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UNITED STATES OF AMERICA

DEPARTMENT OF STATE

INDUSTRY ADVISORY PANEL MEETING

THURSDAY, MARCH 27, 2003

9:41 A.M.

U.S. DEPARTMENT OF STATE  
2201 C STREET, N.W., ROOM 1107  
WASHINGTON, D.C.

22 Reported and transcribed by Deborah Turner, CVR

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Industry Advisory Panel Members

Harold L. Adams, RTKL Associates, representing the  
American Institute of Architects

Jeffrey L. Beard, Design-Build Institute of America,  
representing same

Harvey M. Bernstein, Civil Engineering Research  
Foundation/International Institute for Energy  
Conservation, representing same

Ida B. Brooker, The Boeing Company, representing  
Women Construction Owners and Executives, USA

Robin Olsen, affiliation unknown

David H. Ready, OR Partners, Inc., representing the  
National Association of Minority Contractors

Thomas J. Rittenhouse, III, Weidlinger Associates,  
Inc., representing the American Society of Civil

22 Engineers

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1 Derish M. Wolff, The Louis Berger Group, representing  
2 the American Council of Engineering Companies and the  
3 Building Futures Council

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5 Joel Zingeser, Grunley Construction Company, Inc.,  
6 representing The Associated General Contractors of  
7 America

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1 Overseas Buildings Operations

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3 Charles E. Williams, Director/Chief Operating Officer  
4 Suzanne Conrad, Chief of Staff

5 Charles Floyd, Director, Project Development Division

6 Jurg Hochuli, Managing Director, Resource Management

7 James Robertson, Managing Director, Operations and  
8 Maintenance

9 Joseph Toussaint, Managing Director, Project

10 Execution

11 Terry Wilmer, Director, Real Estate Acquisitions and  
12 Disposal

13

14 P.K. Bagchi, Director, Construction and Commissioning

15 Jackie Hayes-Byrd, Director, Management Support  
16 Division

17 Deborah Glass, Director, Security Management Division

18 Greg Krisanda, Facilities Management

19 Bill Miner, Director, Design and Engineering Division

20 Gay Mount, Director, Project Planning

21 Gina Pinzino, Special Assistant for General Williams

22 Theous Rhem, Administrative Support  
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- 1 John Tato, Director, Project Evaluation and Analysis
- 2 Steve Urman, Director, Safety, Health and
- 3 Environmental Management Division
- 4 Vivien Woofter, Office of Interior Dimensions

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1 PROCEEDINGS

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3 GENERAL WILLIAMS: Good morning. Good to  
4 see everybody again. This time we have a square  
5 table. We've done one year around the round table  
6 and now we're at a square table. Indeed, we're  
7 making progress.

8 We're delighted to have our panel back with  
9 us again and we look forward to another productive  
10 time together. As you know, today will be just a  
11 little bit more crowded because we have a couple of  
12 events that are not normally a part of our program.  
13 But nevertheless we will proceed ahead as we normally  
14 do and hopefully have a good interaction.

15 Before we do we have some administrative  
16 announcements. I do want to welcome and recognize  
17 all of those who may be visiting and sitting in with  
18 us as visitors or nonpanel or staff members. So  
19 starting over on my left I would like to start with  
20 the gentleman by the light switch and we'll just go  
21 around.

22 (Whereupon, the visitors introduced

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1 themselves.)

2 GENERAL WILLIAMS: Now, we've recognized  
3 the visitors but we'll have also my staff introduce  
4 themselves and you'll get an opportunity to know who  
5 you're interacting with.

6 (Whereupon, the staff introduced  
7 themselves.)

8 GENERAL WILLIAMS: And this is an excellent  
9 time to stop, with staff, because we'll have two  
10 administrative announcements, one from Gina to tell us  
11 kind of how the day is going to go and then the next  
12 would be from Joyce to talk a little bit about a  
13 couple of little security tweaks we have this time  
14 around. Gina?

15 MS. PINZINO: Thank you. Good morning,  
16 everyone. Welcome once again and welcome to the  
17 newcomers. This is the first industry advisory panel  
18 for this year, and I just want to point out that we  
19 are in a different room this time and this is going  
20 to be yet again a wonderful opportunity to work  
21 together and have a successful meeting. Thank you.

22 GENERAL WILLIAMS: Joyce?

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1 MS. HENDERSON: Yes, sir. Good morning again.  
2 I'd just like to provide you with just some security  
3 procedure updates and reminders. The State  
4 Department has been going through a series of drills  
5 for evacuations.

6 And I just wanted to let you know in this  
7 building if, for some reason, the P.A. system  
8 announces that there is a drill or if there is an  
9 actual emergency there are two types that we ask you  
10 to pay close attention to.

11 If it's an evacuation please note the  
12 closest exit and depart the area. If it is a  
13 stay-in-place drill or emergency then you would stay  
14 in place, take the instructions that have been  
15 provided to you to stay in place or get away from  
16 windows.

17 The other thing is that because we are at  
18 Code Orange you noticed your entry today was a little  
19 different at the front desk as you went through the  
20 metal detectors with the wands. We're asking that  
21 all visitors when you are in the area please ensure

22 that you're with an escort.

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1 We have about 10 to 15 staff members here  
2 so we can escort up to 10 visitors at the time. So  
3 we just don't want you out and about and have the  
4 uniform police officers, you know, stop you. So  
5 please make sure that you're with a staff officer.  
6 And at the end of the day please remember to turn  
7 your blue badges in. Thank you.

8 GENERAL WILLIAMS: Once again, welcome,  
9 particularly to our visitors. Our panel is before us  
10 and we will start a healthy interaction.

11 For those of you who have not been to one  
12 of these before you will just take note and observe  
13 how we operate. For the benefit of the new persons  
14 the whole purpose of this panel was to have a body of  
15 volunteers. These ladies and gentlemen are  
16 volunteering their time because they love their  
17 country and secondly because they have some degree of  
18 trust and confidence in what we're trying to do here  
19 for our government.

20 And as a result they come together and  
21 share their knowledge that they have gained through  
22 the years from a number of different corners of

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1 industry and help us with our processes.

2 The current Overseas Building Operation is  
3 built around a results-based mentality or operational  
4 concept meaning that we step away from the  
5 traditional government way of doing things and focus  
6 on accountability and performance. That's the only  
7 two things that count in our organization. Because  
8 of what we have to do and the magnitude of the work  
9 we cannot take a traditional approach to do our  
10 business.

11 Our panel is well aware of this. They've  
12 been briefed in detail on our approach and I think I  
13 can speak for them that they subscribe in a very  
14 collective way to what we are trying to do.

15 We have taken many initiatives over the  
16 last 24 months. We've just concluded my 24th month  
17 as being director and during this period of time we  
18 have completely reorganized the organization.

19 We have made it results-based and we are  
20 currently employing the best practices that we can  
21 put in place from industry. And it is paying

22 dividends.

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1 I think we have gained considerable  
2 credibility with our stakeholders, clearly with the  
3 person who runs this department, Secretary Powell.  
4 You may have heard many of his testimonies; most of  
5 them have been televised. You've heard what he has  
6 said about the current organization. He has been  
7 very pointed about our connectivity to industry and  
8 looking at best practices. So once again he  
9 recognized the importance of this panel as well.

10 This is a transparent proceeding. It is  
11 obviously open and we will discuss things very openly  
12 and frankly. I think one of the good parts about the  
13 experience for the last 12 months has been the fact  
14 that we have been able to operate very candidly and  
15 openly. So that has given us a tremendous upstart.

16 Also, since we last met I just need to  
17 inform the panel that, as you know, that we are on a  
18 glide path now to open eight new embassy complexes  
19 this year. This is a quantum jump from anything that  
20 this function has been able to do in the past.

21 As you know, we have generally said the  
22 best year or years have been one or two embassies a

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1 year in terms of new opens. We are on a glide path  
2 this year to open eight new compounds. And as you  
3 know, it is not just one building; it is a series of  
4 structures on a particular site. In fact, it is a  
5 campus that we're building.

6 So when we speak about eight new things we  
7 are talking now eight new campuses which generally  
8 will have anywhere from three to five buildings  
9 including parking, generally on a 10-acre site. This  
10 is a green site that we procure and then make the  
11 construction.

12 I'm happy to report that we have opened  
13 this fiscal year a new embassy in Tunisia. This is a  
14 wonderful facility. I would commend, if you're  
15 visiting in that area, please go by and take a look.  
16 It is open.

17 Also, which is very important and has a lot  
18 of connectivity to the whole terrorist business, is  
19 the reopening of the embassies in East Africa,  
20 specifically Nairobi in Kenya which was opened the  
21 first weekend in March. A very large embassy. In

22 fact, it's the largest in the sub-Saharan at the  
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1 moment. A new diplomatic facility. A wonderful  
2 ceremony, almost a thousand persons.

3 This embassy brought back many of the  
4 families of those who unfortunately were wounded in  
5 that horrible explosion four or five years ago.

6 Down the East Coast 200 or so kilometers  
7 you'll find Dar Es Salaam, Tanzania. We opened that  
8 complex as well with a new embassy and a new building  
9 for US-AID. This is a wonderful campus. In fact, in  
10 the words of one of the senior officials in that host  
11 country that this is, if not the best, one of the  
12 best complexes or facilities in that particular  
13 country.

14 So I think this speaks very highly of what  
15 we are trying to do. These are the three openings.  
16 We have two openings that we expect to come on board  
17 in the next 60 days specifically in Istanbul, Turkey  
18 will be one of our largest consulates around the  
19 world that we will be opening in Turkey.

20 And also in Zagreb, Croatia will be  
21 another. And, of course, we will keep marching  
22 forward until we complete the eight.

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1 We have Sao Paulo and Abu Dhabi in the  
2 Emirates and so on coming up later on during the  
3 year. So all in all, we have four buildings up,  
4 counting US-AID and four to go. And that will be the  
5 eight openings for this year. That's by way of a  
6 little update.

7 Going forward we currently have under our  
8 construction and commissioning about \$2 billion of  
9 work. We have another close to a billion dollars of  
10 work to be awarded this year. So we are very busy  
11 and very active and moving ahead with our program.

12 We have received very favorable responses  
13 from our stakeholders in the Congress with respect to  
14 our program. They have been sympathetic to funding  
15 and have basically supported us across the board.

16 I can say to you that there will be a  
17 historical event hopefully this year. The State  
18 Department will be launching construction and  
19 groundbreaking exercise for the largest diplomatic  
20 facility that it has ever undertaken. And this will  
21 be in Beijing, China, hopefully, before the snow

22 falls. We have a little tidying up to do but we  
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1 think that we have worked the arrangements to the  
2 level that we'll be able to break ground.

3 And just around the corner, following about  
4 six months after Beijing, will be a ceremony that we  
5 have been waiting for for at least 10 or 15 years.  
6 And this will be the launching of our new diplomatic  
7 facility in Berlin, Germany.

8 Both of these are very historical  
9 undertakings and just letting you know basically what  
10 we're doing. And, of course, in between that we have  
11 another 400 or so projects that we are working on  
12 around the world. Okay. With that --

13 MS. OLSEN: I was going to ask how will  
14 Iraq figure into that?

15 GENERAL WILLIAMS: That's a good question.  
16 I can tell you that, as you know, we -- in a month or  
17 so, a couple of months, we'll be launching a new  
18 reconstructed complex in Kabul, Afghanistan. So this  
19 will be a major complex on 14 acres. We were able to  
20 salvage the site where our old embassy was. So we  
21 will be launching that major effort.

22 To answer Robin's question, we have been  
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1 busy, obviously, for the last -- for some time  
2 anticipating a need to put in place a diplomatic  
3 platform in Iraq. When the situation stabilizes and  
4 our Secretary and the President is ready to stand up  
5 a diplomatic presence we have a two-tiered plan.

6 The first plan is to move in as quickly as  
7 we can and get a temporary presence on site and to  
8 allow the business to take place. And then we will  
9 go immediately into the planning and the arrangements  
10 for a permanent complex at a place and a location yet  
11 to be determined. Obviously, it will be somewhere in  
12 Iraq but the location and all of that has yet to be  
13 determined.

14 We have already presented and made the type  
15 of request available and you know that we have some  
16 standard products now that we can get a jump start on  
17 this very quickly. And we'll just see where that  
18 takes us. At the moment we're looking at a compound,  
19 as I have just mentioned, with three or four  
20 buildings and some support facilities for starters.  
21 And then we'll just see where that takes us. But

22 we've already done that plan.

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1 Are there other questions of a general way  
2 before we get started? Okay. I think we're ready to  
3 go. We've had a couple of other people come in. I  
4 don't want to ignore you and I just want to recognize  
5 your presence, this wonderful group that just walked  
6 in under the monitor there.

7 (Whereupon, the new visitors introduced  
8 themselves.)

9 GENERAL WILLIAMS: Thank you very much.  
10 One of the things that we have tried to do as well,  
11 and I would just mention this, is to be in  
12 partnership because we are all trying to get to the  
13 same point and we, in effect, are connecting the same  
14 dots.

15 Our country is at war and this is no time  
16 to fight with each other. So we have adopted a  
17 policy starting two years ago where we invite all of  
18 the oversight agencies to become a partner of ours  
19 and try to understand what we are doing.

20 So we're delighted to see the GAO here  
21 today because they do their work. They do it very  
22 effectively. But at the same time we invite them to

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1 whatever we're doing to make certain that they have a  
2 good understanding of how we're proceeding with the  
3 management of the government's business. So we're  
4 delighted to have them in place.

5 Okay. Are there other questions? Any  
6 member of the panel have any openings before we get  
7 started? Okay. You have gotten your homework, I'm  
8 assuming, right, Gina?

9 MS. PINZINO: Yes.

10 GENERAL WILLIAMS: Okay. So having gotten  
11 that homework I know you're ready and eager to go.  
12 The first concern -- we have many but the first  
13 concern that we would like to hear your views on is  
14 -- excuse me. One other announcement. There is a  
15 very wonderful exhibition that is on this same floor.  
16 It's some of the work that is taking place at a  
17 historical restorations site in Paris, France, the  
18 Talleyrand building.

19 You know this building has a lot of  
20 history. It's associated with the Marshall Plan and  
21 all so you might want to find a way, the staff can

22 show you where this is located, while you're here  
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1 you might want to just take a glance at that  
2 wonderful exhibition.

3 Vivien Woofter, our Director for Interiors  
4 and Furnishings has done a wonderful job spearheading  
5 this project because in addition to building -- the  
6 responsibility for building 160 new complexes we also  
7 have to protect the historical trophies that we have  
8 around as well. And Talleyrand happened to be one of  
9 those. And that falls on Vivien's plate.

10 We will be restoring in a similar way the  
11 existing consulate in Instabul and so on. So from  
12 time to time we'll be talking about these things.

13 Okay. Back to the homework. How has the  
14 civilian industry leveraged information technology to  
15 integrate and share information in the planning and  
16 the lifecycle of a project?

17 As you know we have described three  
18 distinct boxes in the lifecycle. There's a planning  
19 and development period. There is an execution period  
20 which picks up design, construction and  
21 commissioning. And then there is an operations and  
22 maintenance period. Together that is the lifecycle

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1 as we see a building here in the Overseas Building  
2 Operation.

3 So what are your views about this whole  
4 information technology question? Does staff want to  
5 start this off a bit just to indicate what our  
6 concerns are?

7 MR. FLOYD: We'll start with planning. We  
8 would like to find out what kind of integrated system  
9 that you use in the development of your plans through  
10 the execution, through commissioning, and operation  
11 and maintenance. What kind of lifecycle models do  
12 you have?

13 And when we talked about a lifecycle model  
14 before as far as 10 years, 20 years, 30 years, I  
15 think the consensus around 30 years is the lifecycle  
16 model.

17 Again, we want to find out what different  
18 technologies that are being developed right now that  
19 you're using. Are you using cutting edge  
20 technologies or using old technology, with CPMs and  
21 other sort of information systems? That's what

22 we're asking, what we want to find out what you see  
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1 the civilian industries, Microsoft and other software  
2 companies, are doing, in order to enhance our  
3 business?

4 GENERAL WILLIAMS: Yes, Derish.

5 MR. WOLFF: I'll start off, perhaps  
6 disappointing to begin with but one of the things  
7 we've been encouraging our private clients to do is  
8 adopt some of the programs OBO has been using. So  
9 you always have this idea that there's some marvel  
10 out there but --

11 GENERAL WILLIAMS: Okay. Write that one  
12 up.

13 (Laughter.)

14 MR. WOLFF: Well, they have to give you a  
15 discount for using it. That's one thing. And  
16 secondly, what we're to do, and I think also in the  
17 last maybe two meetings ago we kitized about this,  
18 with OBO is to use a model to develop your own active  
19 databases.

20 What's really embarrassing when you're  
21 sitting next to someone from Boeing and you start  
22 talking about CAD and they tell you they were doing  
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1 this in 1959 or something. And when you start  
2 telling them about these marvels of online  
3 maintenance programs they tell you well, they've  
4 always done these on an airplane.

5 So one of the things we're trying to do is  
6 migrate some of these ideas that, for instance,  
7 Caterpillar uses and get our private clients and also  
8 it will carry over, you know, to use their own  
9 database.

10 Every time someone makes an elevator repair  
11 that's a critical component to be able to evaluate  
12 which elevators to buy next time around. And with  
13 trying to get this, and it's very easy to do nowadays  
14 with IT technology. It's there. So instead of these  
15 endless theoretical arguments about lifecycle costs  
16 that we've explored, we're just trying to build up  
17 databases and they're relatively easy to build up.

18 Now, Mr. Adams can describe more both the  
19 joys and problems of online planning and design. So  
20 I'd rather not -- suffice to say that we and one of  
21 our traditional partners and most respected firms are

22 trying to explain how we ended up turning in two  
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1 mismatched set of drawings online when we were using  
2 one system and they had made revisions to it. We're  
3 trying to find out how this ever happened but Harold  
4 probably has much better stories. In theory, IT  
5 should be perfect for design.

6 GENERAL WILLIAMS: Harold?

7 MR. ADAMS: He set me up.

8 (Laughter.)

9 Well, you know, with the independent minds  
10 of our country it's somewhat like analogous to our  
11 cell phone system. We go to other countries and see  
12 these marvelous cell phones that work everywhere.  
13 And you've got three or more systems in this country  
14 and they don't work anywhere.

15 And it's very similar with IT, with CAD  
16 programs. They're promising that they're going to  
17 get closer together and use one system. There's a  
18 great industry push to have one system so that we can  
19 do just what we're talking about here. It should be  
20 possible.

21 It's much further along than the past but  
22 we're always amazed that our clients with multiple  
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1 buildings all over how little they know about the  
2 buildings they have.

3 I do believe with IT programs, with CAD  
4 programs, with all the telecommunication that's  
5 available today, it can be designed into projects so  
6 that we do get those reports and get some true  
7 lifecycle reports out of our buildings and be able to  
8 monitor maintenance and the condition of buildings.

9 We're using, for instance, we have  
10 teleconferencing between all of our offices, using  
11 teleconferencing on major projects, and using our IT  
12 system for persons in the field to take a photograph,  
13 a digital photograph, a digital image of the  
14 situation, send it back to the office so that you  
15 don't have to travel as much as you did in the past.  
16 And we're using that very heavily both domestically  
17 and internationally.

18 GENERAL WILLIAMS: Thank you.

19 MR. TOUSSAINT: I think that touches on  
20 some of the concerns that we have and we've touched  
21 those areas of teleconferencing, digital photos in

22 the field and so forth. The term that Derish  
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1 mentions in Boeing Industry, the digital hardhat, the  
2 notion that a great photograph of the person who  
3 doesn't have drawings but has the image in front --  
4 one eye is looking at the digital image, the wiring  
5 harness and the other eye is looking at the actual  
6 work in front of him. We're not quite there yet.

7 Part of our problem, I think, is the  
8 remoteness of our locations, the reliability of the  
9 communications, online or satellite. But also  
10 there's a problem that we face, I think, and anybody  
11 faces in this business is the hand-off between the  
12 different responsible parties.

13 And the data, the information that you need  
14 in planning, how does that migrate into the  
15 execution? How does that then migrate into the  
16 operation? Derish mentions Caplan. We have used  
17 that but we cannot quite get to a universal  
18 application partially because we don't have the  
19 support system within the Department, after all,  
20 which is the backbone, for communications, in places  
21 that support that in a real active way.

22 But how do you see the oversight and  
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1 management and the resources go into seeing that you  
2 do have that from beginning to end type of an IT  
3 system that will let you do that, produce a better  
4 product at all phases? Do you have any comments on  
5 that?

6 GENERAL WILLIAMS: Harvey does.

7 MR. TOUSSAINT: This is right up Harvey's  
8 alley.

9 MR. BERNSTEIN: A couple of comments.  
10 Picking up on what Harold said, too, first of all,  
11 you have a number of companies right now joined  
12 together on this whole interoperability issue and the  
13 International Alliance for Interoperability which has  
14 just been linked up with Nibbs (phonetic) to take a  
15 look at some different ways of getting a number of  
16 companies together with the objective being establish  
17 some sort of common platforms for sharing  
18 information. And time will tell on that.

19 There are movements on a global basis with  
20 IAI along that way and Narva Young (phonetic) of  
21 McGraw Hill Construction has taken a strong role in

22 trying to make that happen.

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1 And from a practice standpoint we just had  
2 a meeting this week and, in fact, at the end of this  
3 month on April 30th and May 1 we have our semi-annual  
4 corporate advisory board meeting and, in fact, that's  
5 the topic of a number of our program issues.

6 We have Frank Gary and Associates right now  
7 pushing because of the CATIYA software as a platform  
8 not so much the Microsoft and the Bentley and some of  
9 the others. They're not wedded to any particular  
10 software but they believe that we're at a time now  
11 for going paperless design, picking up almost what  
12 the 777 of Boeing years ago.

13 But their feeling is that it's a natural  
14 linkage and they've been proving it so far on some of  
15 their designs, because of the complexity of Gary's  
16 designs that after they design them they can't  
17 necessarily build them unless it's all automated.

18 And then when it's automated, in order to  
19 fabricate it, they need to use the same drawings and  
20 from the fabrication and construction, and then  
21 they're using that for the O and M at the end.

22 And so right now we're laying out a process

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1 with them to see whether that process can be  
2 generically adopted across the industry as a way to  
3 improve communication, at the same time reduce costs  
4 and the way the the companies operate, especially  
5 between contractor/subcontractors, et cetera.

6 Gary believes that on each of their  
7 buildings that they have achieved significant savings  
8 in time and money by basically having automated  
9 within the software from the design, fabrication,  
10 construction and operation and maintenance, that  
11 there's some real savings there. And it's a process  
12 they want us to apply.

13 One of the other case studies Gary will be  
14 doing has brought a panel together of Skanska, M.I.T.  
15 because there's a new Strata Center where they've  
16 applied this under what they consider to be the most  
17 complex building they've ever done using a process to  
18 where it's virtually been paperless and reduced costs  
19 and operations.

20 And I think, Joe, in fact, I just recently  
21 forwarded to you and Bill Miner that information on

22 that program. So that might be a way. There's a  
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1 couple of other panels. Disney has been doing some  
2 of that with their model. Disney is going to be  
3 coming and do a presentation on ways to reduce  
4 construction costs and achieve that through some of  
5 the software.

6 And I think we have one other case study  
7 which is slipping my mind right now but you are  
8 raising an issue that is right on the tips of the  
9 tongues of a lot of companies trying to find better  
10 ways to achieve efficiencies, productivity  
11 improvements.

12 And it sort of goes to the heart of  
13 productivity and a lot of what you're trying to  
14 achieve.

15 So we're willing to make any of that data  
16 available to you. I know you've met with some of the  
17 people at Gary before and so you might want to see  
18 what stage they're at now. They are more interested  
19 in seeing a change in the industry practice than they  
20 are themselves doing it. So OBO may be a good way of  
21 picking up on some of that.

22 But I think there's a trend and a strong  
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1 one because it's the only way to cut costs and  
2 improve on the time and delivery.

3 MR. TOUSSAINT: As we're talking about this  
4 for an organization like OBO would it make sense to  
5 pick a project and to roll that out, say this is a  
6 sample project where we will try to import these new  
7 technologies to the management through all stages?  
8 In other words, we do it as a test study.

9 And if we do that, then what sort of  
10 resources should we expect to apply to that? If we  
11 have an X million dollar project are we going to say  
12 okay, that's fine because we'll realize the savings  
13 within that anyway so we're okay?

14 Or should we realistically say there's an X  
15 percent that should be applied on an experimental  
16 basis to see that so we can roll that out?

17 I know on the China project that General  
18 Williams mentioned we have learned from that project  
19 because of the uniqueness of it and there are certain  
20 benefits that we're going to derive from that  
21 project.

22 GENERAL WILLIAMS: And industry has learned  
0031

1 as we have worked together.

2 MR. BERNSTEIN: I would say definitely. In  
3 fact, we did something similar with Federal Highway  
4 looking at a new process and they had budgeted with  
5 some of the states to build some bridges which were  
6 built within their budget but they wanted to look at  
7 some new methods.

8 And so working with industry on that we  
9 helped identify what the delta cost difference might  
10 be to apply that. When we got all done monitoring  
11 and documenting that then in the case of the highway  
12 arena the states then moved to adopt that process so  
13 it could be used across states.

14 Well, you can apply the same kind of a  
15 concept on one of your facilities. You can say  
16 here's our budget. Here's what we're going to do.  
17 Now, can we get some volunteer and industry  
18 involvement to take a look at applying a change in  
19 the process and determine what the real benefits  
20 might be in terms of time and cost, document that so  
21 you then could apply it in getting others to use it.

22 I do think there are ways and we'd be happy  
0032

1 to help with getting some different companies that  
2 might want to participate because the test bed is the  
3 only way to change the industry.

4 And with you as the owner, you have an  
5 opportunity to really drive that with the benefit  
6 ultimately coming back to the public in terms of cost  
7 savings and time. So I think it can be done.

8 GENERAL WILLIAMS: Thank you, Harvey. Jeff?

9 MR. BEARD: General, I appreciate Harvey's  
10 example of Frank Gary and CATIYA but I think one of  
11 the problems there, and I'd like to hear from the  
12 State Department staff about this too, there are two  
13 streams of data that we're trying to take and use  
14 within our companies.

15 There is a traditional project management  
16 data of cost and schedule and project controls that  
17 we get from companies like Tri-Riga and Prima Vera  
18 and J.D. Edwards. And that's all good data.

19 And then you go over to the other side of  
20 the house and you've got Graphisoft and AutoDesk,  
21 Rabin (phonetic) and others that are starting to

22 become a little bit interoperable. But the project  
0033

1 management side and the design management side are  
2 still quite a bit apart.

3 I serve on a subcommittee of the  
4 International Alliance for Interoperability called  
5 the Tamper project. We're trying to come up with  
6 performance-based programming placeholders, formats  
7 that we can capture digitally, because you need to  
8 start way up in the development side and then be able  
9 to evolve that through a lot of other changes.

10 One of the people that serve on that  
11 particular subcommittee is Susan Presser from Searle.  
12 She has developed at Searle a way to take programming  
13 information, the facility demographics and to start  
14 into blocking and stacking and form and massive. So  
15 that's a very important step as we try to get the  
16 design data to talk to all the project management and  
17 project control data.

18 But I think that's the problem. The  
19 industry hasn't been able to leverage this either for  
20 our own effect or for the owners. But certainly, a  
21 draft, a demonstration project sponsored by this  
22 agency would be a great help. But we are probably a  
0034

1 few years away from having it all integrated  
2 together.

3 As a final question I would like to hear  
4 about the kinds of software that the State Department  
5 is looking at from the design side and from the  
6 project management side and how you're going to pull  
7 these together.

8 GENERAL WILLIAMS: Well, while Bill Miner  
9 and others are thinking about that I would just like  
10 to pick up on one comment that you made, Jeff, and of  
11 course it's been embedded in Harvey and Derish and  
12 others and Harold comments.

13 What we're really trying to do, the  
14 foundation for this question, as you know we've got  
15 to war-game these questions well before we put them  
16 to you. These are worry box things as we look in the  
17 future because we don't want to just sit and do the  
18 routine.

19 We know this is the second curve. We know  
20 we've got to get to the second curve because we want  
21 to be at the front of the pack here. We're looking

22 at performance basing as it relates to the whole of  
0035

1 what we do.

2 So the first couple of years quite frankly  
3 were devoted to getting some fundamental traction in  
4 place to launch. Now, what we want to do this year  
5 and going forward is to really tap the leading edge  
6 of technology and recognize that we have to hit that  
7 second curve.

8 We know we're not there yet. That's why  
9 we're reaching. We're prodding. We're trying to get  
10 some traction. And there is a big gap, you're  
11 right, between the two worlds. And with that I'll  
12 let Bill kind of tell you what we are moving around  
13 on.

14 MR. MINER: Jeff's identified one of the key  
15 problems that faces the industry and OBO as well.  
16 I'm generally very optimistic about where information  
17 technology is today and where it's going and our  
18 ability to leverage that. I see more  
19 interoperability and compatibility solutions than we  
20 had five years ago between the types of software that  
21 we use, primarily Microsoft-based and also projects,  
22 the various CAD programs that we use, Word programs  
0036

1 that we use, the database, spreadsheet programs all  
2 of Microsoft. And it's very compatible and we  
3 selected that software because it was very compatible  
4 with the industry for whom we received the  
5 information from.

6 We don't generate a lot of the data. You  
7 generate the data and we need to be able to read it  
8 and to work with that information. So we're in the  
9 middle between the industry and the contractors who  
10 generate the data and, downstream, the users.

11 This is a special concern that we have is  
12 that our O and M folks face every day. How do we  
13 maintain that information? How do we keep the  
14 as-built drawing accurately representing what's in  
15 the field?

16 Because every day there are changes made.  
17 Products are replaced, barriers are put in place,  
18 plans are revised. And to keep that information up  
19 to date is a real challenge.

20 The other one is our legacy systems and  
21 we're not unique here. You lived through the last 20

22 years and you know and you may have in your offices  
0037

1 mylar film, microfiche, tapes. We have linen. And  
2 going out to National Archives where our older  
3 embassy designs are sitting in drawers right next to  
4 the drawings for the White House, also on linen.

5 And when you ask the folks at the National  
6 Archives out at College Park, and I encourage you to  
7 visit, we asked them the question where are we going  
8 as a government in terms of information technology?

9 And they say that they receive information  
10 30 years after it's created so the information they  
11 have today is dated 1972 and 1973. They have not yet  
12 arrived at the digital world era. So they haven't  
13 thought through some of the compatibility issues,  
14 some of the terminology issues that we're now  
15 struggling with.

16 We'll have to continue to work with the  
17 National Archives because that's where ultimately our  
18 material will exist. Okay. Who do we see as front  
19 runners here in terms of government owners? GSA very  
20 clearly has sort of broken the paradigm here. And  
21 through support from some private consultants have  
22 put together what we think is a pretty comprehensive

0038

1 information technology package that covers the  
2 lifecycle.

3 Chuck Floyd, John Tato and myself have  
4 talked to them many times and the beauty of it is  
5 it's something that we could probably take as a  
6 turnkey item. They have the same types of products  
7 and processes and government responsibilities that we  
8 have and we're looking very closely at finding ways  
9 to adopt what GSA has.

10 GENERAL WILLIAMS: Let me ask John Tato to  
11 add a few comments to that from his perspective.

12 MR. TATO: We're doing a couple of things.  
13 One of the things that we're trying to do is to  
14 better integrate our cost estimating and scheduling.  
15 And recently we have developed the capacity to take  
16 our cost estimating model, which is a success-based  
17 model, and actually have it resource load a  
18 prototypical schedule so that we can start the  
19 iteration and understanding of how the assumptions in  
20 the cost estimate in terms of crew sizes, work days,  
21 work hours influence the schedule.

22           And then as we look at what the constraints  
0039

1   are that we're working with in terms of anticipated  
2   delivery dates for the project we can start to then  
3   manipulate the schedule and go back into the estimate  
4   and understand the implications of that in terms of  
5   how we might change the crews, how we might change  
6   the work hours, work days and what its implications  
7   are to the cost of the project, so that by the time  
8   we come out of that planning process we have a better  
9   fix on the scope, the cost and the schedule and  
10  making sure that they all are, in fact, in tune with  
11  one another.

12           In terms of the success cost estimating  
13  model which is a model that we have developed or an  
14  application of that model we have developed.  
15  Initially, we developed it for the standard embassy  
16  design and had an application of it specifically to  
17  the standard embassy design.

18           Recently, we've added a module to it to  
19  allow us to form risk analyses and to assess risk and  
20  their implications to the cost of the project and the  
21  schedule, and also a lifecycle module, lifecycle  
22  costing module and we're developing other

0040

1   applications of it to address other building types,  
2   security guard quarters and other types of buildings  
3   so that we have following through the process from  
4   the development of the budget to the further  
5   refinement of the plan you can move it into  
6   execution.

7           We have a consistency in terms of how we've  
8   estimated the cost of the project and estimated the  
9   schedule so that that then flows into the documents  
10  that go forth for execution in terms of the mandated  
11  schedule, the budget that's established, the  
12  design-to targets and so forth. So we're trying to  
13  integrate that and move out of the planning with a  
14  consistent basis that then carries forward into the  
15  execution of the project.

16           MR. FLOYD: Also, if I might add to what  
17  John said, from our last discussion about historical  
18  cost and where you get that we are starting right now  
19  to go back and look at our historical cost by country  
20  and feeding that information back into the success  
21  model so that we establish our own cost database so

22 that we can go back and have these very accurate  
0041

1 costs. And there's some suggestions from the panel  
2 and we've taken a look at that. And that's what  
3 we're doing right now.

4 MR. BEARD: Is this cost model proprietary  
5 or is it something commercially available?

6 MR. TATO: Well, the basic model is a  
7 commercial model and we have adapted it to our  
8 circumstances so that we actually replicate within  
9 the model how a standard embassy design is built out  
10 in terms of if you look at the different functions  
11 within the embassy.

12 And when we have understood the  
13 construction of those components so that when you  
14 tell the model that you have an executive suite of a  
15 certain size, it then can convert that into how that  
16 suite is going to be built out, the materials and  
17 associated labor and so forth to build that out so  
18 that we get a progressively finer correlation between  
19 the scope of the project and the estimated cost of  
20 it.

21 And then as Chuck mentioned a moment ago as  
22 part of the planning process we do a planning survey  
0042

1 of the host country so that we understand labor  
2 rates, productivity, equipment availability, material  
3 availability so that then we tune the model to  
4 understand how that influences the assumptions about  
5 those factors in it.

6 GENERAL WILLIAMS: Yes, Joel?

7 MR. ZINGESER: First of all, I like the  
8 round table better.

9 (Laughter.)

10 When your name begins with Z you're always  
11 at the end. I'm on your side or their side. I don't  
12 know.

13 GENERAL WILLIAMS: We'll see what we can do  
14 about.

15 MR. ZINGESER: I'll try to speak from the  
16 contractor's point of view a little bit. I think on  
17 a construction site probably every company has its  
18 own preferences in terms of the various software and  
19 management systems that we use. But the reality is I  
20 think that we all have to be flexible and capable to  
21 operate in a number of different systems depending on

22 our owners and the requirements of the various  
0043

1 customers that we serve.

2 I think the point that Bill made, having  
3 once sat on the government's side on this issue, is  
4 an important one at the outset in saying, we are the  
5 customer. We want to get the best service out of  
6 this service industry that we're hiring. We need to  
7 be adaptable and flexible. We need to learn how to  
8 read what it is they're telling us.

9 We need be able to speak in their terms on  
10 the one hand. On the other hand, we, in your case  
11 OBO, is a large real estate owner and manager. You  
12 have a big portfolio and you're building and you're  
13 adding to it. You are in a very, very good position  
14 to set the rules and to say this is the way we want  
15 it because we need to be able to work our whole  
16 portfolio.

17 And the issues that were pointed out in the  
18 beginning of interfaces, data, and interoperability,  
19 whether it's in the design side or the project  
20 management side or in the commissioning and the  
21 operation, those are the key pieces.

22 I think you do the industry a service if  
0044

1 you set some rules. So it is a chicken and egg kind  
2 of problem but you can, being where you are you can  
3 help take a point position and basically the General  
4 Williams approach of saying we're going to do it this  
5 way and then in the back of the General's mind is  
6 well we may change a little as we go along but we're  
7 going to do it this way.

8 Now, you have, on the one hand, there's a  
9 Frank Gary building which is always a one-of-a-kind  
10 and there's no way to draw it. There's no way to  
11 build it with a set of drawings. There's only the  
12 model and the computer and the factory-produced  
13 pieces.

14 You have the other side of the spectrum.  
15 You have standard designs. You can go about putting  
16 in place based on those standard designs a pretty  
17 good protocol in the areas of the actual design, of  
18 the construction and probably the most important  
19 thing in our industry today is this issue of  
20 commissioning because it is something that is being  
21 brought in earlier and earlier, still being defined

22 and how it plays through the process has yet to be  
0045

1 determined.

2 And this is again an area where you can  
3 help all of us. So I think it's quite fair for you  
4 to stick your head out in front a little bit, you're  
5 not afraid to do that in the past, and take some  
6 leadership. Now, the data side, that's yours. I  
7 mean, you have to do that anyway.

8 GENERAL WILLIAMS: Joel, I appreciate that  
9 because I get back to that's exactly where we were  
10 headed. We're kind of at the point where I know we  
11 need to launch. I know we need to go someplace but  
12 we wanted to kind hear your views to see how we know  
13 that it's uncharted grounds and we would be out front  
14 but we are not apprehensive about getting out front.  
15 We just wanted to talk it out and get your views.  
16 And you have been very helpful to us as we further  
17 dialogue. Ida?

18 MS. BROOKER: What I see in the industry is  
19 the whole construction element has a driving  
20 motivation to improve what I believe to be the first  
21 two boxes of the lifecycle, which is the design and  
22 the construction.

0046

1 What we have found is the piece that's  
2 missing is the operation and maintenance knowledge  
3 piece. We get a lot of information from the industry  
4 producing what the HVA systems will do and how much  
5 it's going to cost over the life of the product.

6 But that's all the the information we're  
7 getting is from the manufacturing industry. It is  
8 not from the application of actually having them in  
9 use. So what we have found is that the piece we were  
10 missing was the operations and maintenance cost piece  
11 which is absolutely paramount in looking at the  
12 lifecycle costs of a particular facility.

13 So what we're now doing is realizing that  
14 what we don't have is the history. We don't know how  
15 many times the HVA system was repaired or that  
16 elevator was repaired because the people doing it are  
17 only interested in keeping these things running.  
18 They're not interesting in keeping track of how many  
19 times they have done it.

20 So what we did was we instituted first  
21 statewide on the state side a computerized operation

22 and maintenance system that not only schedules all  
0047

1 the maintenance but actually keeps track of all the  
2 repairs and all the calls and those kinds of things.  
3 And that's the same thing that we're instituting  
4 around the world is that a standard system that, in  
5 fact, will track those kind of costs because what  
6 we're having, all we have up until now, I mean, we're  
7 getting faster and more efficient at getting through  
8 the opening of a building but not on how we're going  
9 to maintain it or repair it or continue its  
10 operations.

11 Another problem that we have that you don't  
12 is that we tend to do thing on a project basis rather  
13 than on a lifecycle basis. So we, a lot of times,  
14 build something for the lifecycle of the project  
15 which tends to be much shorter than the lifecycle of  
16 a particular facility or building. So it tends to be  
17 a different perspective than OBO.

18 Now we're beginning to realize that we've  
19 been in existence for a long time and we certainly  
20 hope we're going to be in existence for a long time  
21 more that we're going to start building things in a  
22 much different approach. But without that  
0048

1 information on how often you repaired it or how often  
2 you've had to replace that you don't have the full  
3 picture of what it is going to take for that  
4 lifecycle.

5 And then again, it depends on what your  
6 lifecycle is because now you plan for something to be  
7 25 or 30 years but the fact is 65 years later you're  
8 still using it. So that tends to start having to  
9 have an influence on your lifecycle and your planning  
10 position. And we talked about that on one of the  
11 previous, on what we consider to be the lifecycle of  
12 a facility. But without that operation and  
13 maintenance piece we can really pretty well project  
14 how much it's going to cost to open the door.

15 But it's after that information, and the only  
16 place we know of to get it is from our own  
17 experiences, so that's how we're now going through  
18 and doing that with all our facilities.

19 GENERAL WILLIAMS: Well, Ida, you know,  
20 it's interesting that you raise that particular  
21 dimension because you have heard from design a little

22 bit from Joe and a little bit on planning.

0049

1 Greg who is sitting right behind me, will  
2 tell you how we're looking at the O and M side  
3 because we recognize that in order to launch this has  
4 to be holistic. You cannot take just the planning  
5 and development without all the rest. So we have  
6 tried to look at it from all points. So, Greg, you  
7 want to share with the panel what you've been trying  
8 to do there?

9 MR. KRISANDA: One thing I want to say I  
10 agree 100 percent with Ida.

11 GENERAL WILLIAMS: He's from the O and M  
12 side.

13 MR. KRISANDA: One thing on this question  
14 too is the bigger perspective. One of the things  
15 we're trying to continuously improve our facilities  
16 and take different data points from different  
17 sections to improve it.

18 For instance, in terms of construction,  
19 lessons learned, commissioning. O and M is exactly  
20 what Ida said, operation and maintenance. How well  
21 does the building work in years down the road? How  
22 that information can feed back into the planning of

0050

1 the building and even the design and construction but  
2 it could give you further continuous improvement.  
3 I'm looking at this as how do we integrate knowledge  
4 from data we get from different points and take that  
5 knowledge to continuously improve it? And O and M is  
6 one aspect of it.

7 The CMS system used, computerized  
8 maintenance management system, is a data point but  
9 that information when analyzed provides you a source  
10 of knowledge that can feed back continuously back and  
11 say here's where our problems are five, ten, 15 years  
12 down the road. Now let's see how we can keep  
13 improving our facility. And that's what our goal is.

14 MR. ROBERTSON: If I could, too, because  
15 I'd just like to ask Ida because one of the things we  
16 struggle with before we, in order to get to the point  
17 that Greg is working toward and talking about are the  
18 basics of how do we do this with a very thin backbone  
19 in 200 plus places around the world that we don't  
20 control very heavily?

21 We have to rely on what the Department is

22 installing. How do we get something that will work  
0051

1 on a very fragile backbone and how do we get our  
2 people who are, as Ida suggests, focused on getting  
3 it working because the air-conditioning has got to  
4 work today. How do we get them to feed the system,  
5 be sure we get the data that we need to know?

6 I'm sure Boeing has a very different kind  
7 of structure to work with but I don't know if you  
8 have had experience with trying to do that, the  
9 discipline needed.

10 MS. BROOKER: What now we're doing is that  
11 we are, whether we're copying the OEO or not I don't  
12 know, possibly, but having a facilities organization  
13 that is in charge of the actual building that these  
14 operations are functioning in is a major change that  
15 we're implementing, because in the past they were all  
16 economists and in a lot of cases they still are  
17 meaning that a facility in a foreign country is that  
18 facility's responsibility.

19 They don't ask for any help. They don't  
20 want any help. Please leave us alone. That is an  
21 ongoing problem that we do have. The fact is that we  
22 are now looking at our organization as an ongoing  
0052

1 living entity around the world and that these kind of  
2 things are becoming of more importance today, that we  
3 have a better understanding and do more standardizing  
4 than we have in the past.

5 One of our problems is that we have assumed  
6 ownership after the fact in a lot of cases because of  
7 acquisitions or other kinds of things. So we didn't  
8 get to plan what's there now. We now have to  
9 investigate and figure out what is there and how it's  
10 working.

11 So the fact is that it has to do with the  
12 reporting structure and where, who they answer to and  
13 we're starting to say we are a global, enterprisewide  
14 company. And we are separating the functionality  
15 between production and what we call acquire/modify  
16 which is in the facilities organization is that we  
17 are not responsible for producing product. We're  
18 responsible for producing the infrastructure where  
19 they can produce product.

20 And we're separating those two items so  
21 that we can have more of that opportunity to

22 influence what they do on a daily basis. And when  
0053

1 you start using the systems we try to be as  
2 simplistic as possible so that it becomes an easy  
3 dance rather than more difficult than it's worth  
4 scenario. And when you schedule all your daily work  
5 on the system and the system then keeps track of all  
6 those work orders then the whole thing becomes a  
7 simple process rather than becoming complicated and  
8 not worth the effort to use it.

9 And that's one of the problems with  
10 technology today is that you've got to make sure that  
11 it's user-friendly because otherwise you don't have a  
12 prayer.

13 Mr. FLOYD: I'd like to make a comment here.  
14 With our contract branch here we've looked at our  
15 enterprise architecture system and most companies  
16 have tried to get away from Legacy and go to a more  
17 Web-based. GSA right now is in the midst of a  
18 two-year project going to a Web-base.

19 And we really have to take a look at  
20 security, where there are diplomatic security issues  
21 and also the security issues with giving the  
22 information to our contractors and getting the

0054

1 information back. What kind of experience have you  
2 had in this as far as suggestions or as far as the  
3 security of the information, and with our contracting  
4 branch here they want to say something about this.

5 GENERAL WILLIAMS: Go ahead, Ida.

6 MS. BROOKER: I know that we are when we  
7 have a project in the execution box of the lifecycle  
8 model we look at the contractors to have set up is a  
9 secure Web site. So far we've had very good success  
10 in having those Web sites in a secured environment  
11 because we don't want our facility plans out there  
12 for general knowledge.

13 And we have had several of our projects on  
14 the Web and with selected access to it by certain  
15 individuals. And we're now looking at some of the  
16 technology where we can put the drawings out there on  
17 a secure Web site so that our historical record of  
18 what may be if we're going into a remodel so that the  
19 A and E firm can access those drawings. The  
20 contractor can access those drawings in real time.  
21 And so far it has been very successful.

22           We do have right now that kind of a plan in  
0055

1 a test mode. We have not adopted it fully yet but I  
2 expect that to be. It has been so successful that I  
3 would imagine it would be adopted before the end of  
4 the year where we do that on a regular basis. But  
5 again, it is definitely a limited access and it is  
6 need-to-know type of thing because it is very  
7 sensitive to us as well for obvious reasons.

8           MR. TOUSSAINT: We've gone to -- again I'm  
9 not sure of the levels of security, whether Boeing  
10 has a security operation that's similar and parallel  
11 to the security operation the Department of State has  
12 or not. I'm not sure.

13           But our security is established by the  
14 Bureau of Diplomatic Security and then we also have  
15 stakeholders who have other security requirements.  
16 So for us to get into when we say a secure Web site  
17 or secure communications it's a very involved process  
18 to get approval.

19           I think as might have been mentioned in  
20 one of our previous sessions for the China project,  
21 the Beijing project we were able to establish for the  
22 first time only a true secure Web-based

0056

1 communications system.

2           What this does, and this was approved by  
3 diplomatic security and by various stakeholders, what  
4 this allows us to do is to transmit classified at the  
5 secret level drawings and have conferences, video  
6 conferences, with the architect's offices in San  
7 Francisco, Chicago and Rockville with our  
8 stakeholders in the D.C. area and will ultimately go  
9 to the we're in the process of establishing the  
10 contractors who will be submitting bids for the  
11 project. So they will get access to that. And then  
12 they will go ultimately to the field, to the site  
13 office there in the embassy.

14           And this is something that we are  
15 maintaining ourselves so you can imagine you in the  
16 private sector here is, you know, you're the  
17 contractor and your ability to work and deliver the  
18 product that you're contracted to deliver is  
19 dependent upon the reliability of the Department of  
20 State's secure network.

21           So that is a real cost involved for us but

22 on the other hand, there is a real overall savings  
0057

1 that we are going to realize there. We truly believe  
2 that. It has all come out of the project budgets.  
3 It has all come out of what was originally budgeted  
4 for the job. But the effort that is required and the  
5 focus and the training of the people using it is  
6 rather extraordinary.

7 Now, on the other side we have also in  
8 place and Bill Miner can talk to that is a Projnet  
9 system that was woked up in conjunction with we're  
10 using this with Searle, Corps of Engineers, and it  
11 has, while it's not secure it has a very, very good  
12 audit capability so we're able to it won't get,  
13 quote, unquote, security approval by the Department  
14 of State, DS, diplomatic security, but it did require  
15 their approval to put it in place for the  
16 unclassified communications. And that has reaped,  
17 we think we've got something like, at last count,  
18 100,000 bits of drawing projects out there that are  
19 going over this system.

20 In this we have to train people. We have  
21 to monitor and make sure and there's a big effort  
22 that's involved in that. That is going to be our  
0058

1 future. So we have those two systems that just in  
2 the last several years we have been able to put in  
3 place.

4 GENERAL WILLIAMS: That's correct. And  
5 Bill can amplify on this because a lot of the  
6 training Joe is speaking about has been training  
7 industry.

8 MR. MINER: Yeah, we think it's been very  
9 successful having some of you, many of you have  
10 been involved in the training. It's a virtual  
11 private network that can go through the World Wide  
12 Web not only from government to contractor but also  
13 from contractor to subcontractor and that's a very  
14 important link that we'd like to maintain.

15 It has very good encryption and decryption  
16 component to it which gives us security that we need.  
17 It's limited to SBU material at this time which puts  
18 a little bit of a strain on us although that's the  
19 largest percentage of the data that we have is  
20 sensitive but unclassified. It is the equivalent to  
21 corporate confidential. So that covers a lot of

22 ground for us.

0059

1 Material at a higher classification we  
2 still have to have in a manual way and we have to  
3 spend a lot of time, not only understanding the  
4 software but understanding, predicting and preventing  
5 human error in handling material this way. I think  
6 that's the real challenge.

7 The software is very disciplined. The  
8 software doesn't make compromises; people make  
9 compromises by putting it in the wrong channels at  
10 the wrong time. And that's the training and that's  
11 the awareness that we always work to maintain.

12 GENERAL WILLIAMS: Well, you can see why  
13 this question is number one and why it is so pivotal  
14 this year as we try to create a path forward for  
15 doing the government's business because as you know  
16 when we first started working together in this course  
17 my stewardship piece to the Secretary is that we are  
18 going to hopefully do this job the best that we can.

19 We are going to try to break from the  
20 traditional and try to chart a new path, and just in  
21 the way of summarizing on this topic from a  
22 discussion like this this gives us the foundation to

0060

1 launch another best practice. We know that we've got  
2 to get to where we're talking about. We know it's  
3 out there. And all of you know that it's not so  
4 defined where we can touch it today but we know we  
5 have to get there.

6 So in this strategic framework of our  
7 thinking we're trying to get prepared to be there.  
8 And we've taken the whole organization along, every  
9 part of it that pertains to the lifecycle of the  
10 project.

11 I might mention that one of the reasons we  
12 want to keep tapping the leading edge because our  
13 stakeholders entrust us with public funds to do  
14 certain things. We have been able to do what we told  
15 them we were going to do. But at the same time they  
16 would like for us to be good stewards and look for  
17 ways to possibly save out of what has been provided.

18 I'm happy to report that this past year  
19 with all of the practices that we have put in place  
20 and with the approaches that we have taken, to try to  
21 do our business a little different way we have

22 probably identified \$70 million out of the program  
0061

1 which is enough money to put another embassy complex  
2 in place.

3 That's a good thing for the government.

4 It's good for everybody concerned but it's a function  
5 of squeezing and looking and fine-tuning and doing a  
6 whole bunch of things that we're talking about. And  
7 this whole issue here where we can do some leveraging  
8 in this area hopefully will help us move forward.

9 Now switching gears just a little bit,  
10 moving to the next area which we call we've asked  
11 everybody to think out of the box and try to look for  
12 the nontraditional path to try to get to our  
13 business. You know we have to build quick and we  
14 have reduced the time considerably with the standard  
15 products we have.

16 We have cut costs. We want to still look  
17 for ways to get more building done. So we have  
18 turned to a concept now where we want to start  
19 tapping in on the developer side of the business to  
20 see if there's any low-hanging fruit there that we  
21 can hook onto and maybe go after some of the softer  
22 or less sophisticated building requirements that we  
0062

1 have particularly in some of our unclassified.

2 So if you look at concern number five, it  
3 talks about the value in exploring the use of  
4 developers to fund, design, build, fit out, maintain,  
5 lease/purchase, build-to-lease, et cetera, et cetera.  
6 Now, you know, my background is not a secret. I know  
7 that you understand that I've done privatization  
8 business before and that's somewhat embedded in this  
9 approach.

10 So from that standpoint we know that it's  
11 not wholesomely used but we're not afraid to try and  
12 enjoin in some kind of private arrangement with the  
13 private sector to do something.

14 So I'm going to ask Terry Wilmer to kind of  
15 put this on the table in the context of what we are  
16 thinking about and then to ask you to try to give us  
17 a little help with this new approach as well. Terry?

18 MR. WILMER: Thank you, General. As we all  
19 know when we design and build our chanceries they are  
20 in essence one-of-a-kind buildings. Housing is not.  
21 As General Williams is really talking about here is

22 how can we use the expertise of the private sector  
0063

1 and apply that to an area where the private sector is  
2 comfortable in that form of development.

3 We're looking at a build-to-lease approach  
4 across the world. Thanks to General Williams we have  
5 launched this program about a year ago, had  
6 tremendous interest in it and very frankly our  
7 challenge right now is making sure that we can get  
8 the funding to support this approach.

9 I think the thrust of this question we have  
10 is we think we understand the value in this approach.  
11 Very frankly there are others in the United States,  
12 parts of the United States' government who may not  
13 view it the same way.

14 So the question before the board today it  
15 seems to me is would you be good enough to share with  
16 us whether or not you think this approach does make  
17 sense and what the value is so that we can then share  
18 that with the others outside the State Department.

19 GENERAL WILLIAMS: Yes , Joel.

20 MR. ZINGESER: If the U.S. government says  
21 to a developer we'd like you to build a building and  
22 we'll guarantee that we'll fill it and pay you for  
0064

1 it, I guarantee you that it will get built.

2 MR. WILMER: We've had that experience  
3 recently, seriously, in Nairobi.

4 MR. ZINGESER: Yes, I mean, I say not in a  
5 humorous way but the reality is we have talked about  
6 this a little bit before in this group. The issue  
7 from my point of view, this is personal, is to  
8 carefully select the building types that you're  
9 talking about in terms of their use and their  
10 location and their role in the big picture.

11 I get very nervous when we think of real  
12 asset buildings of the government being built by the  
13 private sector even though I'm in the private sector.  
14 Some of the concepts that I've heard explored by  
15 other agencies in terms of going the -- turning over  
16 government assets to the private sector and then  
17 leasing them back disturb me. But in this case what  
18 you're talking about are buildings such as housing or  
19 other unsecured areas.

20 And again the devil's in the details  
21 obviously on any given project in terms of the

22 location, the culture, the environment, what the  
0065

1 specifics are. But I think there's no question that  
2 a developer who is in the business of building  
3 buildings, leasing them out, securing a profit, if  
4 they see a situation that the ground rules allow that  
5 to be done I don't think there's an issue.

6 So I think the details are really, in the  
7 end, what will carry the day. Now I understand there  
8 may be regulatory and legal work to be done to make  
9 all of this possible but conceptually to me it's a  
10 nonissue.

11 GENERAL WILLIAMS: See we have these  
12 situations where we have to rely, depending on where  
13 we are in the world obviously, but the only option  
14 sometimes to secure housing is to go to the private  
15 sector, either lease it or whatever, because we just  
16 don't have the wherewithal to build housing but  
17 obviously we have to take care of people so we will  
18 looking for facility requirements like that and in  
19 specific parts of the world.

20 How do we complete the requirement for our  
21 people or should we just try to continue to lease or  
22 should we try to look at something a little bit more  
0066

1 advanced? So this whole notion of just trying to  
2 market in specific locations, and I will share with  
3 you a place like Nairobi, Kenya where there is  
4 nothing in that area but our new embassy. In fact,  
5 our embassy is the most advanced structure in place.

6 Now that embassy with all of the  
7 operational business that's associated with an  
8 embassy in terms of assets is where it needs to be  
9 and it's totally secure. But we have our people to  
10 be concerned about.

11 So we were looking for a method or means of  
12 trying to deal with that, knowing that we were not  
13 able to satisfy that out of the traditional  
14 framework. And we were surprised when we made this  
15 call to the developers and discovered that there were  
16 developers. There were financial institutions that  
17 were willing to come together with the developer and  
18 then enter into dialogue with us in the way of  
19 proposing something.

20 And I'm happy to report that we have broken  
21 ground on probably the first 60-unit housing complex,

22 gated. It looks as well as anything here in Northern  
0067

1 Virginia that's gated which is a good thing for our  
2 people. So we just want to try to hear your views  
3 about this as we move ahead. Harvey?

4 MR. BERNSTEIN: I was wondering, having  
5 visited the compound in Bangkok with you and having  
6 see the construction on the Nairobi facility as well,  
7 it seems that the concept makes sense but the  
8 security issue, as in Bangkok where you're spread  
9 around and you're leasing facilities, you don't have  
10 a lot of control over that.

11 And when we were there and we looked at it  
12 even the transportation or access in and out of the  
13 compound and the way things are set up and then you  
14 take a look at the new facility in Nairobi it would  
15 seem that this whole concept, and you mentioned gated  
16 community, that the security aspect, who's  
17 maintaining it and how it's constructed and the  
18 transportation, the mechanisms back and forth between  
19 the compounds become a key element of that.

20 And granted you have more control this way  
21 in Nairobi but then I think about the environment  
22 that the staff that you have all over in Bangkok have  
0068

1 to endure. So I can see a lot of advantages but it  
2 does add another dimension when you're dealing with  
3 the developer now to work out the entire security  
4 mechanisms, the proximity, the transportation aspects  
5 and some of those.

6 So I think it makes a lot of sense but you  
7 have now another dimension which an area like  
8 Nairobi, where you have the land development and you  
9 can do that and the developer is willing to do it,  
10 you have a lot more flexibility.

11 What would you do in a similar case if you  
12 take a model to Bangkok where you don't have even  
13 sufficient space within the compound and you're  
14 having to spread around to provide security even if  
15 somebody else came in and did that.

16 GENERAL WILLIAMS: Excellent point.

17 MR. MOUNT: I think one of the challenges  
18 for us always is depending upon where in the world  
19 our standards for whatever the facility is may be  
20 significantly higher than what is generally available  
21 even by the developer and how to have a balance

22 between what we want and what the local economy and  
0069

1 the local expertise can deliver.

2 In some cases we can be cutting edge and  
3 this facility in Nairobi makes for develop a whole  
4 set of these kind of facilities elsewhere in the  
5 city. But a real challenge to us is what they think  
6 of as a house in some parts of the world is not what  
7 our people are prepared to live in. So that's an  
8 added dimension to the issue.

9 GENERAL WILLIAMS: Thanks, Gay. Joel?

10 MR. ZINGESER: The analogy that I think of  
11 is a university that is looking to solve a housing  
12 problem will turn to the community and maybe simply  
13 say we're a market, you come meet it. And there's no  
14 guidelines. It's just housing that students can  
15 afford to lease or teachers or professors for that  
16 matter.

17 On the other hand, if they put out specific  
18 criteria and make it known then the issue is do the  
19 dollars and cents work. In this case there's no  
20 question the U.S. government is a market that is  
21 making a guarantee if you will. Again, I think the  
22 devil is in the details in every case. That's the  
0070

1 only way to look at it.

2 GENERAL WILLIAMS: That's an excellent  
3 point. Todd?

4 MR. RITTENHOUSE: I think I'm just going  
5 back to your original question, I'm mean it's an  
6 excellent way because we've seen that with the FBI  
7 has done that with their design-build, lease-back  
8 approach. You've also done it with your design-build  
9 approach for all these embassies and I think there's  
10 a part of the industry made for a different crew of  
11 people to get developers who are interested in going  
12 overseas there are plenty of American developers who  
13 are working overseas and to get them into -- it's  
14 difficult in Bangkok or Nairobi but there are other  
15 facilities around the world that need the same type  
16 of housing they can also utilize within the rules  
17 that the GAO sets the procurement of sometimes  
18 getting it quicker, cheaper, faster than you would  
19 have to go through in your whole build-out scenario.  
20 So that's always a plus within the guidelines.

21 But standardizing what is a house and what

22 is not is something you would have to help establish  
0071

1 and make the market as opposed to talking about two  
2 markets. So it's a very important thing and as Joel  
3 mentioned is the risk these guys would want to do it  
4 but they're not going to do it on a year-to-year  
5 lease. They're going to want a 15-year guarantee  
6 kind of thing.

7 So it's a delicate scenario but it's a  
8 valuable tool that will help you. I don't know if  
9 you actually went this way on perhaps doing some  
10 or not you know those opportunities do exist.

11 Now, one thing here that ties back to the  
12 first topic is the issue of classification and  
13 sensitive. One of the issues I was going to try and  
14 sneak in before so I'll sneak it in now was the sense  
15 of unclassified people out there not only do you guys  
16 and DoD but we have other clients who are saying, oh,  
17 by the way I actually had a client say, I want all my  
18 projects to be classified like the Defense Department  
19 does. And whoa, wait a second there. A, you can't;  
20 B, don't; and C, please don't because it means a  
21 whole new set of rules.

22 And what we've seen with GSA is they say  
0072

1 we're going to follow the Projnet approach except for  
2 A, B and C stakeholders who don't buy into it. So  
3 what you have to do with this topic and a previous  
4 topic is make sure that you have buy-in. I'd like to  
5 see what's happening. I understand why I can't and  
6 I'm sure Beijing is much better than Moscow having  
7 lived through the scenario of that project before  
8 to try and find a better way to handle the classified  
9 information over the Internet.

10 But the problems that I've seen is  
11 overclassifying. People are now suddenly super  
12 afraid of their information getting out there and it  
13 really doesn't matter -- I mean, I personally don't  
14 believe it matters -- what you're foundation system  
15 is. Yes, you might be able to find where the columns  
16 are but you have no idea what's going on above so  
17 people are being oversensitive to the classification  
18 requirements.

19 This turns to the housing. Yes, there's a  
20 certain amount that needs to be sensitive. What  
21 level of sensitivity is required? And you must be

22 cognizant of that. And so you can get developers in  
0073

1 here and you educate them into the scenario, the  
2 standard of housing you want, they will build it for  
3 you because, yes, as Joel said they will come. And  
4 it's an excellent tool if you educate them the way  
5 you educated the construction industry into  
6 design-build and be able to hire more than just one  
7 design-builder you have several now. The developers  
8 will follow that track.

9         GENERAL WILLIAMS: This is excellent. I can  
10 assure you that the few we have tried the contractors  
11 have been well-trained. They understand exactly what  
12 we want and we do control the design. It's not just  
13 go build something. We say what things we want.  
14 Yes, Terry?

15         MR. WILMER: I completely agree with Joel.  
16 God is always in the details in any real estate  
17 transaction so it does become a matter of negotiating  
18 the security involved, whether it's security for the  
19 individuals or for the facilities themselves and  
20 housing around it frankly tends to be more security  
21 as it relates to the individuals. Therefore, in a  
22 case like Nairobi where the threat to individuals is  
0074

1 more, to our staff is more on an individual basis,  
2 you don't have to have some of the security  
3 dimensions in the housing compound that certainly you  
4 would have in our mission.

5         We also, as the General said, we do have I  
6 won't say standard designs but we do have criteria  
7 for housing and going back to Gay's point sometimes  
8 you have to balance that with local capabilities and  
9 that's the part of the negotiation and discussion.  
10 And certainly if you were going to have a developer  
11 come in and make this investment you're going to want  
12 assurances that they receive a reasonable profit and  
13 they're not going to be surprised by the United  
14 States government vacating those properties and  
15 leaving them with them.

16         So we have as we did in the case in  
17 Nairobi, we do negotiate with these. They are firm  
18 term with certain penalties if we break before a  
19 certain period. So we structure it, what we attempt  
20 to do is to structure this as close to what the  
21 industry finds acceptable in terms of design and

22 financing and risk and what we need so that when we  
0075

1 send our diplomats abroad as you go into these new  
2 housing in fact it does work for them.

3 So it's this constant discussion and  
4 adjustment that's really the process that the model  
5 that we have used, that we propose to use, going  
6 forward. I think there was also a discussion about  
7 the possibility of packaging this on a larger scale.

8 Well, I began my original comments by  
9 saying until you have the acceptance of this program,  
10 the build-to-lease program as a valid acquisition  
11 approach, and it's not quite there, frankly, outside  
12 the State Department, then it's hard to have a  
13 program because you can't go to the industry and say  
14 we need housing this size, this many units in these  
15 places and here are our specifications and are you  
16 interested? Let's start the process and bid on it.  
17 We're not there yet. That's one of the problems with  
18 trying to look at this as a package.

19 GENERAL WILLIAMS: Harold?

20 MR. ADAMS: On this subject I do believe  
21 that there are developers that would be interested,  
22 U.S. developers that would be interested in the  
0076

1 program. I think the Urban Land Institute would be  
2 an organization that would be happy to assemble a  
3 group of interested developers and discuss it with  
4 you and what their concerns would be. So certainly I  
5 would be happy to introduce you to the right people  
6 at the Urban Land Institute.

7 I do know that there are some very high  
8 quality real estate investment trusts that are  
9 developing properties, office properties and other  
10 types of properties, for some of the most sensitive  
11 parts of the government that I think could be  
12 interested in doing some of these types of projects.

13 So I believe as Joel stated in the  
14 beginning that with a right client there there will  
15 be interest on the part of U.S. developers. And many  
16 of them may be more institutional real estate  
17 investment trusts that are looking for diversity and  
18 looking for some international diversity in their  
19 portfolios.

20 GENERAL WILLIAMS: Well, this is real  
21 helpful information. And that's one of the reasons

22 we wanted to put it out here. There was another  
0077

1 hand. Yes, Harvey?

2 MR. BERNSTEIN: It was more just a  
3 clarification. Terry, if I understood you right,  
4 what you're basically saying is you go out and you're  
5 looking at additional land for some of your real  
6 estate acquisitions for other embassies in different  
7 locations you're also trying to factor in the  
8 possible need for housing or land there though right  
9 now until you get the range of developers engaged in  
10 it you can only go so far.

11 At the same time by laying out the criteria  
12 you're not going as far as let's say the A, B and C  
13 designs for embassies but you're trying to define the  
14 criteria that the people or staff that are going to  
15 be living there might require, trying to end up in  
16 the long term your vision is to combine it so that  
17 when you're looking at a new compound you're  
18 factoring in the housing requirements, perhaps having  
19 something set up or a developer may all be lined up  
20 to take an opportunity to do that.

21 And so trying to meet both the official  
22 needs as well as the needs of the staffing there. Is  
0078

1 that right?

2 MR. WILMER: That's absolutely correct.  
3 Let me just, by way of clarification, explain that we  
4 do not go out and acquire the land and then ask  
5 developers to come in. This is really a turnkey  
6 operation. We determine the requirements, share them  
7 with developers after the process of negotiation that  
8 Bill referred to. Then we look to in essence for it  
9 to be a turnkey operation at that point.

10 If I could, General Williams mentioned the  
11 example of Nairobi. I think that's a very important  
12 one because he correctly noted that we were building  
13 a beautiful new chancery, commissioned and  
14 functioning in Nairobi.

15 In a different part of town their housing  
16 inventory was spread all over the city in quite  
17 frankly the wrong areas, and because of going back to  
18 the security you mentioned, because of the threat to  
19 individuals we had to have 24-hour-a-day guards at  
20 each one of those residences.

21 So if you look at the economies and

22 efficiencies of that and you look at the operational  
0079

1 aspects and you look at the security dimension it  
2 just screams for a solution like this. And so I  
3 conferred with General Williams and we decided to go  
4 forward with a build-to-lease project, 60 units, with  
5 a gated community.

6 And if you look at the leases that we're  
7 giving up and you look at the costs savings from  
8 having fewer guards in essence it became, the cost  
9 became a wash and we were able to move into newer  
10 units that are more efficient to operate and obtain.  
11 It was a win-win situation all around.

12 So that's how you so to the extent you  
13 have not only a new chancery but you have an  
14 environment where it becomes more attractive to staff  
15 to go to that mission improves morale. We think  
16 that's very much a win-win situation and we see that  
17 as one of the benefits of using this kind of  
18 approach.

19 It's not just that you allow the private  
20 sector to go out and do something the private sector  
21 does very, very well but it has an added benefit to  
22 the totality of what you're trying to do at that  
0080

1 mission.

2 MR. BERNSTEIN: And the only clarification,  
3 I probably didn't make myself clear before, I  
4 understand you're not going to go out and look for  
5 the land for the housing but what I was driving at is  
6 when you got to look for land for new compounds  
7 because you have to factor in the housing  
8 recruitments and those kinds of conditions that may  
9 have some influence on the criteria for that land,  
10 because you may then be looking for land that may be  
11 available in the area not so much for the State  
12 Department to acquire but knowing that if there's  
13 going to be a housing need it's one site selection  
14 versus another may be more conducive for houses to be  
15 built nearby under those kinds of conditions.

16 MR. WILMER: You're absolutely right, Harvey  
17 because you're not just going out and acquiring land  
18 to build the chancery. It radically affects the  
19 quality of life there. Where are the schools? What  
20 are the community patterns? Where is the existing  
21 housing? Where do you project housing to be? So as

22 we look at selecting a site for the chancery we have  
0081

1 to weigh all of those factors as part of the decision  
2 process.

3 MR. BERNSTEIN: I think that's an innovative  
4 approach you've taken which reflects the needs of  
5 everyone involved.

6 MR. MOUNT: One of the other aspects of it  
7 when we save money it's not just out of OBO's pocket.  
8 For example, the security for the residences is out  
9 of a different account in the Department but we're  
10 not just narrowly focusing on the savings to us. It  
11 is the taxpayer and the agency as a whole, so it  
12 benefits across the board to do it this way.

13 GENERAL WILLIAMS: Yes, Joel?

14 MR. ZINGESER: Just one other point that  
15 occurs to me, this is a scenario that in my judgment  
16 really lends itself to a performance-based type of  
17 procurement and that in defining your housing needs  
18 the extent to which you can be very, very clear in  
19 performance terms without giving out standard  
20 designs, my sense is that you will have more  
21 competition. You'll have more variety. You'll have  
22 more interesting projects.

0082

1 GENERAL WILLIAMS: You know it's been very  
2 surprising, as I said we've tried this. It was very  
3 successful and we've got a whole list to deal with.  
4 Competition and interest from the private sector has  
5 been absolutely amazing because there's some real  
6 remote corners of the world where we didn't even have  
7 an idea that they would be in there. And we're  
8 talking about American companies that come forth and  
9 would be interested in doing this.

10 To just complete the pitch here on how we  
11 sort of do our stewardship on this is that prior to  
12 Terry or real estate people even looking at this when  
13 the notion comes forth, when we corporately decide  
14 that we're going to maybe look at a build-to-lease  
15 type of arrangement, the first order of business is  
16 to kind of do a business case analysis because all of  
17 our work now is preceded, particularly work that is  
18 out of the box, is preceded with a complete private  
19 sector model of a business here.

20 We look at all the financial sides of it.

21 We look at all the value to the government. We look

22 at all the cost benefit analysis. So all the  
0083

1 business of whether or not this will advantage, will  
2 be an advantage, from a dollar standpoint, from a  
3 quality of life, from a whatever is all done up  
4 front. And then that business case analysis produces  
5 a decision point for us to make.

6 It's a go/no go type of thing. Here is the  
7 proposal. Here is a notion in country X to acquire  
8 housing or to build a residence. And here's the  
9 business case analysis around that. Here are the  
10 numbers and we're talking about working through the  
11 whole lease arrangement from some number of years and  
12 see how all of that will put the government in an  
13 advantage position so we know before we start unless  
14 we foul up the execution that the notion that we have  
15 on the table makes good government sense.

16 So we do that first and then we engage the  
17 private sector on both parts of it. So that's kind  
18 of the approach we're need to go at. Are there other  
19 comments on this from anyone? Yes, Harold?

20 MR. ADAMS: I've mentioned this before but  
21 this really would lend itself to the system that the  
22 British are using, the private finance initiative.

0084

1 They're using it for their military facilities. They  
2 are using it for a huge hospital rebuilding program  
3 and highways and rail and other infrastructure. But  
4 I think that it would be a variation on that private  
5 finance initiative and I believe they're even using  
6 it for some of their embassies. It would be  
7 worthwhile for you to communicate with the British  
8 government.

9 GENERAL WILLIAMS: You know, they have been  
10 inquiring about our standard design so we just may  
11 inquire we'll have a trade off to deal with  
12 technology. Well, that's interesting. It's a good  
13 point, a good approach.

14 MR. WOLFF: One of the issues that Terry was  
15 raising that you really can't avoid is really the  
16 resalability. With the economics the business plan  
17 really rests on as close as possible you can get to  
18 either current or future resale because the  
19 government can do it as cheaply or cheaper than the  
20 private sector because the cost of money is lower if  
21 all things are equal.

22           So what the private sector will always be  
0085

1   looking at is their exit strategy and that gets you  
2   into a position where you have to start trading --  
3   and Joel was talking when you have to trade off what  
4   you like versus what the local market will accept  
5   because otherwise they'll be stuck with a building in  
6   their own mind.

7           In the front door this then gets you into  
8   the issue of whether or not you can just buy it  
9   through the surplus and just rent the surplus in the  
10  market. So the more you start adjusting to the rear  
11  end exit strategy also the more likely you might find  
12  that in a surplus real estate market you can actually  
13  lease as you have in the past.

14          The other issue that comes up just, I  
15  think, is interesting is if you're going to go to  
16  gated communities the question is whether they should  
17  be exclusively embassy-related or can you put a  
18  gated community where a private developer can put  
19  other people in. The reason I say that is if you go  
20  back to real estate to the extent that you can be an  
21  anchor you start out more with your embassy being a  
22  green site.

0086

1           Now, your catchpool of where your people  
2   can live is a little further out than they would be  
3   if you were in the central business district.  
4   Therefore you're becoming very attractive to a  
5   developer who's got a large green site because one,  
6   an embassy has cachet and two, it can trigger, 60,  
7   100 homes can trigger a new community. If you look  
8   at Latin America you have that. And you're more  
9   valuable to that developer to the extent that you can  
10  open the gated community to other people.

11          Now, that may have other problems for you  
12  but from a simple point of view, being able to live  
13  in an American protected community is probably  
14  valuable to a rich Salvadoran so these issues becomes  
15  a real plus. It's a trade-off.

16          MR. WILMER: If I could, I totally agree  
17  with you. You have to look at it from the  
18  developer's standpoint what is my exit strategy?  
19  What are my risks? And that has to be balanced  
20  against what our needs and requirements are. It's  
21  part of that give and take, the negotiating process.

22 It's absolutely critical because if the developer  
0087

1 doesn't have the proper exit strategy we will pay for  
2 that. We will pay for that and we don't want to do  
3 that.

4 MR. Wolff: I just go through RFK stadium  
5 and realize the problem of not having an exit  
6 strategy.

7 MR. WILMER: And with regard to the comment  
8 about being an anchor tenant I want to assure you  
9 that any of our portfolio managers who go out and do  
10 any negotiation are constantly using the term, we're  
11 an anchor tenant, because it's true.

12 If you look, for instance, many years ago  
13 when we built our mission in Amman, Jordan it was  
14 seen as being outside the city limits, my goodness,  
15 no one will ever go there. Well, if you've been to  
16 Amman recently you'll find that that is the new  
17 McLean, so to speak. That is where the development  
18 is in part because we built our mission there.

19 Then there was a demand for housing. The  
20 housing was satisfied but because it was relatively  
21 high-end housing it was seen as having, as you said,  
22 Derish, a certain cachet it attracted others. So

0088

1 we're very conscious of that as we sit down and  
2 negotiate and package these things.

3 GENERAL WILLIAMS: But you know there's  
4 something really, really unique about this green site  
5 concept because early on it was the reluctance to  
6 move off of Main Street. We've always been downtown  
7 and even to convince some of our customers that  
8 things are going to be all right. But Terry and his  
9 folks do a very, very good job.

10 We thought about this upfront on the site  
11 selection. We just don't go out and just grab a site  
12 because it happens to be convenient. We get the  
13 right site, the right size and a site that's  
14 buildable.

15 And what we have found, and I can just give  
16 you examples, there's an example in one European  
17 country that I visited about 12 months ago and was  
18 standing at the construction site and saw all of  
19 these mounds of construction coming out of the ground  
20 and I just looked at some pictures after one year and  
21 that particular side of town, which happens to be

22 going toward the airport, in a place where there's  
0089

1 never been any modern facilities is going to be the  
2 place to go.

3 Everything is coming in. I think McDonald's has  
4 popped up and a few other things. So it will happen.  
5 The whole green site concept attracts the kind of  
6 things that you would want to be around the embassy.  
7 So that's helping as well.

8 MR. WOLFF: Just as, when you do your new  
9 embassy green sites one interesting thing would be,  
10 and maybe you do it already is to show the government  
11 the broad planning opportunities you're affording  
12 them, the community at least. It doesn't cost very  
13 much and you just trigger the idea of the things they  
14 could do with the site that you've now helped create.

15 GENERAL WILLIAMS: When they hear that we're  
16 interested normally they bring their plans.

17 (Laughter.)

18 This is what we have planned. We want  
19 this here, the cultural center here.

20 MR. MOUNT: And we often acquire our site  
21 from the host government and at the very get go they  
22 understand our relationship to their larger plan.

0090

1 MR. RITTENHOUSE: Just one last question.  
2 In Bangkok it was I was staying with some friends  
3 who happened to live on the Canadian compound was  
4 where their housing was, have you talked to other  
5 countries about trying to get a combined gated  
6 community or get these clusters together or is it too  
7 difficult? I'm speaking I'm not thinking about all  
8 the countries but the British, Canadian, our closest  
9 allies, those that remain our close allies over the  
10 last couple of months.

11 (Laughter.)

12 But it's up to to us, at least with these  
13 guys to see if there's opportunities to be saying the  
14 British have this housing scenario that Harold was  
15 talking about. Is it possible or is that just  
16 difficult dealing with one government and bringing  
17 the second government in is three times as difficult?

18 GENERAL WILLIAMS: No, we haven't done any  
19 we haven't done any of that yet. There are some low  
20 level discussions around about maybe doing some of  
21 this. It seems to be our requirements, our view

22 about certain things is a little bit different. And  
0091

1 it's just going to take some additional work to get  
2 past that. So we're just not we just not launched  
3 into that.

4 We know that -- we know there's some  
5 differences in how we view things. But it's a very  
6 healthy analog but we haven't done anything yet.  
7 Ultimately, it would be very nice if everybody could  
8 come together and decide that this is what a typical  
9 office would look like. This is what a typical  
10 living area would look like. But we have different  
11 views at this point.

12 MR. RITTENHOUSE: They don't have to be the  
13 same complex; they just have the same in this part  
14 of town like we have our 500 or 50 units or whatever  
15 the number is and they have theirs. It just happens  
16 to be in the same vicinity just to get the --

17 GENERAL WILLIAMS: I can just tell you in Nairobi,  
18 for example, half a kilometer well, half a mile from  
19 our new embassy is the Canadian embassy as well. I  
20 don't know what they're doing about housing but they  
21 know what we are doing. And I wouldn't be surprised  
22 next year to see another start area over there near  
0092

1 ours going up but we haven't worked the linkages yet  
2 where we have come together on that. But there is a  
3 quote, diplomatic quarter in most countries where the  
4 new work is ongoing. But I know what you're getting  
5 at. It's just a little difficult right now.

6 Bernstein, he's laughing. He'll tell you  
7 what the problem is. Okay. Are there any other  
8 questions we have on this subject? Okay. I need you  
9 to, before we break for lunch, let's talk about  
10 scheduling a little bit because I'm looking primarily  
11 at number eight, we're just trying to improve across  
12 the board with our critical path events, equipment  
13 supplies and everything that relates the schedule.

14 And we're just interested in hearing your  
15 views about how best to control on this. There's a  
16 lot of procedures out there. There's a lot of tools.  
17 But what have you found to be the most successful?  
18 And the staff that put this do you want to  
19 introduce that, the whole idea of schedule?

20 MR. TOUSSAINT: General, let me just do the  
21 lead in but I think the obvious person that put this

22 forth and talked to this is P.K. Bagchi, Director of  
0093

1 Construction and Commissioning. I would just ask  
2 that we think about this out of the box and think  
3 about something other than just the old stuff about  
4 the CPM, Primavera, proof, cost loaded CPMs and all  
5 that stuff and we'll run the job. But P.K. do you  
6 have any

7 GENERAL WILLIAMS: We need that new hammer  
8 that we know you guys have, okay, that you only use  
9 when you really want to get this thing done, okay,  
10 because where we're making our money is delivery.  
11 And that's what we that's what we're looking for.

12 MR. BAGCHI: I think this essentially says  
13 what it needs to say and you all know we're in the  
14 overseas arena. That makes the planning and the  
15 scheduling more critical. And we have certain  
16 elements if it doesn't happen. It has ripple effects  
17 all the way down to finishing up the job.

18 And if it doesn't happen at a precise time  
19 that takes a lot of discipline a lot of  
20 communication planning between the contractor, the  
21 subcontractor and the vendor. And what would you do  
22 to make sure regardless of what happens not ifs and  
0094

1 but but that piece of equipment is going to be there  
2 on a certain time because there are a lot of things  
3 that can go wrong?

4 I mean for those few items you've got to  
5 have contingency plans because the main thing here is  
6 we're in an overseas environment, thousands of miles  
7 away and one little slippage on that item is going to  
8 have a ripple effect all the way down.

9 GENERAL WILLIAMS: How do you ensure that  
10 you've got doors, windows on time? What do you do?  
11 Yes.

12 MR. READY: General, I'd first of all like  
13 to apologize to you and the committee for my  
14 lateness.

15 GENERAL WILLIAMS: Okay. Just buy us all  
16 lunch.

17 (Laughter.)

18 MR. READY: In terms of ensuring delivery we  
19 have had several projects where there was a critical  
20 need for particular equipment and promises made to  
21 people that didn't like to be disappointed. You

22 know, money is the it usually is the issue and it's  
0095

1 not magic in terms of, you know, it may be magic in  
2 terms of figuring out all the trade-offs of cost and  
3 timing but the reality is that you pay upfront or you  
4 pay on some kind of predictable schedule and you take  
5 blood out of people and they know you're going to  
6 take it out of them if they don't deliver the  
7 product.

8 Businesses is business. If the  
9 manufacturer knows that a day late delivery  
10 represents potentially all of his profit and a  
11 potential calling on a backup contract that he's  
12 going to pay for, if he can't show ability to deliver  
13 at some predictable date prior to delivery to assure  
14 the client those are the kinds of procedures that I  
15 find in my experience are the only ones that work.

16 You know, magic schedules aside and  
17 everything else, it's down to money. And if it costs  
18 a vendor to not perform, magically, they perform.  
19 And I think you have to look at your procedures that  
20 allow that money to flow either at time of commitment  
21 and then look for callable, cashable securities that  
22 can be called on a pre-delivery schedule if there's  
0096

1 no evidence of delivery capability.

2 Something that we don't usually do in  
3 contracts because the cost of doing that and the  
4 effort is usually not justified against the slip in  
5 the schedule but if you have a time critical, for  
6 example getting a generator on site, it's absolutely  
7 necessary in order to allow other things to happen  
8 three-quarters of a million or a million dollar  
9 purchase, \$10- or \$15,000 worth of effort to put into  
10 place a contractual call and maybe an additional \$10-  
11 or \$15,000 in interests costs to have securities put  
12 in place that are callable, those become reasonable  
13 costs of doing business. And I think you have to  
14 it's not magic. It's just money.

15 GENERAL WILLIAMS: Yes, Ida.

16 MS. BROOKER: One of the things that we've  
17 learned is that you can't allow long lead time items  
18 to dictate the way you do business. And I will  
19 compliment one of the contractors here visiting is  
20 that Turner Construction did solve one of our major  
21 problems in a project we had that they went out as a

22 contractor rather than hiring a subcontractor  
0097

1 prematurely they went out, ordered the materials, got  
2 them on order, got us in line, before we were ready  
3 to award those subcontractors or that subcontract.

4 So what happened was that they managed to  
5 evaluate the project, identify those long lead time  
6 items and made sure that they were on board prior to  
7 having to go out and do the competitive bid for that  
8 particular subcontract. I think having a general  
9 contractor that really has a handle on that essence  
10 of the project is what's going to keep you on  
11 schedule.

12 I know that the CPM is the critical path,  
13 is what actually drives the project but there are  
14 ways around it to be able to allow the project to go  
15 forward in a logical manner that doesn't force you to  
16 make decisions before you're really ready to do that.

17 A lot of times, especially when you have a  
18 standardized product that you are really looking to  
19 and especially in the approach you all are taking  
20 that you know pretty much a lot of the elements  
21 within the project but maybe some of the detail isn't  
22 there yet to award the rest of the project.

0098

1 So, you know, I think there are ways around  
2 that to make sure that your materials are there well  
3 in advance or well handled prior to the actual need  
4 or the concern of having it miss your windows.

5 GENERAL WILLIAMS: Yes, P.K.

6 MR. BAGCHI: Let me add a little  
7 clarification. I think Ida hit the nail right on the  
8 head. Our successful projects are when we have our  
9 general contractor taking a proactive approach in the  
10 procurement process and not leaving it out to a  
11 subcontractor of something.

12 He's really managing the project based on  
13 the project delivery schedule that he has prepared  
14 and he knows the final finish line. And he has to  
15 take appropriate steps in procuring the materials to  
16 make sure that gets there on time.

17 And those are our successful projects and  
18 that's what we expect from our general contractors  
19 because as you know that we don't go piecemeal in a  
20 contract. We go with the general contractor, the  
21 delivery of the generator, delivery of that forced

22 entry ballistic windows or the chillers, that's all  
0099

1 we look to the general contractor to figure out a  
2 way.

3 Now, let me add something here. What I'm  
4 trying to get out of this item is we have, and I'm  
5 sure you all used the liquidated damage, and we have  
6 the liquidated damage clause in our contracts.

7 But that's too late. At the end the day by  
8 the time I'm assessing liquidated damage the damage  
9 is done. The contractor needs to do something and  
10 what does the contractor need to do, what maybe you  
11 all are doing with your sub and the vendors that you  
12 ordered a generator and if the generator did not  
13 arrive on time, what are you doing to that vendor to  
14 make sure that generator arrives on time so that the  
15 project does not get delayed?

16 And is there anything we could be doing in  
17 the contract to get that additional leverage on that  
18 because I find that by the time we're finding out  
19 that we have to assess liquidated damage it's too  
20 late.

21 GENERAL WILLIAMS: Joel, you've been trying  
22 to get in.

0100

1 MR. ZINGESER: Well, I guess this is and I  
2 am going to say a couple of things and I'd really  
3 like to invite the other contractors that are here to  
4 add some two cents if you don't mind and if they  
5 don't mind.

6 But obviously, the issue on schedule and  
7 long lead items starts with the analysis by the  
8 general contractor of what in the heck we're talking  
9 about in this given project, whatever it is.

10 And obviously, again, every project has  
11 materials, products, labor, and integration and I'll  
12 come back to integration because I think that's  
13 really a key point that you're talking about.

14 There's two ways to make things happen,  
15 incentives or penalties. Incentives are a heck of a  
16 lot better way to work with anybody. All our  
17 children let alone all our subcontractors, let alone  
18 all our general contractors.

19 And there's a couple of things that come  
20 into play in the course of the process. One is  
21 money. That's always an incentive but the other is

22 prestige. I think we saw in the Phoenix Project  
0101

1 prestige, patriotism, other things that came to the  
2 fore and at the end of the day a lot of people are  
3 going to make a lot of money but that isn't what  
4 caused people to step up and do what they had to do.  
5 Nobody asked about it at the time.

6 And a lot of people have pointed to that  
7 project as an example, it's an extraordinary example,  
8 but it is an example facets of which can be applied  
9 to work routinely. And every one of us who is  
10 general contractor understands the need to motivate  
11 our own people and our subcontractors to do the right  
12 things.

13 And again, money, prestige, and finally,  
14 relationships. As a general contractor the most  
15 important thing we have is relationships with our  
16 owners and customers and also with our  
17 subcontractors. And the way in which we treat our  
18 subcontractors and get them to understand what's  
19 important is what will keep us all as general  
20 contractors in business and successful.

21 Coming back to the integration issue we as  
22 general contractors are the systems integrator. We  
0102

1 have got subcontractors, we've got our own labor  
2 force. We've got people doing the work. We must  
3 recognize that with the, I mean, the HVAC equipment  
4 and the controls guy and the duct work guy and the  
5 plumbing guy that they're trying to fight to do  
6 things in some sequence in the right way and the same  
7 space and there are times when they can, with proper  
8 management, be working either in sync or out of sync  
9 but getting things done and keeping in mind the  
10 priorities.

11 So establishing the priorities, keeping  
12 them, getting them known at the outset and continuing  
13 to fight and keeping your eye on the key elements is  
14 what will win in the end. And yes, in fact, it does  
15 come down to the schedule the CP and the two-week  
16 look aheads, the where are we, but basically  
17 incentives are better than penalties and the  
18 relationships are key to how we can succeed. And  
19 that's probably enough from me but I don't know if  
20 Benny or John you want to say anything?

21 UNIDENTIFIED MALE: Well, actually we have

22 something that's quite interesting with the  
0103

1 contracting before we even go into the bidding  
2 process we bring all of our subcontractors into an  
3 area just like this and we identify what those long  
4 lead items are before we even bid the project.

5 So whether or not we're awarded the project  
6 if we are awarded the project we already have those  
7 things identified and we get on them immediately and  
8 get them ordered. The other thing with scheduling  
9 like you say, schedules seem to slip a lot of times.  
10 And a lot of times those new schedules that are being  
11 generated are not given in a timely manner to your  
12 subcontractors or to your suppliers. So they don't  
13 actually know what's going on with the project.

14 So having someone identifying what that  
15 slip is and getting a hold of the people and the  
16 suppliers you're dealing with to make sure that all  
17 of those equipment and all that material is coming on  
18 a timely basis or when you need it. It's a very  
19 important aspect.

20 GENERAL WILLIAMS: Thank you. Any other --

21 UNIDENTIFIED MALE: My only comment thank  
22 you, Joel. Joel said some wonderful things.

0104

1 Manufacturing a building is like assembling an  
2 automobile. You don't want any surprises obviously.  
3 And you can expect what you inspect.

4 We've been involved with the TSA project  
5 with Boeing and it takes a lot of hard work.  
6 Preplanning is the essential ingredient in a  
7 successful project. Nobody likes surprises and  
8 you've got to eliminate those surprises by following  
9 up on the little details. It's hard work but it will  
10 guarantee success.

11 We're doing a two and a half million square  
12 foot building for PGO right now and that job was  
13 preplanned to the nth degree. But it's in  
14 Alexandria. Building an embassy across the world is  
15 an entirely different ingredient. I mean, what's the  
16 assurance of getting your material through the port?  
17 A freighter ship out in a port and you can't get  
18 access into it because of local politics or whatever  
19 can destroy all that preplanning.

20 So there's a lot of other ingredients that  
21 go into it when you're halfway across the world as

22 you know and we're all preaching to the choir. But  
0105

1 there's no substitution for hard work. And  
2 just-in-time inventory, a job that's preplanned and  
3 you've got the material arriving on time motivates a  
4 lot of people.

5 GENERAL WILLIAMS: Okay. Harold?

6 MR. ADAMS: I would just like to emphasize  
7 that part of that preplanning is working with the  
8 architects and engineers and that's the magic of  
9 design-build and/or having the contractor selected  
10 very early on because there are many trade-offs that  
11 can be made in the selection of products and building  
12 techniques that will be used in the field that the  
13 architect working with a contractor can take  
14 advantage of in the very design of the project.

15 GENERAL WILLIAMS: Excellent. Yes, in the  
16 corner.

17 UNIDENTIFIED MALE: Yeah, I have a passion  
18 for advanced planning and it's what I do for a  
19 living. I work day in and day out with contractors  
20 to plan projects. I have one going here in the  
21 District on 14th Street pretty close by that had some  
22 of the problems, of course, not the overseas problems  
0106

1 but of the things that were said here this morning  
2 that I thought made the most sense was thinking  
3 out-of-the-box. I really think you're on to it there  
4 either through management, the forward planning.

5 I couldn't agree more with that that the  
6 general contractor should have a mechanism to go  
7 around something to get it moving. And I agree with  
8 everything that everybody said but Joel hit upon the  
9 issue that I see most often and that's the  
10 relationship.

11 Scheduling's a planning tool that's  
12 designed to work for all members and without a  
13 relationship among all members you probably are going  
14 to get more toward the damages end than success. So  
15 I looked at the three things that I can simplify this  
16 to in a relationship. P.K. brought up schedule  
17 critical path events. Now, those normally are only 2  
18 to 3 percent of a project. On an embassy project I'm  
19 sure it runs higher than 2 to 3 percent but still the  
20 concept there is pay attention to the things that are  
21 going to cause you trouble.

22           So how do you do that? We discussed  
0107

1    planning. The planning process, the very early  
2    planning, and I would be speaking more along the  
3    lines of after the project is awarded or right prior  
4    to being awarded.

5           Detailed, and here's the second word,  
6    considered. You will be amazed at how the different  
7    approaches to build a job can be considered in the  
8    detailed planning phase. All of the different  
9    approaches come to light. So they need to be  
10   considered and we talked -- some other people talked  
11   about that.

12           The second thing which is the relationship  
13   it's the synergy to use the plan. People that are  
14   participating in the plan, the owner, end user,  
15   general contractor and subcontractors, and the  
16   architect and engineer need to believe that it will  
17   work. They need to know enough about it. They need  
18   to participate in it and they need to believe it will  
19   work. There's a synergy there. I know it's an  
20   idealistic comment but I find it to be true in the  
21   motivation of people.

22           And the third thing which is the obvious  
0108

1    which we deal with all the time is to update, revise  
2    and communicate the plan. Primavera, Sure Track and  
3    Microsoft Project, excuse me, are not conducive to  
4    communicating the plan. People are conducive to  
5    communicating the plan. Thank you.

6           GENERAL WILLIAMS: Thank you. And all of  
7    this is very helpful as we try to factor in all of  
8    the information. Derish?

9           MR. WOLFF: Well, I agree with what everyone  
10   said but we've done a lot of postproject review. One  
11   of the areas that keeps coming up in postproject  
12   postconstruction review is that a lot of items that  
13   are called late delivery and that fall under the tent  
14   of late delivery when you look at them carefully can  
15   be broken out.

16           And they're not always late delivery or  
17   faulty delivery. And they just get thrown in and say  
18   we've got a late delivery on something on a generator  
19   or something else. What they really find is that  
20   it's a risk issue that the way the projects are set  
21   up and the way the ordering is set up and the way the

22 risk commitment is set up many of these issues fall  
0109

1 not under faulty delivery from a vendor or something  
2 but under a difficult ordering system.

3 If you look at any large project or any  
4 good project you'll find that the project managers  
5 they bring in are gung ho on it. They've all made  
6 their name on long lead time delivery. That's all  
7 they want to talk about. They don't want to talk  
8 about getting the construction crew tomorrow to the  
9 job. Everyone loves long term delivery issues  
10 because that's where they made their name. Every  
11 subcontractor wants to when you bring in all these  
12 discussions wants to will spend most of his time in  
13 the beginning of a project telling you that tile is  
14 in short supply or something is in long supply.

15 So there's I would say 30, 40 percent of  
16 preconstruction discussions with subcontractors, with  
17 project manager are both issues that really relate to  
18 this long lead delivery problem. So the question has  
19 been why do we ever have problems with long lead  
20 delivery? Well, I think sometimes we have honest  
21 problems. We read them wrong. The scheduling is  
22 wrong.

0110

1 But I think a lot of it is the risk the  
2 command and control system, to get to your old field,  
3 and we set up a command and control system and then  
4 we don't enforce it because we either centralize  
5 authority or we pass authority down to the sub.

6 We might be looking you might be looking  
7 at a \$50 million project. The contractor might be  
8 looking at \$45 million contract. The sub is only  
9 looking at a \$400,000 contract and you want him to  
10 risk a commitment before he gets signed off on  
11 \$200,000.

12 So I think you want to look at what you  
13 really mean by long lead and whether it really was  
14 that they promised you something they couldn't  
15 deliver or you asked them something and they  
16 responded maybe the third time you asked them if  
17 you're going to deliver it on Wednesday they finally  
18 were so tired of changing dates so they said, yes,  
19 when they couldn't do it. They already had \$50,000  
20 or \$100,000 sunk into the project.

21 So when we look at it a lot of times the

22 first thing everyone says at the beginning of the job  
0111

1 is we've got to look at long term critical delivery.  
2 The first thing they tell you at the end of the job  
3 is we were let down on long term delivery. But when  
4 you look in the heart of it you find it may not all  
5 be long-term delivery issues.

6 GENERAL WILLIAMS: Excellent, excellent.  
7 Yes.

8 UNIDENTIFIED MALE: I just had one point to  
9 make. I'm with the Thornton-Tomasetti Group. This  
10 might be an extreme example but the World Trade  
11 Center work that was done I think the key here was as  
12 far as scheduling the weren't really any long lead  
13 items here, okay, but the key I think was the  
14 communication.

15 From the very beginning there were meetings  
16 scheduled every morning to plan what was to be done  
17 that day and a meeting that night to see what was  
18 done, what had to be done the next day. And those  
19 meetings were held and they were rooms as big as this  
20 with representatives from all the the engineering  
21 firms, all contractors.

22 There were four major contractors on the  
0112

1 project. The job was divided into four sections and  
2 each contractor had their own section and incredibly  
3 there was tremendous cooperation, collaboration. The  
4 engineers talked to the contractors. The contractors  
5 talked to the engineers. We listened to each other  
6 and there were no as I said jokingly there were no  
7 RFIs on the project. Everything was done right then  
8 and there.

9 As far as the incentive I guess the  
10 incentive was that you just, you didn't want to screw  
11 up because it would there was just a snowball  
12 effect. And everybody had the same goal. And it was  
13 to do the right job and everybody was working real  
14 hard. And you just felt if you didn't do your job  
15 you would let everybody else down. But  
16 communication was really key, I think.

17 MS. BROOKER: To follow on that just is the  
18 important issue of having a project owner. And I  
19 know that in a lot in the couple of projects that  
20 we've had that have gotten in trouble we were our own  
21 worst enemy in that we did not have someone who was

22 committed to answering the project questions within  
0113

1 24 hours.

2 And having an owner's representative that  
3 takes on the role of being that person can save the  
4 project weeks on the schedule. And it has to go  
5 it goes back to communication because if you've got  
6 the people there identified who can answer the  
7 question and are committed to answering those  
8 questions, it will make all the difference in getting  
9 to the final date of that project. And we've now put  
10 this in place in a couple of projects and one the  
11 one very telling one was our headquarters in Chicago  
12 where we identified the building on the 15th of May  
13 and moved in on the 4th of September after a total  
14 gut a remodel. And it was because we committed to  
15 being that communication tool that made that happen.

16 And it's amazing how you don't see your own  
17 foibles and responsibilities in the project progress  
18 but the contractor can tell you all kinds of horror  
19 stories about if they would just answer my questions  
20 then we wouldn't be in this mess. So to me having  
21 that project owner from the owner's side of the house  
22 is all-important in making any of these dates.

0114

1 GENERAL WILLIAMS: Thank you. This is a  
2 wonderful discussion and I see other hands. I'm  
3 sorry we do have to cut this off because of  
4 scheduling. It's time to go to lunch but we will  
5 find our way to conclude around this but what I'm  
6 hearing which are many of the things that we have  
7 been chewing around as well because we really want to  
8 be on target as far as scheduling is concerned and as  
9 the gentleman from Turner said, yeah, we have a very  
10 unique situation inasmuch as we work overseas with a  
11 lot of unknowns but on the other hand we've been  
12 doing this awhile and we know what these potential  
13 issues are so good planning can help us with that,  
14 particularly with contingencies.

15 I was particularly intrigued by the whole  
16 notion of relationships because quite frankly that's  
17 been one of the centerpieces of what we've been  
18 trying to put forth here is sort of the trust linkage  
19 between parties and believing that at the end of the  
20 day we've got a common goal and everybody wins.  
21 That's the only way we can view this thing.

22 Contractor, owner, designers, everybody wins.

0115

1 We even try now to bring in the host  
2 country because they play an important role. You  
3 win, too. Every time we make a ground break I mean a  
4 ribbon cutting we try to put emphasis on the fact  
5 that who won here quite frankly is the host country.  
6 We put X number of people to work. You benefitted.  
7 Your country is better. Look what we have in place  
8 here, you know, that type of thing.

9 So it goes with trying to get those  
10 relationships in place. And of course thinking out  
11 of the box and early planning and communication,  
12 communication that we've talked about.

13 Clarity in documentation we didn't talk a  
14 lot about it but obviously you alluded to it. What's  
15 in the contract to document and of course what's in  
16 the technical documentation as well sometime can  
17 cause a schedule problem.

18 And then of course as we call the person on  
19 site, the project director or the owner's rep, or the  
20 project manager, has a very key role as well because  
21 the speed in which that person turns around a comment  
22 on an inquiry is very significant to moving things

0116

1 ahead. Okay. I think we have gotten a good two and  
2 a half hours this morning. We're going to ask Gina  
3 now to tell us what we must do.

4 MS. PINZINO: Thank you, General. I just  
5 want to make a brief announcement. Our industry  
6 advisory panel members are going to now be escorted  
7 by Phyllis and be able to join the General and Chief  
8 of Staff and the managing directors at our usual  
9 luncheon.

10 We do have a special treat for you after  
11 the luncheon today. You are going to be met right  
12 after the luncheon by a couple of our members on our  
13 staff and be escorted to an ambassadorial seminar  
14 where you will be able to participate and hear the  
15 General deliver presentation to those ambassadors.

16 So for the outside members we would kindly  
17 ask you to just be escorted by our members on the  
18 staff right outside the door to our fine cafeteria  
19 facility. And we will be will reconvening at 2:00  
20 p.m. on the dot. Thank you.

21 (Whereupon, a lunch recess was taken.)

22

0117

1 AFTERNOON SESSION

2 2:25 p.m.

3 GENERAL WILLIAMS: Well, we hope you had a  
4 good lunch. And I hope you got an opportunity, those  
5 of you who were not part of our little portion there,  
6 that you that you had an opportunity to look around  
7 the building a little bit.

8 What we're going to do is to hit this for a  
9 good hour. We are going to dismiss on time because  
10 that's we promised and we'll take up whatever we left  
11 off next time because we have to get back to our  
12 places and you have to get back to your area.

13 A very interesting thing happened when I  
14 walking down the hallway is that a young man who was  
15 pulling the cable stopped me and he said, you used to  
16 be a General didn't you?

17 (Laughter.)

18 I said something happened to me. He said  
19 well I was a Pfc back in Germany in the early '80s so  
20 it's amazing how people remember. So either I'm  
21 well, anyway, it was interesting. But we shook  
22 hands and it's wonderful. Anytime you find a person

0118

1 pulling cable can recognize you then you never have a  
2 problem.

3 Okay. On that wonderful note let's see if  
4 we can get started and pick up on where we left off.  
5 I think I don't want to close out the scheduling  
6 piece but if there was another burning issue that  
7 someone wanted I mean, burning point that someone  
8 wanted to make about scheduling we will entertain  
9 that before we move to the next one.

10 I know before we left at lunchtime there  
11 was another point or two that somebody wanted to  
12 make. So I didn't want to close that out. Yeah.

13 MR. TOUSSAINT: I think this is instructive.  
14 Debbie Glass who is our Chief of Security Management  
15 Division is not with us this afternoon but she was  
16 here this morning. And at lunchtime she reminded me  
17 that this number eight was her entry into the agenda  
18 and not P.K.'s.

19 And I think that's revealing because it  
20 shows how integrated security is with the  
21 construction process. From her perspective she

22 cannot get her accreditation process and her  
0119

1 installers in line if the general contractor hasn't  
2 done his work. So I just thought I'd share that with  
3 you that we are really tightly integrated across the  
4 board in terms of and probably at the next break  
5 Vivien Woofter will tell me no, that was her entry  
6 from the Interiors and Furnishings people.

7 GENERAL WILLIAMS: Just shows how wired you  
8 all are together. Okay. Anything else on that?  
9 Yes.

10 MR. ZINGESER: General, maybe in your case  
11 the term commissioning has a broader definition.

12 GENERAL WILLIAMS: Yes. And you have to be  
13 quick. But it was interesting so let's move on. I'm  
14 sure everybody got that last significant point that  
15 okay, we want to look a little bit now at this whole  
16 issue of I guess you would call it postproject review  
17 or postoccupancy.

18 We touched on it a little bit before but it  
19 has to do with what is listed in number three and  
20 just how do you find out whether or not you really  
21 did the job right?

22 The staff has tried several different ways  
0120

1 and this is where this came from of presenting to me  
2 on how customers feedback on how well they have done  
3 the job. Whether or not you make the schedule,  
4 whether or not you did the job right the first time  
5 and didn't have to have callbacks. Just what are  
6 your thoughts about that?

7 The staff had introduced number three. You  
8 want to give the panel a little bit more explanation  
9 as to what our issues are?

10 MR. FLOYD: Yes, sir. We want to find out  
11 what kind of measuring tools you look at and how do  
12 you get it back into the system. Now, we've looked  
13 at the PDRI, we've looked at the postoccupancy  
14 surveys. We'll go out two years after it closes,  
15 after the embassy's built.

16 We look at all the systems, what has worked  
17 right, what has worked wrong, trying to get the  
18 feedback into our cycle of planning so that we make  
19 sure we do not have any big mistakes or areas that we  
20 have severe maintenance problems with back into the  
21 system.

22           So we're just wondering what do you have in  
0121

1 your planning process once you have a building  
2 commissioned and it's occupied. What kind of systems  
3 do you have for that feedback and how did you get  
4 that back to you're A and E and into the design  
5 process. Joe, do you have anything to add to that?

6           MR. TOUSSAINT: No. Good lead in.

7           GENERAL WILLIAMS: Any ideas? Yes, sir.

8           MR. MINER: Maybe to stimulate some  
9 discussion we have participated in the past within  
10 the construction industry institute. In fact, I had  
11 chaired a committee on lessons learned in the design  
12 construction area. And when we sat down in talking  
13 to other agencies and private institutes it was that  
14 the lessons learned component that are used today  
15 addressed three areas, the collection or the  
16 identification of issues consisting that we did while  
17 on things that were done well and things that were  
18 done poorly, the analysis of that information.

19           Is the good outcomes attributable to design  
20 or was it a result of construction, good  
21 construction, or has it been operated and maintained  
22 in a good way? So you have to analyze what you  
0122

1 identify.

2           The third area is where the government and  
3 the private sector has the biggest problem and that  
4 is implementing change in response to this new  
5 knowledge that you've obtained in OBO we felt that it  
6 was important to really zero in on those documents  
7 that make a difference in a project being done  
8 differently the next time.

9           And that begins with the CBD or the first  
10 heads-up announcement lets you ask for the scope of  
11 work, the language there has to be approved and  
12 corrected to produce better results and minimize the  
13 poor results. The standard document that we put on  
14 the street, the type of inspections that we do during  
15 construction and the operation and maintenance system  
16 that we put into place. So the issue is a broad one  
17 and I think it's limitation right now of the lessons  
18 that we have learned is really where we need some  
19 help. Maybe it's some insights from the private  
20 sector.

21           GENERAL WILLIAMS: In other words, how we

22 take the lessons and translate them into something  
0123

1 useful in the way of altering our procedures. Yes,  
2 David?

3 MR. READY: Well, I think this seems to me  
4 to fall into really two questions. I think the first  
5 one you have to at least for me to ask is how did you  
6 get to wherever you are and we talked about this  
7 before, documenting the planning process and  
8 documenting all the decisions that were made to get  
9 you the product that you're now trying to analyze and  
10 evaluate and make sure that you're not constantly  
11 reinventing the wheel to solve the problem that  
12 you're creating in the planning process through some  
13 mechanism that happens on that front end.

14 If there was some decision that was  
15 dictating the solution that you're getting back in  
16 the planning process and you're getting as you  
17 evaluate it if you're getting a bad or an improper  
18 solution whether it be one of maintenance or whether  
19 it be one of initial cost and if you don't track back  
20 to look at how you got to that decision I think  
21 you're still doomed to have the same problems in the  
22 next process because you have a different group of  
0124

1 people potentially involved looking at the same kind  
2 of decision and driving the same sorts of decisions.

3 So it's a two-part process, I think. The  
4 surveys, I have not seen very many surveys that  
5 really truly give you the kind of information that  
6 you would be looking for in doing this kind of  
7 evaluation. People tend to respond emotionally on  
8 the surveys in many cases and a lot of situations  
9 they are not going to they're not going to have  
10 enough interface with the systems on an ongoing basis  
11 to really give you valuable information.

12 Your maintenance guy may know but the user  
13 in the office space has no idea how the air got  
14 filtered or whatever the problems are. All they know  
15 is they were inconvenienced or they haven't had to  
16 think about it. And so I think the survey tools I  
17 would question very closely how you implement that  
18 kind of process to see if it gives you useful  
19 feedback.

20 GENERAL WILLIAMS: Good. Any other yes,  
21 Ida.

22 MS. BROOKER: I think the good starting  
0125

1 point however is to utilize the survey because that  
2 opens up an opportunity to talk to your residents or  
3 your occupants of the facilities that you have. A  
4 lot of times it's not the tools but the opportunity  
5 to discuss what's in the tool that makes all the  
6 difference.

7 But you need to understand what the issues  
8 are that are blocking the smooth operation of that  
9 particular organization or entity. Like, right now  
10 if I could fill out a survey on how the badging  
11 process works in this organization I'd be very happy  
12 to do that because on a scale of one to ten it's  
13 about a minus three.

14 (Laughter.)

15 And I think that those kinds of things when  
16 you have to go to three different buildings for one  
17 function it doesn't make any sense. But again, that  
18 can be part of that survey as well. I mean, if  
19 you've got someone who is cold all winter and hot all  
20 summer, you've got a problem. So I think that those  
21 kind of things are important to know.

22 Also, you've got a great design, for your  
0126

1 the design that you developed, the question is does  
2 it meet the needs of the people that are in those  
3 buildings? I don't know the you would know that yet.  
4 You haven't built enough of them to know whether or  
5 not that is going to accommodate the business that  
6 they have to do.

7 And I think that some of those kind of  
8 things are very important if you get very I know  
9 the construction industry and the design industry are  
10 very good at looking at how to manage projects, how  
11 to get to the end as efficiently as possible. The  
12 problem is that if you end in London and the meeting  
13 was in Rio you're in big trouble.

14 And so that's the kind of thing that you  
15 need to know that if the facilities that you're  
16 providing really don't accommodate what they're doing  
17 efficiently or they are not flexible enough for those  
18 kinds of things then maybe there's some other things  
19 you can do to look at to see how we can be more  
20 flexible in the office areas with those kind of  
21 things.

22 But I think that without talking to the  
0127

1 people that you're building them for I don't think  
2 you have a chance of knowing that you've built the  
3 wrong thing or something very simple like access  
4 flooring in a certain area could be much more  
5 accommodating to technological advances in this area  
6 or that area.

7 I mean, some simple things can be very  
8 useful in putting together a facility that can be  
9 much more accommodating to what they're doing. So  
10 whether the tool is the right or not is sometimes  
11 immaterial. Just the dialogue is. And it is like  
12 employee evaluations. If you don't take the time to  
13 sit down with the employees sometimes you never talk  
14 to them. And that's the same with occupants of your  
15 buildings.

16 GENERAL WILLIAMS: Okay. Very good.  
17 Derish?

18 MR. WOLFF: I think I've got to be careful  
19 with Terry talking. Last time I gave a suggestion he  
20 told me about Cairo when they brought in the head of  
21 the Marriott and he said if you do the room if you  
22 do the floor every day it will look beautiful. And I  
0128

1 sort of remember that. I said for those who weren't  
2 there that they should benchmark against good  
3 organization, and look at Marriott, and then he  
4 jumped in. So now I'm on a more global view.

5 I think, and this is a very difficult issue  
6 and we've gone around a number of times, I think the  
7 first thing that is really on two levels. On the  
8 highest level it's what did you plan because  
9 originally you had some idea what you wanted and  
10 then, and you can measure how well you succeeded in  
11 your plan.

12 The other side of that same level is did  
13 you plan right? You might have had a plan. You  
14 might have executed perfectly as Ida says but it was  
15 something that turned out to be the wrong idea. And  
16 if you just jump into the middle of surveys and  
17 things of this sort you're going to get bits and  
18 pieces of the elephant when, in fact, it's just  
19 saying you did the wrong building or the wrong plan.

20 So you have to, on one level, decide did  
21 you succeed in even what you wanted to do and was

22 that really needed. Below that there's a hundred  
0129

1 different benchmarks. Here I go back to what Ida  
2 said, that you just have to pick like Toyota Motors  
3 you know they run Toyota Motors the whole top  
4 management every morning gets a list worldwide of all  
5 the parts that were bought the day before. And they  
6 look at them to see which parts of the car are in  
7 trouble.

8 So I think you guys are really good  
9 management. Intuitively, you know where you're  
10 getting your complaints from and it's easy to develop  
11 benchmarks for those complaints. But if you're not  
12 careful you get skewed between the fact that people  
13 have broad criticisms of what you're doing but they  
14 disagree with your original plan that might have gone  
15 well versus people who are complaining that these  
16 ankle-biters so you better separate these two.

17 And I think, on the second one, it's very  
18 easy. You guys know your operation day-to-day and  
19 you can even develop benchmarks like Toyota does for  
20 those concerns. But the thing you have to be careful  
21 about is you don't end up interviewing people and  
22 they're telling you that your whole planning was  
0130

1 wrong.

2 GENERAL WILLIAMS: Very true. Okay. Let's  
3 turn Terry did you have anything to add to that?

4 MR. WILMER: Yes, sir, if I could. What  
5 this reminds me of is about 20 years ago we were  
6 doing Section A-1 housing. General Williams  
7 remembers this. I was working with him on it at Ft.  
8 Drum, New York. We didn't make this mistake where  
9 you were, sir. We did make it elsewhere.

10 And we went out and asked a developer to  
11 provide housing for a specified period of time,  
12 turnkey operation. And the cheapest way to provide  
13 heating was through the little, what do you call it,  
14 the baseboard heat. That was the cheapest for the  
15 developer but this was in Colorado. And you know  
16 that's the least efficient form of heating.

17 So had we looked at this from a complete  
18 lifecycle analysis we would have realized we would  
19 have done much better with forced air heat. We  
20 didn't do that because the reason we didn't do that  
21 it strikes me now 20 years later is that we weren't

22 looking at a lifecycle approach. We didn't have  
0131

1 we caught this one before it got to Ft. Drum but what  
2 we weren't focused on was the plan, the design, the  
3 operation and maintenance and the comfort of the  
4 family that had been to be in that unit.

5 So that's what I'm hearing from the panel  
6 is that you've got to I think Ida's point is that  
7 you've got to have Derish's point is you've got to  
8 have a concept of what you're trying to achieve.  
9 You've got to get all the players in the room and  
10 you've got to talk about it. The process for doing  
11 that perhaps is more important than the survey  
12 proper. I mean that's what I'm picking up from what  
13 you said. Is that a fair summary of where this is?

14 GENERAL WILLIAMS: Okay. Yes, Derish?

15 MR. WOLFF: Yeah, I think you can benchmark  
16 small parts of it but you can't really model this  
17 whole idea. It's much better to do it in this kind  
18 of dialogue.

19 GENERAL WILLIAMS: Yes, Harold?

20 MR. ADAMS: I do think that you have a  
21 wonderful opportunity with the number of new  
22 facilities you're putting in place some are

0132

1 prototypes and some are not -- to do an evaluation  
2 and I think that to be sure this is the point I've  
3 tried to make at past meetings, to be sure that  
4 you're not repeating a mistake you do need that  
5 feedback. And that's not just with the facilities  
6 but it may be some product that's specified in the  
7 facility that gives you a lot of difficulty or  
8 maintenance problems down the road.

9 We have designed buildings in the past that  
10 have been wonderful technologically right to the  
11 leading edge and then the maintenance people mess  
12 them up because they don't know how to operate the  
13 facilities.

14 So I do think that there is really the  
15 importance of commissioning and the bridge between  
16 the design-build and the operations. But I do think  
17 that you have with this new program a wonderful  
18 opportunity to really lead in getting some good sound  
19 information on lifecycle costing of a building.

20 GENERAL WILLIAMS: That's good. I  
21 appreciate that and with that I'm going to segue into

22 three issues that are not in the book but they are  
0133

1 sort of in my worry box and I've spoken from time to  
2 time with the senior staff about them but never  
3 advanced them to paper.

4 I think it's time probably now to just ask  
5 for your views and have you do whatever you can today  
6 with it but maybe take them back and ponder and maybe  
7 most likely do most of these issues we chew on them a  
8 couple of times. We can take these in whatever order  
9 you want but there are three issues.

10 One is in your professional opinion what is  
11 the most vulnerable area or point in the execution  
12 well, I won't say execution in the lifecycle of a  
13 project to the owner? Where is the owner most  
14 vulnerable through the cycle? That's number one.

15 Number two, through your experience what  
16 have you used or are you in the process of utilizing  
17 now as a hand-off process for moving from one area  
18 to the other. In other words, how do you get from  
19 planning to execution to whatever. What type of  
20 process? Is there a formal hand-off? Is there a  
21 note? How is that handled?

22 Number three, and this one is heavy, what  
0134

1 are the, from an industry perspective, what are the  
2 irritants, the government irritants that an industry  
3 player sees and is bothersome about? In other words,  
4 I'm going to go into government business and begin to  
5 do business with the government. What are the  
6 traditional irritants that industry has tucked away  
7 and you know I've been out there so I know you've got  
8 them tucked away? I need to know that. I'm looking  
9 for truth in lending because we're getting down now  
10 where we just want to lay it all out.

11 And fourth, manpower. There's been a lot  
12 said about manpower. We know that the manpower pool  
13 is shrinking and I'm sure you are as concerned about  
14 it as I am. Look at this any way you want to from an  
15 academic point of view, or however. But what type of  
16 skill sets do you look for in your execution managers  
17 today? Do you want just a registered person or do  
18 you want that person to have some other skills or how  
19 do feel on that?

20 Take them in whatever order you want and  
21 let's do what we can with them in the time we have

22 left. Yes.

0135

1 MR. ZINGESER: You like to call me first so  
2 I'll go first without you calling me.

3 GENERAL WILLIAMS: Okay.

4 MR. ZINGESER: Actually, I thought I'd start  
5 just because I don't mind having everybody pile on  
6 anything I say. So I'll just throw some stuff out  
7 that hit me very quickly as you asked the questions.  
8 To me the most vulnerable point in time is the  
9 beginning.

10 The extent to which you can clearly define  
11 what your expectations are and what your requirements  
12 are whether they're in prescriptive, very, very  
13 prescriptive terms or performance terms is where you  
14 set the stage for everything else that happens in my  
15 judgment.

16 And then having said that obviously I guess  
17 the next point in time that you're most vulnerable is  
18 when you sign a contract and you're committed because  
19 from that point in time hopefully everything is so  
20 well-defined that things will flow.

21 But it sounds a bit academic maybe to say  
22 that the beginning is the most important time but I

0136

1 really do believe it. As a general contractor we  
2 make the most money, we're the most successful and  
3 our clients are the happiest when there's no change  
4 orders, when there's nothing different than what we  
5 thought we were going to do the day we said we were  
6 going to do it. And so from that simple point of  
7 view I can tell you it works best and you're not as  
8 vulnerable.

9 GENERAL WILLIAMS: So what you're saying,  
10 Joel, is that as a steward of the public dollar I am  
11 most vulnerable to a money issue during what we call  
12 the planning and development part of our business and  
13 possibly when our work is done.

14 MR. ZINGESER: At the end of the day, yeah,  
15 I would say that. And again, whether it's  
16 design-bid-build or design-build it doesn't matter.  
17 Again, and I'll pick up on what Ida said earlier, the  
18 way in which you make yourself available to make a  
19 decision a timely decision with your team of industry  
20 team whether it's designers or constructors or  
21 operators or whatever, the way in which you make

22 yourself available to make timely decisions is  
0137

1 critical.

2 And that goes to the last point, not the  
3 last point, the third point. You said you had three  
4 and then you made four. We'll let you do that.

5 GENERAL WILLIAMS: Thank you, panel.

6 MR. ZINGESER: The third point about  
7 government irritants, we do the vast majority of our  
8 work for the government. And we love to work for the  
9 government because the rules are clear. They're laid  
10 out. They're spelled out. Some people are afraid of  
11 those rules but we are not. We believe that if you  
12 know the rules then you can play by the rules and  
13 it's easy. There's no question about what you're  
14 doing.

15 But the key especially when you're working  
16 as you are in a time-sensitive production program is  
17 to be able to make decisions, stick to the  
18 decisions, keep moving and do all of that in a timely  
19 fashion. And maybe Jeff can talk more to this but we  
20 use we've talked about this in this room before.  
21 We use the term design-build often and everybody  
22 thinks of what, in my opinion, most people think of a  
0138

1 phased design and construction process automatically.  
2 It doesn't necessarily mean that it's that way. But  
3 to the extent that again the owner can be involved in  
4 making decisions on the go, over the should reviews,  
5 not slow it down, keep it moving, that's what I think  
6 industry likes. So anyway, I won't speak to the  
7 others. I've taken enough time.

8 GENERAL WILLIAMS: Okay. Yes, Harold?

9 MR. ADAMS: General, I'd like to speak on it  
10 now because I'm going to need to leave at 3:00.

11 GENERAL WILLIAMS: All right.

12 MR. ADAMS: In the first one, the most  
13 vulnerable time I agree with Joel is clearly in the  
14 beginning. And it really ties straight down to  
15 number three, the irritant. And the irritant is that  
16 so often there is an overexpectation before the money  
17 is available. Too much program to do, to accomplish  
18 with the monies that are available.

19 And I think the root of that often is the  
20 whole process of getting appropriation from Congress.  
21 By the time it goes through the whole cycle your

22 program is out of date.

0139

1 GENERAL WILLIAMS: Yes, Todd?

2 MR. RITTENHOUSE: Just to maybe saying the  
3 same things, understanding as Harold alluded to you  
4 say what you want, what you think you want, and our  
5 understanding of what we think we heard you say. And  
6 that's what it comes down to is not what we heard you  
7 say but what we think we heard you say is the  
8 important thing. That's where that vulnerability  
9 comes in.

10 The irritant though and I think the third  
11 and fourth I think come down to irritant and skill  
12 set is the word I usually refer to is empowerment and  
13 I look for people who are qualified, in my case,  
14 engineering, who will feel empowered, because I have  
15 empowered them, but they will take that power to do  
16 what they think is best to make decisions.

17 And the biggest frustration that we get is  
18 lack of empowerment on the client side. I'm speaking  
19 of the government as a whole, specific group or  
20 project decisions just aren't made in time.

21 We were talking before on one project we  
22 were begging the client - you know, it was a private

0140

1 oriented job, we're begging him, you've got to tell  
2 us when. You've got to tell us when you - we got a  
3 call Monday, by the way, we've had this two-month  
4 delay and it's still due at the same time. The  
5 person never felt empowered to give us an answer to  
6 move forward.

7 Now, I realize there are constraints but  
8 that's the biggest irritant is that people when we  
9 ask a question people are afraid to make decisions  
10 and pen that decision, write it down, write down an  
11 answer. They're afraid to make the process go  
12 forward and that's where I look for those people in  
13 my business that will take that role that I give the.

14 GENERAL WILLIAMS: Let me peck away at that a  
15 little bit. Why would you think a governmental  
16 official would be afraid to make a decision and a  
17 private sector person -

18 MR. RITTENHOUSE: All the lights are going  
19 to light up here.

20 (Laughter.)

21 GENERAL WILLIAMS: That a private person

22 would not?

0141

1 MR. ZINGESER: That's easy. Well, it's  
2 easy. There's no benefit to take the risk. If you're  
3 in the government generally speaking and there is a  
4 risk to take what is the benefit to me? What am I  
5 going to get for doing a better job?

6 GENERAL WILLIAMS: You haven't been in a  
7 results-based organization.

8 MR. ZINGESER: That in general -

9 GENERAL WILLIAMS: You may get a ticket for  
10 a long trip.

11 (Laughter.)

12 MR. ZINGESER: Your question had to do with  
13 those that are not working with the government  
14 looking at irritants. And that's the perception that  
15 somebody in the government has no incentive to take  
16 the risk. If they were risk takers they'd be out in  
17 the industry side doing it where they're going to get  
18 some reward for that risk. I mean, I may be wrong bu  
19 that's my perception. I really believe that.

20 GENERAL WILLIAMS: I think you're right and  
21 that's one of the reasons we tried to tweak our  
22 organization the way we did to make people more

0142

1 accountable because this business does require you to  
2 manage risk. And senior staff and I talk about it  
3 all the time. You can't just be comfortable. I  
4 mean, you've got to stay out there, put your back  
5 against the cliff and you've got to pay your dues if  
6 you're going to be a manager.

7 And you're saying what I want you to say  
8 because that's what we sort of preach all the time.  
9 I mean, there's no easy road in this business.  
10 Terry, Joe and the rest of the senior people we chat  
11 about this all the time. It's not an easy road. You  
12 don't get up and not have some risk associated with  
13 it. So that's interesting. I'm pleased to hear  
14 that.

15 MR. RITTENHOUSE: A lot of to them are  
16 afraid to actually pen - we're in Sao Paolo and we're  
17 working with one of the guys from we're talking  
18 about this that and the other thing and we said okay,  
19 what do you think about this. Okay. Fine. We get  
20 back to the room to start writing things down and  
21 then went, oh, no, no. I can't sign off on that.

22           And it's just - we see it time and time

0143

1   again where they're afraid to take that risk. We  
2   understand, I refer back to the first - why we're  
3   finally building Berlin is a whole bunch of reasons,  
4   right? We could always say from day one, we've said  
5   as I said in our E and R articles at the same time,  
6   we can build a building there. We just - maybe it's  
7   not 30 meters; maybe it's 29 or 25 or 10. We can get  
8   around it. People are afraid to take that risk and  
9   move forward because of other reasons for that.

10           GENERAL WILLIAMS: You're absolutely right  
11   and that is a clear example of where we could have  
12   walked away and lost it all if we hadn't taken some  
13   risks.

14           MR. WILMER: I'd say we took some risks on  
15   that one on the government side.

16           MR. READY: Well, I agree but I just don't  
17   think accountability by itself is the solution to the  
18   risk taking, leadership quality that you're looking  
19   for in the response from the governmental client side  
20   because I think accountability gets you by itself  
21   into situations - we used to joke about it with  
22   computers that it might not be the right decision but

0144

1   it was never wrong to do IBM. That was the attitude  
2   back on main frame.

3           And you had a lot of managers who adopt  
4   that kind of whatever is looked as a safe decision  
5   that's the decision I'm going to follow because I'm  
6   not going to be criticized for that. There's no -  
7   you still have to have the pressure and some  
8   incentive to have leadership.

9           And I think that's an area that from my  
10   experience having worked in government that wasn't  
11   there very often. And as a result it drives out a  
12   certain type of manager who just can't live with not  
13   having the opportunity to be creative and lead and  
14   solve problems maybe in an out-of-the-box way.

15           You get a manager that encourages that and  
16   all of a sudden you have a completely different type  
17   of environment in which to work. So I think that's a  
18   real problem for government.

19           I did want to just, on the irritant issue,  
20   I would like to comment that one of the things that's  
21   a problem at least in smaller projects I think

22 perhaps more than in bigger projects is that  
0145

1 government is not friendly to any kind of unsolicited  
2 problem solving proposal coming forward.

3 And there's just a number of situations  
4 where the very process of government hasn't gotten  
5 around to solving the problem that the local business  
6 or entrepreneurial agent sees and thinks they have a  
7 solution for but knows that anything that's brought  
8 forward in an unsolicited fashion is going to  
9 immediately be either killed because it wasn't  
10 generated through the process or is going to then be  
11 torn apart and probably all of their work is going to  
12 be uncompensated because of the bid process and the  
13 going back through the open purchase process.

14 And I think that's a real problem in trying  
15 to stretch your dollars to get at some of these  
16 smaller projects. On the bigger stuff that requires  
17 a much more formal process because of the funding I  
18 don't know how you deal with unsolicited solutions.

19 GENERAL WILLIAMS: Let me try a few other  
20 people. Anyone else want to speak to those two  
21 issues? Yes, Derish?

22 MR. WOLFF: Two things, just something I've  
0146

1 observed over the years that we always say government  
2 doesn't reward risk. In fact, they penalize them.  
3 And I think they probably do on the ordinary level  
4 but there are huge careers in government and you know  
5 many of them, you may be one of them, where people  
6 who took risks do very, very well in government.  
7 They just don't publicize it because the risks are  
8 often in violation of policy.

9 (Laughter.)

10 But you just wonder how someone moved -  
11 remember the last thing we were told to read General  
12 Powell's autobiography. I got the wrong one and I  
13 got in the middle of the Iran-Contra story. And  
14 certainly people were taking risks that no one in the  
15 private sector would dream of until recently in  
16 Iran-Contra. So they do take risks but they don't  
17 publicize them.

18 To get back to a more serious point on  
19 what's an irritant, from my point of view the  
20 irritant and the advantage of government is really  
21 the same. Government is like General Motors, like

22 Wal Mart all big organizations they don't like to buy  
0147

1 off the shelf. They like to dictate their terms. So  
2 that's an irritant many times and it gets into - they  
3 don't like unsolicited advice.

4 The other side of the coin though is it's a  
5 plus once you're entrenched because this not buying  
6 off the shelf requiring rather complex bid documents  
7 and contract purchasing documents and it's true of  
8 Wal Mart and G.M. too, make it hard to get in but  
9 once you're in you have less competition because --  
10 so on the one hand it's a disadvantage if you're not  
11 if they're not a major client of yours.

12 On the other hand it's an advantage if it's  
13 a major client. It's probably a disadvantage on an  
14 average to government I know you're very proud of  
15 going from, well, five to 14 contracts. That was a  
16 good example you were just - we were just scaring  
17 away the contractors. So the five contractors  
18 thought you had wonderful procedures. The others  
19 didn't.

20 I think that's because the flip side of  
21 this is when you say government are not easy to deal  
22 with they're easy to deal with when they're large  
0148

1 client base. And the same thing's true of Wal Mart.  
2 Wal Mart is a pain in the neck you just can't sell  
3 them five pieces but if you want to reorganize your  
4 whole business they become a wonderful client because  
5 they can't buy from everybody. So I think there's  
6 two sides to that coin.

7 GENERAL WILLIAMS: Okay. Yes, Jeff -  
8 Harold thank you very much for coming.

9 MR. ADAMS: Thank you. I'm sorry I have to  
10 leave you. This is really a good discussion today.

11 MR. BEARD: General, I wanted to address  
12 for just a minute the hand-off issue. I think if you  
13 as a client demand at the end of the process, the  
14 project process both that digital asset and the  
15 physical asset and that digital asset at each step  
16 along the way in terms of business driver they get  
17 in the digital asset they requirements of the  
18 programming get embedded in that digital asset.

19 So it gets handed off and handed off and  
20 handed off. I know that in my era in general  
21 contracting with the federal government I rarely ever

22 saw any piece of the programming information or even  
0149

1 the business driver and I think that kind of thing  
2 would help be captured if you asked for both the  
3 digital asset and the physical asset as time goes  
4 forward.

5 Secondly, talking about the management  
6 side, this is a real vexing problem. We have in this  
7 country and a lot of countries worldwide kind of a  
8 cult of the single discipline. You're either just an  
9 architect or just an engineer or just a constructor  
10 or just a finance person. And what we need in design  
11 and construction and finance is someone who can think  
12 with two or three sides of their brain, that they  
13 become multidisciplinary in their outlook.

14 Let's say they're trained as a construction  
15 manager but they really have empathy for the design  
16 process. The design process tolerates ambiguity and  
17 others that creative process is so totally different  
18 than command and control project management issues  
19 and what we need really - we have product managers in  
20 manufacturing that come to the fore in '20s and the  
21 '30s.

22 And then in the '50s with the Polaris  
0150

1 Missile and DuPont weapons systems and that sort of  
2 thing, we got into project management. That got  
3 adopted by manufacturing and later by the design and  
4 construction world. I think now in the 21st Century  
5 we need someone for the design-build-finance world  
6 that's a project integrator, that gets some of this  
7 crossdisciplinary training, that is equally  
8 responsive to design and planning as they are to  
9 construction and management and the other issues.

10 It's like pull all of this together and not  
11 only on the provider side but as an agency if you  
12 have people like that in place that can reflect that,  
13 then it all starts meshing together.

14 GENERAL WILLIAMS: Excellent perception on  
15 staff. Any other comments on any of the four about  
16 our vulnerability, hand-off process, irritants,  
17 staffing and skill sets. Yes?

18 MR. ZINGESER: Just to reflect a little on  
19 the staffing situation again. And being somewhat  
20 parochial as the general contractor I think I'm  
21 probably not alone in terms of speaking for our

22 experience, I think most of the general contracting  
0151

1 industry or group of general contractors is sort of  
2 in the same boat.

3 We've put together as an industry and the  
4 AGC as an association a concerted effort to interest  
5 young people in construction. And by that I mean the  
6 crafts and the actual construction of building as  
7 well as the soft side or the management side of  
8 construction.

9 But from my perspective in addition to the  
10 trades which is something that's been around for  
11 awhile as the manpower issue the thing that we're  
12 focusing on is trying to bring college trained  
13 professionals in who are interested in being in the  
14 field and really building buildings not just sitting  
15 behind a desk as project managers and looking at CPMs  
16 and watching RFIs and things of that nature.

17 And the thing that I'm encouraged by is on  
18 the one hand we're losing superintendents or general  
19 supervision in the field through the aging process so  
20 losing those who came up through the trades. On the  
21 other hand I'm seeing more and more real interest in  
22 the younger generation to actually get involved and  
0152

1 see the buildings built.

2 And really seeing that as the path to go in  
3 terms of satisfaction, career satisfaction. And, of  
4 course, we have to find ways to financially structure  
5 our industry so that those people have the incentive  
6 to move in that direction.

7 So it is a problem and it's not gone away  
8 but I'm encouraged that I'm seeing from my  
9 limited perspective some movement towards  
10 getting a new breed of highly educated field  
11 supervision people different than those who came  
12 up through the trades.

13 GENERAL WILLIAMS: That's interesting.  
14 Any other comments on any of those areas, the  
15 manpower or personnel piece, irritant and our  
16 vulnerability. Yes, Ida?

17 MS. BROOKER: I think that to a great  
18 extent number one and number two are very related. I  
19 think the vulnerability is the hand-off. And I  
20 noticed your organization comes together at the very  
21 top but the fact is that the projects are worked in

22 the ranks. And if you treat your organization that  
0153

1 we call throwing it over the fence, if you throw it  
2 over the fence from design to the project execution  
3 you've got a problem.

4 And that's where you - I believe that's  
5 where the vulnerability can come. Like Joel is  
6 saying is that it's that smooth hand-off and it's  
7 that working together at the same time the design is  
8 going through that you've got your project execution  
9 people doing value engineering and constructability  
10 studies at the same time.

11 So that they can talk and work together as  
12 a team and you form that team to go forward rather  
13 than using it in a stovepipe type of arrangement  
14 where the design is sent over here and then you just  
15 send the drawings out to the field or you - the A and  
16 E throws them out to the field and there's not a  
17 coordination and discussion about those from those  
18 organizations. And then you call your O and M people  
19 and say, oh, by the way, here you go. And they don't  
20 give you feedback either. I think that that's where  
21 the vulnerability is.

22 I think you have the team. You start the  
0154

1 team off. You identify the team as you go forward  
2 and have all those parts on the team doesn't  
3 necessarily mean they are full-time on the team but  
4 they definitely have been assigned and identified as  
5 being responsible for that particular project and  
6 they've got the responsibility of talking together to  
7 make those improvements. And so that you have that  
8 smooth transition from conception all the way to  
9 execution and implementation.

10 GENERAL WILLIAMS: Very interesting. Yes,  
11 David.

12 MR. READY: I think Ida sort of touched a  
13 nerve with it seems to me that as your team becomes  
14 more comfortable with all the components and you  
15 build up a knowledge base within your organization  
16 one of the things that I have seen in some large  
17 design companies is that there's a tendency to not  
18 want to follow the strictness of the process that got  
19 you the successes to begin with.

20 There's a well, I remember how I did it  
21 last time so we don't need to have that meeting. I

22 don't need to fill out the same forms. I don't need  
0155

1 to document the same process because I learned it  
2 last time.

3           And there's a real danger in not doing what  
4 works over and over again and not building that  
5 knowledge base so that the new staff that's coming up  
6 that hopefully you're training and that you're hoping  
7 to perhaps do better than the last guys, they don't  
8 get the benefit of the knowledge base coming up  
9 because the guy who's experienced doesn't feel like  
10 it's necessary to follow the process openly the next  
11 time around.

12           And I think you then destroy or you lose  
13 the capability to duplicate success. That's a real  
14 problem that we all have because I think human nature  
15 says you're lazy and if you think you know it then  
16 why do you have to demonstrate it again. You just go  
17 do it. You don't go tell anybody else what you're  
18 doing and then you lose that process.

19           That's a real danger, I think, and  
20 documenting well and there's a whole process but that  
21 trade off and moving through and the discipline of  
22 doing what works appropriately every time is very  
0156

1 important.

2           GENERAL WILLIAMS: I think you can see now  
3 that we're trying to push the envelope a little bit  
4 and get as close to doing it right as we possibly  
5 can. And that's the reason we asked you some of the  
6 forbidden kind of questions that would normally be  
7 put on the table. But it is important to hear your  
8 views and help us sort of move along with this  
9 because these are the issues quite frankly that clog  
10 up the system, exactly what we're talking about.

11           Lack of understanding of these things and  
12 trying to just push them away. Skill sets and what  
13 people bring to the table and contribute and how they  
14 are slotted in position makes a big difference  
15 because you may think you have hired something and  
16 that may not be what you want. And so that is an  
17 issue particularly today based on what some of the  
18 things Joe said and everything else. Go ahead,  
19 Harvey.

20           MR. BERNSTEIN: I just wanted to maybe add  
21 coming from a little different perspective on the

22 manpower issue, Bill Miner and I are talking now.  
0157

1 We have started interacting here with the diplomatic  
2 security group here about the difficulty in trying to  
3 introduce new technologies or new protection  
4 materials, whatever, in the construction and the  
5 issues that come up which approach the manpower issue  
6 from a different perspective is here's diplomatic  
7 security has done the research on technologies.

8 It's proven certain things that work that  
9 will actually reduce your construction time and  
10 overall cost and achieve a more effective and secure  
11 facility but they can't implement it. They can't  
12 implement it for a couple of reasons, one, because of  
13 the local standards or regulations or have some of  
14 those problems but the other one deals with the  
15 contractors and those working in the field for the  
16 embassies and that's their knowledge or education of  
17 what that technology or new process how it will  
18 really react.

19 And so you have a sort of an education  
20 training that the contractor is doing a lot of these  
21 embassy constructions are coming at it from one  
22 perspective and here you have diplomatic security  
0158

1 with some new approaches and there is a resistance or  
2 let's say some built-in barriers to its adoption and  
3 use. And right now with diplomatic security we're  
4 trying to identify are there other processes or  
5 mechanisms for educating or training the contractors  
6 so there's a greater likelihood in the field that  
7 they will accept a new way of doing it.

8 One example is we have been looking at is  
9 steel stud framing. And it offers a lot of potential  
10 across the board but if we can't get it implemented  
11 nobody gains. And so separate from the issue that  
12 you raise on the shortage of manpower I think there's  
13 also the coupling of that with not only the shortage  
14 but because of the time and the way our industry  
15 works is how do we educate them and those that are in  
16 there and get them knowledgeable enough that they're  
17 willing to take some of that risk or at least in  
18 reviewing information being provided begin to change  
19 that or change theirs.

20 And I know with AGC you get into this whole  
21 program of how do we expose the contractors to some

22 new techniques and methods and who's observing the  
0159

1 risk and the role and responsibility there for the  
2 owner along that line.

3 I don't know what the right solution is and  
4 we're just starting now to address it with diplomatic  
5 security but I think it's another part of that  
6 picture because ultimately what you're trying to do  
7 is to expedite the process, cut your costs. And if  
8 there are better ways, some of what you're trying to  
9 address but we can't get the contractors to  
10 necessarily use them because they are not familiar  
11 with them, they haven't been trained in them or  
12 whatever it may be then that adds another dimension  
13 to this whole manpower issue.

14 MR. HOCHULI: Excuse me. Is part of the  
15 issue there just a communication issue with I guess  
16 the Association of Government or General Contractors,  
17 DS, and OBO need to get together more frequently to  
18 look at the new methods?

19 MR. BERNSTEIN: I don't think so but we  
20 haven't gotten very far. I mean, part of it just in  
21 some cases deals with local building codes. Some of  
22 their regulations. Others have to do with that  
0160

1 you're not necessarily - you don't have a delivery  
2 mechanism that's coming in and specifying that right  
3 now you know you want to use steel stud framing as an  
4 example it's going to achieve this and therefore it's  
5 going to change the way that both the design or  
6 assembly is going to take place.

7 Some of it's an assembly mechanism and  
8 learning the new of assembling from what we have been  
9 exposed to so far. And so it's a matter of how do  
10 you get - I think it's more than basic communication  
11 but I don't have the answer right now. I don't.  
12 Bill, if you have any more background for now. We've  
13 just had a couple of brief meetings and we're just  
14 starting to scratch the surface. And this is merely  
15 a test case but it seems to be a pattern.

16 MR. MINER: I think you articulated the real  
17 dilemma, who takes the risk. And right now in the  
18 standard embassy design solicitation package we have  
19 sort of put that -- we make it an option for the  
20 contractors to consider the new technology and we  
21 give them all the information, all the details we've

22 worked out. There's still a lot of additional  
0161

1 details to work out.

2       Some of the drawings will change  
3 drastically when you go from poured-in-place concrete  
4 frame versus a lightweight steel frame. And that is  
5 only on the critical path, that exterior shell, so  
6 most of the contractors to date have chosen not to  
7 take that risk.

8       We have one project, Duchambey where a  
9 modular manufacturer is trying to do that. The  
10 results are a little shaky. So I mean, I think you  
11 definitely describe a problem. Maybe as time goes on  
12 we'll decide the risk is ours. We'll define it a  
13 little bit more and make it a quantity, take bids on.

14       MR. BERNSTEIN: You're right. It is on the  
15 critical path and it could have some real benefits  
16 depending how you approach it.

17       MR. MINER: Big gain or big loss.

18       MR. BAGCHI: Since I'm dealing with some of  
19 these things close to the contractor they're making  
20 some - so I'm pretty close to it, some of these  
21 issues and again it goes back to a little bit on the  
22 irritant side because the contractor is not willing  
0162

1 to take that risk because this is on a critical path  
2 and they figure that this is a new technology. It's  
3 not all sorted out.

4       They have to make a lot of use of metals  
5 and it has to go through a lot of approvals, a lot of  
6 reviews and government is not going to be able to  
7 probably give them the reply in a timely manner.

8       And that's going to hurt their critical  
9 path activity. That's the risk the contractor is not  
10 willing to - now, if we get it all sorted out in our  
11 mind and if we got the technology all figured out and  
12 if we provide a clear direction then I think we'll  
13 find the contractors will be more willing to try  
14 these different new methods.

15       MR. MOUNT: And that seems to go - link up  
16 with some of the things you folks talked about  
17 earlier. You want to get on with getting on. And  
18 good planning and front end so that you can get on  
19 with the project and every time we put a new wrinkle  
20 in it it makes it more difficult for you guys to get  
21 on with getting on.

22           So we really need to get that up front

0163

1    decided so it's not an option, it's not something  
2    that somebody has to worry about the risk. You know  
3    it at the very beginning whether you go this way or  
4    that way. And then you can get on with getting on.  
5    And that, as you said before, that's where the money  
6    is made on both sides. It's just doing it.

7           GENERAL WILLIAMS: Yes? Go ahead.

8           MR. READY: It may not just be the  
9    willingness of the contractor. It may be a situation  
10   where the contractor is perhaps concerned that he's  
11   going to lose the bond, the insurance or the  
12   financing mechanism that he's involved in on the  
13   project may not let him vary from the tried and true  
14   without some kind of waiver or some kind of process  
15   that you as the owner need to provide to in effect  
16   transfer the risk of the issue.

17          And I think you have to look carefully at  
18   how that, if you waiver one part of the process, what  
19   does that do to you in terms of your ability to be  
20   protected in the other pieces of the project. I  
21   think you have to take all of that into account.

22          GENERAL WILLIAMS: Joel.

0164

1           MR. ZINGESER: I think it depends on the  
2    basis of your procurement. If I procure something  
3    and I say at the end of the day I'm going to measure  
4    the acoustic performance of this and if it meets a  
5    certain level then it has performed. That's one kind  
6    of procurement.

7           If on the other hand I say I want you to  
8    install laminated glass on this frame in this way and  
9    this way and this way, you do that, it doesn't matter  
10   if it works or it doesn't work, I did what you asked.  
11   So I think it depends on how you procure it. I don't  
12   think you need to get into waivers.

13          I think you just need to make it clear on  
14   the basis of what it is how if you do put something  
15   out that is considered a test, if you will, and  
16   you're not sure how it's going to perform then I  
17   think that's something you're right, you have to  
18   identify in a different way.

19          GENERAL WILLIAMS: Okay. We knew this was  
20   going to be very stimulating and what I would like,  
21   if you don't mind, to take these four issues and

22 think about them as we have the span between this  
0165

1 meeting and the next. These are some issues and  
2 we're right down where the rubber meets it now  
3 because that's where the issue is.

4 We all know that change will never happen  
5 on its own and change has to be forced because it's  
6 just not going to happen. And so when it's time to  
7 turn to make that right turn in the road, the vehicle  
8 is not going to automatically turn. So we're just  
9 looking at how best to do it.

10 I think what Harvey and Bill were  
11 dialoguing on, this business of the structural  
12 components in a building, particularly in our  
13 standard design is a very interesting and the DS  
14 interplay is a very interesting point to start from.

15 But I think we got - we have to start leading  
16 and looking at these type of issues. I'm very  
17 concerned about a clean - and the staff hear me all  
18 the time talking about a clean hand-off. What is the  
19 process? How do you know it's done? How do you know  
20 to whom you're passing the goodies to they've got it  
21 all? Because if they don't have it all it's not  
22 going to work out right.

0166

1 So I think that process has to be an  
2 absolute zero tolerance one. Nothing can fall  
3 through the cracks in the hand-off. It's got to all  
4 be there. And it has to make sense because how it  
5 starts is how the end game is going to end up.

6 You'll never be able to commission  
7 something that - when something fell through the  
8 cracks. So that is a very important piece. So we  
9 want to think about that.

10 The other one to give some thought to as  
11 well because we've got to think it through and we  
12 want to try have the best practice here in place,  
13 this whole matter of postproject review as it is  
14 called in some circles postoccupancy review whatever  
15 way we want to view it or cut it, it means kind of  
16 the same thing. I would like for you to wrestle with  
17 two questions, I mean, two approaches.

18 Put my hat on and try to think through  
19 would it be better to have a group that has not  
20 touched any of the cycle to look at this? In other  
21 words, look at it clean. Just go in and take a set

22 of protocols and look at and make that evaluation.  
0167

1 Or would it be better to use people who  
2 were part of the process? For example, if I were a  
3 planner way back on the front end and now we're at  
4 the end of the - I'm making a review about that. Is  
5 it better for me who planned this or was  
6 knowledgeable about the planning to do the evaluation  
7 of the end game and the functionality of that and the  
8 usability of it or would it be better to bring in a  
9 new face to make that assessment?

10 Think about that for next time around and  
11 just kind of help us noodle these things around  
12 because there's a lot to be gained in this  
13 postoccupancy business and postreview and we have  
14 kind of stopped and started some things because in my  
15 own mind I don't think we are ready until we can for  
16 example we were going to look at the whole entire  
17 complex because they're all interrelated.

18 I'm thinking of integration again. You  
19 can't go out and just say well, I'm gong to go look  
20 at the chancery. I'm going to forget about Marine  
21 place and all this other, how these other things tie  
22 in together. We want to see how the post is reacting  
0168

1 to what we built. And that can impact on a lot of  
2 things.

3 So it's not just whether or not the air  
4 conditioning works in my office or that. So it's  
5 more important to look at whether or not the  
6 conference room has too many people in it, we share  
7 too much, got too many people sharing it, parking is  
8 fouling up or whatever. It's a lot of things that we  
9 have to look at.

10 So we're trying to make certain that we  
11 time these postoccupancies at the right time. And I  
12 guess the other part from a procedural standpoint is  
13 how should the postoccupancy team, what should it  
14 look like? If we put the same people in the mix who  
15 were part of the beginning should we have a second  
16 set a separate set of eyes. We'd like your views  
17 on that.

18 MR. BERNSTEIN: I was just going to clarify  
19 your statement in that you laid out two choices but  
20 there are others. What you're really after is what's  
21 the best way to do the evaluation and it may or may

22 not be either of those or a combination or some other  
0169

1 way. And you're really looking for the best way  
2 whether it's peer reviews or whatever it may be that  
3 will get you what you want.

4 GENERAL WILLIAMS: Absolutely, Harvey.  
5 Thank you. That's what we're looking for. Okay,  
6 it's 3:30 and we want to keep with the time. I do  
7 want to the panel for your participation and once  
8 again your dedication to the program and on behalf of  
9 the Secretary and our government we thank you for  
10 your time and your effort.

11 I hope that through all of this that there  
12 is a benefit to you as well individually and the  
13 like. I know that you are helping make the  
14 government business work better.

15 We appreciate the input. It's been very  
16 helpful to date. Our program has benefitted  
17 tremendously from your presence and your support. I  
18 appreciate your continuing support that you provide  
19 in a lot of different quarters.

20 We want you to be a full partner and as I  
21 told you early on, as a small ambassador to the  
22 program because we have a very difficult task ahead  
0170

1 for our government.

2 And things are not getting better with the  
3 world situation. We have no way today to predict how  
4 any of these outcomes are going to play out. We've  
5 just got to try to do the very best we can and the  
6 diplomatic presence around the world is so critical  
7 now particularly with the unsettled world.

8 So you're making a tremendous contribution  
9 to your country and I appreciate very much your  
10 participation. And for the visitors who come and  
11 listen and participate occasionally we are always  
12 pleased to have you as many as the room will hold.  
13 You know we're limited somewhat on seating but you  
14 will always be noticed when these things are going to  
15 happen. Feel free to come in. We will share with  
16 you whatever we can share and hope that you too are  
17 benefitting for whatever reason you came.

18 For any of the people in an oversight mode  
19 we have tried to be as transparent as we can. There  
20 are no secrets, just all laid on the table. And we  
21 take a very honest approach about it and we want you

22 to know what we are thinking about and where we are  
0171

1 trying to go so that when it's time and you hear  
2 about something that has launched such as our  
3 build-to-lease program or some of the other  
4 out-of-the-box type of initiatives you know that  
5 we're simply trying to do our job better and to try  
6 to deliver more facilities. With that, we thank you  
7 all for coming and we'll see you next time. Thank  
8 you.

9 (Whereupon, at 3:35 p.m. the meeting adjourned.)

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2

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22 My commission expires: 02/01/2006