

FEDERAL OWNERS' FORUM

Summary Report

May 4, 2016



Convened by Design-Build Institute of America
and Society of American Military Engineers

INTRODUCTION

Budget constraints, shifting national security priorities, sustainability mandates and diverse needs have all resulted in significant shifts in the way federal agencies purchase design and construction services. Add to this the need to work within the framework of both the Federal Acquisition Regulation (FAR) as well as agency-specific policies, and it is clear that the federal sector faces unique challenges in delivering the best value to citizens and taxpayers.

To help address these challenges and to begin the process of finding creative solutions to better the industry and our nation, the Design-Build Institute of America (DBIA) and the Society of American Military Engineers (SAME) hosted a Federal Owners Forum. Thirteen (13) industry leaders representing eleven (11) federal agencies gathered for a full day to challenge thinking and play a major role in affecting positive change. The leaders addressed imperatives that hinder the federal sector's ongoing ability to achieve optimal efficiency and performance in designing and constructing the built environment. In addition to DBIA and SAME leaders and staff the following participated:

Department of Veterans Affairs

[Stella Fiotes, AIA](#)
Executive Director, Office of Construction & Facilities Management

Federal Law Enforcement Training Centers

[Richard Formella, PMP, DBIA, CPPO](#)
Bio-Containment Contracting Branch

U.S. Customs and Border Protection

[Michael Germinario, P.E.](#)
Director of Facilities Planning and Budget

U.S. Air Force

[Robert Gill, GS-15, PE](#)
Chief, Facilities Division
DCS/ Logistics, Engineering and Force Protection

Federal Highway Administration

[Timothy Hess](#)
Associate Administrator for the Office of Federal Lands Highway

U.S. Coast Guard

[Paula Loomis, Ph.D, F. SAME, FAIA, USAFR](#)
Deputy Director of Facilities

U.S. Department of State/Overseas Building Operations

[Casey Jones](#)
Deputy Director, PDCS/CSSM

[Marcus Hebert](#)
Director of Project Development and Coordination

Marine Corps Base Camp Lejeune, NC

[Neal Paul](#)
Public Works Officer

[Emily Sylvester, PE](#)
Director, Installation Development Division

U.S. Army Corps of Engineers

[Robert Rizzieri, M.S., PE, PMP, CCM](#)
Deputy Chief of Engineering & Construction Division

National Aeronautics and Space Administration

[Harriet Ross, AIA, AICP, DBIA](#)
Lead, Design & Construction

U.S. General Services Administration

[Laura Stagner, AIA, PMP](#)
Assistant Commissioner for Project Delivery, Public Building Service

The summary that follows provides a high level overview of the key issues discussed and **Proposed Solutions** to help optimize project delivery in the federal sector. Both DBIA and SAME will use this information to drive positive change, continuing our efforts to ensure that federal owners achieve value while meeting or exceeding cost, schedule and quality goals in delivering their capital projects.

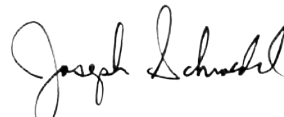
We will host similar forums in the future and track our progress on the items referenced in this summary report. We welcome ongoing feedback from industry — both other federal agency personnel as well as the practitioner community.

DBIA and SAME look forward to helping all federal agencies and industry achieve success in project delivery for the good of our economy, our nation, and the many professionals who have made it their life's work to deliver projects efficiently and effectively. Together, we will seek to create solutions that are in the best interest of the greater good.

Sincerely,



Lisa Washington, CAE
Executive Director/CEO
Design-Build Institute of America



Brig. Gen. Joseph Schroedel, P.E., F.SAME, USA (Ret.)
Executive Director
Society of American Military Engineers

DBIA and SAME extend special thanks to our discussion leaders who used their extensive knowledge as prior federal owners to help stimulate thought:

Thomas (Thom) D. Kurmel, DDes, AIA, DBIA — Colonel, U.S. Army (Retired)

While on Active Duty, Thom served from May 2004 to June of 2009 as the Senior Military Advisor and Chief of Staff to the Assistant Secretary for Health Affairs in the Office of the Secretary of Defense at the Pentagon. From May 2002 he led planning, budgeting, and acquisition of all DoD medical facilities as Director, Facility Life Cycle Management Operations, in the Office of the Assistant Secretary of Defense for Health Affairs. Thom is currently president of TDK Consulting, LLC, a VA Certified Service Disabled Veteran Owned Small Business, specializing in health systems, infrastructure strategies, and team performance for both the public and private sector.

Craig H. Unger, DBIA

Craig was appointed by the Attorney General of the United States in August 2001 to serve as the Justice Department's Federal Detention Trustee. As a career civil servant with over 26 years of service, Mr Unger achieved the highest leadership role (Senior Executive Service) before retiring as a Federal Law Enforcement Officer with the Justice Department. Additionally, Mr Unger served as President of the Design-Build Institute of America (DBIA 2003–2004) and is regarded as a leader of the integrated project delivery design-build movement in the public sector. He is currently Principal and CEO of Unger Security Solutions, LLC, providing consulting services for acquisition management, project delivery, and advisory services for the security and detention environment.

WHAT'S WORKING . . . AND WHAT'S NOT?

While the purpose of the Forum was to discuss project delivery in general, a discussion of design-build as a delivery method that has worked well when properly executed formed the basis of much of the day's discussions. Among the key factors to successful design-build project delivery discussed were:

- The need for complete buy-in from the entire team, including all players engaged on the owner side;
- Selection of the right team;
- Properly managing expectations;
- Comprehensive assessment of not just the project, but of overall agency goals;
- Personnel educated in the nuances of design-build project delivery;
- Goal alignment and collaboration among all parties (owner, contractor, A/E and specialty contractors);
- Properly written (performance-based) RFPs; and
- Strong leadership.

Early knowledge of costs and the **appropriate allocation of risk** were emphasized as two (2) of the most important advantages of design-build.

Among the most prevalent challenges and/or hindrances to effective projects/project delivery discussed were:

- The inability for seamless inter-agency sharing of information, with a particular focus on information-sharing related to past performance of the contractor community;
- Risk-averse nature of contracting officers (goal of avoiding protests drives to a focus on price, and often hinders creativity and innovation);
- Workload of procurement professionals who often can't find time for innovative options or training;
- Lack of specific knowledge of design-build by legal professionals;
- Poorly written source selection documents;
- Use of price as a primary deciding factor when selecting a team;
- Lack of creativity and innovation (need to bring back the innovation seen during BRAC and ARRA timeframes);
- Inability to maintain a high level of expertise due to staff turnover; and
- Inability to properly define requirements.

Three (3) buckets were identified as the driving force behind effective projects/project delivery, whether it is design-build or another method:

- The Right Tools
- The Right People
- The Right Processes

Discussions related to each area follow. Beneath each summary, Proposed Solutions are described. In some instances, the solution lies with the federal agency. In most, however, the solution lies with collaborative change. It is these solutions that will drive the DBIA and SAME agendas in the coming year.



THE RIGHT TOOLS

Project delivery is a comprehensive process including planning, design and construction required to execute and complete a building facility or other type of project. Project delivery options are one “tool in the toolbox” for all agencies. An agency’s choice of project delivery system and procurement approach strongly influences project results. These choices are among the first decisions that must be made on a project and they form the foundation for how the project will be developed, procured and executed. In making these choices, it is critical for an agency to consider the particulars and circumstances of each project. Several tools to support effective project delivery are available for both pre-award decisions and post-award execution.

Managing information about the project should also be given attention, whether through the use of Building Information Modeling (BIM) or other collaboration tools. The applicability of building information for use after the project is complete and in use is key to better asset management.

1. Decision-Making: Tools to improve the decision-making and communications processes during pre-award are essential to enhancing efficiency in the federal sector.

a. Some agencies utilize the *Project Definition Rating Index (PDRI)*. This tool is an example of one that can serve as an agency’s internal barometer, assisting in “pre-project” planning with the goal of improving performance in the areas of cost, schedule and operational characteristics. The tool allows for a scoring of projects intended to assist in determining a risk profile at various stages. It’s one method of assessing whether or not a project is ready to move from the pre-planning stage to the execution stage. To be effective, the tool should not be used in isolation.

Proposed Solutions:

To optimize the usefulness of the PDRI:

- All stakeholders must be involved in the process;
- Utilize a facilitator to guide the process;
- Ensure broad involvement and input;
- Project delivery needs to be an upfront discussion in the process as the delivery method chosen will drive the risk profile of the project; and
- While the PDRI is one tool for pre-project planning, each agency needs to determine the processes most appropriate to their culture and agency-specific rules.



Greg Gersch
Graphic Recorder
Illustrated at Forum on May 4, 2016

2. Federal Acquisition Regulation (FAR):

Although the FAR was developed to provide uniform procurement policies and procedures for use by all executive agencies, inconsistencies in how the rules are interpreted and applied remain prevalent. Specifically, the two-phase design-build selection procedures authorized by FAR Part 36.3 (10 USC 2305a and 41 USC 253m) are viewed by some as ambiguous, leading many procurement professionals to err on the side of caution as opposed to innovation.

The U.S. Office of Management and Budget (OMB) provided further guidance by issuance of Supplement V-2.0 (2006) to Circular A-11, Part 7 (Capital Programming Guide), in addition to direction to agency Chief Acquisition Officers and Senior Procurement Executives through the issuance of various memoranda by the Office of the Federal Procurement Policy (OFPP). Moreover, OMB issued a 13-page memo dated February 2, 2011, titled "Myth Busting" which dispelled many of the misconceptions of the FAR and clarified significant differences between "low bid" procurements and "negotiated" best value acquisitions. Even with this additional guidance, misconceptions surrounding what the FAR allows (and/or precludes) still exist.



Proposed Solutions: Transform interpretation of the FAR into a document that in the words of the former Administrator of OFPP, "gets across the message that if something is not prohibited, it is allowed; rather than the opposite." Develop guardrail parameters for the FAR/DFAR to make it clearer what can and cannot be done in federal procurement. Among the most critically needed clarifications are:

- Clear guidelines and processes allowing agencies to both view and treat the contractor community as collaborators, allowing for the unleashing of innovation and more widespread "win-win" scenarios for the public and private sectors;
- Guidelines governing the use of Guaranteed Maximum Price (GMP) contractual relationships; and
- More education and training, with particular emphasis on procurement and legal professionals.

It was discussed and noted that the use of Lowest Price Technically Acceptable (LPTA) in FAR Part 15.101-2 is NOT recommended for any type of design-build project.



THE RIGHT PEOPLE

The structuring of the source selection process is critical to the success of a project. Agencies must get better at compiling and analyzing data they have available to them to make informed decisions. This includes metrics on past projects, as well as information on industry firms such as that found in the Contractor Performance Assessment Reporting System (CPARS).

Before even getting to the selected team, however, we must address the uniqueness of the procurement personnel who help to drive the source selection decisions.

1. Ensure Skilled Procurement Personnel: While all stakeholders involved in capital projects are important, procurement professionals/contracting officers are critically important to effective project delivery. Procurement personnel must be knowledgeable in a wide range of

issues and must engage a broad network of professionals and resources. Unfortunately, procurement skills are often under-utilized and some — including contracting officers themselves — view their role as more transactional than strategic.

Risk aversion by contracting officers more often than not leads to a culture of conservatism. Breakdown in purchasing processes in a very few instances has served to tarnish the reputation of contracting officers in general, leading to more scrutiny by leadership, and more caution by the contracting officers. In many instances, acquisition strategies and evaluation plans selected by contracting officers and acquisition teams emphasize avoiding a protest as opposed to a goal of picking the best team with the best proposal.



However, the fear of protests is often unwarranted, as demonstrated by GSA's Public Building Service (PBS) in a review of FY 2013 where there were 11,970 contract awards with only 18 bid protests (and only two sustained protests), equating to .0167%. This, coupled with a lack of ongoing training and support to help procurement professionals effectively evaluate the services they are buying, has led to stifled innovation. More often than not decisions are based on cost/price alone, with quality differences not considered in the selection process.

In order to have better acquisition results, the conditions for success need highly qualified, collaborative and creative contracting officers with more advanced training, equipped for modern teamwork and on the team from the beginning. The old ways do not work any longer, especially on larger, more complex jobs. Federal sector leaders must understand that industry does evaluate this, among other factors, as part of their willingness to participate in government acquisitions.

Proposed Solutions:

- Foster a greater appreciation for the potential role of procurement professionals, including their ability to help operationalize an agency's mission and goals, and to drive added value;
- Recognize the value-added benefits of trained procurement staff, and invest in ongoing professional development and training (particularly the unique aspects of integrated design-build), as well as periodic reviews of internal procurement practices;
- Hold a similar forum for contracting officers to better understand their challenges and obstacles to effectively selecting sources and administering design-build contracts;
- Ensure that all members of the acquisition team have been trained on the selection and execution under a design-build contract mechanism — as a team training event — in order to properly determine the best acquisition method during the team's acquisition strategy meeting. This training should be done prior to someone coming up with the instant idea of "let's do design-build," and then get the training; and
- Ensure that the federal agency's acquisition team is comprised, at a minimum, of the contracting officer, the design architect/engineer, construction engineer and project manager.

2. Pick a Partner — Not an Enemy: During the acquisition phase, an owner must make a number of critical decisions that can influence how successful the project will be. Without question the most important decision is the selection of the team. In general, competitive methods produce superior results by providing agencies with an opportunity to canvas the industry and select the best team(s) with the best solution(s).

Proposed Solutions:

- Help agencies instill a culture that treats the contractor community as collaborators as opposed to adversaries;
- Focus on the unleashing of innovation and the "best solution" as opposed to the lowest price;
- Better utilize the CPARS system (see more on CPARS below) by ensuring the inclusion of data that is substantive, accurate and fair, and referring to that data in making future decisions; and
- Don't underestimate the power of "past performance."



THE RIGHT PROCESSES

Agency personnel must be innovative in thinking about overall portfolio management, including non-facility solutions to challenges. In planning solutions, keep in mind that "requirements development" and "facilities planning" are different things. Similarly, "program management" and "project management" have different meanings. There are distinct dialogues and activities that must occur with each. Portfolio management takes into account supply chain management and spans operations management, logistics, procurement and information technology, while striving for an integrated approach to a global solution.

When it is determined that the solution is a new facility, it is important for agencies to understand all options and methods available to them. Among the considerations an agency must assess in making the project delivery decision are the following:

- The agency's desire for "control" including the control of design details (keeping in mind how the risk profile changes with control);
- The desire to empower innovative solutions;
- Timing needed to establish definitive costs and schedule;
- Tolerance for risk; and
- Ability to make timely decisions.

1. Contractor Performance Assessment Reporting System (CPARS): The suite of web-enabled applications known as CPARS is intended to document contractor performance information. Unfortunately there is often a disconnect between what those in the field are reporting and what contracting officers are documenting in the CPARS system. This is due in part to the risk averse nature of procurement professions (see section on "The Right People" for more on the importance of procurement professionals).

The structure of CPARS allows for appropriate evaluation of a contractor. The government's relationship to the contract's work product differs with design-build and therefore the inputs into CPARS must be addressed differently. Key design-build components of quality, schedule and management can still be effectively rated in CPARS. The last interim evaluation is typically at basis of design (BOD) and the final evaluation is completed at the conclusion of the warranty period. Significant deviations from this rating that are found later can be addressed in the addendum process of CPARS.

Proposed Solutions: The effectiveness of the CPARS system relies on entering of detailed and accurate information, a full understanding of rules associated with the system's use, and the ability to effectively evaluate various forms of project delivery. Specifically, the following enhancements to the processes and systems are needed:

- Educate procurement professionals and members of the entire acquisition team on the importance of past performance, and encourage detailed, accurate and timely input into the CPARS system based directly on the feedback of field personnel;
- Encourage agencies to give past performance more weight than is traditionally given in short-listing the most highly qualified teams, and final selection of the best team with the best solution. It is important to tailor source selection criteria for project specific circumstances, rather than templates used for every solicitation;
- Educate agencies on the nuances of the CPARS system, including the provision that three (3) years after completion for A/E and six (6) years after completion for construction there remains the "optional" opportunity for the government's authorized evaluation officials on the contract to enter an addendum evaluation in CPARS, which effectively replaces the final CPARS rating. This addendum evaluation can be used as a positive influence to correct warranty or performance deficiencies after acceptance;
- Work with Naval Sea Systems Command (NAVSEA) to determine constructive enhancements to improve the CPARS reporting process, by encouraging more comprehensive, logical and detailed input on system improvements;
- Current CPARS structure allows for additional "Other" categories, if Quality, Schedule, Cost Control, Management, Small Business, and Regulatory Compliance rating areas do not provide the structure for a unique contract;
- For long-term, advocate for a separate Design-Build Appraisal Support System that recognizes the significance of an "integrated" design-build team as opposed to the current bifurcated reporting system.



OPTIMAL CONDITIONS FOR SUCCESS

With the right tools, the right team and the right processes, an agency is well on its way to optimal success in project delivery. This, of course, is an over-simplification of a very complex process that requires a shift in thinking, strong leadership to drive the right culture, properly educated personnel and an integrated team that embraces innovation and collaboration. Agencies are also encouraged to seek industry input with the preference being proprietary meetings as opposed to open forums.

In summary, optimal conditions for success regardless of the project delivery method selected include:

- Pick a partner – not an enemy;
- Think “team first” to drive project quality;
- Pre-select on qualifications;
- Incentivize and align A/E and contractors;
- Survey past performance in CPARS;
- Pick the best team with the best proposal;
- Life-cycle oriented, performance-focused RFPs; and
- Ensure proper workforce development (in particular as it relates to the unique aspects of integrated design-build).



And finally, give sufficient attention to the “iron triangle” of a successful project: schedule, performance and quality with cost as a central focus. Within that iron triangle, be sure to maintain flexibility to accommodate change.

DBIA and SAME welcome ongoing input from industry — both owners and practitioners. Please let us know your thoughts on the topics and ideas in this summary, as well as your input on other issues, concerns and priorities not addressed here. It is only through our combined efforts that we can improve the industry as well as our nation.

To provide feedback, please email LWashington@dbia.org or JSchroedel@same.org. All comments received will be used as we continue to shape and evolve our partnership for the greater good.



About DBIA: The Design-Build Institute of America is the only organization that defines, teaches and promotes best practices in design-build. Our primary objective is to provide education, training, networking and support to all players involved in the design and construction industry. Members span the entire spectrum of design and construction professionals, including architects, engineers, specialty contractors, owners, consultants, lawyers, business development professionals, students and teachers.

DBIA Mission: DBIA promotes the value of design-build project delivery and teaches the effective integration of design and construction services to ensure success for owners and design and construction practitioners.

DBIA Vision: DBIA will be the industry's preeminent resource for leadership, education, objective expertise and best practices for the successful integrated delivery of capital projects.

2018 DBIA Strategic Direction

Move DBIA forward as a high performance organization committed to the advocacy of Design-Build Done Right™ across public and private market sectors and advancing collaboration and integration of all project teams.

Goal 1: Universalize Design-Build Done Right

Finish Design-Build Done Right Toolkit including the creation of a template RFQ/RFP, expansion of pre- and post-award education, provision of market-specific case studies to highlight value of design-build, and development of market-specific resources to support implementation of best practices.

Goal 2: Leverage Existing Strengths of Design-Build

Lead the advancement of collaboration and integration in alternative project delivery by communicating design-build benefits to other forms of alternative project delivery (e.g., CM@R, IPD, EPC, P3, etc.).

Goal 3: Deliver High Value to All Members and Customers

Ensure DBIA remains a financially strong and sustainable organization by leveraging national, region and local chapter strength.



About SAME: The Society of American Military Engineers offers professional and personal development, networking and community involvement to individuals of all ages committed to contributing to our national security, by leading a collaborative and focused coalition of organizations that creates opportunities to address and resolve issues that enhance our national security posture.

SAME Mission: SAME leads collaborative efforts to identify and resolve national security infrastructure-related challenges.

SAME 2020 Vision: SAME is recognized as the multi-disciplined integrator of military, public, private, and academic national infrastructure-related capabilities to produce viable solutions for America's national security.

2020 SAME Strategic Plan

Goal 1: Relationships

Lead efforts to foster trust and understanding through communications and collaboration among military, public, private, academic, and professional A/E/C organizations.

Goal 2: Leadership and Mentoring

Leverage SAME's culture of service to develop sustainable growth of leaders for our profession.

Goal 3: Professional Development and Personal Growth

Develop tailored opportunities and supporting resource plans to train, educate and promote credentialing of members in order to help them grow personally while they pay it forward through direct contributions to the development of future professionals.

Goal 4: Resilience

Contribute to government and private sector collaboration to minimize the impacts of and enhance effective response to natural or man-made threats.



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