

2018 Federal Owners' Forum

SUMMARY REPORT

May 8, 2018



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

Introduction

The third annual Federal Owners' Forum took place in May of 2018. This annual event hosted by the Design-Build Institute of America (DBIA) and the Society of American Military Engineers (SAME) began as a day of thinking outside the box to challenge accepted practices and work together to improve federal project delivery.

2018 saw record attendance, with 22 officials from 13 different agencies representing virtually all the key agencies and services engaged with design and construction in both the civil and defense arenas.

The simple concept of the Federal Owners' Forum is to bring officials in the design and construction disciplines together from across federal agencies to discuss and debate and to identify challenges and opportunities. And, most importantly, to lay the groundwork for improving federal project delivery and letting loose innovation for the improvement of the process and resulting projects and ultimately to bring greater value to the American tax-payer.

By bringing together federal officials with broadly similar responsibilities in the design and construction arena but from different agencies with broadly different mandates — ranging from health care to environmental protection to efficient transport to national security — we have been able to get a multiplicity of experiences, lessons learned, effective tools, best practices and out-of-the box creative thinking.

These Forums in general, and the 2018 Forum in particular, are not just about identifying problems and discussing what are challenges and constraints within the system. Our goal has always been to get to work and determine what is effective within the system and how we can build on the good things that are working to advance even more efficient project delivery.

In addition to charting a plan for success, 2018 saw an important innovation in the Forum. Joining this year were Keith Molenaar, with the University of Colorado Boulder, and Bryan Franz, with the University of Florida, who were key researchers involved in the 2015 research project entitled *Maximizing Success in Integrated Projects: An Owners' Guide*, published by The Charles Pankow Foundation and the Construction Industry Institute. Working in groups of diverse participants the group engaged in an interactive session on “maximizing success” — success we hope to deliver in federal projects of all types.



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



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

In addition to DBIA and SAME leaders and staff, the following agency representatives participated:

Architect of the Capitol

Lee Carson

Associate General Counsel

Anthony Hutcherson

Head of Procurement/Contracting Division

Jacob Edwards

Program Manager

Army Corps of Engineers

Drew White

Chief of Construction

Jennifer Kline

Civil Engineer, Construction Branch

Customs and Border Protection

Michael Germinario

Director of Planning, Facilities Management and Engineering

Department of Veterans Affairs

Stella Fiotes

Executive Director, Office of Construction and Facilities Management

James Wood

Director, National Region

Andrea Morris

Director, Office of Facilities Acquisition, Central Region

Department of Transportation

Laurin Lineman

Acting Division Director and Chief of Engineering

Federal Bureau of Investigation

Brian Green

Chief, Planning and Design Unit

Deborah Gardner

Chief, Construction Management Unit

General Services Administration

Laura Stagner

Assistant Commissioner for Project Delivery

Naval Facilities Engineering Command

Kathleen Reid

Special Assistant for Architecture and Design-Build

National Aeronautics and Space Administration

Karen Reilley

Deputy Associate General Counsel, Contracts and Acquisition Integrity

Jennifer Groman

Chief, Facilities Engineering Branch

Tania Davis

Deputy Director, Program Operations Division

National Security Agency

Matthew Boren

Deputy Chief, Military Construction

U.S. Air Force

Sally Kite

Chief, Design and Construction

Carl Hendrix

Project Management SME

U.S. Coast Guard

Paula Loomis

Executive Director, Shore Infrastructure Logistics Center

Review

Richard Formella, a long-time federal contracting officer and Chair of DBIA's Federal Markets Committee, has been central to organizing the Forums and attended the previous two. He started the day with a review of the previous discussions and findings and proposed solutions. This session was to set the stage for the deeper dives into key challenge areas to follow. (For further information see the reports from the [2016 and 2017 Federal Owners' Forums](#).)

Three areas emerged in previous Forums as key areas of particular concern and opportunities for improving the federal project delivery. What follows is a distillation of the discussions of these key areas.

DBIA and SAME offer special thanks to Rich Formella, Keith Molenaar and Richard Benton, with SR Benton & Associates, LLC, for facilitating these breakout sessions. Their leadership and unique backgrounds and perspectives assured that these were successful sessions.

Right-Sizing Risk

Risk areas to stress, risk areas to rethink.

WHAT ARE THE RISK AREAS TO RETHINK?

Obligation of funds vs. project performance

Too frequently, acquisition strategies and federal project delivery decisions focus on getting funds obligated by a certain date as opposed to focusing on long-term quality and project performance. This mentality creates risk in entering procurements, which diminishes opportunities for project success.

Lack of resources for contract administration

The project delivery method is extremely reliant on the abilities and knowledge of the agency staff that is delivering the project. Ensuring additional agency staff resources and additional training for these key team members is made available can reduce risk for delays and cost overruns.

Reviews and audits

Government agencies are subject to both internal and external audits and reviews of their own performance. Agencies should see these reviews as opportunities for continuous improvement. However, risk aversion frequently causes agencies to stop innovative practices after they receive a review or audit, which may be under-informed and therefore unjustifiably critical of past decisions or actions.

Risk of communication

Agencies can be hesitant towards sharing identified risks that they see in a project. More transparent communication of project risk between the agency and contractors will improve overall project performance by fostering the collaborative teaming and partnering needed.



HOW CAN WE RIGHT-SIZE RISK TOLERANCE?

- Use external advisors to question risk tolerance and set better policies
- Use internal risk reviews and project delivery selection workshops
- Begin discussion of risk at earliest project stages
- Use industry-proven tools to actively manage risk (e.g., risk registers and the Project Definition Rating Index (PDRI))
- Give project teams higher levels of monetary authority to manage risks (relating to modifications and contingency)
- Increase formal partnering between agencies and contractors with a focus on project risk allocation/sharing
- Encourage early partnership between project manager and contracting officer
- Share best practices related to risk management
- Consider shared contingency pools for allocation of risk and rewards

The Health of the Industry

How do we attract and retain public sector talent?

For successful federal project delivery, expertise of career agency personnel is essential. Attracting, properly training and retaining agency officials is regularly highlighted as a key imperative. Successful projects are the result of teams, both public sector officials and private sector contractors, knowing their jobs, having relevant experience and staying abreast of innovation in technology and theory in their fields of expertise.

A recurring concern is that (1) young people are not entering the federal workforce, (2) current federal employees do not have adequate opportunities for useful career training and (3) there are challenges with retaining talented and dedicated federal employees. These challenges are mission critical.

ENCOURAGING YOUNG TALENT

Creative Appeal

It is perceived that creativity in design and construction is largely limited to the private sector. Therefore, this is where young talent is drawn. The fact is that there are many groundbreaking and inspirational federal projects. The A/E/C industry, working with federal agencies and educators, could lead efforts to showcase such federal projects.

Job Security

It was once seen that government employment was a secure job which was a draw in itself. With the current uncertain funding and appropriations process the perception — likely correct — is that there is now *less* job security. Educating decision makers both in Congress and in senior Administration political positions of this challenge and the effects their current funding/appropriating practices are having on that perception could help this.

Funding Priorities

Other areas where relatively small amounts of funding could have outsized benefits include: relocation benefits, retention bonuses, tuition loan assistance, internship programs and assistance with obtaining security clearances.

Student Engagement

A DBIA priority is engaging students to assure new talent is always entering the industry bringing their fresh perspectives, talent and energy. We have several strategies and established methods for achieving this. Going forward, and in coordination with our partners and members, DBIA will work with federal agency representatives to explore revising our programs to create opportunities for young talent to interact with federal agency representatives and learn about career options in that key sector.

Educator Outreach

DBIA's annual Educator Workshop provides a wide-reaching, baseline curriculum for professors and instructors alike to teach the principles of Design-Build Done Right™. DBIA will work with workshop organizers on the need for federal government talent, reaching out to federal officials for assistance.

Expanding the Talent Pool

The Washington, D.C., region is the focus of many federal agencies where a finite pool of young talent resides. Though this varies from agency to agency, there may be opportunities for expanding satellite/field offices to better nationalize that pool.

RETAINING AND SUPPORTING TALENT

Core Training

The need for useful and regularly updated training of federal agency officials is a continuing concern throughout the Forum discussions. The current training regime available to federal agency officials is not robust enough and does not cover core needs. Greater flexibility is recommended to expand the types of training and to bring in outside organizations and experts as needed. Industry can work together with agency officials to further review what sort of training is needed to improve agency skills. Further, strategies should be developed and put into place to realize and fund this training.

Retention Strategies

There is a lot of experience and talent that is walking out the door due to retirement eligibility. Strategies to retain effective experienced agency staff nearing retirement should be explored. One idea to examine is phased retirement, which is a broad range of employment arrangements that allow an employee who is approaching retirement age to continue working with a reduced workload

and eventually transition from full-time work to full-time retirement.

Rehiring Talent

There is also talent that has walked out the door but could be interested in returning for finite times

or on discrete projects. There are current hurdles to this which should be examined and rethought. The existing rehired annuitant authority should be pursued robustly by agencies for hard to fill positions, or positions that have historically proven difficult to retain critical knowledge.

Past Performance of Team Members Is Key

How do we assure we are getting the information/data we need to make informed team evaluations?

One of the strongest indicators that a specific project will be a success is the past performance of the firms and team members working on the project. This is not just for design-build projects, but across delivery methods. If team members have a proven track record of success they are more likely to continue succeeding. It is therefore imperative for agencies to get correct information on the performance of all potential team members.

The primary tool agencies use for recording and accessing this information is the Contractor Performance Assessment Reporting System (CPARS). CPARS is maintained by the Naval Sea Logistics Center under the authority of Federal Acquisition Regulation (FAR) requirements. It is used widely across federal agencies to collect past performance information for federal contractors and to utilize that past performance information in federal source selections.

PROPOSED SOLUTIONS AND STRATEGIES FOR IMPROVEMENT

Address “Just Another To-Do” Attitude

Due to time constraints and lack of understanding among leadership of the importance of

CPARS it is too often just another “to-do” when finishing a project, when it should be stressed that accurate use of CPARS is essential to improving project delivery.

- There also is little use of Addendum ratings, which are allowed to be submitted during the warranty period and might more accurately reflect project performance than a CPAR submitted shortly after final completion.
- There is a need for more education and training for agency officials. Further, extend related education to leadership and key Administration and Congressional decision makers.



Include Key Subcontractors

Subcontractors are essential to the success of projects, often actually doing the bulk of the work. Revising the CPARS to be able to include performance information on key subcontractors would improve its usefulness.

Remove Fear of Claims

Agency fear of claims¹ being filed by contractors also leads to the undermining of good CPARS data. Sometimes there is a sense that if an agency official gives a better CPAR than perhaps was warranted, that will shield them from claims from contractors. Efforts to reduce fear of claims among agency officials (sometimes a career damaging event) can help this. This is also a concern that has been raised in Federal Owners' Forums before and in different contexts. Better leadership, training and rethinking policy can help this.

Broaden Focus to Individuals

The focus of the system is contracting firms, not individuals, when it is individuals' performance that is key. Sometimes exceptionally talented and high-performing individuals leave highly rated firms. Consideration should be given to expanding the system to include performance of and information on individuals who were members of the teams.

¹ FAR 52,233-1 "Claim, ... means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract."

Include Financial Data

Currently financial data and information on the financial health of contractors is not included. This could be an important piece of the puzzle that would help agencies choose contractors. Exploring methods and feasibility of including financial health of contractors in the CPARS system would be beneficial.

Improved Data Retrieval

The Past Performance Information Retrieval System (PPIRS) is the system by which CPARS data is retrieved. It could be improved. Not only is it burdensome to retrieve data generally, but it is often difficult to obtain data beyond the last CPARS report or last annual report. This does not give a full picture to the user.

Reporting on Integrated Teams

The system is primarily focused on contractors and does not ask for information concerning design-build and other collaborative project delivery approaches. The standard questions address construction and design as non-integrated activities done in a design-bid-build contracting environment. This is a serious flaw in the system that Forums have identified in the past and should be addressed. To gain information on how successfully teams operate in an integrated manner, there need to be questions addressing integration/collaboration.

Conclusion

The agency officials who participated in the Forum are committed to finding tools, methods and strategies to improve federal project delivery. Some of the most important were discussed and distilled in this report. There are others and much room for further discussion and improvement. DBIA and SAME will work with Forum participants and other stakeholders where appropriate to prioritize and work to realize the proposed solutions and strategies put forth.

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 bestpractices@dbia.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 (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 is the only organization that defines, teaches and promotes best practices in design-build project delivery.

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.

Richard J. Formella, PMP, DBIA, CPPO

*President Design-Build Strategic Solutions, LLC
(Retired, Chief of Bio-Containment Contracting, DHS)*

Richard J. Formella is the President of Design-Build Strategic Solutions, LLC, a design & construction contracting process consulting firm. He recently retired from federal service as Chief of the Bio-Containment Procurement Branch for the Department of Homeland Security (DHS). He has over 32 years of federal acquisition/contracting experience and joined DHS in 2006 serving as a Head of the Contracting Activity through 2014. Prior to joining DHS, Mr. Formella was employed by the Department of Justice (DOJ), Federal Bureau of Prisons (BOP) for over 20 years and concluded his service at BOP as the Chief of Construction Contracting where he led and administered the \$3.0 billion dollar new federal prison construction contracting program. At the DHS he led the team providing design and construction contracting support for the DHS Science and Technology Directorate for major laboratory renovations and new construction an overall \$1.5 billion program. Mr. Formella is a certified Project Management Professional (PMP), a designated Design-Build Professional (DBIA) and a Certified Public Procurement Officer (CPPO).

S. Richard Benton, P.E., F.ASCE, DBIA

SR Benton & Associates

Rich Benton is a consultant to the engineering and construction industry providing consultant services and training to owners, design professionals and contractors focusing on design-build best practices, acquisition strategy, proposal development, contracting for public works projects and leadership development programs. Previously he was a Senior Vice President for the Pernix Group (formerly Telesource International, Inc.), an international construction company focusing on design-build projects for the U.S. State Department and other federal agencies. He also served 10 years as a senior executive with Centennial Contractors Enterprises, Inc, a general contractor with over 45 offices across the United States, providing primarily job order

Keith R. Molenaar, Ph.D., DBIA

Professor and Chair in the Department of Civil, Environmental and Architectural Engineering, University of Colorado Boulder

Dr. Keith R. Molenaar is the K. Stanton Lewis Professor and Associate Dean for Graduate Programs in the College of Engineering and Applied Science at the University of Colorado Boulder. His teaching focuses on project delivery, construction engineering, cost engineering and project controls. His research focuses on alternative project delivery, cost and risk analysis for infrastructure projects. Dr. Molenaar has performed project delivery and risk-related work for the California, Colorado, Florida, Minnesota, Texas, and Washington State Departments of Transportation. He has been a member of numerous technical review committees for projects including the Columbia River Bridge in Oregon and Washington, the SR520 Floating Bridge in Washington State, the San Francisco-Oakland Bay Bridge in California and the Panama Canal Expansion project in Panama. Dr. Molenaar is an active member the Design Build Institute of America (DBIA). He currently serves on the Design-Build Certification Board and has been recognized with the DBIA Academic Leadership Award (2000).

contracting and design-build construction services nationwide. Prior to entering the private sector, Rich served with the U.S. Army Corps of Engineers for 23 years where he served in a multitude of positions, both domestically and internationally, in construction, combat engineering, contracting and teaching assignments.

He is a Fellow of the American Society of Civil Engineers, a Past President of the National Capital Chapter of the Design-Build Institute of America (DBIA) and a member of the American Society of Mechanical Engineers and National Society of Professional Engineers. He is licensed as a professional engineer by the Commonwealth of Virginia and a Designated Design-Build Professional.

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