have to do in-house.

The purpose of set-aside programs is to develop small business firms to grow into large business firms and give us greater competition. So we want you to comply with the amount of work that you have performed in-house and if we conduct procurements on an unrestricted basis, and a large business receives the award, we will be enforcing the subcontract plans. We're going to have a mixture of prime and subcontract opportunities for small businesses. I mean, that's obvious.

There are going to be some procurements that are just not going to be suitable to set-aside for small business. And when that happens, we are going to set into place procedures and processes through evaluation and through compliance reviews to ensure that we're using small businesses. We perform a lot of market research. It is critical for small businesses to let us know what your capabilities and expertise are.

We also need to know what are you limitations for performing work in different locations. There have been a lot of requirements that the Corps has been looking at including multiple award task order contracts for construction. And what is really critical is can small business perform in the southeast? Can they perform on the east coast? Can they perform on the west coast? Can they perform nationwide? And what is very important there is the limitation on subcontracting. You have to perform a certain amount of the work with in-house forces.

So we need to know what your capabilities are. And bonding, we must have bid and performance and payments bonds. As it has been mentioned here, we can't predict the location of the projects. I'm sure all of you are watching BRAC 05 closely and you have some ideas about what might be going on, and certainly we have ideas also. And as we look at that, we are trying to come up with strategies to be prepared and that's what you need to be doing also.

Be prepared. Teams, speak with other firms, determine that if we were to issue a

solicitation on a regional basis, have you identified partners in other states that can work with you? Develop those relationships now. We're going to keep the public posted with the information that we have and it will be updated when we have it made available to us.

As I said, the potential for the set-aside depends on the work. The Competitiveness Demonstration Program precludes the use of small business set-asides for construction. So what that means is for the Military Construction Projects that we mentioned today, they are either going to go out unrestricted or we're going to use HUBZone, 8-A or Service-Disabled Vets small business set-asides. That's how we will be conducting those procurements.

If there are service requirements, there are different rules for the types of set-asides that we can conduct. The large businesses, we will look at evaluating proposed utilization of small businesses for subcontracting. We will look at past performance by the large primes. And we will be enforcing the subcontracting plans that are incorporated into those

contracts.

These are the websites you use to make sure you stay aware of what we've got going on: FedBizOpps, we've also got the DoD Small Business Office website here, as well as our Headquarters USACE Small Business Office. Any questions? Yes, sir?

MR. ARNETTE: (Speaking off mike.) Now, let me again start out, I'm Glenn Arnette. I'm with Analysis Research, program management. We do classic management. We do environmental security work. I do construction work which has got three areas of disabled who are mono, HUBZone and Service-Connected-Disabled owned and who will be 8-A in most. We have not got contracted with the Army Corps of Engineers. We approached P&J here in hurricane season about becoming a subcontractor with them. We got as far as the telephone call to them and they said they already had enough subcontractors and didn't want us in there.

That was P&J and that was before the hurricanes hit. We went down there with our equipment, got no work and reproposed to work at Pensacola with NADFAC out there. Now, again, through

HUBZone, Service-Connected, small business, one of them. We got no business out there either. There is a friend of mine that is an 8-A, HUBZone, Service-Connected-Disabled Veteran owned, operated in Charleston. He has got no business. This is exactly what we were applying for, we were applying for all of this stuff. But we're not getting any work.

Well, back in Pensacola Carolina Roof who are the -- they have got the contractor through Pensacola Roofing who approached us. We said we're not going to go back to that same type of roof. We have got environmentally friendly roofs to put on. We have got a better roof to put on. We've got ones with a warranty for 20 years and we can do it a million dollars cheaper than what you are asking for. Now, we're not interested in the type of roof you want. We want to put our roof on.

Well, they said they would be kicked out or tossed out by not replying to that request for proposal in the exact manner that the contract came out in. And I don't want to put this gentleman on the spot over there, but if you ask him, I asked him

earlier about design/build and asked him if it was 8-A qualified.

His exact words were that's detrimental to becoming an 8-A firm because a lot of your people look at 8-As and say they don't want to get involved with the 8-As, because the 8-A relationships will require that. So is it working? I get a lot of word of mouth. I mean, I talked to the guy down in Charleston. They said I applied for an 8-A business. We went in there and did that sort of stuff. And still we're getting no place. We have registered with the Jacksonville Branch and there's no place there. The New Orleans Branch, we get no business there.

I don't know what to tell you about small business, which way it's going, but it's not working on our side. I can assure you of that. Another problem that we have had to face is the fact of the bonding requirements. I was bidding with FAA in Chicago at O'Hare. The bonding requirement that appears for that performance was about $200,000, which means I've got to come up with $20,000, which includes getting bonded for that performance up there.

To get the work, I've got to have a performance bond. I cannot even come up with enough money to move everybody up there, because it's a $20,000 bond for that contract in that time frame. If I have a contract, I can go to the manufacturer bank with the contract and say, yes, I've got at least 30 men, this and that. Then I can provide the performance bond. But you're wanting money up front from us to get the work. It's going to be paid in 30 days down the road or 60 days down the road or whenever that schedule says, out of the Army or out of the Navy. You know, we're having a terrible time and we're in a HUBZone. We're in a HUBZone doing business.

What are the HUBZone requirements for? We are hiring people in the HUBZone and we want to take the people that are shooting one another right now, the kids that are dead-end in our community out and do the right thing. But we can't get your business. We've got to attempt that. And I have never seen any enforcement criteria on a set-aside. I never seen that. You said you have a set-aside, I can believe

that. I don't see anything that protects us. Okay, we are awarded 30 percent Service-Disabled Veteran owned organizations, 30 percent. Those are the goals. I see the goals, but I don't see any actual performance on your side.

MS. OVERSTREET: Well, you have brought up a lot of issues, things that I hear from other firms also and I'm going to make one statement which is kind of a tough statement, but I'm going to make it. Every company isn't going to get a contract. It's extremely competitive. 40 percent of our -- wait, we can discuss off-line. We can discuss off-line. I'll be happy to, sir. 40 percent of our direct dollars went to small business concerns last year. That's an $8 billion program and 40 percent of that went to small.

Our Service-Disabled Vet was pretty poor and that has a lot to do though with planning. It takes us a while to plan for projects and put them in certain programs. We usually structure our requirements so it could be a year, year and a half down the road before we even award a project once it has been placed in a program and that's our planning.

So right now, we're about 1 percent of Service-Disabled Vets.

Our HUBZone we are doing great on utilization of HUBZone firms. As far as subcontracting is concerned, we are monitoring that and I will share that information with you. But it's very competitive. We use a lot of Service-Disabled Vet firms. We use a lot of HUBZone firms, a lot of small firms, but we don't use all of them. And so it really comes down to trying to identify how those other firms have succeeded. What did they do that was right? What worked well for them? And then how can you do that? How can you now pick up on how they have done this well and do that well?

So I will speak with you after we are through, sir. Are there any other questions?

MS. GREENHOUSE: I would like to add also it seems just what you are doing now, you have had some tough times. You haven't seen maybe a lot of return in your investment. And hopefully you're going to walk out of here letting your experience today make a difference. This is why we really like it and I

hope we can have time for everybody to stand up and say who they are and what it is that you think that you bring, that you possibly can bring.

So if you go out on your break and you go out to lunch, you will know who you want to start talking to and aligning to, because aligning is a big word, you know, in what we are trying to do in the acquisition landscape that is up there now. Alignment, alignment, get this folks and making sure you know how to set up the right kind of agreement that's going to be mutually beneficial, you know, to you. So thanks for being here. You know, it's got to make a difference. Don't give up.

MR. MOY: The last speaker before we have a short break today will be Mr. Don Basham, Chief of Engineering Construction for the Corps of Engineers who is going to provide you some food for thought to energize some dialogue between us and you out there. Thank you.

MR. BASHAM: Good morning. Can you hear me okay? I'm not a speaker. I don't have any slides. What I would like to do is just to before you go on

break is kind of start the transition. You sat here for a couple of hours and heard some of our folks try to lay out in general terms what we're getting here. Yes, there are a lot of competing interest. We understand that. This is not about incremental change. This is about we understand what is going to be submitted in change for us to compete for services.

The changes we have done in the past are going to continue to get done like the past and quite frankly there's a lot of impediment. I fundamentally don't mind the notion that we can get better quality facilities at a cheaper price, but we've got to look at the part of those facilities where they design those facilities and where they build those facilities in the last 20 or 30 years. And so we made those comments already and we cannot continue to do business this way in competing lump sum contracts, one contract at a time.

Under the fundamental notion that Mr. Whitaker has told us that he wants to be able to turn in the year of appropriation. And so he has convinced us with this understanding that our goal today is to

award contract in the year of appropriation. And as a signed bill, that's just getting to the time start. We haven't even awarded 35 percent of our program this year and we're dealing with the second quarter already. Most every year, most of our programs are in the third and fourth quarter, just came to award.

And so if you're talking about taking 150 to 200 projects and you want to turn in the year of appropriation, you've got to change this system completely to get there. You're not going to get there one project at a time. You heard some discussion about how to run programming, put complete brigades together and programs. Well, we need to base our thinking on just program and how we package the acquisition piece.

We have allowed ourselves in the last few years in combination with the way we operate with engineers and also with their installation, that we build one project at a time. In the industry, what we have seen so far, is they don't build one project at a time. They package them in some form or manner. They get referred. They get long-term relationships. But

you do those types of things. They come with a lot of consequences associated with them. You've got to deal with them.

At the end of the day, we're complacent. And we have to deal and work with all the social programs, all the programs that go with that. It's the right thing to do and so we have to work with that. Does it compete with other things in interest? Yes, they do. But at the end of the day what we're trying to do here is figure out how we can strike with the best balance in all those competing interests to deliver quality facilities on time and lower cost, quite frankly, to the soldiers.

It will be a huge transformation here. Hundreds of thousands of troops are going to come back home from across overseas and not only come home, they're going to live here from now on. They're going to deploy from here to fight future wars. And not only are the troops coming back, they are bringing family with them. So live on the installation. So the whole notion of what a community is on installation is going to change. It's going to be a

long-term relationship on installation.

How are we going to deal with that? How are we going to package that? Let me give you a couple foods for thought. And, please, anything I tell you today is only in the notion of trying to stir the discussion and encourage a debate here. We don't have all the answers yet and I'm not too sure we got-- but I know one thing, 100 percent of our Construction Program is done by you in the private sector. At least 75 to 80 percent in any one year of our assigned program is done by the private sector.

We're not going to be successful here in delivering these facilities without having a relationship with you all. And whatever we put together and how we package it and put it out on the street and how you respond to that is critical here. And so we've got to have that dialogue now to figure out how best we can do that. Understand what some competing interests and concerns are, so we can try to deal with it.

Am I going to need all of them? No. The indication piece, I understand as the Chief

Engineering Construction Corps of Engineers 35,000 folks, 10 plus thousand folks answer to me, and this will be a huge culture shift for them, a huge one. It will have a huge impact if we go where I think we're going on the number of people I employ in the future. I understand that. A huge impact.

And those that will remain after and execute this program we're going to retrain and retrain them, just like in some cases you all are going to have to be retrained. Some of you are in the business of where we think we're trying to go. Some of you are in the same business where I am today and we're hoping to try to move together.

But let me give you a couple of examples to think about as you go on break and then you come back and we'll start the dialogue. And the rest of the day is going to be exactly this forum here of hoping the compliance we got in this square room the best we can at a round table discussion, so I want everybody to speak their piece. I would ask you to help make it in a constructive manner, give thoughts and ideas that help move us forward to address the

program and it does, in the manner of giving us an example of how we failed in the past. I understand that. We can do that.

Folks, I understand. I've got a lot of failures out there. I don't need to relive every one of those today. If you think it can be any better and help me move in the direction I want to go, that's fine. I will be glad to talk to any of you off-line. If you have a current project issue out there, Ms. Greenhouse and the rest of them up here on project to project issue, if you've got some concerns.

An example. We have been meeting with some of our proponents on the Army side and proponents is who is responsible for chapels, who is responsible for dining halls, who is responsible for barracks. What are their requirements? So we're trying to get with them and say what are your requirements today?

One of the proponents we have met with is the dining hall folks. Now, I don't know if any of you are familiar with the Piccadilly food chain restaurant. There's a chain. They picked that, so that's the model. We could accept that as kind of a

model to work from. All right.

Let's take that a little bit further and then say is there an industry market out there, if we can pack these in some form, be it an RFP or some other form, that says if there's an industry model out there that produces these types of facilities today, an RFP might just be two or three pages to say I want to be able to process this many people at the door. I want to be able to feed this many people over a certain period of time and I want this many people to be able to get out the door in a certain amount of time.

Another good example of that that I observed in the past is our commissaries. Well, a commissary is a grocery store. What do you need to build a grocery store? There is an industry back there that builds grocery stores. Generally, I need to know how much supply I want to come in the back door, how much storage, I want to store that, how much shelf life, I want to keep that in storage, how much shelf I'm going to have on the floor at any one time, how much I want to keep that product on the floor, and

then how much of it I want to try to move out the front door. Now, there's probably some others, but that's a pretty good notion. If there is a market out there that I could write a spec for that and I think that pretty well deals with the final little things.

Now, let's take another one. Let's take our company office facilities. I think the term was Jiffy Lube. It's probably more like TAC Shops. TAC Shops are like Jiffy Lube. There might be a Jiffy Lube, but somebody said last Wednesday or before on the Industry Committee, but a Tac Shop, you know, is there an industry model out there? Our initial indications are maybe there is not, and so we're going to have a different package to package that and put it out, because there is no industry standard out there that produces that.

And when I talk about industry standards, I'm not just talking about parts and pieces of equipment and materials. I'm talking about a model that produces that. Wal-Mart produces a model. They have a standard model, we understand, that they update every so often, but they go out and package those and

have them built and they take input from all of those.

Right now we build each individual project in 20 some odd districts in 100 and some odd installations one at a time and build it with you out there in the community. It is a tremendous challenge to be able to accumulate all of those lessons learned and get them cranked back into something that continues to put out on the market. We have got to change how we do that.

Designs. Mr. Whitaker has told us I'm tired of paying the design of barracks over and over and over again. Anywhere in the country, I put out 35 percent design or 20 percent design or a 15 percent concept. He said I want to move away from all that designing. Now, how do you do that? Come up with a standard design. Somebody mentioned earlier, how do I do that at the same time I also try to promote innovation over time?

I got to balance that out. I got to develop a model and every so often go back into an industry like this in a forum and share that model, whatever that model looks like, to improve on that

model and develop the next generation model, because if I walk away here today with a model, in five years we're not going to have it. We're going to have an outdated model if I haven't taken care of the update if it changes that much. So how do I interact with industry to keep myself current, keep going in the direction of where the industry is going?

When you package -- what is your all's interest in packaging products? Conventionally we can't do it one project at a time. Do I package 10 dining hall facilities throughout the United States? There's no interest to do that. How big does it have to be before I start getting an economy of scale out of that? You know, can I package 10 dining hall facilities where I can get a volume of HVAC systems, get a volume line on equipment in those facilities instead of buying them one at a time? Do I have to do it in quantity to the United States or package everything up in the northeast, southeast?

You know, that's part of the dialogue we would like to have with you on how best do we package some of these. I'm just convinced I can no longer

package these one project at a time. I can't design one project at a time and I can't construct one project at a time.

Design/build, we were talking about design/build a while ago and we think there's going to be comment. And then we'll take a quick break. We do not do design/build the way it should be done. I understand that. I have lived it 20 years. I was trying to work design/build. The only thing that this Army Corps of Engineers let's you know is wrong, I criticize myself, because I got 37 years with this organization and I love it to death, and while I talk about all our awards and everything with you, in my humble opinion, there is no better organization out there than this Army Corps of Engineers. But can it be improved? By all means, we can improve and we're trying to improve every day.

But design/build, in the big scheme of things, all we have done in the Corps of Engineers is design/build, take the bid out of the middle and design. Yes, you're right. We can still get 100 percent design. We still have multiple reviews for

that design. We get a design completely done and then we issue the notice to proceed with construction. All I got to change out of that is I take the bid out of the middle of the design/bid/build.

I can't do that anymore. I understand that. So how is the best way to package it? I know one thing. I look out in the industry and where I think we have got to go, I got to -- after putting foundations in the ground and I don't even know what the top story of this facility looks like. I don't even know what the interior tension bar is at the time. You're not going to get there in a complete design and then issue a notice to proceed on the construction.

So how do we package to do that? Somebody mentioned CM risk and design/build risk. What are some of those concepts to do that? Again, at the same time we talk about that, I go back to my previous comment. I'm not interested in packaging these one building at a time and doing 40 different designs on that facility across the United States.

You heard Andy talk about a $2 billion

base program here that equates to probably somewhere, you said, what, 100 and --

MS. SHOULDERS: 100 to 115.

MR. BASHAM: Yes, 100 to 115 projects. That's somewhere in the $15 to $20 million range, give or take a little bit, to advertise the project. Some of them go up to $40 million. Some of them will be down to $5 million with the ground swelling a little here with BRAC and the restationing, that number is probably one of, I don't know, at least quadruple I would tell you in the short-term.

But this initiative is not about this short-term. The initiative of restationing BRAC has driven us to have to address this a lot sooner than probably we should have. We should have addressed it a long time ago. But when this initiative is over with, we're going to be back to the traditional $2 billion program and when I come out of this, I want to have a streamlined and new way of doing business in the aforementioned areas with our facilities, and that's what we need to have a dialogue on.

So hopefully, that will give you some

notion of where we're headed. I don't have an acquisition strategy today. I didn't come here with one and I didn't come here intentionally without one, because I want to have that dialogue and discussion. We have some thoughts and ideas that we would like to throw out with you and have a discussion over the next two or three hours. If you have got some other thoughts and ideas, we would like to welcome them. So we'll do that.

I'm going to tell you, when I leave here this evening, I'm going to Savannah. I will spend -- the Corps of Engineers and the original family members of the construction industry, so I'm meeting with about half a dozen owners there tomorrow to get a different perspective from the owners. The session we had last Wednesday in D.C., you know, mostly architect engineers, prefabricators. Each one of you all talk about your risks and your liability associated with this acquisition process as we go through it.

The owners are looking at it from a different perspective and we're going to get some input from them. So we're going to meet with Mr. Wal-

Mart. We're going to meet with General Motors. We're going to meet with Dupont and two or three other folks and have a discussion with them. So we're trying to take all the input and try to take the what at the end of the day will be the best practice out there in the industry and try to reshape our whole organization when we move forward to facilities.

So with that, let's take about 20 minutes, about 25.

PARTICIPANT: 10:45.

MR. BASHAM: How much?

PARTICIPANT: 10:45.

MR. BASHAM: Be back at 10:45. Thank you.

(Whereupon, at 10:25 a.m. a recess until 10:49 a.m.)

MR. MOY: Let's try to get started, please. What we would like to do first after the break is kind of get your reaction and start some dialogue with regard to Don's food for thought and where we're going, and then we'll transition to some questions from the Panel for more nuggets of dialogue. Don?

MR. BASHAM: All right. Hopefully, I have tried to give you a little bit of view that this is not incremental change. I'm not trying to improve the process. I can't get there.

PARTICIPANT: We can't hear you.

MR. BASHAM: It's not on? Can you hear me better? Let me try this. Does that help any? Still not better. All right.

You know, I ain't too sure we have got the right process, and so that's why I had the team come here today and talk to you, to talk about what should the process be. All of you have had some anecdotal information already this morning about I worked with you in the past and persuaded the business that didn't work well that way. Well, I understand that. That's why I threw that out. I wanted to get that up on the board and start from there and I understand with the transforming business.

So initial thoughts and comments? After lunch if we can't get there from here, offer some good suggestions.

MR. TANAHEY: Yes. Frank Tanahey. One of

the comments, I think, that you said the Secretary of the Army, I guess, was saying, why can't we design one barracks and put it everywhere? I think that's -- I guess my comment is, number one, that's highly simplistic and I think you know that.

But one of the things that you're dealing with on every installation, you're dealing with -- if you have 120 installations, you're dealing with 120 installation commanders, Public Works, design guides, various things plus the lady back here made a statement that, you know, you don't have all the land available, so sometimes you do need a six story building versus a three story.

There has to be some groundwork, I agree, and that might be -- and I'm speaking for barracks since that's the one I probably have the most experience with, but some type of module, the one plus one that you talk about. Well, there's certain criteria, the 140 square feet per soldier, the maximum 366 square feet total max for the building based on the number of soldiers, if it's three stories, if it's four stories it's 388.

I mean, you have got certain criteria there. I think that needs to be somewhat set, but then use that module to build on whether it's a three or four or five story, etcetera. That would be an approach and that way you could still model it, use a standard, but then model it on the installation.

The second point I would like to bring up, I know Judy Milton said that the ATFP is a non-negotiable area. That has raised cost and I couldn't say if it's 5 or 10 percent, but it has raised cost both in site, because of the 82 foot setback, progressive collapse and the windows have got much more expensive.

You know, so you have still got some challenges there, so that requirements still need to be defined, but those are the areas that are challenges on the barracks themselves that need to be addressed. Realistically, I still question ATFP in the progressive collapse, because you're trying to make woodwork. That's one of the pushes. How can we make woodwork, the Type 5 construction, and I don't know how you do it other than you have an inspector

for every carpenter you have out there.

So there are certain things that, again, are in a catch-22 situation. Again, I'm sorry I'm not offering a solution, but this is commentary.

MR. BASHAM: I understand and that's part of the challenge. We have got to define these and part of what you all help us do, quite frankly, is we have sat around the last few weeks trying to think of all these "each's". We missed that one. We need to get that one down and address it.

A couple of points that you made, and Andy might want to chime in here. One of the, hopefully, things that we have gotten aligned here now is that while we have 180 plus installations out there, and I'm talking about on the Army side, we now have IMA, Installation Management Agency, who stood up and they say those installation commanders, that they are going to find the departments on the installation, and so the installation is not going to have that flexibility.

They met two weeks ago now, two weeks ago in Kansas City, and General Miller and General Johnson

1 told the installation commanders that, the DPWs, that
2 I want -- all your requirement is is to define your
3 requirements. I'm going to provide you the
4 facilities. If you need a barracks, here is your
5 barracks you're going to get.
6 Quite frankly, it's a Wal-Mart. If you
7 want to build a Wal-Mart or if you want to build a KFC
8 store somewhere and you want to franchise it, here's
9 my store. I'll give the plans, the specs, all the
10 sources of all the equipment. This is the way it's
11 going to look like. You may have a different plan on
12 it to meet the local area. Obviously, you got some
13 HVAC issues and some environmental issues to deal with
14 when you build this facility in Florida or Alaska, but
15 the basic fundamental structure is going to be the
16 same.
17 And so the whole notion, somebody
18 mentioned a moment ago about having these planning and
19 design strips, we have been doing that for about two
20 years now. We agree you've got to get everybody around
21 the table at the outset to do that. The question is
22 what is that going to look like in the future if

you're coming to the table with a defined facility to start with, because a lot of what you have done is that form the installation commander and their teams put their personal touch on it, on the facility. They are not going to put no personal touch on a facility.

The discussion is probably going to turn more to here is the facility, here is the site. What do we got to do to site it out here at the facility, that site and that's probably the form it's going to take. So hopefully, we understand that's a key piece to this, as I said in opening before, we have 100 and some odd installations that every installation commander wanted or had a building in every district we have out there wants to put their personal touch on that design/build and, quite frankly, you did too, both the design and construction contractor. You want to put your personal design touch on that building and we understand that.

But you know, I just can't afford to do business that way. A barracks is a barracks is a barracks. Now, you saw the example up there of one photograph on barracks. I think the one on the left

was one that we built and the one on the right was kind of an industry model of a hotel.

Now, I assume at least the one on the left or the one on the right looked pretty nice to me. The one on the left kind of looked like a stark, brick building, which we'll build. That building, I think for some reason they took the numbers off. It was $40 some odd a square foot less. Now, on the appearance, I got a heck of a lot better -- it looked to me like a quality exterior rendering and finish to that facility. I think I got some other amenities that I probably didn't get in the Corps building, but I got it at $40 less a square foot.

So the notion is that these incremental things that I add drives up the cost. I think when you look at these incremental changes, they come out as incremental additions and that is what we have done in the last with the anti-force protection. That has been an incremental change and addition that we have added to our already burdensome system out here. We just need to go back to the beginning, I think, and relook at the whole process and how we integrate.

So part of that issue is you can't produce one building at a time. You can't produce one design at a time. You know, General Miller and them said, you know, in a TAC Shop, we want a soldier, no matter where they go in a TAC Shop, when they walk in the front door, they know that they go down two doors this way and take a left and that wrench is hanging on that wall no matter what installation you go to.

When you walk into the Wal-Mart, you always know that back there -- you know back in the right hand corner, it's always there. Over in the left hand corner is menswear or whatever that is. So it's that same kind of concept. Help me capitalize on all of that.

What is the level of detail to be taken to before we put it out on the market for you that gets us that consistency and uniformity, minimizes the amount of design effort we have to put in all these features, but at the same time accounts for the local conditions that's out there. That is part of the dialogue, the discussion of packaging, you know, package issue, how best to package something.

How do we develop long-term relationships with some firms to do this? I mean, one of the things we have started already in the incremental piece of this is two years ago or about a year and half ago, I guess, at headquarters we consolidated our in centers of standardization down in the Corps and consolidated them around the facility. The hindsight is that wasn't a bad direction, but I didn't know what I was doing at the time but I was heading in the right direction.

One of the other things we did is we said those centers, in addition to having the standard design, which for us when we talk about a standard design is really just a footprint. It's a 35 percent thereabouts footprint design that was really put together from a programmatic point of view. So we budgeted for a barracks and we had a basic programmatic document put together to submit to Congress.

And so now we're looking at what is the next level that we need to take the incentives to? One of the things I put on their plate was they were

1 going to develop some national AE contracts. If
2 Savannah is doing barracks, Savannah is going to have
3 some national AE contract to do barracks design if
4 we're going in that direction.
5 The idea was if I go to District A, if
6 they had been doing barracks design and they want to
7 do it in-house, then we let them do it. But if we're
8 going to go hire an architect engineer, they are going
9 to go back to the center and hire someone who just
10 built one. If for no other reason, my initial issue
11 here is to cut down a learning curve by errors,
12 omissions and inconsistencies and repetitiveness.
13 Now, I think that's an incremental step in the right
14 direction, but I think I got to go a lot further than
15 that.
16 MS. SHOULDERS: Don, can I make a comment?
17 MR. BASHAM: Yes.
18 MS. SHOULDERS: I just want to make a
19 comment about what you said about the ATFQ
20 requirements for progressive collapse and setback and
21 windows. That is something along with anything that
22 we will consider and relook at, and I think what we

need to make clear is that we have got to come up with some short-term solutions as well as long-term solutions and some of those changes may require a code change, legislative change, a policy change, but we want to identify all of those costs and time drivers. So just because it's something that we do now and it has a pretty strong reason for doing it, it's still on the table.

MR. BASHAM: Questions? Could I respond to your comment though? One of the things -- I believe you had a comment.

MR. TANAHEY: About ATFP and the windows, the thing that probably drives us crazy as a contractor and the A&E community is there is a requirement for the window to be designed a certain way with certain pressure, but I can go right to the next stud and it's EFIS and there is no requirement for that. It's just standard wind load.

It makes no sense to us from what you're trying to do in terms of protecting the soldier. So is that really, truly protecting the soldier or are you just spending money? So there are some

inconsistencies there that I think need to be addressed in the next iteration of the ATFP.

MR. BASHAM: Great comment.

PARTICIPANT: Don, a couple of things. I had just this morning taken notes. A couple of thoughts. One, if you really want to go in this direction, I think one of the things you need to do is something we talked about a long time inside the Army and that's centralized master planning. You got a whole bunch of people down at an installation level are generating these one-of-a-kind each's and that sort of thing and we have talked about it a long time.

I myself have been in front of the IMA regional directors saying, you know, this is crazy. We're spending a ton of money and all we do is we generate these one each's all over the Army. And so you need a centralized master planning. Do that. That's get at the programmatic end of this thing.

You do need to deal with the O&M tail. There have been some MILCON projects that have had demo projects that have that five year tail in it there and you can't separate it out of the MILCON

discussion here, because it's all about cost to the Army. So you need to identify. It's in the discussion or out of the discussion.

And hopefully, you talk about faster, better, cheaper, get it on the ground faster and respond to the Army's rebasing and all that, but -- and going to 25 year standards but, you know, 25 year standards, you're two and a half times the cycle of that 67 year standard.

You know, and so hopefully you're looking at this thing holistically. You may get it on the ground faster in the 25 year standard, but you're going to do it two and a half times for every 67 year facility you're going to put on the ground. So I hope and I'm sure you're looking at it holistically.

To me the biggest lesson the Army has learned in the last 10 years is one that we all feared was this privatization thing. Now, we saw it coming 10 years ago and we were scared to death at it and, oh, by the way, we learned a heck of a lot in privatization of family housing. Best experiment the Army had the courage to take on.

And I hope you take a look at that RCI experience. What were the lessons learned out of that RCI experience? There are a lot of good things that came out of that, and they will drive you straight into discussions about contracting, how do we do this? Is it big business, small business, how do we do it fair in terms of Government and all that, and how do we put it in the private sector's hands and protect our investment, the Government's way of doing things and the risk the Government takes.

How do we put it in private? But once you put it in the private sector hands, how are we sure we get the kind of delivery we want? And there's a lot of good things in that RCI thing, experience, and it's going to drive you to some decisions about contracting, about small business programs, large businesses, and I think you could move in this transformational way.

Even the financial aspects of RCI, how can they help in rebasing all the units coming out from overseas? How can they help you get it on the ground faster? And hopefully, you learn and draw the lessons

out of that experience, because I think it could help you a lot with what you're doing here.

MR. BASHAM: Yes, we're clearly looking at the RCI initiative, you know, and part of our notion here might even be, and I'm going to back up and explain while we're backed up and comment about that and to give you another example, and this kind of gets to the lease operate and maintain the concept here.

You mentioned that soldiers are coming back home. They are going to live on these installations in the future and not only are the soldiers going to live there, but they have to bring their family and children. Now, I don't know about you all, but if I'm living on an installation, my wife and I are going get out there a day and go to the commissary to eat a meal, she is going to go all postal most likely.

What about a concept in the future to decide to feed the soldiers and feeding the family here on the installation that says you go out here and you build or if you went out and you built up some empty space and then you lease those spaces out and

you have a Burger King and a Burger Shack and a Chinese entity there, whatever, and every few years the techs change and those units kind of go? I mean, is that a way in the future of offering variety and changes to folks on the installation instead of building one great big commissary that feeds a whole bunch of people through some assembly line like the old blue Corps?

So we're looking at those types of concepts, you know, is there other ways that we need to look to feed the troops and the families that live on, and also understanding that one of the keys to this thing is people's tastes change. I mean, one of the things that drives the private sector, I believe, to design the facilities that are designed is that in five to seven years, we're going to change and we're going want black to be blue. We'll want red to be green and we want things displayed differently, brighter lights or soft lights or whatever, so they build their facilities to anticipate that.

We have got to look at that, too, but at the same time also get back to the old end table that

we have already talked about. You know, we have got to do a better job with folks that we don't understand. We have got to look at the MILCON piece, the military instruction piece is this money in this bushel basket that will all end up here in another bushel basket and quite frankly, we need to maximize the MILCON dollars and don't have them in a locked capacity with a lot of tension with a piece of that. And we find that every day. So when we're trying to look at a life-cycle cost, you have got to look at the life-cycle. In fact, you may want to spend more money on the MILCON piece to hope to save more money down the road on the end piece. So we have got to have that discussion to make a balance in that.

You know, by the way, you can go the 25 years, you need to understand that you're going to rejuvenate or refurbish or whatever the case may be of this facility in the coming years, and part of the reason for doing the life-cycle is also the Army is going to change. I mean, if we think that we're going to go through this transformation and the Army is going to be this way for the next 20 years, it's not.

I don't know what it is, but 5 years, 2 years, 10 years, 8 years, it's going to change again. The Army will continue to change, because the enemy is after us. It's going to continue to change direction, so we're looking at these facilities.

Part of what they want us to do is also to build into these facilities and constantly calls for making the facility as adaptable and flexible for costs associated with trying to do that. And the life-cycle cost is going to be more cost effective.

And when you look at the green spaces just point out the new facility on the ground versus some installations with not very much green space, some of the stuff you're looking at you won't even refurbish it. Some of the spaces are historic buildings and you have that issue. How do we make the buildings of the future to be built, to be built now to be a lot more adaptable and flexible to deal with the changes in the Army and the future purchases of the facilities we have built here today? Other comments and questions?

MS. SHOULDERS: I'll pose one. At the forum that we had, the National Forum in D.C., we were

asking about the construction capacity and one of the comments that came back was the market will respond to whatever you throw out, but it might take us six to eight months to ramp up, to be able to respond. And there was also the comment that at some of the more remote installations, we might pay a premium in labor, because they will have a shortage of labor and they will probably have to bus people in and pay them per diem.

Does anybody have a comment along those lines on industry capacity?

MR. GREEK: Bill Greek with Gil Bane Building. Don, we talked about that during the break that, you know, we do a lot of federal work for NIH and CDC and NASA, many other federal agencies, but not Defense, and with the economy improving, it's currently improving, there is a strong demand for firms in this market. So it's refreshing to hear that the Army is looking for ways to lower the barriers to entry.

And anything that you could do to simplify the process, the selection process in particular, it's

extremely expensive even to lump sum bid a project much less design, you know, design/build a project. So one of the things that I would like to see come out of the Army is this notion of business simplification and solicitation simplification and cutting costs and that kind of thing, because you are competing against the private sector, all the other Government agencies and all the other federal agencies. And so I would support all the things you're saying about competitive barriers.

MR. BASHAM: I would ask you could you give me a couple of examples and I understand the bidding piece. Could you give me a couple of examples when you say, what is the term you used, improve the business?

MR. GREEK: Oh, business simplification?

MR. BASHAM: Yes, business simplification.

MR. GREEK: There is a trend in the private sector now, design/build to go purely qualification-based selection. In other words, you issue an RFQ to design/build contractors to perform that. You look at it, evaluate the qualifications on

that team to deliver the kind of building you want. You make the selection based purely on qualifications of the negotiation or design/build and then that's a trend we're seeing in the private sector.

Well, it has been done in the private sector for a long time, but we're seeing it more in the Government sector, you know, QBS qualification-based selection. And that saves everybody money and, hopefully, gets the right firm on board to deliver the project. That's one example.

We're also seeing that in the CM risk world, as well, where fees and general admission or expenses are received in the selection process, but they are opened and evaluated, sorry, they are not opened until the selection has been made. And those are a couple of thoughts.

MR. BASHAM: A question, yes?

MR. AYDT: Kenny Aydt, SGI. Going back to your question about the capacity. We ran into a situation a year ago. There were some delays and we found out that if the Government didn't move by a specific time, then all of the local resources for

bulldozers, tractors the kind of things that do the earthwork to correct the site wouldn't be available in the local area for three or four months. They were all booked up.

So to answer your question, those are issues and you might have to bring somebody in. You may have to bring in heavy equipment from out of county or out of state, so those can be issues. And then talking to your schedule, getting earthwork done, the same with the funds that are appropriated, those types of issues come up, because people who have millions of dollars invested in equipment are sitting around with the Government to look at contracts.

MR. BASHAM: Other comments? Can we put too much out there at any one time or if we can, then how best would it be to correct the barrier situation?

MR. STEVENSON: Can you hear me? Oh, gee, that's loud. Jackie Stevenson, Harbert Construction. The capacity is driven by our ability and our subcontractor's ability to get craftsmen. Industry-wide there is a shortage right now. It has nothing to with Corps or half the work we do as a contractor is

private, pure negotiated private work, but half of it is Corps work.

We have a shortage in both hands. We have just made a lucrative offer trying to get carpenters. We have put ads in papers offering per diems and lodging and really extraordinary salaries. We got two responses, two. So the problem is craftsmen, you know, where can we get those from. Coastal areas, and Savannah falls in that, is terrible. Now, the further away you get from the coast, it seems like the better off you are. Like at Fort Campbell it doesn't seem to be a problem.

But as John was just saying, if you come out with five projects at one time on one base, you're going to be in trouble. So that is the big thing with the capacity. I think the contractors here are all large enough to handle it if we can get the craftsmen, and we all subcontract the majority of our work. So they have got to be able to get those craftsmen, too. So that's where the capacity falls.

And one more comment. You mentioned, and I have heard a fellow from Gil Bane, since we do so

much work negotiated, the way that's handled is we sit down and you're selected on your qualifications, but you have to turn in a fee with that. So they are selecting you based on your qualifications, balancing that with a fee. And then we reach a GMP on the project after we're selected, and that might be a good way for the Army to approach it, especially if you want to do multiple projects on one base.

I wouldn't suggest doing 10 dining halls scattered even in the southeast, because you're not going to get any advantage on the pricing. You're going to be dealing with different vendors, different subcontractors in each of those areas. So what you need to do is concentrate on one base, on one area close to it and try to do multiple projects there.

So we can go to an electrician and say okay, I have got, you know, four projects in your area, what kind of deal can I get for giving you the four projects? And you can't do that when they are scattered, you know, in different states all over the country. But that might be a good way to select a contractor to do those multiple projects.

MR. BASHAM: Okay. Other comments?

MR. ARNETTE: Glenn Arnette here again. I have talked too much today. I just want to go back to the pre-fabing of these buildings. Part of identifying prefabrication is exactly you have to have, you can get contractors that would put those things together and then put whatever changes you have to the assigned. And going back to that bridge in Charleston, if you were to see that, it was phenomenal, just phenomenal. And let me tell you one thing, in the State of South Carolina they are suffering with unemployment. There is an ad for carpenters that want to go to work out in California and there are schools in our area that will help getting those kids that are in there to be carpenters if they want work.

My friends here I bet you didn't bother to look at carpenters. You're not looking in the right places. So again, it goes right back to, you know, college versus those that are trying and those that have done what they can do, but are not looking at those that want to do it. I don't know whatever plan

that they have with that Charleston Bridge to who, but the Army Corps of Engineers tech does call it an enormous bridge they put together, fabulously done and you can't fathom what it did for the town. How they did it. It's a good company.

MR. FLERI: Ken Fleri with Haworth. I just want to go back a couple of steps. I'm assuming pretty much everybody in this room is in the construction industry. Everybody here has the best practices for construction engineering, but arguably everybody in the room has been building a building and then walk away.

This forum is asking for the best practices here. Are you all going out and asking for best practices? You may be talking about a food court. Are you asking people that operate food courts how they manage or how they deal with facility managers for the downstream costs? Are you going after those people to find out what their practices are, because obviously you're asking for all the best practices involved, I'm assuming, and this group may not be the ones to talk with about food courts,

barracks or barracks being hotels, you know, or apartments.

MR. BASHAM: One of the reasons we're going down and visit with the CII folks is those types of owners grew up and it's not only in the package, but most of them in some form or fashion facilitate what they are in, so eventually getting that kind of package or piece from them. Let's talk for a second about the --

PARTICIPANT: Just on the issue of capacity. One of your ground rules was that the locations would not be discussed today. In a macro level, there is a lot of capacity in the United States to build projects.

I mean, there might be macro issues, availability of steel or concrete at any particular time and labor, as was pointed out, might be a macro issue, but really to look at capacity, you really almost have to -- I believe you would almost have to get to the location. That is where the specific issues that are going to affect that specific project or multiple projects will enter into it. So I don't

know that there is a lot more feedback on the capacity issue until you start getting into the region and the specific locations or projects.

MR. BASHAM: Okay. And one of the things we may have to think about is, obviously, we'll all get a view of capacity on the 13th of May or thereabouts and we'll see where a lot of this work is going, so we can properly have follow-up or address the capacity on how we're going to build some of this out and that also goes to the packaging this. I want to hear from the, I don't want to get too lengthy here, I guess one of the pre-engineers or pre-manufacturers, pre-auto or pre whatever you want to call those, is anyone here from that part of the industry? I would like to hear from you all. I mean, what's out there?

I mean, what would it take or be a requirement, I guess, to move some of our facilities? You saw some of our facility kinds up here. Can they be produced or what would have to be adapted or adjusted to be able to do that, you know, facilitate more on-site fabrication and then on-site delivery and

is it one building at a time or is there a method that says if you fabricate something and then provide that to the contractor?

Obviously, there is risk on our part associated with doing that. But there again, some of my discussions with some of the owners out there, they understand that and they are willing to bear that risk as part of the business to do and that's the part they got to pay to contribute to get there quicker, faster and in an economy of scale.

MR. LUDWIGSEN: Good morning. My name is Gifford Ludwigsen. I'm an architect and my company is Province Enterprises in Boston and Texas. We manufacture the machinery as well as the products that will likely complete the task. They have a fiber content in them, so they have the ability to be nailed, screened, bolted, cut with a circular saw blade, still have 2,500 to 3,000 PSI compression ratios and a four hour firing rating. They can be produced within the area, 50 to 75 cents a square foot.

What we have been looking at with this

specific group that we're working with now, the Chippewa Indian Tribe, is to place our manufacturing plant on different tribal locations throughout the country that would be centralized to supply our country with different sizes, different recipes, if you will, etcetera, to satisfy the needs of whatever it is that you're building and be able to ship economically to the different sites that the building is actually going to take place on.

As far as labor is concerned, most of the labor to install our products is done with people that really don't have too many skills. Once again, putting people to work that don't have work now, basically on the unemployment list. So we satisfy a little bit of that need, too.

I think we all know in this country that the American Indian has been put down for many, many years for many, many generations. So to have had a wonderful opportunity to visit the reservations, especially the Chippewas up in my land, Turtle Mountain, to see what they have done up there, built a junior college, putting people to work. Not only are

they going to be producing products and building houses, put in their junior colleges, actually taking classes so that these people can learn a trade and be able to afford to buy one of the houses that they are making a living out of building.

So we're trying to look at it from a win-win perspective not just for us as a manufacturer of building products and machinery, but also, you know, what happens at the other end as far as the end use is concerned. So I don't know if that answers your question, sir, but that's kind of what we do.

MR. BASHAM: Okay. Here?

MR. KUMM: My name is Dan Kumm representing the Construction Division of Butler Manufacturing and maybe from the unique point of view where we're actually a construction company owned by a manufacturing company, we get a chance to see across the board in terms of different perspectives.

And really the key in our mind for this entire program lies in exactly that, the fact that you treat it like a program and not the one off project. And that can even come into play with the industry and

we go across the country and build large facilities such as Fort Lawrence, a million square foot distribution center, put a huge strain on local resources, but they treat that as a program where it is more than a one off job in a location, but it's something known about well in advance and you can plan for it and they can start to tap into the resources and the fact that it is a program, it actually is much more incentives for people to travel with some form of standardization and increased efficiencies to drag costs out to help offset that per diem issue that was mentioned earlier.

This all comes into play as part of adapting needs for large strains on resources in areas for programs, interesting programs along with projects. So there are certainly a lot of keys, you know, to how you're going to do that in terms or do you really want to get it faster, you know, radically reduce the construction time.

One option is to consider the pre-engineering side where more labor is actually done inside the plants, so when it shows up at the job site

there is actually less labor drawn from that. It can have an incremental impact depending on what products and what opportunities, you know, exist. So certainly there's opportunities there as well.

But to really get everything radically, you know, faster construction, maintaining a level of quality that needs to be acceptable or as high as possible and actually reduce cost, the key lies in the economies of scale and some form of standardization where we can truly put some outside the box thinking in place, you know, in the steel industry.

And if we can have an opportunity or a unique program, not privately, but actually buy steel and basically raw materials truly drives the real costs down per some standardization and some learning can drive significant costs out of programs that in turn free up money for quality and the other objectives you're trying to meet. It's all part of the team.

Ms. Milton mentioned earlier about one of the most difficult challenges will be standards and criteria. You know, where do you draw the line

between what standard and what the -- you know, for change, and for me the real key is going to be how well that is done and meshed with acquisition methods, because they have to go in sync with each other. And if that's not done properly, you won't be realizing the real potential for this, you know, incredible program.

MS. SHOULDERS: Don, can I ask a question?

MR. BASHAM: Yes.

MS. SHOULDERS: Both gentlemen that just spoke, I would like to ask what are you talking about when we're looking at this programmatically as far as tooling for the program? If you have got to reset or if you're going to move a plant to a different location, what type of commitment would you have to have to do that?

MR. LUDWIGSEN: We have designed plants for rural areas, especially in Asia, for instance, in Malaysia where we built housing projects in Kuala Lumpur. Those are concrete slabs and a roof to keep out, basically, the weather. They don't have walls on them, but they can be moved within a one week period,

can be disassembled and moved to another area.

However, what we are proposing is not only providing or possibly providing a product for the Corps of Engineers, but also to the public for affordable housing in the different areas that we would be located in. So therefore, we wouldn't necessarily be moving a plant from place to place when we strategically locate the plant based on the need for the future. And I don't know how long that need would be, ma'am. You know, it could be two years or five years or ten years, but it's not a very large investment from the standpoint of machinery cost and to actually what it does produce to satisfy the market.

But if your specific question was mobility, we have plants that are mobile that can be disassembled and moved from Point A to Point B with four 40 foot flatbed trucks in a period of one to two weeks.

MR. KUMM: For us, from another standpoint, it wouldn't be so much moving of a plant as it would be wanting to utilize multiple

manufacturing locations that exist around the country, and I think the key being raising from above maybe a brigade set and having more of a program of multiple brigade sets where we could truly look at individual geographic located plants and do things that we cannot normally do in a one off construction project, such as manufacture some repetitive parts during normal downtimes of manufacturing.

You know, in a program sense you can do things like that that don't drive costs down and don't drive efficiencies of your operation, and that is really the big difference between program and one off projects that industry doesn't typically, you know, offer itself. And so it's having a program level above individual facilities and maybe even above the individual brigade sets and be able to really bring some power to the economies of scale from the opportunities that exist by being outside the box in your typical thinking in the construction industry.

MR. BASHAM: Does anyone else here have a talk with that respect? I guess I would like to also kind of move in that if you talk into a fabricator's

scenario, I would like to hear some feedback, I guess, on how to practice fabrication. What do you see described here in the relationship? What's that look like? Would we have a contract with two different people? How does that kind of balance? What are some of your risks? What do you see as some of our risks?

MR. BUFF: I'm Jon Buff from PBS&J. I would like to go back a little bit to what these gentlemen were talking about. Right now most of the barracks we see going up are stick construction, probably the same construction types we have been using with upgraded materials for the last 400 or 500 years.

The industry, if we use a cross-use of what the industry is using, we use tilt-up, we use a lot of other modular work that decreases the amount of fabrication time and the experience of the local carpenters and laborers, and we bring in those people, those specialists, per se, for the tilt-up and that's just a qualified few that need to present that.

If we go with a singular design for these type of facilities, I think we may need to look at a

palette of designs to allow different types of construction and not focus just on stick or just on fab modular, but bring a palette to the table that people can use throughout the country.

MR. BASHAM: Did you say palette?

MR. BUFF: Yes.

MR. BASHAM: Did you call it a palette?

MR. BUFF: Or just several prototypes, per se.

MR. BASHAM: Okay. I'm just a big commenter, so I just wanted to make sure I understood that term. Okay. And I think I would agree and, as I said earlier on, as they have shown you this morning, we have got multiple facilities here, so I'm not too sure any one answer fits all. So we're not trying to figure out one solution here that fits all. It may be multiple solutions and the engineering solution may have a different acquisition solution. It may have a different way to go about doing it. We're interested in doing that.

We did have some discussions about, you know, when you look at some of these facilities like

which ones seem to lend themselves more to the tilt-up or that type of stick construction and if you do that, how do you go about carrying it out? Others?

MR. MILLER: Yes, Mike Miller with Heery International. The experience I have had would be with exactly the same prototype for the FBOP, a project that was built in South Carolina. One was built in California. The construction techniques were entirely different. They were built by the same company, but the technique was still different. I think you're right. There are going to be hybrid solutions to doing what you're trying to accomplish.

MR. BASHAM: So there you have the same solicitation or contractor to build two different facilities in two different parts of the country and you have the flexibility to build, essentially, two different types of facility?

MR. MILLER: Precisely, different construction techniques, because it's a different climate, different location, different labor, but exactly the same prototype to accomplish the same objective, FBOP.

MR. BASHAM: Okay.

MS. SHOULDERS: Don, what level of design was the prototype?

MR. MILLER: It was pretty prescriptive actually in terms of what needed to be done. I would say there was a prototype design and you would probably want to go to the FBOP and find out what they have done.

MR. BASHAM: Okay. Others? Do any of the Panel have any questions you want to ask?

MR. RICHARDSON: Yes, sir. I would like to follow-up on one of the questions that you asked about what did you see as the relationship between a fabricator and a regular construction company?

MR. BASHAM: Hello? Does it work?

MR. ARNETTE: We work with our manufacturer. Our roof was manufactured in Saginaw, Jackson, Mississippi, Iowa. What they do is they put the sheets of simplified metal together and they ship this to them. We install them and put them together and off it goes. It makes perfect sense if you were to sit down and say okay, let's get a contract with a

concrete provider, because they decided to work a foundation or whatever, you've got to put a building up. A contractor will still come in with the next builder. A contractor will come in with the sides and the contractor could do the electrical using that manufactured solution going down the road, so that you do it much like a general contractor would do it.

Here is what you want to be done in this area at that time. Do it and move along to the next one and bring in the next guy and give specific times and specific deadlines to them to follow, you know, and go from there. That's how I would position it. We've got good contractors, so we do that. It's not a problem to find the people to put them on. It's like you've got the contractor and they say you need the manufacturer. It should be put together.

But I think what the Army needs to do is design the barracks that they want and say here is what the basic design has to be. Here is the flexibility to move in this direction for each year and present that and see what comes. Get together with these manufacturers and sit down and say okay,

here's what we're thinking about doing. What is the best time frame that we can get that done and how can we put it together the most effectively to make this program work? There's where I think you need to go and that is kind of what the retired chief out of the Navy said.

MR. TANAHEY: Yes, Frank Tanahey. I think I will give the lawyer's answer. It really depends on the building type. If you're looking for something like a TAC Shop that is basically an open bay, minimal dimensions, pretty straightforward, it would make sense to maybe for the Corps to procure the steel for the building and make the side and, you get this thing erected and, you know, we will do the foundation and give us the erected building and we'll do all the HVAC and other work.

I don't see it working for a barracks just because the structure is only one element of it. In the barracks it's much smaller because of the dimensions and some other things. So I think you need to look on the building liability time. You can't say one size fits all, but there may be some applicability

in the TAC Shops and we would use abilities for facilities like that.

PARTICIPANT: Just to follow-up, that exact example Jim just gave there is how our experiences are with the private sector operator where we'll contract directly to the -- or FedEx or UPS for the shell in direct proportion. Basically, the example he just gave, first of all, from them a little prime contract for the steel building and the shell, the erected package, warranties, all type factory manufacturer and the rest of the construction is around those basic parameters. Those work well in the private industry.

MR. BASHAM: Other comments?

PARTICIPANT: (Speaking off mike.) I would like to make a comment. I would say if you're going to pre-fab anything, what you run into is general business. You have models come in and put them together right there. But you have to be careful that you give proper compensation. The team in the area can pre-fab something and then you come to find out that the guy that makes it is in California, and

you brought this in, then you got problems. So you have to look at that. Also, that pre-fab industry can control the price and who gets the price if they want to. The competition is so limited that they can do that. You know, speaking of going west or not, they do it all.

So if you're going to do that, it's best for the Corps to take on that and then get back to the original question. It's best for the Corps to take on that contractual responsibility with that pre-fab. Get the proof for the pre-fab to make the pre-cast metal building. To me that's not really what I consider pre-fab, because I can buy that by the pieces and parts, put it together on the job. So that's not pre-fab.

If you're going to buy the modules, which you bring to the job and you unload it, set it in place, the fixtures are already installed, the carpets are in or whatever, what is installed, it's ready to go and that's a pre-fab module. The Corps needs to take on that responsibility.

MR. BASHAM: Under that comment -- okay,

go ahead.

MR. BUFF: Just one comment on using these materials. It's the client and user acceptability of the use of, say, industrial materials in a residential area. We can decorate on it. That's a design challenge. We can use a basic module and make them presentable or match or emulate what you have now for, say, a barracks design with other materials. But it also gets down to will the client or the user accept those type of systems that may be a little bit different than what they're used to looking at.

MR. BASHAM: Yes.

MS. GAMBOA: (Speaking off mike.) I'm not usually -- my name is Florinda Gamboa. I'm with Turtle Mountain Band of Chippewa Indians. We also -- one of the things that is being said here that I have noticed is how we have been talking about the tilt-up panels that we're actually using out here on the reservation and we'll be making the panels to send out to anywhere in the United States. They can be trucked there, so that the cost can stay consistent for the military.

Just to give you a little bit of background. My husband was 22 years in the military. I have lived in a military house. I know what a military house looks like. I have lived in Huntsville, Alabama. I have lived in Collin. I was in the military myself. I have lived in barracks. So when we're talking about a little bit of these places, I have actually lived in these places that you guys are intending to build.

And when they are talking about pre-fab panels that we're building there, they are virtually indestructible. If you ever been in military barracks and you get a bunch of people coming in from the field, they will tear up a wall. That sounds really bad, but, you know, not all things are terrible. If you have the pre-fab panels that are in between the walls, it's a concrete paneled wall. They are not tearing up anything. Yet, they still can be nailed together.

So it makes a lot of difference when you're living in an environment that you don't have to worry about those things. And you can hang a heavy

nail on the wall and actually put all your gear on that wall. That you can actually live in a space that you feel comfortable with that you don't have to worry about.

I mean, I have lived at Fort Dix, which is like never mind. I did that in the '70s when there was things on the walls that you don't want to know about, you know. When we're talking about military buildings and doing these tilt-up panels and doing them all over the United States, I have got pictures here where it has been done for a whole community where 1,800 buildings or houses were built. If anybody wants to see them, this is what a community looks like with a community center. It's already being set up in other places. There is no reason why we cannot do this for our own and save the cost.

You know, you guys are talking about cost savings and long-term maintenance savings, and this is something that I think the industry has got to move towards. We cannot continue to do the same thing over and over again and that's partially as a taxpayer. I don't want to see it done. But this is something that

we feel that we can also put into this and if you package this for anybody else, it's got a place that it has got to go.

MR. BASHAM: Okay. If later on if you wouldn't mind sharing your package with all of the folks up here, we would be more than happy to take it. Okay.

MR. PALMER: I'm Tony Palmer with KBR and if I'm understanding your question correctly from a contracting standpoint, it really comes down to who wants the headaches. You know, do you want to work out the issues of, you know, the change orders and the problems that are going to come by having, you know, three or four different contracts or do you want to have, you know, a one stop shop there where whether it's modular or pre-fabed or whatever it is, you know, do you want, you know, one company handling all of that for you? It comes down to a Corps' decision as to, you know, do you want that done or does the Corps want to have, you know, multiple contracts and having to work out all those problems.

From our perspective, you know, we think

one company would be the best way to go for the Corps, but that way, you know, it's left to another group to handle those problems and work out those details. It's up to you.

MR. BASHAM: You know, we have been doing that for a number of years, quite frankly. The way we package or started packaging this 15 to 20 years ago is essentially to push everything onto the construction contractor or the designer and full responsibility.

If you go back 200 years ago, the Corps of Engineers were the original master builders of this country. I mean, they did all the trades. They didn't have the trades that are "each's" and over those 200 years we have migrated to where we are today. And it seems to me within that environment where you look to minimize our risk, what we think is minimizing our risk by pushing it all on the construction entity or design entity, has an adverse effect, I guess, potentially adding time and dollars to the process.

Now, I understand at the end of the day

it's still my responsibility to sort that out and that is part of the reason I'm having the dialogue with you on how to sort it out, because there is a cost implication to that. There is a management implication to that. But I'm not too uncertain that the Corps of Engineers should get back into some of master building business if it's going to get some economy of scale here and accept some of that burden.

At the end of the day I'm paying for that. Now, we all may argue about what that is, but I'm not naive enough to know that when I minimize my risk and maximize your risk and put that burden on you that you're charging me for that. And depending on what that degree of risk is and where it is in the country and a whole bunch of other factors, that runs the gamut of X dollars to X dollars and sometimes you earn that money and sometimes you lose that money from that risk.

And so this whole acquisition and packaging environment to some extent is what degree do we as an Agency want to manage that risk? How much of the burden do we want to take to manage that and what

is the efficiencies and the economy of taking that on versus what we put out in the private sector?

The acquisition that we're talking about here at the end of the day whether it's risk, CM risk or design/build risk, I mean, all of those is a degree of risk that each part, the contractual part, you're willing to take here. And the more you push it on one side or the other, the more responsibility and cost is associated with it. I wonder about that at the end of the day.

So the balance that we're looking at here is do we go out there and what is the risk for me and the associated cost of that risk versus the efficiencies that I gained by going out here saying -- and having a long-term commitment to provide these types of buildings to somebody that goes out and builds them on site.

But the idea, if I just look at it just simplistically, every time I build a creation of liability somewhere, I build them on the "each's" and I got the whole submittal review process. I got to look at all these submittals. I got a whole

engineering team out there in the field looking at these submittals over and over and over again. You constantly give me feedback that the engineer and installation X is not looking at it at the same degree of submittal as the one is over here. You approved it over here, but you wouldn't approve it over here.

And so I have a long-term relationship with the manufacturer. I send the team there once a year, once every two years, whatever it is. I review the submittals, make sure they are producing quality and I only do it once. That's kind of attractive to me.

I know there's a lot of other dealings that go with that, trying to sort through that. And so, quite frankly, that's part of what we're trying to balance, what's the efficiencies and what am I gaining and what I think is the potential of dollars and time versus the risk and liability, and can I now provide that on a timely basis through some contractor? Yes, sir?

MR. RATLIFF: Don, I'm Lannie Ratliff with RA Associates. Until about two weeks ago I was with

CNI, which is Chickasaw Nation Industries, very much involved in the Army's modularity program in the instructional military facilities.

One of the things that we were specialists in was modular construction and modular construction only. Modular construction in this case meaning not prefabricated, not pre-engineered, but modular wood construction, very basic. I'm talking about company ops, brigade headquarters. Arms vaults now are pre-cast concrete, but these are buildings that are manufactured by a finite network of modular building manufacturers around the country.

CNI is not a manufacturer. CNI is a prime contractor. Now, what CNI does is the A&E work and all of the general construction, all the construction management and all of the construction it takes to make this project happen.

Now, the responsibility for the proper completion of this project falls on the prime contractor. That's CNI's responsibility. The relationship, to get to the question about the relationship between contractors and manufacturers, in

this case it's an niche market. The way we participated in that market, it's a very niche market. It is a small network of contractors who are involved in that industry.

Well, there is also a very small network of manufacturers in that industry, so everybody knows everybody. In other words, the prime contractor knows where the manufactured product is. It's the prime contractor's responsibility to make sure that if this is a school building, then the best school building manufacturer has this project.

Well, if it's a dental clinic, there are manufacturers that are more in the business of building operatories than a classroom. So here is where the expertise comes in from the prime contractor's side. He knows these things.

Now, to get to the question of the economy of scale and pricing controls and trying to keep design costs down, these modular buildings have been designed to death. There is nothing left to do. The only difference in a military project is how many do you need and what does your site look like? Those are

the variables.

The barracks are very standardized, company ops, brigade headquarters, the arms vaults, DFACs, we haven't used that term yet, but dining facilities, laundry buildings, latrine buildings. These are all standardized design that are cookie cutter. They absolutely are. You can have any color you want as long as it's beige, you know, or if you wanted something crazy, that's available, too, but by the time you get down into a budget situation you're going to come down to certain exterior materials, certain colors. There is no chrome and marble in these buildings. This is utilitarian. It gets down to that.

So I will take issue about the comment that was made earlier about letting the Corps take over some of these, the ordering of some of these modular projects and then have these installed. I think that would go against the Government's best interest. There are prime contractors who have that particular expertise that do that and they do it very well. It's a matter of public record.

These projects come in at a lower cost than they could be built any other way and the time is unbelievable. I mean, these are 90 day, 120 day projects that cover $25 and $35 million. These things are done unrealistically fast. That is where you're getting into an area of expertise that I don't think the Government is ready to take on. It's a niche market again, like I said.

MR. BASHAM: Okay.

MS. GREENHOUSE: Don, I would like to interject. You know, I think we are trying to find out, the Government, what it is that we don't want. You know, there are a lot of things that we don't know and you asked a great question over there. I mean, I used to be an old teacher, so I can go to that sometimes.

But you asked a good question about when is the Government going to be the integrator or is a company, you know, you give that to a company to pull all those parts together. But I think what we are trying to do, we are going to have to make that decision, you know, and maybe it's going to be various

decisions as we move from region to region, location to location. The Government will sometimes be the integrator and because we have found the capabilities, one of the things that we don't have very well is good market research.

You know about things that we don't know about. You know, a lot of it is about prime America, but things are about, you know, offshore, you know, type things that you may have knowledge about. We are trying to identify all of the pieces that make up producing these buildings and these facilities in a different form.

Identify those pieces to us, so that we can make the best value decisions about when we should be the integrator and when maybe we should relinquish that, being the integrator, and have the big company pull together all of the subcontractors, all the, you know, pieces, you know, that we need to get done.

So we are looking for you to kind of, in your region, let us know what is available out here, so that we can kind of frame that into decisions. And I'm hoping that we're doing some kind of matrix to,

you know, say, well, we are finding some things that we didn't know before and that's what we are trying to do. So the innovative thing is a big question, you know, there that may be varying and, you know, we are we going to have a contractor as the overseer, you know, for all and just produce that building for us that we get out of that.

So remember, Corps of Engineers is a big contract management organization. You know, we can do it, but we want to be able to do this right, because you can't do it not knowing all of the information that you might have.

MS. MILTON: I would like to add something to that. You know, back to the discussion about pre-fab and tilt-up and various things. If we brought an RFP that was performance and did not dictate anything regarding the nature of the structure other than, you know, the need to know and whatnot, and we made it clear to all offerers that, you know, we're really interested in schedule, schedule is really important to us and, you know, it's going to be a factor. It seems to me that, you know, would those general

contractors that would be interested in responding to this, would they look at pre-fab?

Would they have an avenue for seeing if that could help them? Do you have the lines of communication? Is that something that you would -- you know, if it makes you beat out the competition on schedule, wouldn't you look at that anyway? I'm asking, you know, should we just be leaving it to the mark and, you know, do we have mechanisms for those entities that could help us on that, you know, penning it in and do they know who to talk to and, you know, is there sufficient lines of communication, so that we can avail ourselves to all offerers?

MR. KUMM: My only problem with that would be do you lose some of your advantages of economies of scale standardization if you come out with that package where you, basically, just meet code and go in whatever direction you want, will that happen? Everybody will do it differently all over the country and you will still be redesigning those things over and over again and lose the advantage of the program versus the one off construction. That would be my

only thought about that.

MS. MILTON: That could potentially be, you know, something that evolves, you know, based on what we see in the first way that certainly the performance phase, that might evolve into okay, we don't need to come up with a new floor plan every time. You know, we have seen them. We like this one. It seems like we can afford it. And then we might move from one mode to another as things go on.

MR. LUDWIGSEN: In reference to your question about contractors being willing to build using alternative products, as an equipment manufacturer and a building -- a product designer and an architect, I can say that most people, they don't want to change. They like the way things are with sticks and bricks and that's the way it is.

We're the only country in the world that doesn't build with concrete. Everybody else builds with concrete. They don't want to build with anything else but concrete, because it lasts. It doesn't have termite problems. It doesn't have black mold problems. It doesn't burn. It's safe. People feel

secure. You can't shoot a bullet through it, etcetera, etcetera, etcetera. These are reasons why people build with it, plus it's economical plus the cost, other than the fact that cement has gone up somewhat, the cost of concrete doesn't really escalate up or down. It stays basically the same.

I mean, I have been looking in your folders at opportunities that you put out. I think as an organization, a Government organization, as a group of people, I think you should stick by them, because I think they are attainable. I think the group has to open up their eyes and realize that there are other products out there that are available and not listen to people that have been in the industry for 10 or 20 or 30 years that tell you no, this is the way we do it and this is it.

That's just an opinion. I have been around a few years doing what I do and that's what I have seen and it's very sad. We have built homes in different parts of the world, in different parts of this country, a 1,200 square foot beautiful home, these folks can attest to it, that cost $50,000 to

$60,000 with all the amenities and energy efficiencies and energy awards.

Why can't -- not our product, but why couldn't somebody take a product like we have, develop it further and bring it into the industry to make the industry a better place, so that people can afford houses, so people that live in barracks can afford better living conditions? I think that's what we have to look at as an industry.

MR. BASHAM: I don't think there's any question, if you look out here at the construction industry, you know, I believe it will take a major federal agency or a combination of federal agencies, it might be the whole Department of Defense, if you're going to move a technology or move an industry in a certain direction. It's going to take that type of business to make that happen.

And quite frankly, you know, is that where we need to go? Is your technology, your type of technology, clearly, what we're having a discussion today about? Does anyone else have -- okay. Let's take these two last questions before we break for

lunch and I'll give you some food for thought maybe at lunch to come back and talk about.

MR. PRUITT: Yes. Lynn Pruitt, Stanley Consultants. Just a thought here on some of the facilities which I think can be better described as outside the military. I think the military ought to be -- some of these facilities that were mentioned earlier require a special touch and they are only done by military and should stay that way. But when you do things like dining facilities, housing, fitness centers, perhaps clinics and child development centers, these are being done and have been done by commercial industry in the United States for years.

And you go to like the dining facility, I think what we would need would be some competition and not just have one Burger King on a base. But you're going to have to have the food court type of example. When you have two or three in one place, the ones that do well are going to succeed. The ones that don't won't. I think if we do the same thing in housing, when you go to the Marriott or the Holiday Inn or whoever and compete with these type of

facilities on different bases, you're not redefining each one, because you already have the standards set up for what they are doing out in industry.

You don't set a higher standard than what they would have. But you have to build these, design and build them and also then operate them for some period of time. And if they don't build the quality facilities, they are the ones that have to make changes and bring them up to standard, if you're doing that every few months. I think for those kinds of facilities, that would be Government.

MR. FLERI: Ken Fleri with Haworth. This is about hardships. The hardship with the industry and with each other. It is the Corps of Engineers saying okay, obviously, this is the very first brigade project. There is a general contractor, there is a tier design to start with. So all the people that are applying for business, there is going to be a test with this to provide the services you need.

Well, the alignment or partnership can be written by the Corps or everyone of us in this room trying to figure out who the best -- who does best

practices in industry. We align ourselves so it's a package to you as one unit versus 14 different contracts that you all manage or a general contractor.

MR. BASHAM: Yes, I mean, that's the discussion to make or industry is saying we will put that package together and here is how we put it together and here is how we compete to deliver that. So I'm not trying to be trite on this, this is exactly where we're getting to. And I'm fundamental in the notion, quite frankly. I was with a group of people last Thursday. I'm not mentioning any names. The gentleman who was in the small industry forum, a gentleman got up and talked about a base to base program. This gentleman said that's two projects for me, a million dollars each.

So by the way, we built that project out in 12 months, a million dollars. I can't tell you today $35 million something and build it out in less than two years.

PARTICIPANT: That's what he's saying.

PARTICIPANT: Yes.

MR. BASHAM: Two years, that's kind of

optimistic. There is something fundamentally wrong here. Gentlemen, to build out -- and it ain't because he is the best contractor in the world and all. He had relationships. He has the firm ties. He had a unique relationship with the owner. And so you can see I'm talking about well, I'm not going to be building million dollar facilities. You get to the point of your point of no return here. You can't put that in and still say well, we can build it in a year for a billion in 12 months and then a guy who will take $20 million and build it in two months.

I mean we can get a facility down to 12 months or 18 months now. So one of the things I would like for you to think about over lunch and come back and talk about is to talk about the relationship piece and whether it be pre-engineered or pre-fab or what would be those relationships. I would like to come back after lunch and maybe get down to one resolution and talk maybe about the process itself.

How do you get from issuing an NTP of something, whatever that something is, and having a complete facility built in 12 or 18 months? And I'm

not talking about a $2 million project. I'm talking about a $40 or $50 million project. I mean, it's definitely not our submittal process. It's not definitely or 100 percent plans and specs and review process. Somebody made that in the opening comment about you've got to have reviews. You can't handle the reviews.

The team last week made comments saying what we do in the private sector is we sit down and do a risk assessment with the owner. What are the non-negotiations? Force protection is non-negotiable. Well, let's say for the sake of argument that it's non-negotiable, because we want to see 100 percent of that. The color scheme, I don't even see a 100 percent of something. Give me 50 or 20 percent or 5 percent and let me see some paint chips and what's our risk involved with that?

We're showing right now, we have to see 100 percent of everything. So my notion might be is what part of the design do you need? What do you want to be risk diverse about? And you can see 100 percent of that. What are you willing to take some risks on,

as far as if it didn't come out exactly right? What is the implication of that? All right. Now, how about the HVAC system? We really need to see the HVAC system. There are some folks out there in installation who said yes, you better, because right now you're not building very many facilities. The rest have got useful HVAC systems.

And all they will do is -- how do I copy that in there? So it's just not a matter of casting that out into the open forum to get you where you want to get to. Because I've got a pretty detailed spec now and I've got a lot of inspectors out there inspecting the work and I'm not getting good HVAC systems today out there. So there's something in that process that tells me I must be doing -- you should build like -- facilities like this. I'm not seeing that happen. That probably doesn't matter.

So when you come back after lunch, I kind of would like to get down and talk a little bit more specifics about some suggestions and ideas, either construction technique, acquisitions, materials, you know, how do we physically move to not only this

turning year appropriations, then after you turn the dirt, to deliver that facility in 12 months or so. It will take a little bit of understanding, some of them will.

But understand where I'm starting from, because I'm two years plus. In some cases, the two years is probably not the average. It's probably more than that. The Air Force has challenged us to reduce the facilities a lot quicker, you know, some time lines. But the gentleman says, you know, I can put a million dollars in there in two. They determine this. That has a design/build piece to it and it's surely not completely designed. His function was that they all show up on the job with arm tech and I've already got dozers on the ground starting to move dirt or all the materials or I've got the supplier sitting here wanting to start ordering materials for you.

So what do you work with? I've got to move in that direction. So the discussion we have had here is good discussion. Quite frankly, I'm still concerned about the time between one each. That doesn't work for me. It costs me too much and it

takes too long to get there. I've got a track record to prove that. I can demonstrate that.

I like the notion of discussion here, you know, I would like to pursue that a little later. You know, why we talk about how we program the brigades, how we manage that program to manage the Engineering Construction Execution Program as a program versus 150 or 125 individual discrete projects. How do we manage that? How do we put that together like that? It worked for us. It will work for you. Start that now. Yes, ma'am?

MS. GREENHOUSE: You know, as we --

MR. BASHAM: Wait a minute. Wait a minute.

MS. GREENHOUSE: Okay. As we try to get closer to the vehicles, you know, that's going to be contracting. One thing I think I said, I formerly said, is that this is not an RCI. This is not a privatization. It is an outsourcing. But how can we get to something like an RCI where we are getting the improvements, you know, for installations, you know, that we want? How do we get there? How do we design

the programs that you are going to be putting your arms around to tell us how feasible?

How can you give a suggestion on what that program should look like? You know, can you put a -- I went to Little Rock Air Base and I was so impressed with their support they had developed, their fire station that they had developed. I mean, it was just unbelievable that on a military installation that you can have such. And the Corps of Engineers has done this for them.

What makes up a program? You know, what do you tell us is a program that seems to be feasible for developing a contract vehicle or several contract vehicles that is going to get us there? But it's not an RCI, right? It's not privatization. But we want the same amenities that we got from privatization, because we were able to set up for that commander how he was going to stay in control of that quality of life.

You know, by -- what is that CMDP, it was what we bought for $350,000. Another thing I want you to think about is I was so shocked in the first one

that we had, we had been doing in Alaska to keep our quality contractor stipends in order to save, even with losers, but we got a pile of money over there and we would like to share this pile of money, this was in design/build with A&E Contractors, and we want to share this pile of money with you. And the considerations for sharing this pile of money is how you are evaluated. We want your designs. And we want all unlimited designs.

I was just taken by dismay, because in Alaska with the short construction period, they were just excited for engineering and for -- you know, thinking about us poor A&Es out there and giving us some kind of return on our investment, even when we are losers. When we got here in Washington that may not -- they are not excited at all, you know, about the $75,000 that we were spreading among the folks. That wasn't a good return on their investment and they do not want to give us our design, you know, reviews, unless they are going to have some collateral value over the years in case that design was used.

We want to hear when we come back, you

know, not only that kind of exciting incentives, but what are the kind of incentives that you think we might want to infuse into whatever we do as a programmatic type thing to be able to get the best, you know, and trying to do all this kind of stuff and so forth. So I just wanted to talk about the contract vehicle types, you know, that we want to have on our platter and your being our contacts to give it to us, so that we can use that to come up with the right equation and you'll be hearing great things that we heard about the Air Force and the Navy and how great they are, about the Army at the end of the day and we'll listen to you and we've got to have a private talk out here.

MR. BASHAM: Let's break for lunch. I hope we gave you some more things to think about over the lunch hour. Time to come back?

MR. MOY: 1:45.

MR. BASHAM: 1:45. Everybody be here at 1:45, please.

(Whereupon, the forum was recessed at 12:17 p.m. to reconvene at 1:51 p.m. this same day.)

A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

1:51 p.m.

MR. MOY: Okay. Let's try to get started, so if you can take a seat, I'll get the rest of the Panel up here and let's move forward. Don, are we about ready?

MR. BASHAM: (Speaking off mike.) All right. I hope everybody had a good lunch. Welcome back to the second half of the ballgame. Did anybody over lunch have any great brainstorms, ideas that you want to share before we get started? If not, I think what we will do is let some Panel Members maybe ask you some probative questions on their mind and generate some discussion and try to continue this dialogue. And then I'll come back a little bit later if we get through these and bring back two or three issues that I thought about just before lunch.

So with that we'll start up here. Who wants to start? Patrick?

MS. MILTON: I've got a lot of questions. First of all, as you know, I'm directly involved with writing the actual RFPs. And we have already talked.

I don't want to get into our procurement method. I think we've have gone around long enough. But one of the things I'm interested in is how we define our needs from the standpoint of quality. Functionally, I think we can pretty well describe what we need in terms of spaces and relationships, but when you get into quality issues that becomes a little more of a predicament.

We don't want to be prescriptive. To what extent do we need to be prescriptive? For instance, we are directing the RFP for the barracks saying that, you know, basically we want apartments. And what the workshop came out with is we want it to be similar to what is on the outside of the gate at that installation. And so I'm back at my desk trying to figure out how to, you know, put that in a document. I think well, you know, outside the gate, and then you get an installation that varies from a slum to a luxury apartment complex.

And so in terms of, you know, giving you all a better idea of what we are looking for or what we would accept as a minimum, are there any examples

of works you have done for other clients that you can share with me, or suggestions regarding how we go about portraying to offerers what our expectations are with respect to quality?

Okay. Not everyone at once now. Any ideas or examples?

MR. ARNETTE: Clemson led a bid for a project down on the coast, and they said they gave an example of an apartment complex, and they said it wanted to look much exactly like that, you know, and set a conference visit at that time and say we want something designed along that way.

MS. MILTON: Okay. So in terms of the specific facility, like this?

MR. ARNETTE: Like this. Exactly like this. This is what we want.

MS. MILTON: The other thing I was thinking was to give a typical monthly rent, you know, just say something that goes for about this much in the community.

MR. ARNETTE: I think you probably would find you would get a whole lot closer bids.

MS. MILTON: Too much?

MR. ARNETTE: Yes.

MS. MILTON: Okay. Give an example.

MR. ARNETTE: Give an example. Show it. Pop out a diagram of it. Some of the work has to be done on your side. You're putting in the proposals that this is what you want, but we don't -- I can't visualize what you want.

MS. MILTON: Right.

MR. ARNETTE: And as, you know, you stated before, the generalist is the one that wants it. Your customer. The guy at the -- on the end, he is the one that wants it. He tells you what you want. Then you tell the contractor what you want. And when it is all over with, nobody gives the general what he wanted. So you get the general and you get yourself and you go out there and you find out what these departments just like this, that's what I think will work.

MS. MILTON: Yes.

MR. ARNETTE: And then you set down and say okay, get the plans and specifications for those buildings and then see if it meets your requirements.

And then let those plans and specifications and watch the change orders. Don't change. If you do change, punish somebody for the changes, the general, not the contractor, because the contractor is going to do exactly what you tell him to do. Does that make sense?

MS. MILTON: Yes.

MR. BASHAM: So let me ask you, in the following standards discussed, the easy piece, quite frankly, is the room lay out. We can do that. All of us know how to do that. But once you get the room laid out, what's the quality of the room? What's the quality of the facility? So it's as simple as saying well, do you want a Motel 8? Do you want a Holiday Inn? I'm not going to tell you which order those are in, because I don't want to irritate anybody. Do you want a Hilton or do you want a Marriott? Each one of those brings a fully functional facility with it.

But clearly, there is different amenities and there's a different quality level that you getting with each one of those facilities. So, you know, we have taken the general and everybody out, like the

dining hall facility, the dining facility folks. They've been out and they would like the Piccadilly chains. We can live with the Piccadilly chains, if there's a model to work from.

MR. ARNETTE: But if you go to each hotel or motel, I don't know how many in each state, but I've been to Hiltons, I've been to the Marriotts, they're all basically the same. The insides are the same. The construction is all the same. But that's not what the general wants. There is a problem, I think, and I was in the military for 20 years, and it's an institutional problem when you build these things and when you walk into it, it doesn't feel like home. That's where you need that woman designer in there to say okay, here is what would make perfect, here would be that ideal process that we would like to have.

Here is how it would be most functional. Here is how we get that feel that they want these guys coming back home to. The same way with military housing. With the military housing for 20 years. They are all the same going down the road. There's no

changes. There should be different patterns, a look that's different, those sort of things. So, of course, now the general comes in and, I know where you are at, he says okay, this is what we want. And nobody is getting the full picture behind it.

If we had a design process that is set down and says okay, here is what we're going to do, get the general to buy off on to it, go out and get the dag-gone blueprints designed like you want to do, find the manufacturing base to it, get the thing manufactured, ship it in, it's easy to put up, you know. But that work has to be done on the top. So you're getting delivered exactly what you want, not leaving that guess work to the guy that is coming in here to do it.

MR. BASHAM: Okay.

MR. STARLING: Bobby Starling from AMARESCO. Obviously, your question is anything quality and standardization and how do you get the product that you are looking for? With four engineers there are a lot of ways to achieve this. The question is when do you want to decide that? If you choose,

you can select the contractor based on the qualifications and we've had our discussions about that already, that's one method that doesn't require the full definition of that product to be determined until a contractor is actually selected or the contractor who will choose to select the work of the contract.

MS. MILTON: So it's not --

MR. STARLING: Then once that contractor or the contractor select is selected, it can be a lot more definitized and you can get directly at the product that you are looking for, because the negotiations are -- there are still negotiations involved, obviously, price, top, style and things, but you're in a much better position to negotiate to get exactly what you want under those circumstances.

MS. MILTON: And that's way we can -- the more that we can spend and we can make decisions as to what is most important to us.

MR. STARLING: Right.

MS. MILTON: In that order.

MR. STARLING: So the question is not

whether you want quality or not, obviously, you do, but when you make that determination.

MS. MILTON: Thank you. Excellent.

MR. WRIGHT: Judy, Neal, Wright and Baker. Don talked earlier about standardized design and site access. I think I talked to Howard about how important it is to get decisions early and stay with them, so you eliminate cost. But it seems to me you want to benchmark early, now, about what constitutes acceptable for you. And again, I'll go back to PMI. Let's say quality is conformance to requirements.

So you have to clearly say, I want housing for soldiers age 19 to 24, or I want a cafeteria benchmark. If it's Piccadilly, great. I would suggest either for barracks or the college dorms, because a transient population, there?re design durable, I think what you want to specify is industrial grade, you don't want residential grade product, and then standardizing some.

As Don said, it's easier to do the floor layout. It?s easier to figure out a two-story barracks or a three-story barracks will look like X. And then

once you?ve done that, that's your standard to start. Your design charrettes then could just be simply, what do I have to do to decide that for Fort Drum versus Fort Campbell? What do I have to change for installation in different places? The installation design guide is critical, because you are going to avoid putting up crap that people have to live with.

General Madsen said, you know, normally, we have to live with this for 60 years. You're talking about something that?s still got to look decent at the end of its 25 year life will be able to be revamped. So the installation design guide is critical, the master plan is critical, because otherwise you drive your costs up. You?ve got to know where you?re going to put them, the site is acceptable, you've got to know what it?s going to look like, okay, and then open it up.

A gentleman back here talked about he has got modular systems that he can put in and look great in there, you know, the cookie cutter. If we build four walls and you drop them in and that's quality and it meets the standard, rock on. If you do it

somewhere differently in, you know, Fort Lewis, so be it. But I think you want to definitely have a benchmark and do it early rather than continue to spin our wheels here. Define it, set it and go. Then the only variation is architectural on each installation.

MS. MILTON: Okay. I have lots more questions.

MR. ARNETTE: Another thing that ties your costs up is you don't -- the milestones that you set, you know, need to be determined on whether the Government is bused in those milestones or the contractor is bused in those milestones. Pay for performance. If you are on target, on date, then you pay for them. If you are on target and -- you should get some sort of incentive. If you are not on target and you are not meeting your milestones, then become punitive, and then enforce that.

But pay for the performance. Don't pay -- you know, you?re good about getting firm, fixed price, but build into each one of those performance-based incentives, so that the contractor can get in there and if he wants to make additional money, he will. If

he knows he is going to lose money, you can bet something is going to be done about getting back on target with the milestones. But from what we see, you're not enforcing those.

MS. MILTON: Okay. Thank you. Ken?

MR. THORNTON: I'm Ken Thornton with Transystems. I've done a lot of design/build work for a lot of different --

MS. MILTON: Where are you?

PARTICIPANT: Stand up.

MS. MILTON: Oh, yes, sorry.

MR. THORNTON: -- organizations and the Department of Defense and we found out that this is one of our best agents that differ everywhere. So I would kind of like to see that worked out. But I think it is important if you have your criteria specified appropriately up front, whether it is through UFCs or your installation guides, Basic Architectural Plans.

One of the best systems we have seen is by the Southwestern Division of NADFAC where they had design/build guide specs. They are abbreviated. They

are not prescriptive. But they give general descriptions of basically what you want and listing the qualities necessary. But it's not in any way the prescriptive specs --

MS. MILTON: Is that what somebody has done?

MR. THORNTON: Descriptive.

MS. MILTON: Okay.

MR. THORNTON: And we have done everything from barracks which is fairly easy to do to complicated firing ranges with all sorts of unusual aspects with it.

MR. TANAHEY: Yes, as far as quality, I mean, that's kind of -- somebody said you define the benchmark and then everything else is architecture. I'm paraphrasing that, but I think the first thing, we do need a benchmark, which we're looking for, because I think when you're talking about quality, you're not talking about only finishes, but you're talking about mechanical, electrical, other systems.

Number one, there are current codes and standards that are used, actually, 90.1 for energy

efficiency that can be used, and those have benchmarks. Basically, it has got an energy button in front which is similar to what the Corps' guidelines are. So I think you need to use those.

As far as finishes and things like that, well, you guys defined them and you defined them pretty adequately on other projects. For barracks the Corps has a standard UFC, a prototypical barracks RFP that the Louisville Districts use. It's generic, but it gives you, you know, finishes and what you're trying to do, so I think that's fine.

Also, the gentleman referenced NADFAC. What I think that they use on those documents is, basically, it's a master spec form, and master spec as kind of an abbreviated design/build RFP type of document is also used. So I think you can define all of those problems, but I think, you know, we keep using, and I'll put my 8-A hat on, we keep using Wal-Mart as the benchmark. God forbid if everything is being designed is a Wal-Mart. I mean, that's a problem.

I understand we're looking for those

efficiencies, but I'm not sure that's the best analogy to use, Don, just with all due respect, because I think, you know, you're trying to look for quality and quality is image. It is something attractive to the soldiers and their families, and I think the benchmark could be the existing buildings. You have to fit within the context of those buildings in the cantonment areas. So it can be as simple as this picture has to be similar to this in terms of appearance. But I don't think it's as hard as everybody is saying it is for most buildings. Now, a complicated building? Yes, it's a different animal.

And you know, I hate to say it, but some buildings, you may not want to go design/build. You may want to just design it. You know, I don't necessarily know if you want to do a hospital design/build. You know, I think you maybe want to design. There are certain buildings that it's not one size fits all relative to the procurement.

And you know, TAC Shops, maybe you do 10 of them across the United States, because there is that replication you're looking for and that keeps

people from trying to fine tune it to what my exact needs are, which keeps you from having the flexibility you're looking for from assistance.

MS. SHOULDERS: I have a question that I asked at the last workshop and I would like to see what the response is here to the same question. Early on we were talking about how we want it all. We want reduced time, cost efficiency, reduction in cost and quality. And I guess I should be clear and set the priority of the Army that, at this point in time, time is the most important, we have got to provide the facilities.

So my question is what incentives are used in the private sector to get a quicker completion time, and then also how do you think people would respond to having alternate construction schedules in the contract as an alternate bid item or are there other ideas out there to try and work more on completion schedule, because as it is right now we dictate what that construction duration is.

MR. HICKMAN: (Speaking off mike.) Hi. My name is Leo Hickman. I'm a contractor from the

Mobile District and I have some thoughts on that based on some experiences that we have had out in Mobile. It has to do with as part of the RFP proposals being already scheduled that the contractors are willing to live with. For instance, we have some runway projects at the Air Force Base where the Government estimate is based on a 510 day time frame.

However, the damages kicked in. However, we offered the contractors now too many proposals and lesser schedules, and what we?ve got to do to meet that schedule and make sure it's agreeable. And whatever they propose on top of the best contractor, that became the facility and it helped these people, for instance the winning contractors, so it was actually LDs.

MS. SHOULDERS: Did you consider not using LDs and maybe using a positive reinforcement for completing earlier?

MR. HICKMAN: Those were options, we could do fixed price contracts with incentives, so those types of options are available. They were doing this, this, this. No, we didn't, but that's not to say that

they can't be utilized, because what you would be saying then is if they propose it, then they create a 10 instead of 510, and I hear you say that the ones they brought in were made under.

Well, there are some definite values and benefits from that standpoint, because some of the costs associated with the project was that plane wherever you land it at home station central which was further away from the home station, which the estimated fuel costs, which means costs for taxpayers. So you come to the real value from the standpoint of those savings, and I would definitely say the value from their standpoint, those savings should be shared with the contractor as an even further incentive.

But what we're saying, you know, to start with, you know, we gained economy from 510 days to 318 just by allowing contractors to propose their own schedules, which they were willing to live with. And we have used that, obviously, even in -- we dredged the Guayaquil River down in Ecuador and we used a similar scenario and they actually did -- so like I said, it's a good idea to bring them incentives,

because they have to beat the proposed time to earn some more money as a result of that.

MS. MILTON: Of course, obviously, one of the major incentives is, I would expect, that you would see your proposed schedule a significant evaluation factor in the industry selection process since, you know, it is, obviously, very important to us in selection.

MR. HICKMAN: And if I could add one other thing. You mentioned the schedule is probably the most critical driver now. You know, as a contracting officer, you know, one of the reasons we spend so much time, from my perspective anyway, with detailed plans and specifications, when we get out to the competitive environment, that we're dealing apples to apples to apples.

You know, that's a tough nut to crack. The customer wants to know if you're going to get red apples or green apples. Okay. And whoever wins this contract, we definitely want to make sure we get apples and not pears. So that is the main problem from a competitive standpoint, which takes an awful

lot of planning to make sure you set a standard baseline for that competition process.

So when some of the contracts are performance-based selections, which quite simply are no more than the A&E selection process that we're all very familiar with which means that companies winning these competitions strictly based on their qualifications and the scope of work, the schedule, the fees, everything, etcetera, etcetera, are negotiated with that partner in crime, so to speak, because the selection process has already been completed.

And so, you see, this would be a great paradigm shift given the construction industry that is here today, even the fabricators. You know, the Government always, since I've know, has inspected those things, so again you get the apples to apples competition. I would be curious to know if the industry is really motivated, so to speak, to accept getting away from that type of venue, because you're saying once the selection is made, you know, you're basically out of it at that point in time.

But if you are familiar with the aging process and the review process that goes on, then it goes to education that you want, you go with the winner, but you've got to be honest at this stage that we're not really, so to speak, dealing with substance, at this point in time. And so you know, for us to gain momentum schedule-wise on the front end of the acquisition, doing the planning, the spectrum, the soliciting, the receipt of proposal, the evaluation, before the briefing process, you know, we have got to gain some economies there, because again post-award, I think if we remove some of the submittal, review process and some of those other things, that's what you can gain in economy on the back end.

So you got to look at both sides of it and, as was mentioned before, I would be curious to know how the industry feels about moving more to the AE selection process in the construction industry.

MR. NIKSCH: Bill Niksch with Austin AECOM. At the risk of being a little facetious, in the private sector I have heard it almost thought of as a joke, highest level of quality, lowest possible

schedule duration or lowest possible cost. Pick any two. And what I'm hearing is not only is it going to be picking three of them, but it's really going to boil down to cost. That has been our experience so far.

If, as you say, schedule is number one and that genuinely is the most important aspect of the project, someone will have to make a decision ultimately based on best value. I'm sorry, I believe it -- is it 99 percent driven by lowest cost, then you're going to have to put a dollar value on that schedule, so that it's not subjective.

If someone saves a month, that is worth X dollars if they are hired on cost, so it can actually evaluate that. If you really want the cost or the schedule to drive it, then that has to be the basis or some tangible identifiable basis for selecting.

MS. SHOULDERS: Yes. We have actually seen other examples that he was mentioning with other districts where they had an alternate bid schedule, and the contractor came in with a lower cost for that alternate construction schedule.

And I guess the point that I was trying to make is that we're dictating a construction duration without any real truth basis, and what I'm trying to open up is a discussion on how we can get the contractors' input to what that construction duration should really be. And by setting it artificially like we do, are we driving costs up and will we see more of a reduction in cost if we allow the contractor to come back with their own proposed schedule?

MS. MILTON: I think we do that now.

MS. SHOULDERS: Not across the board. I'm asking, I guess, for input as far as are the construction durations that you're seeing in the RFPs that go out, do you think those are realistic or have you looked at it and said you know what, I could do a lot better than this. Why are they making me drag it out?

PARTICIPANT: That's not the question I was going to answer.

MR. BASHAM: Let me give you an example on where, I think, we have tried to deal with that. You may have to help me here. Fort Stewart, $77 million,

$73 million. Clearly, we put a high value on time on that to build those facilities. It was modular facilities. Those are good for, hopefully, probably two to five years, thereabouts.

So there is a case that we sacrificed what we think, we looked at sacrificing quality in terms of the 25 year life. That's a sacrifice and I don't think quality will be bought. Clearly, we have got a high value on getting the facilities there now. Those troops are coming home and we want to put them in something. And so we looked at that time value of quality in facilities and what we could get there and we decided to go the modular route, and I think it worked out very well to do that.

And so I think on individual cases, and part of the BRAC and/or restationing may drive us in the interim to put a higher value on quality, that's what Andy is saying, because we have got troops coming home. That is going to drive our time line. In the private sector what drives time line is profit margin. Once I make the investment decision to build a facility, I'm locked in and the sooner I get that

built, the sooner I start arriving at revenues. And every day that I don't start earning those revenues, whether it's a hotel or whatever it is, I'm losing money.

And somebody has made that time and investment decision that this amount of time, I'm willing to invest this amount of dollars to get it done and start incurring these amounts of revenues. And so while we don't necessarily have a profit margin or a revenue to think about here, I would suggest to you I got something a heck of a lot larger. I got soldiers coming home that have been fighting in a war, coming back to the United States, and we got to build facilities to house these young folks in and give them quality of life. And so we're trying to balance that.

The interim step measured for modular area at Fort Steward, we're probably going to repeat that three or four, five other times before we get there. I will tell you the charge in the Army right now is I need you guys, you guys, plus the engineers, I need you all to figure out how we're going to leapfrog on that, because I can't be spending $73 million over and

over for the next two or three years bringing these troops back just for a five, six year duration in those facilities and then move them out.

So I think we're looking at how we leapfrog over that and get out of that. But in the interim, that's the best I can do. The troops are coming. I got to occupy them and I have got to provide that. So I'm making that time -- I think making that assessment. I got a time element and a quality element and I got to balance those.

But in the long-term, remember I said this is about the perfect storm with a short-term of four or five years, but even after that's over with, we still got on average $2 billion program a year that we're going to look to manage here and work, and how do I balance the time and quality issue.

I grew up in the environment. I don't accept the environment today. I grew up in the environment of the old notion of time, cost, quality. Pick any two, settle for one. I won't do that. I want to figure out what's the risk and what the balance of that equation is of balancing quality and

cost and time, and I understand that one may have to take precedence over the other. But I believe there's a balancing act there that you got to adjust for.

MR. NIKSCH: And I think what I'm asking is that you define the value of that time or if it does have value. You know, in the private sector, if it was an industrial plant, someone could do a calculation. If I start production 30 days earlier, that is worth a calculated amount of dollars. Your calculation might be a little more difficult, but on the other hand maybe it isn't.

Yes, maybe there is a way to say 30 days is worth X thousand dollars, and then at the evaluation of that proposal, those 30 days count toward -- maybe that proposal was not the whole difference, but it was 30 days sooner and that actually kind of wasn't subjective. That at least gives us a guideline to go by.

MR. HALL: I think the question might be based on industry construction experiences, what would be the construction time frame for facilities like we already discussed, the ones I presented this morning.

Is it 18 months? Is it a year? What is it? What is the point of departure for when we program these facilities? What sort of construction length of time do I need to look at? You know, what is the experience out there? The super new truck shop, how long would it take to construct one of those things?

PARTICIPANT: But aren't you asking not what it takes to build a Jiffy Lube? You're asking what does it take to a put a brigade on the ground. That's what I just heard earlier today. You don't want to know "each's." You want to know how to put a package out for a brigade. What does it take for a brigade's worth of facilities on the ground? That's where we need to be thinking, right?

MR. HALL: From a programming, yes. Contracting, I don't know.

PARTICIPANT: Yes, I would suggest to you just the opposite. I did a bad closure of one installation, Fort Ritchie. We moved the mission to Fort Detrick. We had to build a complex, a barracks, dining facility and the company operations facility. It was an entity. It was one package. So I'm giving

it to the contractor. He did it at four barracks and reached the same, we had a lot more efficiency of scale.

MR. HALL: All right. We're going to get --

PARTICIPANT: You need to ask the question what does it take to build a community and the lady back here says about the tilt-up. What does it take to build a community on X?

MR. HALL: All right. What does it take to build a brigade combat team complex? A lot of time. I know what the money is, but the money will be affected by the time, too, obviously.

MR. KUMM: And just for clarification, would that be if it was a similar type of facility as in the private sector or the current, you know, operation, Corps of Engineers, that type?

MS. MILTON: Let's go beyond.

MR. HALL: Let's go beyond the Corps of Engineers. The question to you is with the facilities that you guys have experience with right now.

MR. KUMM: In the private sector?

MR. HALL: Correct.

MR. ARNETTE: You guys should know that, because you guys are the ones that are proposing the contracts. You guys have awarded contracts to build this before. What would --

MR. HALL: Yes.

MS. SHOULDERS: We know what we have done historically, but what we have been told is we need to throw out all of our historic data and look at what's being done in the private sector, and that is why we're here today.

MR. KUMM: It could be done in six months or it could be a year.

PARTICIPANT: And a price.

MR. KUMM: You certainly could approach this differently. I think we mentioned that last week that the Texas Department of Criminal Justice has a program to do 34 prison facilities on 22 different sites in a period of six months, and it was accomplished, about 35,000 square feet a piece and that was throughout the entire State of Texas.

You put the same type of quality in a

brigade that certainly, you know, some very fast schedules are possible and there's a lot of variables that go into that. But I mean, your options are endless really. You can do so much. You need to really press for a schedule to be done, but it has to be a program type.

MR. HALL: Yes. I guess what I'm looking for is when I prepare my program and I go through the planning process, we're into the programming stage now and I'm getting ready, I have those programming documents together to give to the Department of the Army, I need to know what my notional construction time is. If it's 18 months and that's the wrong answer, my costs are going to be off.

You know, my points of construction are the last -- if it is 12 months, am I buying something that I don't want to buy? Is 18 months sufficient? Can I do it in 18 months? If I can do it in less, hey, great. But you know, as long as I know that I can get done in 18 months and I tell DA that we can do it in 18 months, that this programming can be done in 18 months, the rest is up to them and whoever else.

MR. KUMM: So there is not another exterior need such as we have to have it by this date. It can be done. If you feel you cannot exceed through this date, this perhaps could be improved on and maybe economies of scale taken advantage of for, I think, part of the proposal. But even if there is at least some guidelines as far as, you know, we at least have to have this brigade set by this date, not to exceed, this will evaluate, you know, the improvements with the proposals.

MS. SHOULDERS: That's probably the course we'll be taking. I heard someone else say that, you know, we need to give an example. It's a lot easier to give a comment on the example. So I will give the example that DA is looking at the mark on the wall being 18 months to build one BCT. So my question is is that realistic?

PARTICIPANT: If the money is there, you bet it is, yes.

MS. SHOULDERS: Okay. Thank you.

MR. BASHAM: Is it unfair for her to say that part of this discussion that you are all having

right now on duration seems to be is still back to you can accept any duration you want, but I need to have a better understanding of what your procurement strategy is, how you're going to package that, how you're going to put it together. I mean, if you're still going to do it one at a time, then some of this discussion about providers having things aligned and being able to start churning there and all that, that's the Government's thing.

I believe it was the gentleman's notion up here, if you're going to do it more from a programmatic view, you know, that will drive the difference. But the discussion about, you know, we can tell you what the end date is. I mean, hopefully, we'll know that as we go through this. What we have got to work out is the overall programmatic piece. You know, just like it is in the private sector, you know, it's the time value of money here. The Federal Government doesn't want to invest its money to house troops any earlier than it has to. So we'll know what the date is.

Today we know what that date is. We have

a three year contract duration to produce a contract, so that's three years. And then we have two years before that we have budgeted for it out right, so we're five years out from making a decision and five years later, I'm going to have troops or have something there that I got to do.

The question is I want to cut some of that or a lot of that into time, this five year time period, both in the planning piece and the construction piece. And so I want to get that time value of money pushed down as close to the occupancy date as I can. And so if it's a three year contract, I would like to cut to 18 months. If I can cut it to 18 months, that means I have got a lot less time I have got to program to deliver that facility on the ground.

MR. TANAHEY: This is Frank Tanahey. I think, somewhat asking a rhetorical question, one of the things that we can't answer is how much control is the Corps and the Army willing to give up in the construction process? As long as you want to review drawings, it takes a couple of days each submittal to

review it and I have three submittals, well, you can kind of do the math, what you lose right there.

When shop drawings need to go to the resident engineer's office and even if it's for information only, they have been told yes, it's for information only, but you get to check them and if you don't like what you see, you can boot it back. Well, that all takes time. The whole thing is you need to build momentum on the project and each time you get something booted back for -- and maybe there's a good reason, I don't know, but, I mean, on design/build you have got the design professionals checking shop drawings that are doing the extension of the design that you would normally do on a bid job, so they are involved and much more intimately involved than if they just did the design.

Can't you give up some of that control? I mean, when we do condos on the coast, that developer wants to turn it as soon as possible. So we're installing drywall when we're talking about doing it. Well, you know what? That doesn't meet any of your guide specs, because you want to get the building in a

certain manner and so you can then put the drywall in. You can't paint until you climatize the building.

In the real world, now, I say not the real world, the developer world, I hate to say it, but those things are not considered important. Not that they don't consider the quality of the building. When you're selling a condo for $1 million, it has got to be a quality project, but they are willing to look to the product. What is the product and the time, not the process.

The Corps has always looked at the process. You do the three. You know, quality means you do three. You know, you plan, you do it, you inspect, you go back. I mean, that's in the process. Well, how much are you willing to give away or give up? That is the benefit you can get and yes, you can improve the schedule and get closer to what you need.

But that is something the Corps is going to have to make a conscious decision to make. We can't do it, because we think we can build it in 18 months, but six months gets taken up with other stuff and it kills the momentum. So that is something you

guys have got to think about.

MS. GAMBOA: Florinda Gamboa, Turtle Mountain Band of Chippewas. I have been listening to a lot of things going on here and also what you were just asking up there. If you have a uniform building or even five of the same types of buildings for different areas or whatever all over the United States, they can be rebuilt and replicated throughout the United States. Those plans should already be approved and you should have a good time schedule on the five different plans that you would be choosing for a barracks or for housing.

You can have it actually set up for the five regions of the United States and that way keep it simplistic and, yet, still be able to kind of guide the cost and everything, because I think that would give you a better idea of what the time frame is going to be, because the time frame is going to be a little bit different in the east, if you're looking at New Jersey, building in the middle of winter than it is in southern California where you have got the Navy coming in in San Diego.

So I mean, if you look at it a little bit more regionally for each of these areas and then you kind of take it based on those, just like the franchise people do, when you're looking at building a franchise, those are some of the things they are looking at it regionally in each of the areas.

MS. SHOULDERS: I think a lot of the input that we're looking for is comments that were made at the previous forum where one gentleman gave an example where he had a like facility, one was for the private sector and one was for the Government and, back to your comment, he claimed that he was able to do the private facility six months quicker and he put that time on the submittal and the review times and the turnaround of all of the submittals.

So I guess, you know, those are the types of, you know, pet peeve, you know, what is eating up a lot of time, the issues that we're talking about for construction duration.

MR. SCOTT: Steven Scott, FMSM, a geotechnical firm. One thing we have learned and we have done many Lowe's, many Wal-Marts, I don't know

where you all are putting this in your process, there are many times where we're out doing a lot of the site investigation work, the geotechnical work, the environmental work, a year, 18 months, two years before they are planning to turn dirt, because they want to know what problems they may have or may not have.

And oftentimes they abandon the site that they thought would be a good location because of those issues, because they don't want to run into those issues as they open up the site. I don't know if you all are planning to do that. I know you're not going to talk about sites today, but I think that's an important thing.

If you want to streamline your time down, you need to come up with a program where you all are internally going to take that information or get that information done prior to going out with your construction.

Also, we have found that that works better in a design/build scenario where all the design proposers on the design/build project have some

baseline geotechnical and environmental data, so that they are not all replicating the same work to put their package together. So I would just offer that as a solution from the private sector.

MR. STARLING: Regarding two issues and maybe, you know, picking up the pace and everything. Number one, do you have a baseline currently for how long it takes to build each one of these facilities? Not in cost. I know that baseline exists, but if you don't, I think you ought to be working on that, because otherwise it's going to be hard to fit in time unless you have picked up the pace. That's just a suggestion.

Secondly, the Corps has a process for expediting design/build concepts and it has been used since the early '90s. That process basically comes under the title of two different programs, the FRR Program, the Facilities Repair and Renewal Program, and its sister program in the districts called the MOTOC, Multiple Order Task Order Contracts.

Both of these are really the same concept and that concept, basically, says that the contractor

will provide the Government enough central information to review the design of whatever area needs to be reviewed, if it's the structure, if it's the HVAC, if it's electrical, whatever. It doesn't necessarily require all of the submittals that occur in MCA type program requirements. The design is essentially replaced with a thing called the work plan.

That concept has been used and is currently being used. Our company is under contract with the Government to build a $17 million facility in Fairbanks, Alaska to replace an electrical distribution system and that will be accomplished inside of a 20 month period. It would have been accomplished six months earlier if it wasn't Fairbanks, Alaska. The weather got involved and limited it there. So that net process already exists. Could that kind of be modified or looked at? I think it probably should be looked at.

MR. HALL: Yes, I don't believe it's on the MOTOC.

MR. STARLING: That concept, when it was developed, basically didn't have a lot of money put on

it and it has been used for projects well over $30 million, just as a point of reference. But it wouldn't matter. I mean, the concept is how do you go about determining whether the contractor is providing quality and it is the type of equipment that you desire and that you want. And the review process is very quick. Actually, it can be a matter of hours. It's normally a matter of days and that information is in the document.

Past that, another concept the Corps has used for many years, we have talked about it a little bit earlier today, is that of standardized designs. The Corps is very far along with the range programs and the samples and it has many standardized designs for facilities there that are site adaptable. And I used to work for the DA desk officer and had that program implemented and it works very well. That type of concept or a mutation of that concept in clearly Government time lines as far as getting things done, it also affects the quality of what you're trying to do.

As far as the selection of contractors,

the sort of next brainstorm is the selection of contractors, whether it's the process that was described earlier or how much detail and that type of thing, is certainly something that you have got to wrestle with, but it could be done basically geographically and it could be done, if you wanted to do it, based on IMA regions, because different parts of the country are pretty well divided up in the United States into within the four IMA regions.

Different types of construction requirements could then be adapted suitable to those IMA regions as driven by the actual set of standards, policy set. So, therein, one way to pick that up, standard designs utilizing an FRR, MOTOC type of approach to pick up your pace without suffering quality, and the regional awards would be a way to make things move a little bit faster. I'll have one final comment later. Thank you.

MR. BRITZ: Bill Britz with Butler. I have got a comment. Mr. Basham made a comment about wanting to leapfrog the temporary facilities and possibly into the permanent facilities. And I guess

my comment to the Panel would be if you folks have a temporary brigade set coming up that might be 12 or 14 months out, why don't you throw in the test project and let us fast track one and see how quickly we can get it done.

It could be that it would be possible to do with the original set or the permanent set juxtaposing it's possible doing the temporary that there might be some section money to do it. I know that we went after one of these relocation projects at Food Hood and we're actually going to be able to give them permanent structures for a few percent more, maybe 15 percent more than what they had. Now, they weren't the permanent type, you know, but they could have had a permanent building that would have had a 25 or 30 year life span for maybe 10 to 15 points more than what they paid for the temporary buildings.

But I think if we went to the nicer buildings that we might be now talking with 25 or 30 percent more, and when you add together the cost of the temporary facilities and the cost of the temporary facilities, then your real bargain to leapfrog that

and it will be a great training exercise for people to see how these things will work.

MR. HALL: Well, what is the time difference when you do your 15 percent or whatever percentage it was?

MR. BRITZ: Well, actually at Fort Hood we could network the time for temporary facilities. The problem at Fort Hood was the color of money. It wasn't --

MR. HALL: Yes.

PARTICIPANT: That's the issue.

MS. SHOULDERS: Yes, the time line for all of them, that's what I was going to say, you know, that would be great, but it would be kind of illegal.

MR. BRITZ: Thanks.

MR. SALTSBERG: Yes, I'm Barry Saltsberg from the Division of Architects of the North Atlantic Division of Corps of Engineers. I hope I have this right. I think that what we -- I have been hearing a lot of repetitive themes here in some of the comments and questions. What I think we need to think about here is that we keep talking about design/build. I

think we need to talk about, at least in terms of the material, what projects are adaptive.

That having been said, we need -- well, we can talk about it a little bit. This morning you saw a comparison of two barracks, one was Fort Meade, one someplace else. The reason it worked was that the Corps and the AE partnered and the AE helped us decide what the best way that -- or just told us the quickest and easiest way that they could do it.

Now, what you haven't been told on that comparison or price was that we built in a lot of luxury. We got tiled floors instead of terrazzo or cement. We have Corian countertops. A lot of money was used out of some of the money that was saved. We went that far and if we used the traditional materials, we would have been even further ahead. We had the money and we decided to use it for the soldiers' benefit.

That contractor had a lot of knowledge that he helped us with, and you folks all have that knowledge, that kind of knowledge. We don't necessarily want to review it to death. We basically

want to give you our idea, what we want to do. We want to give you some idea of the quality we're looking for and then you come back to us and build it to make sure that we get the quality that we have asked for, which would probably be in the RFP and you use your -- whatever specs you want to build it with. Don't worry about the guide specs.

As we have said, we have a brigade coming in and we need to house them. Build this for us by the time that they are due back. Okay. You are our partners. We have got to work together. We want your knowledge, your input, your experience.

MS. MILTON: That brings up something I would like to talk about, which you mentioned. Let's talk about standard of designs and let's talk about the Government providing a floor plan. I don't know how this is ultimately going to go. I don't know if we're going to continue to require a technical proposal and evaluate it, but from a standpoint of -- from your standpoint, do you want to see a floor plan that, you know, you're free to modify if you so choose, but it at least gives you something that kind

of lays out functional requirements?

We have got a lively debate on this, because internally there is one camp that says no, because when we're giving that floor plan, then it's just regurgitated and you lose opportunities for innovation and etcetera, etcetera. And then there's another camp that says yes but, you know, at least it gives them a good starting point.

I personally don't think we should mandate floor plans at least until we all have a comfort level that what we're mandating is something we can afford and, you know, has met the test of being constructed and proven itself to be, you know, no inherent problems. We have had that, I would say, over our current standard designs, they have some built-in problems that I would not want to impose on anyone.

But I wanted to get some feedback on that. Do you like our piece that came out with a floor plan as long as it's not a mandatory floor plan?

PARTICIPANT: Well, didn't you say earlier that you wanted somebody to be able to walk into a TAC Shop anywhere in the world and be able to find that

wrench, third door on your left? The same thing with the dining facility, the same thing with the barracks. If you have a fire, the people have the same common floor plan. They know, no matter where they are, how to get out.

MS. MILTON: Where are you? Oh, there you are.

MR. HOLT: I have got a comment, too. My name is Jack Holt. I'm from Sytex. My boss always basically accuses me of boiling everything down to the simple things, because I'm so simple, but it looks to me like, basically, you got to build 29 brigade headquarters, some 145 battalion headquarters, some 870 company ops facilities, 870 weapons vaults and at least 29 vehicle maintenance complexes, if you will.

Everybody is looking at this as building a brigade set. How soon can we get a brigade on the ground? Okay. Going back to the standardization thing, my guess is that 870 of those company operations facilities, even though they are in different places, could all be the same building virtually. There may be some differences in the

exteriors based upon the local architectural guides and things like that, but the interior is going to have virtually the same things or can have virtually the same things.

So instead of looking at it as a brigade set, look at it as I need 870 company operations facilities. You tell us what you want as a minimum and then we'll design in the rest and we'll go to the soldier who needs to use it to find out what he really needs, which will help a lot for space planning purposes, and then you let the contract for 870 of those -- you tell us where you want them and when you need them there by and it just starts the assembly line going. And it should be a lot quicker and cheaper and everything.

MR. HALL: Okay. I'll address that one. I understand where you're going. Anyway, we're going to be reusing facilities on a lot of installations.

PARTICIPANT: Refurbs.

MR. HALL: Yes, refurbs. And the other thing is it has been said at the top levels in the Department of the Army that the Army is the customer

here not the installation, so you direct discussions about the General wants this and the General may want this. We're trying to get around that from a facilities standpoint, understanding that's going to be a tough one to do because of historic commanders, you know, got it.

But that is the way that we're trying to go with the standardization. I personally feel that we don't need to give you rooms and all the functional layouts and the functional relationships. And you know, that maybe will allow innovation.

We're kind of constrained by the square footage of a standard facility right now. I don't know if we're going to get away from that or not. There is a lot of movement right now, especially in the company ops, and motor pools and other admin areas, how we're putting those together and providing facilities, etcetera. But I think we still need to do brigade sets.

MS. MILTON: Can I take that as a yes on floor plans.

PARTICIPANT: Yes.

MS. MILTON: Okay. That's what I want.

MR. HOLT: Well, my point was you can still do 870 of them. You just tell us what brigade you want first. We set the 30 in there. That brigade is done. You go to the next brigade set. So I'm not saying you don't do them by brigade set, but you get your economy of scale by doing 870 of them assembly line just like buying an Air Force fighter.

MR. HALL: Yes, but if I do it that way, I get my company headquarters into one brigade. I cannot station that brigade until I have all of their "Mission Critical" Facilities.

MR. HOLT: Well, then you say I need the brigade headquarter by such and such a date. I need the five battalion headquarters by such and such a date and those dates are all lined up to coincide with just before they get there, just in time.

MR. HALL: Okay. Thank you.

MR. RICHARDSON: This is JR Richardson. I would like for someone to comment on that particular issue, because that's a package issue. So I want some feedback from some other people on small businesses,

fabricators, that's a real important issue that we just discussed.

MR. TANAHEY: Yes. Frank Tanahey with Harbert. I think we already addressed that, I think Jackie Stevenson, but I will reiterate what he said. In terms of packaging, it really needs to be a brigade package, because you can't do 400 company ops because they are in 50 different locations that require utility support and infrastructure and grading. So I think it has to be done, again reiterating our position, is that it needs to be done either on a brigade level or a base level. I don't see how you're going to be able to do it otherwise and really get it to work.

MS. SHOULDERS: But let me add one thing in there, as a potential packaging is if you look at it on an installation level and you know you're going to have, say, four BCTs there, should you look at developing expertise in the private sector by packaging all of the barracks designs together, for example? I mean, there's a lot of ways to slice and dice it.

MR. TANAHEY: And I would say the answer is yes. I mean, if you have got an A&E, I mean, and a design/build, we have firms that we work with that are very good at TAC Shops. We also have firms that we have worked with that are very good on headquarters and barracks. So yes, you would want to package all those together and then you would have continuity in terms of appearances, in terms of, you know, details, etcetera. So yes, you would want to pull those together if necessary.

The only thing, as again Jackie said, some of the installations are not necessarily in, you know, high metropolitan areas. So you also want to make sure that you don't overtax your subcontractor pool in those areas, because you're competing with other projects, private sector projects, and the perception that I may say that a lot of subcontractors don't want to work with the Corps, because they see too many interferences, too many second guessing and that type of stuff.

So you don't have -- if there's 10 mechanical contractors in Nashville, for example,

there may not be, and I'll guarantee there won't be 10 mechanical contractors who would come to Fort Campbell for that reason. So you know, you may overtax the local pool or you have to entice those people to jump in the water again once they have been burned, so to speak.

Trying to answer Judy's question, I think it really comes down to whether you have floor plans or not. It's not so much for the design/build teams. To me, the perception I have as the reason you do floor plans, is you can show it to, you know, the garrison commander, PWBC, those folks to let them say oh, yes, we kind of like that. That's what he had envisioned.

Now, if you're cutting them out and it's all going to Fort McPherson, then you may not need that. I mean, that's what I see the benefit is. They already kind of know what they're getting and you're not getting second guessed first thing in the door that no, that's not what I wanted. Corps, what the hell are you doing? I mean, you know, that's not what we thought we bought into. And then you get that kind

of resistance and that, again, you got to work with those guys and they can put great roadblocks in front of you.

MS. OVERSTREET: I wanted to add something. If we start looking at conducting these procurements by installation or by brigade, generally speaking, if we were doing a building or a facility at a time, there is a possibility that some of that work could be done by a small business, some type of small business. The more we put it together, the less likely it is that a small business is going to be a prime.

So I guess my question is to the audience, even the large firms out here know that we have goals for small business participation and if we go up to the Department of the Army and we say well, we have decided we're just going to consolidate all of this, because it's just going to be easier and we can have it done better, the first thing they are going to want to say to us is, you know, you're not going to do that. At least that's what the Army Small Business Office would say.

The second thing that we have start dealing with is if we really want to convince them that this is the way we're going to go, we have to have mitigation strategies. And so my question goes to the small businesses out there. Are you willing to joint-venture? You know, would you be considering that to be able to come in here and compete? What do you think are the best ways that we can still ensure that we involve you in these procurements, if it looks like they are going to be very big? I would like a little bit of input in that respect.

MR. ARNETTE: If you put some --

MS. OVERSTREET: Your microphone.

MR. ARNETTE: If you put some independent contractor with the prime that you're going to put out there and say that is the enforcement guy, that's the guy that's going to search out those small business that are capable of doing this stuff, some of them that aren't even in there are doing it, because they have gotten burned and they can't get in there and do it.

I myself am mobile. All of my equipment

stays mobile, because we go one area to the next, wherever demand leads and we would be willing to go anyplace in the country. But the fact of the matter is if -- and it goes right back to the question I had before. I have got -- he's a black male. He is a HUBZone, Service-Connected-Disabled Veteran owned and he's sitting down there. He has given up on getting Government contracts, because he cannot get in there. Why can't he get in there? Why can't we make --

MS. OVERSTREET: But I'm asking you what would be your recommendation on what we could do to ensure that you're involved.

MR. ARNETTE: Put an independent agent with that prime contractor that says we are making those small business goals. And if he is not making those small business goals, don't let him deviate from that.

MS. OVERSTREET: Okay. So asking for very high small business goal participation of subcontractors as a subcontractor for the large prime. Is that what you're suggesting?

MR. ARNETTE: A monitor.

MS. OVERSTREET: Okay.

MR. ARNETTE: An independent monitor. You know, and what you're doing there is then you're setting an enforcement mechanism in. We all know what the goals are. They are there. They are admirable, but nobody -- I haven't seen one small business entity and I don't mean -- now, Titan is a small business and it's a Service-Connected-Disabled Veteran owned small business, but Titan is a huge contractor.

We can't compete with that and we can't compete with the intent of the law as it's written by the way that you're letting these construction contracts out. There has to be an advocate in there that goes out there and seeks out those small business like that guy that's sitting over there wanting to do business with the Federal Government, but he can't and he has given up.

MR. SCOTT: The topic before, we were talking about site adaptation and how specific and do you need floor plans? I'm not an architect. We do civil, technical and environmental, but maybe I'm crazy, but every Wal-Mart and Lowe's site we have

worked on, when we get the set of plans, the toilets are specified, the finishes are specified, the dimensions of the floor is specified, the walls are specified. They are the same at every site.

When you walk in, you know where the sporting goods department is, you know where the bathrooms are, you know where everything is. It is the same. There is no deviation, none. Those decisions are made by the corporation. What I'm struggling with is how you're going to do this program if you want to have all these definitions going on. I think you have to define that and I think that's you all's responsibility.

I guess the other thing that I will share. Don, you asked earlier, you want some experience in the private sector. When we have worked for Wal-Mart and Lowe's on construction quality assurance, our check comes from Wal-Mart and Lowe's. It doesn't come from the contractor. They value quality. They want an independent agent taking care of quality. They don't want it wrapped up into their whole construction contract.

Now, I'm sure some contractors would argue that doesn't need to be done, but that's how Wal-Mart has done it on the projects we have worked on with them. So I think if you really want to be successful and I know you don't want your building to look like a Lowe's building or a Wal-Mart building, but if you have a look at their process, if you really look at what they do, I think as a corporation they make sure they support.

That has been our experience. They specify those things. When you go to the site, you know that the quote is. You know what the walls are. You know what the dimensions are. You know what length the walls are, the height of the walls. You know the ventilation, you know what the wall design is. You're doing site -- you're trying to figure out what I can do to bring the site up to grade and look at the changing the walls, how much fill. How much needs to get in? It's those type of things. It's not the floor plan. We have data, so we can do the floor plan, but I don't think we can get there.

PARTICIPANT: I think what Steve is saying

here is that it might be better to go ahead and get these standard designs done under a design/build for these facilities that you're going to replicate 10, 20, 50 or 100 of them, easier to design a number than to design it every time.

MS. SHOULDERS: I would like to ask you a question. One of the criticisms that we had on our standard designs is that we're dictating the building envelope, we're dictating the construction materials and that if we would remove that, we would open up the opportunity to have innovative solutions. And what I'm hearing now is that maybe is not what the private sector sees.

MR. FLERI: Ken Fleri with Haworth. I'm on the interior design side, so a lot of what these guys are talking about is done way before we ever see the building. What the interior design team will do is they will do a story or color or here are some pictures. This is our general idea. Here is 10 different chairs. We like all these different chairs. We like all these couches. We like all of these partitions. Give us your best shot. Then the

interior design team picks one up here, on of those that they like and that is the way it's contracted.

You can basically as part of the incentive say okay, you know, arguably, for every one of the buildings that you're sending out, it's going to cost us X amount of dollars per foot. You know that's the top not to exceed number. To incentivize everybody to bring it under that. For every dollar you bring under that, we're going to give you a quarter back. Giving incentives to lower the cost, to be innovative, change the design a little bit.

Again, you're used to having, you know, an exterior of what you're looking at a lot of time, but to incentivize people, save money and do something different. And that way whatever they say, that's your --

MR. SCOTT: Has your question been answered?

MS. SHOULDERS: No, not really.

MR. SCOTT: I think what you have to look at, and I'm not an architect, okay, so I will say this that the risk is -- you know, it's not like

engineering, but I have never met a contractor who doesn't have a better way of knowing a way that is best and I think they always have some way that they can do it. I think what the gentleman is saying is Wal-Mart, Lowe's, what they do, what they are very good at, they use a very simple system and for the wall design and roofing system. And then I think that will evidence a better way and this will save this amount of money. You know, that's a win-win. I think you just it wide open. I don't think you're going to get this acceleration if you program it.

MS. SHOULDERS: Well, we want to have it open enough, so that the industry can respond with market trends, for example, the steel versus concrete construction over the last two years.

MR. SCOTT: That's the minimum and unless the company was offering a system that will say if it saves you money, you can choose that or if you propose it is more expensive that's going to give you better maintenance and better life-cycle costs, you can make that decision as well, as you have done in the past. Share those cost savings with them, you know. Yes,

does it make it noncompliance if you're going to do that? But if you look at Lowe's and Wal-Mart, they keep a simple system and they replicate that system.

MR. GRAY: This is Ken Gray, Savannah District, Fort Bragg area engineer. I concur some with the time savings if we standardize design and standardize equipment and we don't have to go through this long submittal process, and then we deal with things by exception or innovation by the contractor, you can save time. You'll cut the procurement time of the contractors themselves, get the equipment there earlier, get the job working.

And I would like to go back to one issue around the small business. I concur with Frank Hall when they were talking about putting them in packages. But even when you put them in packages, Savannah District has been able to orphan, if there's an admin building, orphaned out that you could work on one section at a time.

We have designated that 8-A or small business, but in certain groups you can't impact the contractors. But where you can separate a building

and the two contractors wouldn't impact, then you designate that as a small business building. And typically we use like admin buildings in those situations. Thank you.

MR. BRITZ: Bill Britz from Butler again. I just want to make a quick comment on small business. We are a large business, as you know, but we go to market commercially through 1,200 Butler Builders who are small businesses, 1,115 of them. We have done on the GSA contract quite a bit of business concept. We have done over 600 buildings on the GSA contract for the Federal Government where our small business usage is 95 percent.

And I guess I would just submit that almost all construction is small business and if you would just award it to a large business concern, that almost automatically 80 percent of that goes to small business. I understand the issues and so on and so forth, but we do have a subcontracting plan on file. We had one pass in '94. We have improved on it every year. We use family owned business, small business and any 8-A contractor that seeks us out and has

evaluated a procedure to also come in and team with us, we talk with them and believe me, a lot of folks do want to come in and do that.

I question how many small businesses it would take combined to reach a $200 million bonding capacity on brigades. I mean, I understand the issue, but there are some things that may not be easy for small businesses to do and it actually might be easier for a small business to do under a large business. So I would just, you know, offer that up. It really kind of needs done quickly and efficient that we can meet all the socioeconomic requirements by making sure those folks are doing that.

MR. BUFF: (Speaking off mike.) I would like to address the earlier comment. If we take the architects out of the process, the question of concern is, of everyone at the table, do we do a lot of problem solving? We do improve this. So I don't think --

PARTICIPANT: We can't hear you.

MS. SHOULDERS: Could you speak up, please? We're having a hard time hearing you.

MR. BUFF: Okay. I'm sorry. Can you hear me now? Okay. The architecture brings in design, whether it be engineering or architecture, brings problem solving to the table. They can always do something better that has been done before. I don't think everything has been perfect. We bring innovation. I challenge anybody to bring a design that can't be improved, and I think that's what our profession is all about, improving and providing a better product.

Problem solving is one of the best things that we do and probably one of the most challenging that we endure. If you give us a set floor plan in a set envelope, then you're going to limit what you're trying to get and that's innovation in the design/build process.

What I would suggest is possibly that the Corps integrate into the design/build piece, the over-the-shoulder reviews, the over-the-shoulder issue reviews, a lot of that could be cut down tremendously, days at a time, if you have a person singularly dedicated to or even hire a professional to provide

that.

MR. BROWN: My name is Sam Brown from Third World Construction. In the State of Georgia we have an association here called the National Association of Minority Contractors. We have members that are 8-A certified as any category in the construction industry, and that lady asked a question and I have the same question here.

What is the possibility of awarding some form of incentive by the Army to the large businesses who genuinely and wholeheartedly team up with or joint-venture with small businesses? I don't hear any answer for that.

(Applause)

MR. BROWN: I do not hear any answer for that and that is one of the main things that is preventing minority contractors from participating. If you look at the hall here today, you don't see many. And we are here to let the Corps know that we are willing and able to do the work if we are given the chance and the privilege by the large business as well as the Corps of Engineers. Thank you.

MR. ARNETTE: (Speaking off mike.) Small business is trying to help as part of --

PARTICIPANT: Sir?

MS. OVERSTREET: The Corps has the ability to award contracts where we can actually provide for certain award fees based on utilization of small business. Okay. We had to do that though considering that our customer has limited funds and we have to use a balance of that, but that is something that we can use.

There is also an evaluation of the primes that submit on projects. We evaluate participation of small business concerns, and if the small submits an offer then he receives full points in that category for utilization of small, because he is small. So in those instances, they actually fare better on their ratings than the large businesses.

MR. ROBINSON: Matt Robinson, Summit Contractors, Jacksonville, Florida. We do a lot of HUD work, Government work, 9 percent tax credit work and military work right now, but the point is that in most of the HUD work that we do 22184 is like I said

tax credit, 9 percent, 4 percent, there is a Section 3 requirement. I don't know that we look for it and contractors probably should, but I don't know that there should be an incentive other than to get the job.

I mean, we have a Section 3 requirement that we have to meet and right now that's for best effort and I don't know if that does what it needs to do, because you can skirt the issues with best efforts. You can put all the information you want to through the local AEC and ABC offices and so on. It doesn't mean you have to necessarily hire the small business.

But if you put a requirement in there, then everybody has to adhere to it. Everybody is working on the same playing field and it meets the need of the small businesses out there that require it to be anywhere from 10 percent to 30 percent where you have to hire those people, but they have to be qualified.

Now, part of the reason right now the HUD program is done as best efforts is because some of the

areas that we build, we build all over the country, they are not qualified, and I'm talking more from a pure housing standpoint, that's what we do, housing all over the country. There are subcontractors in that area that aren't necessarily qualified to do that particular type of production work. And when you're talking housing, that's what you're talking about, time, quality and money and that's production oriented work and not all small business or subs, in general, are qualified to do that.

I want to also agree with the gentleman up front. We're construction management firms these days. We rarely have construction companies that are doing any of the trades in-house. So we're hiring this work out to subcontractors. That's small businesses local, small businesses regional and very few, I should say, travel nationally.

You know, we have some that travel with us all over the country. But again, when you start taking somebody from Atlanta to California to do your framing, you know, price goes up for everybody along the line. So that's my comment.

MR. KOWADLO: My name is Keith Kowadlo with LS3P Architects. I would like to address or try and answer your question about how fast can we go, and I would like to answer it based on my observations on a project that we just did at Fort Stewart Barracks Complex.

The Government did its job in getting everything done up front to set the stage for success and then it was our job to execute. The Government did a very smart thing, we believe, in that they had a single point of contact, one contract for everything on that project. That included the site utilities, the buildings themselves, the infrastructure, furniture, etcetera.

The design/build team was part of the construction team, modular, LS3P Architects. We worked for Clark, the construction contractor. And the scope of work was, essentially, a $73 million brigade complex in 142 days. We know that the quality was there. It seems like the soldiers that moved in are satisfied and the Government is satisfied. We're not going to win any architectural awards for

designing something that's really cool or sexy, but that's what the Government wanted. You know, the soldiers are living there.

The project went so fast, I don't think anyone had time to get mad at each other. There's no claim, less than 100 RFIs, submittals we were turning around within about 24 to 48 hours, no time lost accidents. So things went fast. But one of the things, I think, about the process that can be done is the turnaround of submittals. And we were able to do that out on the project site.

We just had everybody in a construction trailer and everybody was convened and the architects were there. We turned stuff around in 24 to 48 hours on average. Some things took a little bit longer, but everybody had to be in this game. Everybody had to get the job done. And that's some of the lessons that we brought out, is that you're balancing process versus product and everybody has to get in the game to make it happen. And when everybody is pulling together, what in the world is going to stop you?

We also practice the philosophy of what we

call the two Ts, maintaining trust while the truth is changing, and that takes a lot of effort. But when you're working with folks that you know and you have got your AT kind of folks there, you can make that happen.

Now, we use what we call a LEAD design team in the up front charrette and that's just bringing the right people with the right expertise who can make decisions and get things done in front of the client, as one of the gentlemen said earlier this morning, getting those decisions up front and then it's over with and everybody signs on. But then we can come up with a schematic design that is cost estimatable, if that's a term, but then a construction contract, you can turn it around and say yes, we can build it for that amount of money.

And as one gentleman was saying, we're problem solvers and, as the gentleman here was saying, if we can turn around the submittals faster, it will go faster. 142 days, that was fast enough for me on this project. They were laying two shifts out there. It was not bricks and mortar. It was modular or, I

guess, we're calling it relocatables now. You know, they were trailers brought in, but 142 days was pretty fast. Now, if you're going brick and mortar, I'm sure it's going to go faster than that, but I don't see how you can get under 142 days. That was fast.

MR. EATON: Yes. I'm Charles Eaton with Hensel Phelps Construction Company. We're one of the large major general contractors, done a lot of federal work, and I want to go back to the small business concern issue. I think that is a topic that we continue to run from. We suffer from somewhere between 15 to 20 percent of the work, which means there's 80, 85 percent still out there.

But the big problem you have especially on the larger jobs, you know, we have got to figure out ways to break those projects down, so that the small and minority, women owned, small business can be involved in them. We have got to put pressure on the larger contractors, the larger subcontractors, to partner and mentor with those smaller contractors, but we need help across the board from the owner as well.

I guess I'm saying we need a level playing

field and make certain that those subcontractors or the small contractors that are participating are legitimate contractors and we're looking out and reaching out and helping those businesses that are real and trying to grow their company, and not a run-through contractor who is just pocketing the money and padding the numbers.

But it is a concern, but we all can pitch in and work with it. If we can get a support group from the owner, there is incentives out there. If you don't meet the goals, you're going to lose money. You got to put a penalty on it, penalties on it. Why can't there be penalties on it if you don't meet the subcontracting plan? Look at it on a monthly basis.

I have got a project up in Baltimore that I'm quality controller. If we don't meet certain standards each month, we lose money. Why can't that be something on small business contracting plan? Let's put some pressure on some folks. We won't see any results until we actually see the owner jumping in with contractors. We lose money. We lost projects because we jumped out and we had to do some extra

things, put extra people on there to work with small contractors, help develop those contractors and it has cost us money.

But when our competitors stepped in and said we can only get 5 percent or 10 percent when the goal is 30 percent and they get the project because they were low, it hurts us, but we'll continue to do the right thing, because it is the right thing to do. Until we jump in and help develop these contractors, it's going to hurt us all across the board.

We got to bring these other guys up and ladies and help develop those folks and put them out there, so the playing field can get leveled. But it takes those big contractors to step up to the plate. And until everybody can see that the owner is going to support that issue, it's not going to happen.

MS. OVERSTREET: There are two issues here. One is how we use small businesses and minority firms in our prime contracts or direct awards, and the Government has set aside procedures for that and we don't have everybody involved, but we're doing very well in using small businesses on our direct awards.

And the other issue that you're speaking to is subcontracting, and I can tell there's some passion out there on this. And so what I would really like to do is invite you folks to, please, send me an email and give me bulletized suggestions on how we can better ensure that the large primes truly involve small businesses. And you come up with some very good ideas.

We do have the ability to assess liquidated damages if a contractor does not exercise good faith efforts in achieving goals. We do have the ability to direct the large prime to place a certain percentage of the total dollar value of the contract to small businesses. We do have the ability to say for those percentages, small, small disadvantaged, HUBZone. There are some things that we can do.

And so what I would like to do is I don't want to feed you everything that we do. I would really like to know from you what you believe would have helped you get that contract as a subcontractor if we have it in place in that contract. So if you could send me an email and I know that we're

collecting all this information, but send me an email with some bulletized suggestions. I promise you we will consider them strongly as we look at these acquisitions.

MR. BASHAM: I mean, for a couple, basically what I'm understanding when you say a level playing field is really the enforcement piece of this. Where is the teeth in enforcing when the contractor says here is my subcontracting plan. Then 18 months down the road they haven't complied with that.

And so I think probably what she is asking for, you know, how do you perceive or what's the incentive to make that happen? Is it, like you said, the way you want it? We think we have got provisions in the contract that allows us with the contractor for assessing the damages. You're exactly right, whoever made the comment, that that reform in our contract has the same level of enforcement as lack of quality, lack of schedule, lack of whatever else, enforcement we can make in the conventional bricks and mortar arena.

And I guess I would go one step further. She is probably going to kill me. I mean, if you all

1 know of instances out there that we're not -- in our
2 contracts today that we're not complying, give us some
3 feedback. You know, that's the only way we're going
4 to learn for sure here, because, you know, I'm told
5 when I go out to the field we're enforcing the
6 contract. But I do admit that, you know, maybe that's
7 what needs to be tightened up.
8 I guess the term that's in there, making a
9 good faith effort, you know, what is the definition of
10 a good faith effort? Some of you all's definition is
11 probably going to be a little bit different from mine
12 or others' and maybe we need to tighten it up and get
13 a little more specific about a good faith effort.
14 MS. GREENHOUSE: When it comes to programs
15 like this, we have had a lot of programs where we
16 really want to infuse the small businesses it in and
17 the good faith effort, we don't consider that as good
18 enough, because if we say that it's going to be 62, 65
19 percent of small business, you know, that has no teeth
20 in it, you know, really, because the other part that
21 is unsaid there is what the large business decides to
22 subcontract.

You know, we have had instances like in the rail head industry and so on whereas we brought in capability and we set aside with Tracy Finson, you know, at the headquarters, we have set aside dollar amounts of the total dollar value of the contract that we are setting aside, you know, for the infusion, you know, of the small business, because the Small Business Act is law. It's not something that's just nice to do. You know, it's law that we level this playing field.

So, Don, as we're trying to trying to draw up this, we're really going to have to, because this is a program that we are committed to as far as small businesses. We can take those, and I know Tracy Finson is certainly behind us in making sure that we can fashion out what that dollar amount would be, you know, instead of just percentages that we have, you know, in the contract, what that dollar amount would be, so that we have something like a baseline.

We have something like over-arching principles, you know, to say to the large business, as well, you know, this is what we must do. And I have

found that in the rail head industry and so forth, they never balked against that. They knew where we were trying to go and they made sure that they found the resources, and it was never a small business that was not found who was interested, you know, in doing the work.

So we have ways of putting the teeth in. It is the owners. It's us who determines, you know, what it is that we're going to do to make sure that the things happen in accordance, because it's about economics, it's about the law, you know, of making sure that the small businesses are playing. So we're going to do that, I'm sure, Don, right?

MR. RICHARDSON: Ms. Greenhouse, I would add a couple of things along those lines.

MS. GREENHOUSE: Yes.

MR. RICHARDSON: I was working at a district where we have a program that, in my view, the prime contractors were not meeting their subcontractor goals. They really did not get excited until I sent some people down there to start checking the numbers behind 294s and 295s. Once I started to check, what

we found additionally was people just -- they just didn't care. They just didn't basically make an effort. They sent the 294s and 295s in, but once we started checking, those numbers changed immediately. And so to come back to --

MS. GREENHOUSE: I would agree with that, too. You know, we started an automated system to say that we are going to nip this in the bud. You know, we are not going to have the 294, 295 dog and pony show, you know, anymore.

You know, we are going to have it, whereas the contractor -- it's the contract compliance system whereas the contractor with every outlay of cash can come in to us and tell us I received this amount of dollars under blah, blah contract and this is what I received it for, because we're concerned also that small businesses are being given, provided skills that they can become prime contractors, you know, at some time.

So we are concerned that they are not out there just simply buying paper clips, you know, or whatever, you know, to make their money, that they are

doing something that is toward the trade industry that is helping them to grow into primes. So we're going to fight for that contract compliance system that has already been developed. We just need some money, you know, in our Government, you know, to put behind implementing it.

You know, whereas the contractor, every contractor, small business, come in themselves and say this is the outlay of cash I got and so on. And we have a direct thing to say yes, they complied, you know, to it instead of the 294, 295 dog and pony show. You know, we're conscious of it. We have been working on a few things, but it has been very slow, you know, of getting there.

MR. SMITH: There are a few questions that are very perplexing to small businesses and minority contractors. One, the prime contractor or the large business always complain that minority contractors are not qualified, they are not able to bond a particular section of the work.

And all that we are asking for is to let us have the privilege of the Open Records Act

instituted by the Corps of Engineers, so that we can open the records or be accessible to their calculation sheets, that we can see whether we are overpriced or underpriced. That is one area that we would like to have privilege to, and we can get that -- you will get that on National Association of Minority Contractors.

So we're asking, we're not begging, we are asking that minority contractors are already fully qualified. My company has its own certified contractor and it's two years now that we are certified and we haven't had an ounce of work from the Corps of Engineers. So you have problems, too. And we are asking you to bear it all.

MS. GREENHOUSE: But know one thing. The contracts that the Corps of Engineers has under the 8-A Program is with the Small Business Administration, and you then become a subcontractor to that Small Business Administration.

I would ask you also, you know, to make sure that the Small Business Administration is being an advocate, you know, for your not getting contracts. When they are looking at your business plans, you

know, they can certainly come to the Corps and ask us, you know, for whatever program that that is to match one of their business plans.

So I'm going to put the Small Business Administration, you know, into this equation, you know, that they can certainly work a lot of those things out that can be helpful. The Small Business Administration has money as a training ground, you know, for the small businesses and I want to make sure that they are also playing, you know, in this as well.

And we realize, you know, that what you say is a fact in your instance and in probably many other instances, but it's not all that the Corps hasn't done its job and especially with 8-As. I want SBA playing as they should and working out those relationships that they should and making sure that they are aligning good subcontractors, you know, with the requirements that are out there.

So I do want you to touch base with that Small Business and I will talk to you a little bit, you know, on the side there. Thanks.

MR. ARNETTE: And again, we go back to

contractors whichever way you look at it, the evaluation process. We're registered on a program now. We're on the CCR. I fell out of my chair the other day when we got the invitation to come to this meeting. I have not have one email come in that says hey, we have got a job over here you might be interested in, your firm can do.

You asked me to come to the forum. I come to this forum. I go to the NADFAC forum. I go in with large contractors and I say here's what we could do for you and here's what it is that we can do. Maybe it's the contractor. I don't recall. That man over there is experiencing the same problem. You know, you talk a good picture and then you make us try to see a good picture, but it's not a good picture forum. We're not getting there.

Now, we'll go back to the guy that just flat gave up. That's a sin. You know, we're in a rural area in South Carolina and here is a guy that needs the help the most and nobody has reached out. You know, we want to do the HUBZone business like it was supposed to be. We want to take some inner city

kids, get them trained and put roofs on and show them that there is a viable living to be made there, but we can't get to it.

We can't meet the bonding requirements, because we don't have a collective America that we can go to and join them personally and financially, but I can't come up to $30,000, provide the transportation to a job, set up and then hope that I'm going to get the contract. It's ludicrous.

Now, you can go back and say you're meeting all the requirements, you're meeting Titan's requirements, you're meeting other Government contractors, so they are sitting out there on these boards that sit there and say okay, we're Service-Disabled and they are and they deserve that, but this gentleman and I cannot compete against those $28 million companies. We can't do it. And there is where you -- and that's by statute and I understand that, but we can't compete at that point.

I can give you the best work. I can put in the best people in my community to do that work, but I cannot get there to do the work that you got.

And I want to tell you, I called P&J. I said here we are, here's what we have, here's what we can bring to it and I busted out all my little pages, talked about all the requirements. You know what I was told? We have 2,800 subcontractors. We don't need you.

Go down to Pensacola, Roofing Solutions. We're interested in doing this. I would be interested, as far as, in doing it in your way. You've got to bring it to me. You know what he did? He sent me on my merry way, because I argued with that guy. I was taking a different approach to it. I was knocked out of that and another thing is they had theirs. They came and said okay, we have got $300 million to spend. We have to spend it before October. We have to burn that money before October and that's the Government's idea.

MS. OVERSTREET: We do understand that there are problems. And so what we're asking you for is to give us -- and not right now in this forum, because we need to entertain other questions that we have going on. What I'm asking you to do is give us your suggestions on how we might improve this, and if

you can send me an email with that or if you want to talk to me one-on-one, that's fine.

MR. BASHAM: Plus we would be glad to get some of your --

MS. OVERSTREET: Yes.

MR. ARNETTE: Put in an advocate, an independent advocate, not one from the Government, not one from the business, but an independent advocate with each one of those contracts to give the feedback to you and let them know.

MS. OVERSTREET: Okay. Well, actually, that is the Small Business Administration that has that responsibility, but I will talk to you about that off-line.

MR. ARNETTE: It's not happening. Responsibility is good. I can be responsible.

MS. OVERSTREET: Okay.

MR. ARNETTE: But that doesn't necessarily mean I'm going to do it.

PARTICIPANT: (Speaking off mike.) And we will be glad to pass your concerns on to the Small Business Administration and we'll share for the

record, I assume. I don't have a small business, so we'll talk and maybe get some ideas on speed of procurement. My personal recommendation.

MS. GAMBOA: Well, we are a tribal 8-A business, we're a HUBZone, and I would have to say that my SBA is working with me. I am sorry that yours isn't, but my SBA send us down here from North Dakota to talk to the people here and also to see about doing joint-ventures.

One of the advantages that we have as a tribal 8-A business though is that we have an unlimited cap on the amount of business that we can do, so when we joint-venture partner, because we are doing it for a community of minorities rather than just an individual minority. So when we're looking at a tribal 8-A, you're not helping just one individual minority person. You're usually helping -- well, our reservation up there has 30,000 people and we have 68 percent unemployment.

So when you're coming in to help in our communities under an 8-A, then this is what it's doing. So our investigative person is actually

working very well with us and suggested that we come down here and talk to all the people here because of the manufacturing that we're doing up there.

So I mean, my experience is a little bit different probably than some of the other ones. I mean, we have our own minority company, my husband and I, and we have gotten burned. So I mean, ours is a little different, but I think also we are partnered, we do a little bit more of the system, I guess, than some others.

But as far as partnering and joint-partnering, we suggested to the tribe that they do go into joint-ventures with other companies, that we do this as a joint-venture going out there to make sure that we're giving not only the best product that you can, but also making sure that we are taking care of our community at the same time.

MR. BASHAM: Okay.

MR. TANAHEY: Okay. Well, this is not a small business comment, but I was just trying to jot down some of my thoughts that maybe you can take home, trying to capsulize I guess what our position is or my

company's position is. We talked about a lot of procurement methods.

I guess right now we do like design/build. We do like two step. We believe that that's fair to our AE partner. It's fair to us and then we have a reasonable chance of getting a project. We don't have a problem competing. Yet, in negotiating, we don't have a problem with the two step. So I certainly think that's working and I would advocate that to continue on.

In terms of criteria documents, again, this goes back to how you design and how you construct it and trying to limit non-value-added things that have gotten built into the Corps and different installations through the many years. You know, that one bad experience 20 years ago that keeps getting replicated.

I would say number one, get rid of specs, use master spec, use the commercial spec. Two, only provide Section 1010, which is the specific design requirements for the project. I think that's good. That capsulates it in eight pages or so that anybody

can read fairly quickly. That is supplemented by master spec. It's supplemented by National Design Codes, NMBA, IBC, the UFCs that are relevant.

I don't think -- you know, there is nothing more frustrating than for an engineering and architect to look at this code, this code, this code whatever is most stringent, do it. It's a cop-out. It's an easy to way to say you're taking the worst case scenario. Please, get rid of that.

UFCs are important, whether it's the ATFP, sustainable design, mass notification, include those, but don't reference the TMs. Most of the seismic and everything else is covered in IBC now. The Corps used to be ahead of IBC or ahead of the design code. I would say don't have those, because again it adds interpretation. It adds too many documents that have to be looked at to be honest.

Other things, each district has standards. There is a Mobile District Standard. There is a Savannah District Standard. There is a Louisville District Standard. They are all kind of sort of the same, but each one has stuff varied in it, that we get

caught, to be honest.

For example, Savannah District has all mechanical systems shall be designed for 5 percent extra capacity. Okay. Apparently, somewhere down the line that was decided to be a good thing. Well, the other districts don't have commercial systems. If there is a requirement for it based on the particular building type, whether it's a control facility or something, that needs to be spell out. Get rid of the standards, I mean, the different district standards, because there's a lot of axes in there that bite you when you're building it.

As far as bridging documents, I personally -- I am aware that having some bridging documents helps. It gives us an idea to at least know what you think you want. I would not say give us documents and then we'll vary from it, because I know that the typical contractor's idea is if they gave it to us, that's what they want. Let's give it to them again. Well, that defeats the innovation and defeats the motivation for our design/build teams to try to innovate, so I would limit that. I would say

standardization, I think that's a negative.

I would also reference that you do have a new standard for your COFFs. Company ops, we're doing one right now down at Fort Stewart. I don't necessarily think that's the most cost effective. I wouldn't mind talking to you off-line about that, but I don't think that's the best design, personally. Now, we're talking about cross references. Again, that's very frustrating to try to design it by codes.

I think the Corps needs to do a little more due diligence up front. This gentleman back here, I heard him talk about geotechnical. One of the things that the Corps does is they will give some preliminary information on the design/build, but then they will say oh, by the way, you need to do the following geotechnical investigation we want for every 8,000 square feet of building footprint.

You need to do a hole that's going to go down 20 feet or 40 feet. You know, some of that I understand because the building is specific, but again I think there needs to be a little more due diligence. And if you're going to give it to me, let's, you

know, accept some responsibility for it as opposed to just trying to off load the responsibility.

The same thing for site. A project that I have got with the Savannah District, it was a one sentence and simple. It said you shall do an underground survey and hence, you're responsible for anything you hit underground. Well, we missed that sentence and we ended up incurring some cost because of that and it turned out that the installation didn't even know some of the fiber-optic lines were crossing the site. It looked like the site was pretty much a virgin site. So there has got to be some due diligence.

Again, if you're trying to off load the risk, that's fine. But again, with that, I know to look more now and what we're asking, but is it rational and that needs to be looked at. I would suggest provide on work reviews maybe as a way to streamline the design process. Kind of my pet peeve is there is the I3A. It comes out of Fort Detrick. It's the information infrastructure. It's basically how you wire a building up.

To me this is grossly overstated for certain building types. When you're bringing in 600 pair of cabling to a COFF, that doesn't make sense when, typically, for every company you have maybe 20 people in the building and the rest of it is storage. So that is grossly overstated in I3A and also in the RFPs.

The same thing in barracks. The barracks are wired fully in Cat-6 and the whole justification is that we're trying to future-proof the barracks just in case. Well, most of the barracks are sort of owned by commercial vendors, Sprint, AT&T, whomever. So that to me is just a waste of money on that end. It could be better served by letting Sprint do everything and, you know, they will pull that under their own cost relative to bringing phones in.

The last thing I guess I was going to say is I know there's some education process, but there has to be an education process, like I said before, at the resident engineer level, at the cooperation level and look at process. I have had one project engineer say that the only reason the Corps went to

design/build is to limit their exposure to change orders. I don't think he got the message, but he believed fervently that that was the reason that you use design/build. His other statement was that every contractor is out to screw the Government. They are not here to make sure that the Government doesn't get screwed. Excuse my language, but that's almost a quote.

But if we're going to act as a team and act as partners, we need to work on those relationships in that respect. But I think those are some of the elements I would like to kind of summarize our position and our thoughts on this issue. Thank you.

MR. BASHAM: Great. Thank you very much. Anyone else? I think it's a little dry in the room. Some of the folks are leaving over here. I think what we'll do is we'll try to wind this up and bring it to a close, unless somebody has some other burning things they want to talk about. So I'll give you a couple of minutes to think about this and make a comment to and I will try to see if I can summarize.

I really appreciate the part of this dialogue with getting direct feedback like that and even the small businesses. It's not good feedback, but it's feedback we need to get and hear. We need to work at it and we'll share it with some of our sister agencies who carry some of that burden of responsibility, as well.

PARTICIPANT: Thank you, sir. One comment to address both cost of the process. One of the objectives stated earlier today was look at ideas and ways to reduce cost and associated with that is maintenance, looking at facilities and trying to attempt to maintain a 25 year life. This concept that I have to throw out has actually been used, although it's going to seem somewhat radical. JR will tell you I come up with radical ideas from time to time.

The concept that could be embraced is to utilize a couple of processes in your construction. The MCA process, obviously, is the underlying process. That's what we're talking about. But that could be combined with another Congressionally authorized process called Energy Savings Performance Contracting,

and that combination could be used by a prime contractor that would be selected to build the brigade complex utilizing a subcontractor of an ESPC contract to provide all the mechanical, HVAC, lighting controls, etcetera, as long as those costs are clearly documented and separated, because it becomes a cost tracking issue within the MCA Program.

This has been done before. It is not a new concept. The idea of doing that would reduce those costs of those pieces of that construction, reduce the overall cost and, (a), either allow a lower cost to be done to the project or, (b), more construction to be done, depending on what the Government would choose to do.

So I would recommend that an investigation be done to utilizing that concept as a way of reducing cost. It also would pick up the maintenance concept, those contracts that allow for 25 years maintenance and operations, and it would ensure that those facilities would not degenerate at least in those areas over that 25 year period. Thank you.

MR. BASHAM: Thank you.

MR. SALTSBERG: I would like to address not this gentleman's comments, but the previous comments. The point of this exercise is we are going away from all those Corps documents and we want you to build us legal facilities, which meet life safety, anti-terrorism force protection has to continue and we need sustainable buildings for the 25 year life.

We don't expect buildings that are going to need no work over the 25 years. We know that it will need work. We just want to minimize that and it needs to be sustainable in that sense. I guess that's what I wanted to clarify.

PARTICIPANT: I just wanted to see if anybody was aware of a process that I think the Navy is using, which I think they call the bridging process or I believe they hire both the AE firm and get the contractor on board early, at about the same time, and then somewhere in the design process they negotiate with the contractor for their cost in their project. Maybe you're aware of that, Don, and you could explain that and see if that's applicable to what you're wanting to do.

MR. BASHAM: Well, I think it's one of those concepts we're looking at. I mean, essentially what it is, it's -- I was reading an article coming down on the plane somebody had written on construction management risks, and he mentioned construction management risk, with 10 of you in the room here, every one of you would find that difficult.

But it's a concept along construction management risk or design/build risk. Basically, what we have seen happen, and, I think, the Air Force and the Navy are both looking at it and, quite frankly, we have got a couple of districts that have come in and asked if we could try it out on pilot tests as well.

Basically, what you do is you go out and hire and architect/engineer. This architect/engineer goes through planning the charrette, develops a design to a point that then you can bring on a contractor through a qualification-based selection. That contractor would look over-the-shoulder at that design and, essentially, be a quality control/quality assurance from a building point of view.

And so it's not a forced marriage between

the two. You build two separate contracts, but you brought them together to work together. And so the design/builder is offering suggestions to the architect/engineer. Those suggestions may not necessarily be unique to the industry. It may be unique to them, but it's something they have patented, something they know how to do and something they can do efficiently and effectively, and so that gets put into the design.

You get to a certain point in the process where a number of things could happen here, and of all the times you bringing this contractor on board, you don't have a definitized project. You maybe initially have a guaranteed maximum initially, but it's not firm. And, in fact, there could be a certain point in time, let's say you have got the foundations pretty well identified, that contractor might go out and take bids for series of subcontractors, award a subcontract, still don't have a guaranteed price here.

The Government participates in that subcontract award, so that you have good competition. When they award that contract, he goes out and start

building the foundation. You get to the next step and maybe get the windows. You know what they are going to look like. He can go out and start awarding the contract and maybe he has got a preferred provider for the windows. And so he brings the preferred provider to the table, the architect/engineer finds that and he goes off and starts buying them.

And, in fact, you're actually building as you're designing, which I think is really what design/build is all about. And somewhere along that dance, if you want to call it, you finally get to the point that the owner, us or whoever, and the contractor have balanced the risk. I think we got it about right, that you take a certain amount of risk. We have obviously definitized a portion of the contract. We have already awarded some contracts. So you just add those up and make it some of the big ticket items, take some of the risk and uncertainty out of it.

But then you finally definitize that contract, the construction contract and guarantee maximum price with some small -- because there are

some uncertainties. And obviously, the earlier you definitize that, the more risk and potential factors you're going to have out there versus, you know, theoretically you get it all the way up and get it finally built and walk away from it, you got a cost plus contract. And so the balance there is when do you definitize that. It ought to be a notion it's a joint-venture, you know, that can make that joint decision in doing that.

So we're looking at that. I think, you know, maybe you all have had some experience with that, but we have seen that done a couple of places. We have got a couple of our districts in the construction industry that have expressed an interest in doing it. I will tell you it bothers some of our folks, because some people could argue, at least in the federal sector, that's a little bit twisted on maybe what can be done by law. But we're seeing it done elsewhere, and so I think that's a play on that. That's a possibility and we're looking at that. GSA has done that. Any others?

PARTICIPANT: This is a little deviation

on what we're talking about now, but just before lunch there was a little bit of a discussion about stipends for design and I kind of wanted to ask a little bit about that. Is that something that the Corps is considering? We kind of like the two step process and the idea of stipends is appealing.

I think there was some discussion about that the Corps would own those partial designs. I'm not sure if we're too crazy about that, because we have seen some problems with that before, too. But could you talk a little bit about that?

MS. GREENHOUSE: I just wanted to toss that out, because we had a little discussion in Washington about that. We started the stipend program in Alaska and I mentioned to you that we wanted to try to -- you know, it's a very short construction period over there and we wanted to try to really maintain our quality design, and especially those who were on the losing team.

So as the evaluations were, you know, for the losers, we awarded them amounts of a $75,000 pool in accordance with how they were evaluated. You know,

the evaluation was important there. But as a result, each of the designs that were done by the losing AE became the possession, unlimited, you know, for the Government as a consideration, you know, for this amount.

Really, the contractors in Alaska had never given us -- they were pleased, you know, that they were getting some kind of return, you know, on their investment. But it's just the conversation came up in Washington last week that the contractors here on the lower 48 are not pleased with that kind of arrangement.

We haven't done it, you know, I don't think very much over here, if at all, but they would not be pleased with such an arrangement. You know, they just only told us that stipends are good. We are glad that you're thinking about, you know, incentivizing us, you know, in that way, but that $75,000 was too low, you know, a dollar value to consider.

And really they were thinking that if you're going to use my design, and that's not saying

that we never used any design, you know, in full that came out of that, we just had it as a consideration, you know, to be able to pull pieces and parts out of it if they were needed or whatever, but they were taking it you have got my design as if it were going to be used in whole and if you're going to use my design in whole, I want some collateral value from that. That if it's going to be repeatedly reused, you know, someplace, then it seems that I should get a royalty, you know, of some type, you know, from your use of that.

And so that was good information for us. We had been talking. The Air Force has been the one who sponsored the stipends in Alaska, not the Army, the Air Force. So we have been trying to sell stipends to the Army and that was very good information to hear, and that is why I threw it out to say I didn't know if you in this region had heard about the potential use of stipends and so on or use by other agencies and what your ideas were. And I think we have our hands tied. It was an experience.

MR. TANAHEY: Well, I was going to say

that the Mobile District has used that on a design/build job. Our A&E particularly appreciated it.

MS. GREENHOUSE: Yes.

MR. TANAHEY: Because of the effort they had to put forth and it helped cover some of their costs.

MS. GREENHOUSE: Right.

MR. TANAHEY: So yes, we have done the design/build. Depending on what the project is, our A&Es appreciate that and, essentially, we pass it through to them to defer the cost because, frankly, as a contractor we're used to pricing the work and A&E, you know, they are selling professional services and if they have to compete three or four times and don't get a project, that's a big hit to them. So that's very much appreciated.

MS. GREENHOUSE: And we were never trying to pay for all the losses. We were never trying to give a return, you know, on investment in the sense of the word. We were just making the AE, the quality AEs there, realize that we knew that they were losing in

many of these instances and we were just giving something there, you know, to say stay with us and keep on designing.

PARTICIPANT: Our firm competes on the two-phase design, selected two-phase design/build opportunities, RFPs, that are out there and we will not compete on two-phase design/build opportunities without some sort of stipend. It is very expensive to put the proposals in and if it's a one out of five chance or a one out of three chance even, we can't afford to do it.

As far as whether or not we would turn over the rights to the design, I think it could be an understanding that if we would want the stipend, we would turn over those rights. If we felt that those rights were so valuable that we didn't want the stipend, then we would refuse the stipend and retain the rights. So as an option, that can be easy way to solve that problem.

MS. GREENHOUSE: Absolutely, absolutely, because we realize that there is, and you realize that there is a cost to doing business.

PARTICIPANT: It's on the order. I will throw out a number and see if anybody agrees with me, but a two-phase where you do a full technical proposal, at least $150,000 in raw cost. So it's not cheap to pursue these and after a couple of losses, the people that are in charge say no more, please, I have had all I can stand.

MS. GREENHOUSE: We learned that lesson early with RCI. The contractor who had won in the management plan, you know, won the installation, was not necessarily going to get the award, but he was assured $350,000, you know, for that plan. It is a lot of money, the proposal cost, but there is a cost to doing business and, like you're saying, you use the trade-off method. You know, either you decide to participate or you don't, you know, because it's too expensive.

PARTICIPANT: A couple of comments. I work with HSMM. We do a lot of design/build, a lot of federal sector work. We have contractor partners that are willing to, no matter what the Agency does, pay a stipend because they want us to do the design that's

required that they can properly price it. Not all contractors will and the guys from Hensel Phelps and various others are probably squirming in their chairs or something, but it happens. There are contractors that will do that.

The other thing is if you ask most of us, I suspect, to choose between doing more and obtaining a stipend and only doing what you need to make the selection, I would choose only do what you need to make the selection. So I would warn you a little bit against well, we're paying a stipend, so we can ask you to do, you know, all kinds of things. You know, sometimes I wonder whether you need it all.

MS. MILTON: What do you think is appropriate for a technical proposal?

PARTICIPANT: What's appropriate?

MS. MILTON: Appropriate content. If it were a two step, what would you consider appropriate content for a technical proposal?

PARTICIPANT: Well, I mean, I hate to give you the lawyer's answer, but it depends. I mean, it would depend. I mean, if it's a rather standard, you

know, kind of facility, it's pretty straightforward, if it's a fairly complicated facility. I mean, I don't know what it is, a few percent, 5 percent, 10 percent, something like that maybe.

MS. MILTON: I mean, in terms of what you are actually required to submit as your technical proposal, how little do you think -- how little information do you think is appropriate to provide the Government in the way of a technical proposal?

PARTICIPANT: I guess I would offer it to you this way. If, for example, we're provided a floor plan to work against, then I guess I would see a limited value in us reworking that floor plan somehow and giving it back to you. Okay. A site plan.

MS. MILTON: Maybe just a list of proposed betterments?

PARTICIPANT: Maybe. A site plan maybe is a little different. There you do have some type of solution that you have to work out to some level, maybe. Maybe it's major equipment selections. I mean, you know, I think there's ways of getting at that other than sometimes -- and this varies all over

by district and by agencies and everybody else.

MS. MILTON: What I'm asking you is if you had to decide, and if it was your decision to decide what needs to be in a technical proposal, what would you --

PARTICIPANT: It would be enough for you to be able to determine that you're getting what you need.

PARTICIPANT: People compete with us all the time.

PARTICIPANT: I would say being put on the spot by Steve, for Savannah District, I would say my broad characterization would be Savannah District is not bad, not bad.

PARTICIPANT: Not bad, we want to be good.

PARTICIPANT: Well, I don't think it's bad. That's all I'm going to give you right here in a big group, Steve.

MS. MILTON: I'm talking about, you know, I don't even know if we're going to do two-steps, to tell you the truth. After this morning I'm not sure how it's going to go. But it was in the context of

the two-step. We understand that it's very expensive for you all to propose and, you know, whether we give stipends or not. We don't want to ask for anything beyond, you know, what is really needed to make the evaluations.

MS. GREENHOUSE: But I think we have got to start with -- you know, I was thinking, listening to this, what about solicitation? There have got to be some mission critical requirements. There may also be some design, you know, requirements, you know, with the proper incentives in there, evaluating criteria to evaluate those designs, you know, to come up with the one that is the best one, but we can't get it on mission critical.

MR. BASHAM: Well, let me help. I think we have got another resolution to go here and I appreciate your comment. We have got a lot of different facility types. Again, we have already kind of talked about one size doesn't fit all. I think, you know, what we're going to when we have these four workshops, we're going to have to go back and kind of refocus ourselves and kind of come up, start getting

some acquisition strategies and kind of where we're going to approach this and we'll probably come back out to some of you all or a group of you all and ask you to come back in and join us.

The next trip around will be at the 60,000 foot level or the 25,000 foot levels. We have decided we're going to put an acquisition package, we're going to procure this method. What we want you to help the dialogue with is kind of along the lines of these types of facilities. If we're going to do it this way, you know, how would you see the best way to procure this?

I'll tell you one thing I have gotten out of this session. If we don't do anything else here out of this whole process, while it will be the end of my career, the one thing that will come out of this process is we're going to have in the Military Construction Program, the U.S. Army Corps of Engineers, 20 districts doing the same thing.

I'm not going to have you all dealing with different processes and different procedures and different standards and different criteria and

different specifications. I ask you to bid a job in 30 days and put it together and submit it, and you got to go through figuring out what the inconsistencies are in my organization.

If nothing else comes out of this, I'm going to stop that. We're going to have one set of standards. Now, I don't mean standards in the context of maybe what we had talked about here today, but we're going to have some standard RFPs. You're not going to be able to deviate from them in a district. We're going to get back a centralized management and decentralized execution.

The strength of the Corps of Engineers has been, in its entire career, its decentralization operation. Quite frankly, we have gone a little bit too far particularly as we start doing 100 percent of our construction and 75 percent of architect/engineer work in the private sector. You all had to carry a kit pack around to hear it over and over everyplace I go in working with you all and dealing with you all.

It ranges again from software to criteria and specifications. You have to define this. You

want the proposal put together this way. The next district wants to the proposal put together this way. You know, we're going to have to start standardizing all of that, so that you don't get disadvantaged in the selection process, because we have got a different way we evaluate things. So we're definitely going to move to get that done. That will help us in some respect. It's probably not going to save us a heck of a lot of money, but I think that's one thing that has got to come out of this.

The other piece is, I'll just tell you, on the stipends. I don't think you said, Ms. Greenhouse, there is a paper going around in our organization trying to define again instead of having 41 districts out there interpreting how they are going to implement stipends, we're going to decide how we're going to implement stipends at the Corps of Engineers and it's going to be consistent. It may be consistently wrong, and you may consistently not like it, but it's going to be consistent.

And then we get to have a debate and a discussion about it, hopefully at the end of the day,

we'll talk about that inconsistency and I won't have to talk about it 41 times and there's a lot of energy there to do this and save us all some. But I'm just going to tell you, the whole notion here of stipends came up last year in D.C. with intellectual property rights and, quite frankly, I don't care what we talk here for the years, the Federal Government is never going to put enough money in the stipend arena to compensate for intellectual property.

I mean, how do you define that? How do you put a value on that? And depending on how simple it is or how sophisticated it is, intellectual property changes in order of magnitude. So you know, that's never going to really work I think. The other thing is even the notion of us sitting here talking about that, what we're back to is we're talking about 150 independent projects, minimum design with the maximum flexibility to the architect/engineer and then you want to be compensated for putting in the effort of putting this RFP together. It just further takes time and further adding by cost for producing for the same six barracks to give six different districts a

stipend to produce a design on a barracks. It just don't compute with me.

Now, don't get me wrong. I'm not criticizing you all. We do it. We're putting it out there for you all to do it and we need to deal with that. I know it's costly. Just this whole discussion about it being costly to you and you're losing one out of five or you're winning one out of five with a huge investment cost, some of you choose not to do business with us and I don't blame you for that. And so this still gets back to the notion of how we need to do business, because one way we need to be doing business, I think I can get a better product, get it cheaper if I can get more of you involved in doing the business with us.

So some of you are walking out because of our current process that we require in RFPs, elaborate RFPs. You know, I guess it has progressed here in the last two or three years. You know, we used to have a half a dozen of you trying to compete out there and now we have gotten it down to kind of a short list of the top three or something. You know, even if you're

lucky enough to make the top three, the gentleman back there, if I get one out of five, you know, should I still be pleased about that? I still need, what, $150,000 investment six times and I guess I get part of it back in one procurement. That's not good.

You know, at the end of the day if it's not in the interest of the Corps of Engineers, the Navy, the Air Force, somebody is going to pay for that. You're not going to want our business and it's just a fact. You didn't want to charge. You mark it up to me somehow or somebody somewhere is going to pay for it.

And so I just am not a big proponent of stipends, but what drives me there is not because I don't think it's owed to you and what we're putting you through to get there, if there is intellectual property, it's counter to everything I'm trying to drive here in saying we're out here doing 41 different projects and we're doing a complete design on each one and we'll improve that. And it just starts counting the time to get to here. Anybody else have any?

MS. GREENHOUSE: We don't pay the proposal

costs.

MR. BASHAM: Pardon me?

MS. GREENHOUSE: I said we don't pay the proposal costs and we never have tried, you know, to do that. It was just something that was being done that was appreciated. We wanted to bring it to the lower 48, you know, to see and I haven't seen the paper. But you know, we're not really pushing that for this program. It just came out, so we wanted to know what were your feelings, you know, on stipends.

One thing I did hear from the man in the back there, was there a consideration, you know, with your -- I believe the one who talked about working with stipends with other agencies. Were you the one? Yes. Was there a consideration? Did you have to give your design?

PARTICIPANT: The particular agency I'm thinking of is FBOP. They asked for a lot, a lot, a lot and they understand that, so they stipend. They provide a stipend. Whether it covers it all or not is a question, you know, maybe it does, maybe it doesn't, but they attempt to cover some portion of it. And I

have to admit, I don't remember. We provide the design, so I suppose they could use it, in theory. I guess we never opened that discussion.

MS. GREENHOUSE: This is just information, Don. This is certainly not to infuse it over this program, but knowing that we are thinking along those lines, if you all are doing this for other agencies.

PARTICIPANT: (Speaking off mike.) The type of stipends --

PARTICIPANT: Turn your microphone on, please.

PARTICIPANT: The stipend is to being innovative over and above what you expect to happen. Then that might be better. The stipend doesn't go just because you spent some time in building a square box, maybe the time that was spent to improve, you know.

PARTICIPANT: I just have a comment on what is required for the technical proposal. In my opinion or in our opinion, it would be whatever is required by the contractor to put a proposal together. It's not so much what the Corps needs to see. In our

opinion, it's what the contractor would need in order to put his proposal together.

MS. MILTON: So if you have to prepare it anyway in order to come up with a realistic price, would you mind sharing it?

PARTICIPANT: Well, I wouldn't have any problem sharing it with you, but I don't want comments back from the civil engineer saying we didn't detail it any better or something.

MS. MILTON: No, the evaluations that we do, well, they always should go out and presumably, look -- what we concern ourselves with, you know, any deficiencies as far as meeting the RFP requirement. And, of course, you know, if we see something where it's obvious that a requirement was missed, we have to point it out to you, so you have an opportunity to correct your proposal. And then in the evaluation arena, you know, if we're going to make an evaluation that has some basis on the contents of the technical proposal, it's only those where it was over and above the RFP.

MR. TANAHEY: Judy, to answer your

question again, I guess, directly is I think the level of detail requested by the Savannah District I don't think is overly burdensome, as a permanent contractor who has worked for an A&E before. This gentleman is correct. What I need is price of project in some cases is much more than you're asking for for me to be competitive and give competitive prices.

MS. MILTON: So in order to come up with that price, you have to do a certain level of working it out.

MR. TANAHEY: Right, but it may not be dressed up. It may be sketches. It may be things like that. What my guys have to do is the drafting that a lot of times takes a lot of the effort to the presentation level needed.

MS. MILTON: Okay.

MR. TANAHEY: So you know, that's one of the things you can go overboard on. I guess the other thing, to be perfectly honest, and we're trying to be honest here, is that, you know, sometimes we present documents that maybe won't require us to be shared on a preliminary structural framing plan to give you an

idea of what we're anticipating. I have had people come back and say oh, you had a W26 or a W24 by 50 there. Now, it's a W21 by 44 in your final submission. You owe the Government some money, because your proposal included that. I have had that happen.

MS. MILTON: Well, that is a person who is wrong.

MR. TANAHEY: Yes, I know. I'm just saying that that has happened.

MS. MILTON: You may not even send it.

MR. TANAHEY: But what you want is not overly burdensome in our company's opinion.

MS. MILTON: Okay. Thank you.

MR. BASHAM: You all have offered some good thoughts and things to think about, some roadblocks, some good direct suggestions that we're going to take and look at it. I will tell you, you know, we're not out here just ignoring you. We really want to get your input, because at the end of the day you're going to get this.

And I don't know if it's good or bad, but

you're going to get it. So you got to like what you got to get or we got to at least create or strike a balance here to do it. I think a couple of things that I take away from this, and it's kind of built in to the session we had last year. Clearly, you know, the root of this to some extent is to make it work.

The Army has agreed that the ACSIM of the installation manager, they are going to define what the facilities are going to look like, that's huge making sure that we don't have installation getting up every day and finding their own requirements. That itself has the potential to save us, too. It also has, as I mentioned to you all a while ago, if we're going to have districts, there's going to be work amongst the common processes and procedures of standards and criteria, the way they operate to do business.

I think the way you interpret this in one draft RFP, we're going to make it pretty onerous to deviate from that RFP. You know, we're going to have to figure out how we're going to do that RFP and keep it fresh and keep it up to date and current and

everything. And I think that's a hard task to do when you do that. But, you know, again, just like the installation, somebody maybe should give less value, you've got a mechanical engineer in District A that wants to use the GAB boxes. You've got a mechanical engineer in District B that would like these kinds.

It may not be involved and when you get to that level of design of which one of those two to use. There ought to be some consistency there. And in some cases there is reason to have to deviate from that. But there ought to be specific reasons for doing that, not just designer's preference from District A, B or C. And some of that goes to you all, too, in the process that you all do, you know, with the job.

So we're going to look at how to get more consistent within our organization as well throughout all this. I think working the installation and working the district piece will help us tremendously as well to sustain the sufficiency. I think clearly what we are looking at here is we've got a long-term strategy we've got to deal with, which is the

traditional $2 billion program year and year out that is here today and will be here after five years. Is that the same strategy we're talking about here?

I'm beginning to formulate in my mind the same strategy that maybe you'll put together of what to do over the next five years and deal with the rebasing and deal with BRAC. Maybe that's a different package, a different way you are doing it. There's some similarities to that, there are lots of similarities. And so I'm starting to think that maybe one size doesn't fit all.

So clearly, different facility types, you're going to have a different acquisition strategy and different standards to look at. But I'll tell you one thing I couldn't wait for today and I'm trying -- and I'm telling you this, if anybody really thinks I wandered off in the discussion today in getting some feedback is in many cases, I won't say every case, in many cases I believe, a lot of facilities we are talking about here for the long-term probably are not going to be design/build.

Somebody made the comment they're going to

get that built, they are going to be bid-built, because we're going to define the standard. We're going to develop the standard. And we're going to put it out there. And then maybe we can talk about incentives on the "each's" and once we do that, somebody comes in with a proposal, that I'll presume is for savings here, and that's part of the incentives plan that you're talking about for some better way to build this thing. And then we can figure out how we're going to share that.

But if I don't move in that direction, then I'm back into every project that you need, every project has got a complete design associated with it. And that's one of the things I'm trying to move away from to save money up front. But also to get the construction quicker. I mean, if I have that standard, whatever that standard is, to some level, I should be able within days of awarding a contract, whether it's a CM risk or you can get the design prepared for the final or you're getting to the point where you just get the construction contractor, within days you've got to be out there turning dirt.

I mean, it seems like to me even if you forget the notion of Mr. Whitaker saying I want to turn dirt per your appropriation, the real part of the issue here is I want a completed facility within 12 months give or take, not two and a half years and not three years going through that whole process. That's the real thing in delivery. I can still get -- you know, I could mess around here and I could still get a construction award or turn dirt in a year per appropriations and still take three years to build, you know.

I have saved some, but I believe it's not really the expectation you are driving at here. And so I've still got to keep an eye here. I've got to put on the ground facilities quicker and faster than what I'm currently doing now. And some of that is internal to us. You all told us the symmetric submittal process, review process. Don't review everything to the same level. You pick out the key or the real grounders either for you or your customer that you really have got to have 100 percent of certainty to look at that.

There's other things you don't necessarily have to have that degree of certainty. Submit a design from the negotiated reviews last week, somebody got up and said, you know, really what you want is you want drawings to build. You want the minimum amount of drawings for the contractor to go out and build. So we're going to need it. We just need 10 percent, so the contractor can go to certain pages and I need 20 percent. I need 50 percent. I need 80 percent. I need 100 percent. But it surely don't mean the same for all of them.

That's essentially what we've got today. You got 100 percent level of drawing before I go anywhere. And so I've got to sort that out and then that surely starts the fast track. The other piece of this, I'm still completely lost on and uncertain on is the packaging. I know for BRAC and the rebasing, the proper way to go about packaging is a complete brigade set up. Because you're going to plop that down and maybe that's the way we're going to have to look to try to do this.

And then maybe there are some ancillary

pieces with that that we can work with small business and some of those other companies. For the traditional $2 billion year program, I'm still wrestling with how the best way is to look at that. A couple of you said look at that as a program and how do you get efficiencies out of management as a program? It's how you package those projects and put them out.

Because the traditional $2 billion program is a barracks and installation or child care facility and installation. It is one of each. And is that what I'm going to hopefully live with or can I look at them in the southeast part of the country and say well, you know, I can package six or eight of them on different Army installations there or the northeast or the southwest or whatever. Somebody mentioned maybe put some regional partners together. So we'll need to have some more dialogue about that.

Clearly, for BRAC and the restation piece, I'm getting the sense of it's probably the current way we go about procuring those probably will be different from what we do with each additional. You know, it's

got to be a lot faster practice. It's going to be a lot bigger volume. It's going to be a lot bigger set than you can get your arms around an installation versus a traditional program in any one year. Like I said we've got 115 projects scattered over --

MS. SHOULDERS: We have over 100.

MR. BASHAM: Yes, scattered over how many installations? It could be 50 or 60.

MS. SHOULDERS: We have over 100.

MR. BASHAM: Yes, but you know, maybe a year ago four-in-one project at an Army installation, but again it's scattered over a lot more than what it will be concentrated in the BRAC Program and the Restationing Program with that traditional. So maybe that's appearing that way versus appearing long-term.

So I want to thank you all. Anything else anybody would like to offer before we break? I really do appreciate you staying with us today and for all of your thoughts. We have captured everything. We'll try to get through all of that. We'll publish I think up here on the website here. We will publish the proceedings from today. And also, you can go to that

site if you think about it later that there's new things to offer or additional thoughts you want to offer, we would be more than happy to do that.

We'll continue to use that as one form of dialogue with you. We may put some things up there if you want to go look at those and offer us some constructive comments about it, we welcome that as well. As I said, we will further define this thing in this iteration and we'll get down to a little bit lower level and maybe bring some of you back in and focus on specific areas to look at some of this stuff.

PARTICIPANT: Just a question. It is possible that some of us might go home and sleep on this and wake up at 3:00 and say I wish I would have said that. How directly or is there a way that we can communicate any additional thoughts?

MR. BASHAM: You can go right to that website there and there is a place there to do that.

PARTICIPANT: Okay. Just email from that website?

MR. BASHAM: Yes.

PARTICIPANT: Okay.

MR. DUFFY: I would suggest that you email myself. That's michael.r.duffy@usace.army.mil and I'll consolidate all of the questions and comments.

MR. BASHAM: I would really appreciate it if you would give it some more thought and, if you have something to offer, please, send them in. We would be more than happy to have them. Anything else that would go to cost? Again, I thank you all very much. Hopefully, you will see the fruits of your efforts here today later on and stay tuned, stay engaged, stay involved with this. Thank you all very much.

(Applause)

MR. DUFFY: One more time, my email. It's michael.r.duffy@usace.army.mil.

(Whereupon, the forum was concluded at 4:28 p.m.)