

OBO Industry Day

Subcontracting and Teaming Arrangements
Panel Discussion
Washington D.C.
October 13, 2004

About Zachry Construction Corp.

- **Founded in 1924 by Henry Bartell “Pat” Zachry as individual proprietorship**
- **Today - still family owned corporation**
- **Significant growth; 2003 revenues exceeded \$1 Billion**
- **Headquartered in San Antonio, Texas in an ethnically diverse neighborhood**
- **Average 11,500 employees; 49% minority**
- **Strong commitment to community and to diversity values and programs**
- **Received State Department “Commendation For Excellence” for exceeding small business subcontracting goals (1999)**

Zachry's Market Sector Focus

- Power (power generation facilities)
- Heavy Civil (transportation infrastructure)
- Commercial Building (schools, healthcare, correctional, commercial offices, etc.)
- Petroleum (refining, petroleum, petrochemical)
- Cement
- Manufacturing (manufacturing industrial facilities)
- Metals & Mining
- Pharmaceutical
- Pulp & Paper
- ➔ • International (DOD, Corps of Engineers, DOS, etc.)

Office of Overseas Building Operations

Stated Goal:

To expeditiously locate into safe facilities more than 20,000 embassy staff presently working overseas in over 220 vulnerable buildings

.....

OBO's mandate drives an ambitious long range program of fast track capital security construction

Office of Overseas Building Operations

- **1999 Capital Program: replace 180 diplomatic or consular facilities not up to latest Overseas Security Standards**
- **OBO plan for FY1999 through FY2010 for facility replacements was budgeted at \$11.4 Billion**
- **FY2002: OBO awarded 9 New Embassy Projects with combined contract value of \$448.5 Million**
- **FY2003: OBO awarded 11 New Embassy Projects with combined contract value of \$864 Million**
- **FY 2004: OBO awarded 9 New Embassy Projects with combined contract value of \$578.7 Million**
- **81 NEC Projects in planning with a budgeted value of \$6.4 Billion**

Small Business in the United States

- **Small Business Concerns represent about 99% of all U.S. employers, employ about half the private sector workforce, and generate between 2/3 and 3/4 of net new jobs**
- **In 1982, fewer than 7% of all U.S. firms were minority owned; by 1997 it was 15%**
- **In 1997, Women Owned Businesses represented about 1/4 of all non-farm businesses and accounted for almost 1/3 of sole proprietorships**
- **Women Owned Businesses tend to be concentrated in the services (55%) and retail trade sectors (17%); 3% in construction related**

Small and Disadvantaged Business Goals – Department of State

<i>Year</i>	<i>SB (All)</i>	<i>8 (a)</i>	<i>SDB</i>	<i>SWOB</i>	<i>HubZone</i>	<i>SDVOSB</i>
<i>FY 2001</i>	<i>38.6%</i>	<i>8.0%</i>	<i>9.9%</i>	<i>3.8%</i>	<i>0.38%</i>	<i>1.17%</i>
<i>FY 2002</i>	<i>47.1%</i>	<i>13.7%</i>	<i>7.8%</i>	<i>4.9%</i>	<i>3.4%</i>	<i>0.5%</i>
<i>FY 2003</i>	<i>48.2%</i>	<i>11.9%</i>	<i>9.1%</i>	<i>5.2%</i>	<i>1.48%</i>	<i>0.66%</i>
<i>Proposed 2004/2005</i>	<i>40%</i>	<i>7%</i>	<i>7%</i>	<i>5%</i>	<i>3%</i>	<i>3%</i>
<i>FD & C* Division¹</i>	<i>51.3%</i>	<i>29.6%</i>	<i>-</i>	<i>6.4%</i>	<i>3.2%</i>	<i>0.8%</i>

** Facilities, Design and Construction*

¹ *Source: Inventory of Active Contracts (June 2004)*

Small Business Participation in OBO Awarded Prime Contracts

- **Prime Contractors must submit Subcontracting Plans in compliance with FAR 19.704 and the DOSR 652.219-70 goals**
- **Prime Contractor's Subcontracting Plan is an integral and important part of its offering**
- **Subcontracting opportunities are determined by the scope of work of the Prime Contract**
- **Flow down subcontracting opportunities**

Subcontractor/Supplier Qualifications

- **Subcontractor/supplier must fill a need**
- **Technical Qualifications**
 - **Specifications and Standards**
 - **SED Projects designed and constructed in “hard metric”**
- **Professional Qualifications**
- **Performance Capability**
 - **Ability to do fixed price work competitively**
 - **Demonstrated Track Record is a Plus**
- **Financial Stability**
- **Bonding & Insurance Requirements**
- **Special Security Requirements**

Small Business Utilization – Business Environment

- **Firm, fixed price prime contracts**
- **Short bidding periods**
- **Very competitive market**
- **Fast Tracked schedules**
- **Liquidated damages**
- **Tight specifications**
- **Lean Staffing; Low Overhead**

Improving Small Business Utilization

- **Awareness of Bidding Opportunities**
(www.fedbizopps.gov)
- **Align Interests, Capabilities, and Strengths**
- **Build Relationships**
- **CCR Website Small Business Registration**
- **Improvement of Website tools**
 - **Good Faith Self-Certification**
 - **Correlation of NAISC/SIC code to CSI Specs**
 - **User Friendly Search Tools**
- **Market Qualifications and Experience**
- **Value Proposition**
- **Performance and Reliability leads to Repeat Business Opportunities**