

U.S. Department of Veterans Affairs
Office of Acquisition and Logistics



Washington, D.C. Construction and Facilities Management Industry Forum
Summary Report

Submitted by:
Ambit Group, LLC.
1895 Preston White Drive, Suite 220
Reston, VA 20191

June 30, 2011



Strategy. Execution. Results.

Ambit Group, LLC, a Service Disabled Veteran Owned Small Business, is a results-driven, strategic management consulting firm. We draw on proven methodologies and a commitment to our client's success to provide services and solutions that deliver meaningful, measurable and sustainable results

TABLE OF CONTENTS

Executive Summary.....	3
Key Findings and Recommendations	3
Construction Management.....	4
Large Scale Construction Projects.....	8
Architecture	9
Engineering Firms	10
Other/Miscellaneous Group	11
Appendix A: Agenda.....	12
Appendix B: Attendance	14
Appendix C: Focus Group Protocols.....	17

Executive Summary

When: June 20, 2011

Where: The Westin Georgetown, Washington, D.C.

Number of Attendees: One hundred and two attendees from approximately seventy-five companies participated in five breakout sessions.

This report contains the findings and analysis from five facilitated breakout sessions that occurred at the Department of Veterans Affairs Office of Construction and Facilities Management (CFM) Industry Day Forum on Monday, June 20, 2011 in Washington, D.C.

Industry Breakout Groups:

- Construction Management
- Large Scale Construction Projects
- Architecture
- Engineering
- Miscellaneous/Other

Key findings:

Processes, Policies, and Procedures:

RFI/RFP

- VA should release RFPs with better defined specifications.
- RFI questions should be answered in a timely manner.
- VA is not relying on technical approaches and scores. There is no sense of fairness across VA. Contractors feel VA is being dishonest and not abiding by best value practices.
- VA should define "best value."
 - It seems the lowest dollar amount gets the job because everyone is qualified; therefore, companies are bidding low, and then after award, are submitting change orders.
- Technical qualifications of the construction management firm should be more important than price, especially when price is unclear so early in the process.
- Design standards should be updated across the board; some existing standards are extremely outdated and as a result can be far too costly.

Timeliness

- Timeframes are constantly extended and dates slip, resulting in costly delays for projects.
- There is too much time in between award to a construction contractor and the design period.

Early Contractor Involvement (ECI):

- Construction contractors feel they are not being brought on early enough in the process.

- The contractor should get involved as early as possible with the architect to avoid having to correct design errors later in the life of the project.
- Select the General Contractor to provide service during the design phase. For preconstruction and construction services, the whole package should be in place from the beginning.
- The AE (Architect/Engineer) and contractor teams should come in together at the time of solicitation.
- VA construction sites are extremely complex. Having the contractor on board earlier to plan the logistics can have a tremendous payback for the project.

Training/Staff Issues:

Integrated Design Construct (IDc)

- VA staff should be more knowledgeable and proactive in how best to administer an IDc project from the initiation of an RFP to actual contractor management.
- VA should invest more employee time, attention, and expertise to the IDc process to make it work effectively.
- VA is understaffed. There are not enough people engaged in the IDc process to make it efficient.
- Contractors would like VA to provide them with the rationale for moving to the IDc process. There seems to be a lack of understanding of IDc even internally at VA.
- Frequent staff turnover, particularly among contracting officers, creates problems and delays for contractors in the construction process.
 - Going through three or more Contracting Officers (CO) and Contracting Officer's Technical Representatives (COTR) on a single project is common. The new ones often discredit the old ones and want to change the project.
 - This leads to delays and complications in construction.
- Going with the lowest price and saving money seems to be the culture at VA. So what is the goal in going to IDc?
- VA Staff are not well educated in Design-Build. Lump sum low price is always reverted back to no matter the circumstance.

Best Practices:

- There should be willingness from the top down to reach out to other agencies. VA has been invited to Federal project symposiums by other agencies, but VA refuses to change and learn from others.
- There is no standard language or set of terminology. Even within VA and CFM, people are using different terms, even contradicting each other at times.

Communications:

Customer Service:

- There should be a better system in place for answering VA emails; the response time is either far too long when working against a timeline, or emails go unanswered.
- There is separation between the VA CO and the VA end user. They are not coordinating and are at odds. There is a substantial disconnect and both parties seem to have different goals.

- There is a struggle internally at VA as well. They will have to change their culture to achieve process improvements.
- The VA has a tendency to revert to old processes.
- There's no urgency by the VA ownership to improve the work they put out and responses they give. This attitude seems systemic across the VA.

Recommendations

Communications

- Make VA representatives more available for one-on-one dialogue with contractors at tradeshow and conferences, rather than just participating in panels.
- Use technology (e.g., email, blogs, conference calls, etc.) to exchange information with contractors instead of requiring attendance at Industry Days and other forums that require travel.
- VA should work to improve customer service, including developing an attitude of professionalism in the workplace, while addressing personnel quantity.

Processes:

- Take more time and be more thorough in the RFP process before it becomes publicly available. If you are going to do IDc on a project, it is a complex project as is, so be more specific and defined in the RFP.
- VA should expedite the procurement process and cycle selection for an IDc that is less than ten months.
- Vendors see a high degree of professionalism in the Army and Navy, but do not get similar service from the VA. There needs to be training to improve their skills in handling and responding to questions.
- Forum attendees want to know what the goals are and what VA is going to do to reach these goals. VA needs to fully commit to the improvement of the IDc process. VA needs someone to manage this process, not advise them.
- By the time they [VA] get the contractor on board for preconstruction services, it is too late for a smooth working relationship. The General Contractors (GC) and preconstruction designer should be contracted at the same time.
- VA needs to justify why they are choosing the lowest bidder instead of throwing him out. People are bidding unreasonably low numbers for large projects and should be thrown out. It is not possible to do these projects for such a low dollar amount.
- The VA should avoid treating GC's as the enemy.
- If VA could change the price point such that it reflected general condition fees and profit, it would incentivize contractors to reduce costs.
- Procure AE and GC at the same time. Don't wait until after the design team is brought on to bring on the GC.
- The budget should be made clear to all parties, owner, designer and builder, from the start of the project so that everyone can be working towards a common purpose limit the potential for rework.

Training:

- VA needs to train all employees who will be working on these types of contracts on how to use the contract vehicles and how to manage the projects. This training needs to include all levels of the organization and all aspects of the project team.
- For VA to be most successful, they should reach out to other government agencies and bring them in as subject matter experts (SMEs).
- VA should look to the Army Corps of Engineers (ACE) for education on ECI. Currently, they don't know how to effectively enforce the new process or how to evaluate whether they have a bad contractor in place.
- For staffing, VA should use Construction Management (CM) and Project Management (PM) firms.
- VA should align contract language between AE, CM, and contractor.
- When using IDc, there should be a rigorous qualifications-based process used for selecting contractors.

Construction Management

Facilitator: Paul Cooper

Note Taker: Geoff Mapp

Key Themes

- Contractors want to make it easier for the vendor to submit high-quality proposals. The requirements in Requests for Proposal (RFPs) and Requests for Information (RFIs) should be more clearly-defined and specific; boilerplate language should be avoided. If there is no intent on using a small business, make that known so that small businesses do not use the resources unnecessarily; the cost of going after large contracts with the VA and losing that bid could cripple a small business.
- VA staff should be more knowledgeable and proactive in how best to administer an Integrated Design Construct (IDc) project from the initiation of a RFP to the actual contractor management.
- Small businesses feel overlooked and underserved, feeling as if the VA only engages with large businesses that can handle large projects.
- The contractor should get involved as early as possible with the architect to avoid having to correct design errors later in the life of the project.
- Update design standards across the board; some existing standards are extremely outdated and as a result can be far too costly.
- VA does not invest enough employee time, attention, and expertise to the IDc process to make it work effectively.

Recommendations

- Decisions are often made at inappropriate levels. In some cases, individual users of the facilities are making decisions that should be handled at the system level. In other cases, decisions should be pushed down to the field level.
- Provide more detail and transparency in project forecasts
- Update design standards.
- Make adjustments to CFM policies and procedures based on this forum and the recommendations of the Inspector General's report.
- Make VA representatives more available for one-on-one dialogue with contractors at tradeshow and conferences, rather than just participating in panels.
- Use technology (e.g., email, blogs, conference calls, etc.) to exchange information with contractors instead of requiring attendance at Industry Days and other forums that require travel.

Large Scale Construction Projects

Facilitator: Harold Gracey

Note Taker: Jennifer Rhea

Key Themes:

- There is a marked difference between Design-Build and Design-Bid-Build. Design-Build is being handled like Design-Bid-Build, which is incorrect.
- What is the VA's ultimate goal with IDc? We haven't heard their rationale or goals.
- They [VA] are struggling with when to bring in the design team.
- By the time they [VA] get the contractor on board for preconstruction services, it is too late for a smooth working relationship. The GC and preconstruction designer should be contracted at the same time.
- The VA needs more fervor in going after IDc.
- VA is not relying on technical approaches and scores. There is no sense of fairness across VA. They are not being honest or abiding by best value practices.
- The VA is much better than other Federal agencies at involving service disabled veteran owned small businesses (SDVOSBs).
- No answers are provided when questions are asked during the RFI period.
- "The VA is not open to change. So many people are set in their ways and not willing to change at VA."
- Timeframes are constantly extended and dates slip, resulting in costly delays for projects.

Recommendations:

- The contracting staff needs the same level of training in IDc across VA as they do for Design-Build.
- Select the GC to provide service during the design phase. For preconstruction and construction services, the whole package should be in place from the beginning.
- There should be willingness from the top down to reach out to other agencies. VA has been invited to Federal project symposiums by other agencies, but VA refuses to change and learn from others.
- We want to know what the goals are and what VA is going to do to reach these goals. They need to fully commit to the improvement of this IDc process. They need someone to manage this process, not advise them. Someone has to lead them.
- Procure AE and GC at the same time. Don't wait until after the design team is brought on to bring on the GC.
- Talk to other agencies and benchmark other agencies for best practices for replication.
- VA needs to know and determine why they are using this new method and set goals to achieve. How are they going to achieve it? After today, attendees have more questions than they started with.

Architecture

Facilitator: Doug Black

Note Taker: Daniel Palcic

Key Themes

- Define Processes, Goals, and Objectives
 - IDc
 - Electronic documents
 - Joint Project Team Meetings
 - Formal Deviation and Variance
- Better Define Requirements and Scope
 - Solicitation
 - Program
 - Bring End Users, COs, and AEs into design
- VA Staff
 - Overworked staff
 - Undertrained staff in use of IDc
- Early Contractor Involvement
 - Pre-qualify CM and contractors and then select based on the short list of prequalified candidates.
 - Combine AE and CM contractor selection
 - Select CM and contractor on best value, not lowest cost
 - Align contract language between AE, CM, and contractor

Recommendations:

- Define terms and process across VA with common definitions, not just how someone interprets it.
- Need trust between VA management, end user, design team, CM, and contractor.
- Look at the U.S. Army Core of Engineers (ACE) Project Staffing vs. VA CFM.
- Standardize variance process across projects.
- Look at projects from a regional view.
- Marry budgets earlier between the contractor and AE.
- Use electronic documents.
- In order to make the process valuable, the GC may have the whole team present (including sub contractors), as the FAR says every part of a project is a competitive bid.
- There is a cultural conflict with the FAR, risk aversion, and industry best practices with CM@R.
- Consider an AE IDc, contract with end user or owner.
- Start having “fire side chats” (informal, no minutes) with the stakeholders and project team.
- All agencies have the weight of processes that add time and cost. When was the last time that something happened and eliminated the ones that are not producing an outcome? Address risk directly, not via over-process.
- Have the AE and contractor teams come in together at the time of solicitation.
- Align AE and contractor contracts.
- Improve the clarity of the solicitation.

- Integrate equipment, IT, and security systems/contracting earlier.
- Do not short cut the selection process.
- Be more timely.

Engineering Firms

Facilitator: Patrick Tallarico

Note Taker: Jason Heffner

Key Themes

- It is unclear what the real difference is between the IDc process and other similar processes (e.g., true Design-Build).
- Construction contractors feel they are not being brought on early enough in the process.
- It does not appear to contractors that VA staff fully understands how the new contracting process works and are reluctant to embrace it.
- There are more dependencies in an integrated process than in a traditional Design-Bid-Build approach. A delay in one part of the process can easily impact another part.
- Some participants expressed concern that a Design-Build process adds pressure to do work with low initial costs (to meet price ceilings) and that the process may not adequately account for lifecycle costs.
- These types of projects demand a high degree of collaboration among team members and success often depends upon a skilled PM, supported by a strong COTR and nimble contract management team.
- The determination of whether to use this type of approach on a project has less to do with the project size (e.g., over \$100M) and more on the sophistication of the project team members; even small projects can benefit from an integrated process. This sophistication threshold may challenge current notions about set-asides.
- VA should consider using EVMS as a project management tool for tracking actuals to budgeted costs. The contractors that will be using EVMS, however, will need training. Additionally, the FAR clause could pose barriers to full implementation of EVMS by AE and CM firms.

Recommendations

- The construction contractor should be pulled into the contracting process as early as regulations permit. Involve the construction contractor in the process earlier as the process is designed to do.
- If VA could change the price point such that it reflected general condition fees and profit, it would incentivize contractors to reduce costs.
- Technical qualifications of the construction management firm should be more important than price, especially when the price is unclear so early in the process. The selection criteria should be clear in the solicitation.
- The budget should be made clear to all parties, owner, designer and builder, from the start of the project so that everyone can be working towards a common purpose limit the potential for rework.
- VA should set up Centers of Excellence to assist in the contracting process.

- VA needs to initiate a culture shift and train their staff (contracts, project managers, VISNs, etc.) on the IDc approach and associated contracting mechanisms to ensure success.
- There need to be clear lines of communication among the project team members, especially in relation to decision making.
- VA should consider using early work packages that are done on Time & Materials (T&M) basis or fixed price for early work by the construction contractor. This could be followed by a full Firm Fixed Price contract after the budget is known or the project design is complete.
- VA should consider issuing a draft RFP so that industry can comment on the draft and VA can address issues before issuing a final RFP.
- VA must standardize processes as much as possible and consider hiring an outside firm specializing in project management to serve VA for these types of projects.
- VA should consider using a matrix of roles and responsibilities for each project to clarify how teams will work together.

Other/Miscellaneous Group

Facilitator – Brian Baker

Note Taker – Stephen Gunderson

Key Themes

- VA staff is overworked and not available to work or meet with contractors as much as they think is necessary throughout a project.
- Flexibility is key for VA when planning and coordinating very large and complex construction projects.
- Frequent staff turnover, particularly among contracting officers, creates problems and delays for contractors in the construction process.
- Contractors would like to be brought in at the very beginning of the process to work in conjunction with the owners and designers. This will improve the project from the beginning and ultimately reduce delays and complications.
- VA should consider life cycle costs and total cost of ownership when determining the cost of a building.
- VA should embrace best practices used by other government agencies and the private sector to help improve its contracting and construction processes.

Recommendations

- VA should allow needs and project manager's experience to dictate delivery methodology rather than strict policy (e.g. allow for Design-Build approach on opportunities valued at greater than \$10M if it is the most applicable).
- Multi-prime contracting should be recognized as a viable alternative.
- Life cycle costs and total cost of ownership should be factored in the budget process from the beginning of planning.
- VA should be more consistent in the use of performance and prescriptive requirements for contractors to meet.

Appendix A: Agenda

Time	Session
8:00 – 8:30 am	Registration and Informal Interaction – Morning Beverages
8:30 am	<p>Welcome: Thaddeus Willoughby</p> <ul style="list-style-type: none"> Goals of this Forum Why this forum is important Forum Agenda Roles of Attendees, Facilitators, VA CFM representatives.
8:45 am	<p>CFM Update presentation by Norbert Doyle, followed by Q&A</p> <ul style="list-style-type: none"> Overview of CFM and its acquisition process Major VA projects underway and in the pipeline How/why we believe that improvements in selection criteria and the IDc, CM@R, and ECI processes could help CFM be more successful.
9:30 am	BREAK
9:45 am (including 10 minute break)	<p>Facilitated Breakout Session</p> <ul style="list-style-type: none"> General thoughts or impressions about working with CFM on large-scale healthcare design and construction projects, the goals of this forum, the content of the CFM Update Input on how VA can use IDc, CM@R, and ECI contracts CM@R and ECI contracts. Aligning architect and engineering (A/E) responsibilities with an IDc contractor and VA goals: What practices should VA adopt? How might VA expedite procurement and construction timelines? Use of EVMS for managing large-scale healthcare construction projects – What does and does not work? VA's Surety and bonding requirements: How has this affected your business? What practices should VA adopt? How CFM can attract the best contractors and get the best practices? What are the top challenges and solutions? OPTIONAL: What questions would you pose to CFM staff?
12:00 pm	LUNCH (participants on their own)
1:30 pm	<p>Office of Small and Disadvantaged Business Utilization (OSDBU)</p> <p>Presentation by Francis Bond on OSDBU's role with CFM on large-scale healthcare construction projects.</p>
1:50 pm	<p>Plenary Session: Breakout Groups Report</p> <p>Facilitators report back on the morning breakout sessions, highlighting Significant Challenges and Promising Solutions.</p> <p>Facilitated discussion</p> <ul style="list-style-type: none"> What are your thoughts about these lists? What's surprising? What's missing? What questions do you have about anything on these lists? Which challenges do you think are most significant? What approaches/solutions would be most promising? What other information would help CFM?

	Confidential Voting – Participants vote (via secret ballot) for the biggest challenges they see facing CFM, and the most promising solutions they hope CFM will adopt.
2:50 pm	BREAK
3:05 pm	CFM Q&A
4:05 pm	Winding Down: Thaddeus Willoughby <ul style="list-style-type: none">▪ Next steps▪ Feedback on this summit; ideas to improve future forums▪ Final thoughts▪ Adjourn
4:15 pm	Networking Reception

Appendix B: Attendance

First Name	Last Name	Organization or Agency
Javid	Aboutorabi	Clark Construction Group
Tom	Anglim	
Terry	Barclay	TL Services
John	Barotti	Skanska USA
Bill	Beigle	Gladys Gatlin Foundations
Michael	Benjamin	BR+A Consulting Engineers
Rick	Bond	HKS, Inc.
Scott	Borges	Atkins Engineering
Steve	Boyle	Pepco Energy Services
Jack	Brady	Rolf Jensen & Associates
Peter	Brooks	Huelat Parimucha, Healing Design
Ed	Brundage	Global Engineering Solutions
Jonathan	Buff	Leo A Daly
Patrick	Burns	Mortenson Construction
John	Capelli	EwingCole
Steve	Carr	Architect, AIA
Jawahar	Chaudhary	NIKA
John	Cook	Honeywell
L.Shea	De Lutis-Smith	Clark Construction Group
Lawrence	Delaney	PageSoutherlandPage, LLP
Scott	Denniston	National Veteran Small Business Coalition
Peter	Downes	The Downes Company
Peter	Downes	
Erik	Eshleman	Barton Malow Construction
Mark	Farmer	Cannon Design
Kevin	Farquhar	HGA Architects and Engineers
Suzanne	Ferris	HGA Architects and Engineers
John	Filice	JMF Enterprises
Steven	Fischer	WorleyParsons
Steve	Gressel	Skanska
Ray	Hallquist	Kiewit
Leslie	Hanson	HKS, Inc.
Michael	Harrington	Balfour Beatty Construction
Robert	Harris	Eaton Corporation - electrical sector
Carol	Harris	Gladys Gatlin Foundations
William	Hartle	PJ Dick Inc
Diane	Hartley	Clark Construction Group
Robert	Hellman	Shaw
Mark	Howell	Skanska USA
John	Johnson	JR SERVICES LLC
Jeff	Johnson	ARGO Systems LLC
Aram	Kailian	Leo A Daly
Joel	Keels	KCI Technologies
Frank	Kemp	Veterans Construction, LLC.
Kevin	Kiley	Urotwenty, Inc.

Michael	Kilgo	CommScope Inc.
Douglas	King	VOA Associates Inc.
James	Kiriazes	Honeywell
A.J.	Klebba	Kewit Turner a Joint Venture
Bill	Kline	SmithGroup
Andrew	Kocher	Walsh Group: Archer Western / Walsh Construction
Sally	Lee	SmithGroup
Terry	Looper	TL Services
James	Lynn	Jacobs
Scott	Mackey	Lee, Burkhart, Liu
Jennifer	Macks	Skanska USA
Jay	Manik	CDM
David	Mannix	Sebesta Blomberg & Associates, Inc.
Gary	Martin	RTKL Associates
Scott	Martin	Heery International, Inc.
Neil	McCallum	Flad Architects
Erin	McLaughlin	Dewberry
Amelia	McLellan	TDX Partnership - Developer Consultant
Jane	Milici	donley's
Phillip	Moffson	Array Healthcare Facilities Solutions
Emmanuel	Montanez	EG Montanez Construction, Inc
William	Nelson	GLHN Architects & Engineers
Jeff	Nicholas	Broaddus& Associates
Lee	Norton	ECC
Doug	Parris	
Colby	Payne	Vali Cooper International, LLC
Gretchen	Pfaehler	Michael Baker
Jake	Ploeger	PJ Dick Incorporated
Alfred	Potter	Gilbane Building Company
Chris	Prinslow	Kansas City District, USACE
James	Reichart	Walsh Group: Archer Western / Walsh Construction
Joel	Ross	GML, LLC dba J.D. Belfield Enterprises
Michael	Rossi	Vali Cooper International, LLC
Carlos	Sanchez	MBP
William	Schlein	WHR
Jeff	Schramm	Gilbane Building Company
Marc	Schweitzer	The Design Partnership LLP
Nathan	Sears	Virtus A.G., Inc.
Ryan	Seckinger	WALTER P MOORE
Richard	Shelton	Royce Construction Services
Donna	Shott	Kiewit Turner a Joint Venture
John	Sibley	Kiewit Building Group
Christopher	Smith	The Barbour Group, LLC
Susan	Smits	Mabbett & Associates, Inc.
David	Spahr	RTKL Associates
AJ	Thackrah	Stantec
John	Thompson	Eaton Corporation
Kurt	Twiford	Conexus, inc.

Erin	Valentine	McCarthy Building Companies, Inc.
David	Verner	SSOE Group
Mary	Wiedorfer	KCI Technologies
Frank	Willcoxon	Healing Design
Deb	Wittle	STV Group, Inc
Phil	Yance	Robins & Morton
Rita	Yurow	SOM

Appendix C: Focus Group Protocols

Morning Session

- General thoughts or impressions about working with CFM on large-scale healthcare design and construction projects, the goals of this forum, the content of the CFM Update
- Input on how VA can use IDc, CM@R, and ECI contracts
- Best (and worst) practices you have seen at other Federal agencies on IDc, CM@R and ECI contracts.
- Aligning architect and engineering (A/E) responsibilities with an IDc contractor and VA goals: What practices should VA adopt?
- How might VA expedite procurement and construction timelines?
- Use of EVMS for managing large-scale healthcare construction projects – What does and does not work?
- VA's Surety and bonding requirements: How has this affected your business? What practices should VA adopt?
- How CFM can attract the best contractors and get the best practices?
- What are the top challenges and solutions?

Afternoon Session

The afternoon session consisted of the following presentations:

- A presentation from the Office of Small and Disadvantaged Business Utilization (OSDBU) on its role with CFM large scale healthcare construction projects.
- A group plenary session in which Facilitators reported on findings from the morning breakout sessions, highlighting significant challenges and promising solutions.
- A facilitated discussion on forum attendee's thoughts about the findings and analysis provided during the plenary session.
- Confidential voting: Participants voted via secret ballot for the biggest challenges they see facing CFM and the most promising solutions they hope to see CFM adopt.