1
UNITED STATES OF AMERICA
2
3 DEPARTMENT OF STATE
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6 INDUSTRY ADVISORY PANEL MEETING
7
8 THURSDAY, DECEMBER 19, 2002
9 8:55 A.M.
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11 U.S. DEPARTMENT OF STATE
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13 2201 C STREET, N.W., ROOM 1408
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15 WASHINGTON, D.C.
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17 Reported by: Sonia Gonzalez
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1 Industry Advisory Panel Members
2
3 Harold L. Adams, RTKL Associates, representing the
4 American Institute of Architects
5
6 Jeffrey L. Beard, Design-Build Institute of America,
7 representing same
8
9 Harvey M. Bernstein, Civil Engineering Research
10 Foundation/International Institute for Energy
11 Conservation, representing same
12
13 Ida B. Brooker, The Boeing Company, representing
14 Women Construction Owners and Executives, USA
15
16 Robin Olsen, for Harvey Kornbluh, Construction
17 Consultants International Corp., representing Associated
18 Owners and Developers
19
20 David H. Ready, OR Partners, Inc., representing the
21 National Association of Minority Contractors
22

1 Industry Advisory Panel Members (cont.)
2
3 Thomas J. Rittenhouse, III, Weidlinger Associates,
4 Inc., representing the American Society of Civil
5 Engineers
6
7 Derish M. Wolff, The Louis Berger Group, representing the
8 American Council of Engineering Companies and the
9 Building Futures Council
10
11 Joel Zingeser, Grunley Construction Company, Inc.,
12 representing The Associated General Contractors of
13 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 Execution

10 Terrence Wilmer, Managing Director, Real Estate and

11 Property Management

12 Samuel Bleicher, Special Assistant for Congressional and

13 Business Affairs

14 Gina Pinzino, Special Assistant for Special Projects and

15 Interagency Affairs

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

17 Division

18 Joseph Galla, Director, Information Management

19 Deborah Glass, Director, Security Management Division

20 Jacqueline Hayes-Byrd, Director, Management Support

21 Division

22 Llewellyn Hedgbeth, Director, Area Management Division

1 Overseas Building Operations

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3 Greg Krisanda, Acting Director, Facility Management
4 Division
5 William Miner, Director, Design and Engineering Division
6 Gay Mount, Director, Project Planning Division
7 L. Brad Pruinton, Acting Director, Project Development
8 Division
9 Bruce Sincox, Director, Fire Protection Division
10 John Tato, Director, Project Evaluation and Analysis
11 Division
12 Steve Urman, Director, Safety, Health and Environmental
13 Management Division
14 Shirley Miles, Internal Review Officer
15 Theous Rhem, Administrative Support, Management Support
16 Division
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1 Other Attendees

2 Rodney Clark, American Institute of Architects.

3 Dale Wilson, American Institute of Architects.

4 Mary Beth Kelly, International Monetary Fund.

5 Melissa Bridge, International Monetary Fund.

6 Pam Rosen, International Monetary Fund.

7 Stamatis Michaelides, International Monetary

8 Fund.

9 Gerry Katz, attorney.

10 Lee Smith, consultant

11 Bill Chambers, Willis of Maryland

12 Harry Radner, International Monetary Fund.

13 John Essertier, DBI Architects.

14 John Pivik, World Bank.

15 Naoto Oka, World Bank.

16 Ray Baysden, International Monetary Fund.

17 Stu Wolfrey, Warner Construction Consultants.

18 Philip Wirdzek, U.S. Environmental Protection

19 Agency, Advanced Building Systems Integration Consortium

20 with Carnegie-Melon.

21 Meg Klekner, Occupational Health and Safety,

22 IMF.

1 John Winters, Hitt Contracting.
2 Reg Arnold, Hitt Contracting.
3 Tony Baratta, MET Testing.
4 Shakia Barnes, State Inspector General's Office.
5 Richard Aster, State Inspector General's Office.
6 Danielle Prezioso, Construction Management
7 Association of America.
8 Shafic Bhimji, World Bank.
9 Terry Foley, World Bank.
10 Judy McClefsky (phonetic), U.S. General
11 Accounting Office.
12 Jody Wood, General Accounting Office.
13 Michael Simon, GAO.
14 John Brohm (phonetic), GAO.
15 Paul Lapier (phonetic), YP (phonetic) Mission
16 Critical Facilities.
17 Dennis Gates, Project Developers Incorporated.
18 Ben Shephard, Project Developers Incorporated.
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1 P R O C E E D I N G S
2 - - - - -
3 GENERAL WILLIAMS: I just want to welcome my
4 friends and colleagues and ambassadors, all these bona
5 fide ambassadors from our programs. So, we're delighted
6 to see you again. This is your fourth time that you've
7 been with us and we're just delighted.
8 I have with me this morning Under Secretary
9 Grant Green. He's been here before with our Deputy. Our
10 Secretary was going to come down this morning. He got
11 called to a very important meeting -- it's just in a
12 building just behind me -- with two or three other very
13 important people. But he's very much pleased with what
14 you've done. I know Under Secretary Green will make some
15 comments today. He's going to find a way to get down --
16 a slim possibility today, but he won't be able to make it
17 early this morning.
18 UNDER SECRETARY GREEN: Yes. He's over meeting
19 with the President and General Franks on issues that I'm
20 sure you're all, at least, aware of. I'm a lousy
21 substitute for him, and I don't even profess to be that.
22 But I just want to say a couple things.

1 Over the past year plus, this organization, OBO,
2 has made just fantastic strides, and I think maybe most
3 important, other than the fact that we're now building a
4 lot more embassies than we were building a year or so
5 ago, is the credibility that the organization has with
6 the Congress. When all is said and done, the one thing
7 that is terribly important to us at the end of the day is
8 getting dough to do the things that we need to do, to
9 build new compounds and to continue to repair and upgrade
10 those facilities that we have, whether they be living
11 facilities or office space.
12 That credibility has been created for a number
13 of reasons, but not the least of which is your
14 participation and the credibility that you give to OBO in
15 the advice that you give them. It's very comforting to
16 Chuck and to those he deals with on the Hill, both
17 members and staff, to say, we have this group, they're
18 professionals, they advise me -- they advise him. And as
19 a result of that, I can assure you, we do a heck of a lot
20 better at the end of the appropriation and authorization
21 process than we would do without your participation.
22 I know we don't give you a lot other than maybe

1 a free lunch, but it's truly, truly appreciated. So, I
2 want to thank you and I'm sure the Secretary, when he
3 gets down here, will say a lot more than that in a lot
4 more coherent way.
5 But thank you very much.
6 (Applause.)
7 GENERAL WILLIAMS: Well, good morning again. I
8 trust that everybody had a good quarter since we last
9 met. I've been in contact with many of you and, in fact,
10 one of you members joined me on one of my excursions. I
11 was going through the East Asia and Pacific and Harvey
12 Bernstein was over with his business and he joined me for
13 a day and a half and had an opportunity to see exactly
14 what we do. Later on today I'm sure he'll be making
15 reference to his interpretation of that.
16 Once again, today, we've got a full agenda, and
17 let me say up front as I've said at each one of these,
18 we're deeply indebted to your support of our program.
19 We're delighted to see you here.
20 Jeff Beard from the Design-Build Institute will
21 be coming in shortly, and then we'll have the full nine.
22 So, we're going to get started with our agenda.

1 First of all, I want to recognize all of the visitors who
2 are here today and I'm going to ask you to do something,
3 because I've read the names, but obviously others here
4 may not know who you are. But we're transparent here.
5 This is your government and this is an open forum and as
6 many as this room will hold are obviously invited to see
7 what we do.
8 One of the things that the Secretary has
9 promoted, and the Under as well, is open and transparent
10 with our process because there's nothing sensitive about
11 doing good business. So, we want you to see what we do.
12 I know we have people here from the academic world, we
13 have people from industry, we have people all over the
14 place here to see the process.
15 So, I'd like to start on this side and wherever
16 the visitors might begin, I think probably right here,
17 and if you would introduce yourself as we go around,
18 skipping over my people, just to let everybody know who
19 we are.
20 MR. CLARK: Good morning, Rodney Clark. I'm
21 with the American Institute of Architects.
22 GENERAL WILLIAMS: Delighted to have you here.

1 MR. CLARK: Thank you.
2 GENERAL WILLIAMS: Yes, sir?
3 MR. WILSON: Dale Wilson with the American
4 Institute of Architects.
5 GENERAL WILLIAMS: Thank you.
6 MS. KELLY: Hi, I'm Mary Beth Kelly with the
7 International Monetary Fund.
8 GENERAL WILLIAMS: Thank you.
9 MS. BRIDGE: Melissa Bridge with the
10 International Monetary Fund.
11 GENERAL WILLIAMS: Welcome.
12 MS. ROSEN: Pam Rosen with the International
13 Monetary Fund.
14 GENERAL WILLIAMS: Thanks for coming.
15 MR. MICHAELIDES: Good morning, Stamatis
16 Michaelides with the International Monetary Fund.
17 GENERAL WILLIAMS: Thank you.
18 MR. KATZ: I'm Gerry Katz, an attorney. My
19 practice is devoted to the construction industry.
20 GENERAL WILLIAMS: Delighted to have you here.
21 Yes?
22 MR. SMITH: I'm Lee Smith and I'm a consultant

1 in the scheduling end of the construction industry.
2 GENERAL WILLIAMS: Welcome.
3 MR. CHAMBERS: Good morning. My name is Bill
4 Chambers. I'm with Willis. We're construction insurance
5 brokers.
6 GENERAL WILLIAMS: Delighted to see you.
7 MR. RADNER: Good morning, Harry Radner,
8 International Monetary Fund.
9 GENERAL WILLIAMS: Thank you.
10 MR. ESSERTIER: John Essertier, DBI Architects.
11 GENERAL WILLIAMS: Thank you.
12 MR. PIVIK: John Pivik with World Bank.
13 GENERAL WILLIAMS: Thank you.
14 MR. OKA: Naoto Oka. I am with the World Bank.
15 GENERAL WILLIAMS: Pleased to have you.
16 MR. BAYSDEN: Ray Baysden, International
17 Monetary Fund.
18 GENERAL WILLIAMS: Delighted to see you.
19 MR. WOLFREY: Stu Wolfrey, Warner Construction
20 Consultants.
21 GENERAL WILLIAMS: Thank you.
22 MR. WIRDZEK: My name is Philip Wirdzek. I'm

1 with the U.S. Environmental Protection Agency. I'm here
2 representing the Advanced Building Systems Integration
3 Consortium with Carnegie-Melon.
4 GENERAL WILLIAMS: Delighted to have you here
5 from another government agency and the academe. Yes,
6 ma'am?
7 MS. KLEKNER: Occupational Health and Safety,
8 IMF.
9 GENERAL WILLIAMS: Thank you.
10 MR. WINTERS: I'm John Winters from Hitt
11 Contracting.
12 GENERAL WILLIAMS: Thank you.
13 MR. ARNOLD: Good morning. I'm Reg Arnold, also
14 from Hitt Contracting.
15 GENERAL WILLIAMS: Good, good.
16 MR. BARATTA: Tony Baratta with MET Testing.
17 GENERAL WILLIAMS: Thank you.
18 MS. BARNES: Good morning. Shakia Barnes with
19 State Inspector General's Office.
20 GENERAL WILLIAMS: Thank you.
21 MR. ASTER: Richard Aster, also with the State
22 Inspector General's Office.

1 GENERAL WILLIAMS: Thank you. Yes? Any --
2 MS. PREZIOSO: Danielle Prezioso, Construction
3 Management Association of America.
4 GENERAL WILLIAMS: Good.
5 MR. BHIMJI: Shafic Bhimji, World Bank.
6 GENERAL WILLIAMS: Thank you.
7 MS. FOLEY: Terry Foley, World Bank.
8 GENERAL WILLIAMS: Thank you.
9 MS. McCLEFSKY: Judy McClefsky (phonetic), U.S.
10 General Accounting Office.
11 GENERAL WILLIAMS: Good, good. Well, you know,
12 we started this. At first we had the Inspector General,
13 we invited the GAO and now they're part of the extended
14 family, right?
15 Yes?
16 MS. WOOD: Jody Wood, General Accounting Office.
17 GENERAL WILLIAMS: Wonderful.
18 MR. SIMON: Michael Simon with the GAO.
19 GENERAL WILLIAMS: Great.
20 MR. BROHM: And John Brohm (phonetic) with GAO.
21 GENERAL WILLIAMS: Okay. John is a -- he was
22 here when we got started.

1 Well, I just wanted to have the opportunity
2 to -- did we leave --
3 UNIDENTIFIED FEMALE: I think there was someone
4 over there, yes.
5 GENERAL WILLIAMS: I'm sorry.
6 MR. LAPIER: Paul Lapier (phonetic) with YP
7 (phonetic) Mission Critical Facilities.
8 GENERAL WILLIAMS: Thank you.
9 MR. GATES: I'm Dennis Gates with Project
10 Developers Incorporated.
11 GENERAL WILLIAMS: Thank you.
12 MR. SHEPHARD: Ben Shephard with Project
13 Developers Incorporated.
14 GENERAL WILLIAMS: Good. Now, those that we
15 skipped over are OBO persons and I guess it's fair that
16 you should know them as well. So, I'll start over here
17 with Bruce.
18 MR. SINCOX: Good morning, Bruce Sincox,
19 Director of the Fire Protection Division.
20 GENERAL WILLIAMS: Greg?
21 MR. KRISANDA: Greg Krisanda, Facility
22 Management.

1 GENERAL WILLIAMS: Debbie?
2 MS. GLASS: Deborah Glass, Director of Security
3 Management.
4 GENERAL WILLIAMS: Okay. And I think P.K.?
5 MR. BAGCHI: P.K. Bagchi, Director of
6 Construction and Commissioning Division.
7 GENERAL WILLIAMS: Okay, Gay?
8 MR. MOUNT: Gay Mount, Director of Project
9 Planning Division.
10 GENERAL WILLIAMS: Um-hum.
11 MR. MINER: Good morning. Bill Miner, Director
12 of Design and Engineering Division.
13 GENERAL WILLIAMS: And newly installed director.
14 Okay. Let's see. Who do we have near the door?
15 MS. MADSEN: I'm Mary Madsen representing my
16 boss for the Interiors and Furnishings Division.
17 GENERAL WILLIAMS: Okay.
18 MR. SPRAGUE: Michael Sprague, Management
19 Services Division.
20 MS. PINZINO: Gina Pinzino, Office of the
21 Director.
22 GENERAL WILLIAMS: Gina is the quarterback of

1 this operation. Okay.
2 MS. HAYES-BYRD: Good morning, Jackie Hayes-
3 Byrd, Director of Management Support.
4 GENERAL WILLIAMS: Okay.
5 MR. BLEICHER: Sam Bleicher, Special Assistant
6 to the Director of Congressional and Business Affairs.
7 GENERAL WILLIAMS: Right.
8 MR. PRUINTON: Brad Pruinton from the Project
9 Development Division.
10 GENERAL WILLIAMS: Okay.
11 MR. URMAN: Steve Urman, Director of the Safety,
12 Health and Environmental Management Division.
13 GENERAL WILLIAMS: Okay. And my right arm?
14 UNIDENTIFIED FEMALE: I'm Special Assistant to
15 the Director.
16 GENERAL WILLIAMS: Okay, good. Okay, I think
17 this will do it. We will get started. I think most of
18 you are very familiar with our people here.
19 I'm going to start off, as we normally do, to
20 get us going, I owe you a little update since we last
21 met. I indicated that we have closed the fiscal year
22 out, and I should point out to you because you need to

1 have this knowledge, that since we last met, we have had
2 one of our contractors, small business contractors to be
3 awarded the Small Business -- a very coveted award by our
4 State Department Small Business operation. We're very
5 pleased with that.
6 We have opened a new embassy. I'm going to
7 pass, for the Board's information, some photographs for
8 our Tunis Embassy. It was just opened a week ago. This
9 is in North Africa, as some may know it, but for us it's
10 the Near East, Asian area. This is a wonderful facility.
11 It was built very quickly, under two years. It's a very
12 functionable facility and I would invite you, if you're
13 in that area, we can find a way to get you in for a tour.
14 It picks up all of our new best practices that we've been
15 talking about here. We were able to get this put in
16 place very quickly, a lot of compliments from the local
17 host government. We were able to blend this facility in
18 with everything else that was going in as well.
19 So, that's the first of the new facilities that
20 we have opened under this Administration. And having
21 said that, we have seven more to open, three of which
22 will be opened in January in Africa. We will be opening

1 the Dar and Nairobi Embassies, together with a very large
2 USAID building as well. The USAID building is situated
3 on the same compound with the rest of the U.S. State
4 Department facilities in Dar-us-Salam.
5 Also, we will be opening new facilities in
6 Zagrab, Croatia later on in the spring, and then, of
7 course, in Istanbul, Turkey also in mid-spring. This
8 will be followed later in the year with openings in Abu
9 Dhabi and the Emirates and Sao Paolo and so on. So, we
10 have seven new complexes to be opened the rest of the
11 year.
12 I should also mention to you that since we last
13 met, we have broken some new ground in terms of putting
14 in place a classified secure net in order to move our
15 design products around. This has been a major
16 breakthrough for us, working in very close concert with
17 our IRM, Information Resources Management Office, here in
18 the State Department, and with some splendid help from
19 the outside. Our diplomatic security was working along
20 with us as well. I understand this is the first secure
21 network. I know those of you in the industry who
22 participated with us know that we now have for our China

1 project a totally secured and certified network where we
2 can pass information around very comfortably at three
3 locations and our location. So, this works very well for
4 us.
5 Also, I need to point out a little bit about
6 performance because we have talked a lot about that and
7 we worked on it together when we last met and we were
8 challenged, at that time, to get this year's work done
9 and out. I need to tell you, first of all, through our
10 value engineering process, which you know is very
11 prolific now that we are using value engineering during
12 planning and we're also using value engineering during
13 design and execution. We were able to save in FY 2002,
14 that ended in September, $22 million was saved through
15 our value engineering effort.
16 To us, this is very significant because every
17 dollar that we save, we can plow this money back into new
18 facilities. So, we're pleased with that.
19 Also, our Security Capital Program that we
20 launched in FY '02, I'm also pleased to report that we
21 saved through best practices, through concepts and
22 approaches, through packaging, through procurement

1 strategies, through a whole bunch of management actions,
2 we were able to save another $63 million in the program
3 for FY '02. So, in a nutshell, you combine the two and
4 you have, you know, $80 plus million, or saying it
5 another way, we have saved enough money to put in place
6 another large embassy.
7 The importance of this is that we have an
8 agreement with our stakeholders that if we are supported
9 with the program that we have in our long-range plan
10 today, we will work very hard -- and, of course, with
11 your help and ideas -- to make this a good piece of
12 government. We try to do this by looking at every
13 opportunity we could to save money.
14 So, we'll be reporting this in our stewardship
15 report, which each of you will receive a copy of,
16 together with the Secretary and the senior staff, and the
17 members of Congress as well, who are involved with our
18 appropriation. This particular news will be highlighted
19 in our stewardship report which should be out by the 15th
20 of January.
21 We now have, as most of you know, you've heard
22 this before, we had $667 million of work under our

1 management starting in March 2001. We ended this fiscal
2 year with a very different number. In fact, today, we
3 have $3.5 billion of work under control. This has been a
4 2.5 increase over that period of time. We are thankful
5 for the support that we received.
6 And as we have mentioned to our GAO friends and
7 others, that we have a capacity today -- and I know that
8 you undergird this statement I'm making -- to manage a
9 program at or close to $2 billion. We have proven that
10 we can do that. The need is there and we need the
11 opportunity to be able to do that.
12 We have put in -- blended our staff in with some
13 smart private sector consultant support, which gives us
14 the right mix of what we need now to prosecute and move
15 forward. As most of you know, we have a whole package of
16 new approaches involving our new standard designs, which
17 we think we are getting tremendous traction with now, and
18 we saw a lot of improvement in our ability to procure
19 this last year as a result of that.
20 And then the last one is -- which we're most
21 proud of, at the end of 2001, we had about four
22 contractors that were participating, that we could count

1 on, and we're very pleased to say the end of this year,
2 that number approaches 20. One is represented here
3 today. I know they looked very hard at our Kabul job and
4 we're delighted that they're sitting and hearing what we
5 are having to talk about today.
6 We know that this is a partnership arrangement
7 and we have said this to the Inspector General, we have
8 said it to the GAO, that you can't do this job unless you
9 work as partners, and I'm very pleased with the response
10 we've gotten from the industry. We appreciate the effort
11 and the support that you have done with that. So, we're
12 going to need this to stay in place.
13 That's my report to you. I'm open to answer
14 some questions. Otherwise, we will get on with the
15 homework.
16 (No response.)
17 GENERAL WILLIAMS: Any of you have any opening
18 comments?
19 (No response.)
20 GENERAL WILLIAMS: Anybody?
21 (No response.)
22 GENERAL WILLIAMS: Okay, all right. Let's get

1 started with the agenda. Everybody got your homework,
2 okay. We're going to start with some project management
3 questions and topics today, and we're going to sprinkle
4 these around a bit because we have so many. We have
5 almost 50 issues that we're going to try to deal with.
6 But the first one we want to talk about, how do
7 you evaluate project and design management? In other
8 words, how do you know that it's done right? What
9 methods, what means, what tool do you use to evaluate
10 project and design management?
11 Joel?
12 MR. ZINGESER: Me?
13 GENERAL WILLIAMS: Yes. Me.
14 MR. ZINGESER: Why do they always pick on the
15 contractor first?
16 Well, you know, the simple answer, and you know
17 I am prone to giving simple answers, is the bottom line.
18 That's a very easy, clear measure of how things are
19 going.
20 We just -- every year, the president of our
21 company gives an award internally called the President's
22 Award. The first time I came to work for the company, I

1 thought it came from the President. I thought that was a
2 little presumptuous. I discovered it was our president,
3 but it's still pretty significant.
4 In any case, the President's Award has some very
5 simple criteria. Quality of construction, on-time
6 delivery, the satisfaction of the customer, and, of
7 course, the price. And that's really it. Now, how you
8 do that varies -- the example I'll give is in scheduling.
9 I could get a very, very good superintendent, bring him a
10 cup of coffee, hand him some information, and tell him
11 I'll see him, and that's all I need to do because he
12 knows what he's going to do and how he's going to do it
13 and he's going to schedule it and it's going to get done.
14 Another project, I might need to hire the
15 gentleman in the corner who said he was a scheduler and
16 come up with enough paper to cover these walls to
17 describe how we're going to get from A to B. So, it
18 varies, as you well know.
19 But the bottom line is keep it simple, look at
20 those critical elements, quality, cost, schedule, and
21 satisfaction. You know, are we meeting the needs? I
22 don't really know much else to say about that at the

1 moment, General.
2 GENERAL WILLIAMS: Okay, good. Derish, what are
3 your thoughts?
4 MR. WOLFF: Well, I think since we have a strong
5 design bias the first thing we tend to look at (inaudible
6 due to distance from microphone) done with a set of
7 drawings (inaudible) try and get outside review to see
8 whether (inaudible) can be built or it's really
9 practical. That's an important issue.
10 Then we monitor the job throughout for our cost
11 estimate versus actual. One of the things we do that's
12 very hard to do but we try and do it is to find out what
13 was really important in the project because people will
14 say, I want the best job or I want the lowest cost, but
15 they don't always mean that. So, you really have to sit
16 back -- not your project manager, but your top management
17 has to decide, what does this client really want, what
18 drove the project and then how did we respond to it?
19 Otherwise, you tend to measure your people on the wrong
20 things for that project. So, everyone says they want a
21 project on schedule, but they may change it nine times,
22 and they may be right changing it.

1 If you're Intel and you're building transistors
2 or chips, you really have to change it. I remember that
3 from conferences we've been to. So, it's important to
4 know what you're actually managing or building and then
5 monitor the people, how they did that.
6 From that, you get an idea of schedule
7 maintenance, whether, in fact, if we were program
8 managers we're actually maintaining -- were we
9 maintaining the schedule given the client's parameters?
10 Did we contribute to being more efficient or did we make
11 it worse? Did we take advantage of the fact that the
12 client was making a lot of changes and we were then
13 riding on it and hiding our own shortcomings? So, these
14 are the kind of critical issues.
15 And then subjective, did we think it was a good
16 job? You know, it's like the old joke that every project
17 you win, you think you did a good proposal or a good
18 submission. That may not be true. You may be the only
19 one submitting and you may have submitted a very good
20 proposal at a loss. So, you've got to have a subjective
21 -- independent of the marketplace and independent of your
22 clients. And here, while customer satisfaction is

1 important, you also have to monitor the client, yet you
2 have to make sure -- you may have a client that's a very
3 easy client. So, he's easily satisfied. So, one of the
4 things we'll do is go back to -- and these are
5 subjective, as many of the others were objective. We'll
6 go back to our subcontractors or our peers and get their
7 view of it to see whether we're very comfortable.
8 So, it's a complex thing, but it's this
9 combination, as Joel was saying, on the one hand price
10 and schedule, and on the other hand, subjective ideas of
11 what the quality was and how tough the client was and
12 what the client really wanted. So, these are hard to do,
13 but we spend a lot of time in our management talking
14 about these things, because this -- the other problem is
15 you're used to people who usually just look at the
16 budget. So, you'd have one poor project manager on a
17 very tough job and he may have done a marvelous job, but
18 he didn't make much profit. Another one may have been on
19 an easy job and come up with a huge profit, but it -- and
20 you start rewarding the second one and you don't -- the
21 poor first guy killed himself or woman.
22 GENERAL WILLIAMS: Okay, good. Anybody else

1 have an idea? Yes, Tom?
2 MR. RITTENHOUSE: Well, I think the one thing
3 they want to understand at the end -- just as both
4 gentlemen said -- evaluate the individuals and understand
5 the budget and was it all priced accordingly. But what
6 we've tried to do is to understand did the client get
7 what the client thought that they were asking for or what
8 they thought they were going to get, because we've
9 delivered some wonderful projects and the guy has said,
10 this is just, you know, not -- this isn't what I asked
11 for. Yes, it is, word for word, exactly what you asked
12 for. Well, it's not what I thought I was getting. So,
13 the goal in a good project is, is he getting what he
14 thought he was asking for and did he not see or realize
15 the hurdles and problems that it took to get there.
16 I always took the role that my job was to -- for
17 my boss not to see the problems and I try to make my life
18 simpler and say that to all the people who work for me --
19 is, you know, get it done without coming to me with all
20 the little bits and pieces. So, if the client knows that
21 he got what he thought he wanted and he doesn't see the
22 hurdles that it took to get there, then it's a successful

1 job.
2 GENERAL WILLIAMS: Um-hum, very good. Anyone
3 else have any -- these are very, very helpful comments
4 because we're in the throes now of putting in place very
5 strong standards and we'd like to know when we are there.
6 We have some ideas ourselves, but I think your input and
7 your comments are very helpful.
8 Yes, David?
9 MR. READY: From sort of a different point of
10 view, as an owner, I look at things, did I get what I
11 wanted and did I get it at the right price and did I get
12 it fast enough. But from the associations that I
13 represent, we are looking at, you know, public projects
14 starting some new initiatives, and some of those
15 questions for the design and project management areas
16 are, is the project structured to allow our membership to
17 participate. In the past, projects, because of what I
18 would call the biased word, "purchasing" agents to
19 control things -- you know, the bigger the package, the
20 easier it is to deal with it from a purchasing point of
21 view.
22 But from a contracting and from an opportunity

1 point of view, it raises questions about is the thing
2 right sized for the small projects, for the slicing and
3 dicing of the contract, as I have used that term before.
4 I think that is a criteria that's going to be
5 looked at in the public sector, perhaps not so much in
6 the private sector unless it has public funding some way
7 or another. But in the public sector, is it an
8 opportunity-friendly approach to project management, not
9 necessarily design management so much, but project
10 management. Does it really recognize where you can use
11 smaller contractors, different approaches to technology
12 more effectively? And did you get a -- as a result of
13 that, perhaps, did you get savings that you didn't
14 anticipate or did you get faster delivery because you got
15 more bodies doing the work? Those kinds of things.
16 GENERAL WILLIAMS: Great. Yes, Joel?
17 MR. ZINGESER: I just wanted to add one more
18 thought. Building on our last meeting and kind of
19 continuing to move forward, we mentioned last time in
20 design-build how critical it is for the owner to be very
21 clear in their understanding of what it is they want and
22 being able to communicate that.

1 A second point was a point that you made,
2 General Williams, and that was drawing a line in time and
3 saying this is it, no more changes, we're going forward.
4 Since that last meeting, I've had a number of discussions
5 on my own with others about design-build and issues with
6 design-build, and I can tell you that, unequivocally,
7 that latter point is paramount to controlling the
8 project, getting you what you procured, getting it done
9 on time, and meeting those needs.
10 Now, life goes on, changes occur, we have new
11 technology, something's happening, but your commitment to
12 drawing that line, I would want to encourage you to hold
13 that. Don't change your mind.
14 GENERAL WILLIAMS: Well, I appreciate that
15 comment and I know -- that feedback, and our staff does
16 as well because there is no secret, I've been doing the
17 government business for a long time. There is a problem,
18 a systemic problem of program and scope control, and I'm
19 very sensitive to the fact that since we are trying to
20 work with a partnership and we realize that we can't do
21 this without having the private sector work very closely
22 with us, one of the irritants that we have worked hard to

1 remove and that is the constant fixing and tampering with
2 the program once we execute. Plus the fact that it
3 drives my execution people batty and it creates all kinds
4 of problems out for the contractors trying to execute.
5 So, it is no secret.
6 We have been very, very strong on disciplining
7 the program because I feel I owe that to you. So, yes,
8 there's a line drawn and when the project is handed off
9 to Joe Toussaint to begin the final design, and clearly,
10 before we advance it to procurement, the train has left
11 the station. We cannot afford to say, well, gee, I want
12 another this, I want another one of those because we
13 can't get it done this way. We have to deliver what we
14 said we were going to deliver at the time that we made
15 the representation to the provider funds, because, you
16 know, that's done about a year before the fact. So, we
17 have a representation issue and we also have a discipline
18 issue. So, that's the reason we cannot change.
19 And we have to work this very delicately with
20 our customer because from time to time, our Inspector
21 General or somebody might go around and our customer will
22 say that, well, gee, I would have liked to have had two

1 more of these or whatever. Well, you can't run a
2 process-driven program by just adding desires and -- as
3 you move along. So, we're attempting to -- well, not
4 attempting, we have, in fact, drawn the line. I
5 appreciate that support.
6 Any other comments around that topic? Yes, Ida?
7 MS. BOOKER: One of the processes that seems to
8 be successful in some of the people I've talked to is
9 having a responsible party within your customer group to
10 give answers. And the last project that was involved in
11 a very short-term, major project, we had one of the
12 corporate vice presidents be the answer person and they
13 committed to 24-hour turnaround on any decision.
14 There are things that come up. There's just no
15 doubt about that. Technology tends to impact, you know,
16 every day the way we live and work. So, the fact is, are
17 you going to implement that new technological change? Do
18 we need to do that? And in the government sector, the
19 fact is is that the additions of technology and the
20 connection that you're going to start to have around the
21 world is going to be paramount to success in the long
22 term. So, the fact is you need to have an answer person

1 from the customer, especially if there's dollars
2 attached. Are they going to come up with more dollars to
3 do that? Usually, that's the -- you know, when you
4 freeze the design, you also freeze the dollars.
5 So, if they want something new, you know, the
6 answer is, do they want it to the extent that it's going
7 to impact the schedule and it's going to cost money and
8 you can't wait six weeks for that answer.
9 So, one of the answers is, when you start
10 talking about project and design management, it is not on
11 the supplier side, it is also on the owner and the
12 tenant, so to speak, because I think that in vernacular,
13 the OBO is really the owner, but the tenant is part of
14 that. So, the answer is that not only are you looking at
15 evaluating the project and the design management from the
16 supplier side, but it also is how well were they
17 supported by the organizations that are asking for that
18 project. And I think getting the customer to -- or the
19 tenant resident to be able to give you those answers in
20 that short term is very much paramount to the success of
21 a project. So, that's another issue that needs to go
22 with that.

1 GENERAL WILLIAMS: Excellent. Okay. Are there
2 any other comments? Yes, P.K.?
3 MR. BAGCHI: Yes. Adding to that, as the
4 Director of the Construction and Commissioning Division,
5 I like nothing better than a no-change concept. However,
6 it leads to, sometimes, some customer dissatisfaction,
7 and I have representatives out in the field who are
8 working very closely with the customers and they kind of
9 get caught between the rock and a hard spot. How do you
10 deal with that kind of a customer dissatisfaction or how
11 do you -- yeah, how do you deal with it?
12 MS. BROOKER: One of the issues is that the way
13 we start is we have a beginning panel that includes the
14 OBO type of participation, the residents that are going
15 to be involved in that particular project, and we have a
16 situation where you drive out -- like the other gentlemen
17 were talking about, know what your customer wants.
18 My favorite saying is, I know you understand
19 what you thought I said, but what you heard isn't what I
20 meant, and somebody has now put it in a frame on my wall.
21 But the fact is, is that getting to understand what the
22 customer really wanted is not an easy task, and exactly

1 delivering the project for what you thought they wanted
2 and then finding out it wasn't the right -- in their
3 concept at all, is a real concern.
4 So, having participation in the delivered
5 product -- I've got to tell you. I did a project for the
6 president of a major California computer company and it
7 was a wonderfully designed building and we were all done
8 and he walked into his office that had all glass walls
9 and it was always all glass walls and he said, who said I
10 wanted glass walls, and we had to take the whole thing
11 out and rebuild it. And it was that, you know, the fact
12 is that you've got to understand what the wishes are.
13 In the case of OBO, there are some situations
14 where standards are important, and it's very nice to
15 build Taj Mahal's in every country that we have. The
16 problem is, that doesn't necessarily fit the budgetary
17 constraints that we have. So, while there is, gee, I
18 wish I had scenarios, the fact is is that you have
19 standards you need to abide by.
20 And so, it's just communicating. If you wait
21 till the end and say, here it is, it's a failure. You
22 have to have that continued communication and having,

1 again, from my perspective, that answer person who is
2 also responsible for making that communication work is
3 the answer. It's negotiation on a periodic basis is what
4 it is. And, you know, they need to understand that there
5 are constraints that the OBO has to abide by, there are
6 budgetary concerns that the OBO has to abide by, and, you
7 know, they have some standards that they have to abide by
8 and you have to -- and communicating that to the customer
9 is the key step to having the success at the end of the
10 project.
11 GENERAL WILLIAMS: That's an excellent response.
12 Are there other comments on this? Yes, David?
13 MR. READY: Well, I'd just like to quickly
14 respond to the question about how you deal with
15 dissatisfaction. The way my staff deals with me is that,
16 you know, they tell me how much it's going to cost or
17 they tell me, you know, that I didn't respond by the time
18 I should have and so I don't get it or whatever it is.
19 They make me understand what the impacts are of the
20 demands I'm trying to impose.
21 At the same time, you know, if I understand what
22 the costs are and I think it's worth it, then I make the

1 fight. If I don't think it's worth it, then I go away at
2 least with an explanation that I can live with and maybe
3 sell to the people that might have been driving that
4 request to begin with.
5 I think a lot of times, in projects, we say,
6 well, you just can't have it or it's too late or
7 whatever, and that's not really enough of a defense to
8 satisfy all the pressures that are coming for the person
9 that's trying to do the -- that's asking. And I think
10 that's half the battle many times. You know, they
11 wouldn't be asking you for a change if there weren't
12 probably some defensible reason for the change. You
13 know, if it's frivolous, you know, then you just --
14 they're embarrassed for the request if it's too late.
15 But if there's a real reason, you have to at least convey
16 that you understand that they have some need and maybe
17 try and find an alternate way to address it.
18 I think the nice thing, in many cases, is that
19 some of the new technologies, perhaps, may be able to
20 substitute for previous solutions of bigger space or more
21 stuff, and I think that's your job as the deliverer of
22 the space, to convince your client that there is a

1 solution maybe to the problem, and it's not a building
2 solution. It's some other management solution.
3 GENERAL WILLIAMS: I think this is good input
4 for us because it connects real well to several
5 management decisions that we have made even subsequent to
6 our last meeting. One is we have to get as close to a
7 universal accepted procedure and standard in order to
8 eliminate a lot of what has transpired in the past, and
9 that is waiting until, what I call, the ninth inning and
10 then there are things. We have to appreciate the process
11 in the government. And I don't know about the rest of
12 the government, but I would probably suspect, having been
13 in one side of it, Department of Defense, that it's
14 pretty much the same.
15 We plan, we program and then we budget and we go
16 and secure support for the project before anything
17 happens. Then, once we have received the support or the
18 funding, really the big line is drawn at that point, and
19 technically, the debate about scope is over.
20 I think the mistake that had been made from a
21 management point of view is to try to work and put extra
22 scope into an arrangement where you know you do not have

1 a dollar amount. So, you end up with a dysfunctional
2 project, you end up with a dissatisfied customer, you end
3 up with all of that.
4 So, what we've tried to do with this process --
5 and we've talked this out with many of the oversight
6 entities, the GAO and others, that we will bill to the
7 budget and we can only bill what we have provided funds
8 to bill. Now, it's a whole separate issue if, for some
9 reason, there is a scope that warrants additional
10 funding. That has to be addressed as additional scope.
11 And then we'll deal with it and we'll have a separate
12 arrangement to handle that. But what we cannot do and
13 what we have been very, very rigid about, and it has
14 helped us with credibility, where it should be, and that
15 is doing exactly what we said we were going to do with
16 the funds that we were provided.
17 I'm pleased to hear your comments because, quite
18 frankly, that undergirds the decision that we have made.
19 Communication is so critical. It is extremely critical.
20 And what we have tried to do here is put in place a very,
21 very interactive planning and development arm of the
22 organization which we didn't have before because that's

1 where you get it right or you get it wrong, because once
2 it leaves planning and the project is developed, it's now
3 going to be designed that way and we are advancing it now
4 through the stakeholders to secure funding.
5 So, where we need all of the communication,
6 which we are trying to promote through a lot of methods
7 and means today, is in the planning and development. To
8 the extent that we are having the tenant, the user even
9 sign off on the fact that, yes, I know what the fifth
10 floor is going to look like, I know what's going to be in
11 the south corner, the north corner, et cetera, et cetera,
12 so there's no misunderstanding about all of that.
13 Then, of course, we're trying to creep closer to
14 industry standards as far as space is concerned so that
15 we have something that we can draw from that makes kind
16 of universal sense because, you know, we're billing
17 office space, specialized office space. So, there are
18 certain guidelines already established in industry about
19 the allocation of space and what is considered to be
20 appropriate and universally accepted. So, we're trying
21 to not be a unique something. We do a unique business,
22 but there's nothing unique about the size of a senior

1 manager's office. You know, something is universal about
2 that. So, what we're trying to do is to creep very close
3 to what are accepted standards in industry and get some
4 traction there and then hopefully this will help us
5 discipline the program.
6 Yes?
7 MR. ZINGESER: I don't know if this gives you
8 encouragement, but the reality is that the industry in
9 total is changing in the area of process and practices.
10 And, you know, the industry traditionally, as you well
11 know, was a series of boxes that lined up one against the
12 other. You had everything from your customer as the
13 tenant to you as the owner to the designer, to the
14 contractor to the subcontractors, and so, everybody was
15 in their box and they kind of banged and somehow we got
16 through it.
17 Design-build certainly has caused a need for the
18 designer, contractor, subcontractor group to go from a
19 series of boxes to a pipe where they're flowing back and
20 forth. I mean, if the design-builder wins the award and
21 turns to the designer and says, see you in four months,
22 you know, it's doomed. That whole process down to even

1 the major subcontractors, because if the mechanical
2 designer says this is the way I think it ought to be and
3 the guy who really is going to do it comes in at the end
4 of the day and says, no, no, no, no, we're not going to
5 do it that way, we're going to do it another way, you've
6 got a problem.
7 Moving that all the way to the other end of the
8 process, which is you and your customers and the
9 beginning, planning and designing, the movement that
10 you're making of creating a pipe instead of having these
11 boxes lined up is paramount. I think we're all learning,
12 not just here in government work, in general, but in the
13 industry as a whole, how to keep that information, that
14 communication going so that we can do it better and meet
15 those needs and not have the surprises at the end.
16 One of the key components in the government
17 side, again, we talked about this a little bit
18 previously, is what we've called the over-the-shoulder
19 review and the need for the owner and the tenant to
20 really be there as the decisions are being made, not to
21 compromise their position in the decision-making process,
22 but to help get the decisions made more quickly, more

1 clearly, with less opportunity for change. So, that
2 would be another part that I would think is very
3 important to assuring that you get what you want.
4 Drawing that line, saying this is it, and at the
5 same time, being there as part of the design process.
6 GENERAL WILLIAMS: Thank you. Yes, please.
7 MR. FLOYD: From the last meeting we had, we
8 thought a lot about what you were saying and with the
9 General's guidance, we put together a little matrix as
10 far as strategy, course of action and a decision memo, so
11 that we meet with Joe and the rest of the team up front
12 saying, what is our strategy going forth on a particular
13 project. Then my planners will put together different
14 courses of action, review it, come up with the right
15 course of action, give it to the General. He looks at it
16 and decides this is the right course and we do a decision
17 memo. Then we're all on the same sheet of music and we
18 all go down the path together. We bring -- we talk to
19 the post and the bureau, they know what's going to
20 happen.
21 We put together the strategy, not only planning,
22 but how we're going to pass it off to the execution and

1 how we're going to pass it off to contracting. So, we're
2 starting the FY '04 with this kind of strategy and this
3 kind of movement forward. So, we have that stream and we
4 don't have those throw-it-over-the-wall kind of boxes.
5 So, we're taking the General's guidance on that
6 and your guidance and we certainly appreciate that.
7 GENERAL WILLIAMS: Thank you. Yes?
8 MR. TOUSSAINT: If I could just add something to
9 that, picking up on Joel's image of the pipe versus the
10 series of boxes. The way that works with us -- with our
11 process, because we do have precise areas of
12 responsibility, but we have leadership roles that change
13 in that. So, the leadership role will come into -- say,
14 from planning, if it's design, it will go into design and
15 the design manager is the leader of that process, to be
16 informed by the other players in that. If it's design-
17 build, then it will go into P.K.'s, into the construction
18 arena.
19 But the one underlying factor in this is the
20 scope, but it's also -- it's the budget, as the General
21 said. That's the bottom line. And that's the thing that
22 everybody needs to be focused on and realize that you

1 can't go out of that.
2 If there is a client -- and we've had this in
3 some cases where there may be something that's very
4 valid, maybe it's a new criteria that we have to put in
5 place. The bottom line is we can't afford it today. We
6 will look at that. We will be smart so that we can
7 incorporate that if and when funds are available. But
8 we're not going to say, stop everything, you know, we
9 have to grandfather these things in in other words.
10 And that then lets the team, you know, wherever
11 it may be residing in terms of leadership, move forward
12 with that and deliver the product. And we've found,
13 actually, with the owners or the users, rather, the
14 posts, when we talk with them about that, when they know,
15 okay, we'll listen to you, but realize, we are not about
16 to accept a budget threat, we just can't do that. Then
17 they say, okay -- it's sort of the truth-in-lending
18 thing. Then they say, okay, we'll work with you and
19 we'll go forward. Their expectations sort of get put
20 into that box that we all have to operate in.
21 But I think that image of the pipe because
22 that's the way we've changed the leadership roles as we

1 go through this. Even in the P.E. office, you know, we
2 have two prime elements there, design and construction.
3 GENERAL WILLIAMS: Well, this is a very, very
4 healthy discussion and it's such an important topic and,
5 obviously, you can see that we are focusing in now more
6 on the preciseness of management, because, as we have
7 shared through the year, we have a pretty good construct
8 in place that we feel will guide us well and now we're
9 looking for the fine tunement of that.
10 In my opening remarks, I failed to tell you that
11 what we awarded in terms of big projects, these are the
12 embassy compounds and, of course, a compound is situated
13 on a 10-acre site. This is a green site, and for our
14 environmentalists and everyone, this is just the way to
15 go because we put the first utilities in the ground, we
16 know what's there, we have an opportunity to do some
17 wonderful things.
18 It is, in fact, good for the contractor as well,
19 because for a person like myself who have had to build in
20 a city like New York City, where you have a half an acre
21 to put what we are putting, basically, on 10 acres almost
22 now, you can appreciate the fact of a nice, green site.

1 On this site and in this compound, this compound
2 is enclosed by a nine-foot anti-climb wall. Obviously,
3 that wall is in place for protection. We build an
4 operational building which is commonly referred to as the
5 chancellory. We build quarters or dormitories for our
6 Marines. We build a general service building or two. We
7 leave space for some recreation. So, this constitutes
8 pretty much the compound. Then, of course, there's a
9 series of control access points through which vehicular
10 and pedestrian traffic can pass through.
11 So, when we say a new compound, it's not one
12 building, it is a 10-acre site which is a collection of
13 structures, to include a first time utility system as
14 well. Now, this does a lot of advantages for us. Number
15 one, we knwo the type of utilities in the ground. We
16 don't have to rely on something that was placed there by
17 the host country. And then we have some element of
18 control about how all of that would work.
19 Now, these are the locations that we awarded
20 contracts for these compounds: Abuja in Nigeria was one;
21 Cape Town, South Africa; Conakry, Guinea; Kabul,
22 Afghanistan; Dushanbe, Tajikistan; (inaudible); Tashkent,

1 Uzbekistan; T'Blisi, Georgia; and Yaounde, Cameroon in
2 Africa. And then, of course, we had a reconversion of an
3 existing office complex on a 20-acre site in Sao Paolo
4 where we had taken over some existing office buildings
5 that were built by another government and we're
6 reconfiguring those to meet our requirements. So, those
7 are the locations where we have these major projects
8 ongoing, just to give you a little flavor of what 2002
9 was about.
10 Now, having said that, the next topic will be
11 number six in your book, what costing models do companies
12 use and do they use a central database for prices. Any
13 comments about that?
14 Chuck, do you want to talk about the foundation
15 for that question?
16 MR. FLOYD: We were using today what we call the
17 success model and we've had project time and cost come in
18 and help us configure what we're doing, and also, our
19 processes within and outside of OBO, so that we can
20 understand the needs of our customers and we cost things
21 correctly.
22 One of the challenges we have had is, what

1 figures do we use. Do we use Washington-based numbers?
2 How do you go over and really get good figures in Africa
3 to Asia to different countries around the world? Because
4 there's just not one database sitting out there somewhere
5 where you can go get all these figures and understand the
6 personnel costs, transportation, all the other issues
7 that you have to solve. So, we're wondering, you know,
8 how do you do that in the international community or even
9 different places in the United States? Because we're
10 looking, trying to find something that we can go to,
11 whether it's one database, two or three databases that
12 will give us some information where we do not have to
13 reinvent the wheel every time we do a cost estimate in
14 different countries throughout the world.
15 Now, we have a lot of information ourselves from
16 all the different projects we have, and right now, we're
17 constantly feeding that back into our success model.
18 We're not there yet, but we're getting there. So, this
19 is one of the things that PTC is helping us accomplish
20 along with our procedures. So, we just wanted to find
21 out what you're doing so that we can work together
22 because, you know, universities or somebody else may have

1 something that they're doing to enhance the costing.
2 Because what we're trying to do right now is get out in
3 front of the curve where we're out looking at the FY '05
4 projects so we can do our space planning, our proper
5 costing. So, when we go to Congress, we have the
6 documentation behind our request so that when we go to
7 Congress for FY '05 and out-years, we know exactly what
8 we're doing, we have the documentation that we can give
9 to them saying this is the exact cost and that we do a
10 much better job in our costing with that particular
11 country. So, that's the basis of the question.
12 GENERAL WILLIAMS: Yes, Derish?
13 MR. WOLFF: We've tried to spend a little time
14 on this subject, not very successfully. From someone who
15 has spent a lot of time on this project, not very
16 successfully, we tried various mathematical models and
17 one of the problems that you get into with models are
18 that the foreign exchange rate, you're trying to convert
19 them to dollars, but the foreign exchange rates are
20 always going at a different ratio to -- the IMF people
21 are here, they'll be very sensitive to that issue --
22 they're always going at a different ratio to internal,

1 say, cost of living indexes. So, you really can't match
2 them up. But when you start converting to dollars,
3 suddenly, one year in Indonesia will look very expensive
4 and another year it will look inexpensive. It doesn't
5 mean anything.
6 So, what we've done is if it's a large
7 infrastructure project, then you really have to build
8 your own costing model. It won't work otherwise because
9 you're bringing in so many components anyways from
10 overseas. If it's a standard project, we look and almost
11 every country has one of two things or both. They have
12 some cost index tables. In any country, if you want to
13 spend some time talking to the middle level to larger
14 contractors and architects, they have tables, they have
15 cost information.
16 And then the other thing we try and do a lot of
17 is profile countries. Profiling's a bad word this year,
18 but comparing countries and seeing, gee, in West Africa,
19 what are the differences really between Benin and Togo or
20 Conakry? Should they be out of line? Why -- and you'll
21 talk to people and they'll give you the feedback on what
22 they're building, and everyone has some figures in every

1 one of these countries if they have any experience in
2 modern office buildings.
3 And they'll tell you that and then the first
4 question you have to ask is, well, why is it different,
5 you know, why is Liberia that different from Ghana, and
6 then you first look at the exchange variation. You're
7 always talking in dollars or euros. But after that, you
8 want to start looking into the competitiveness. But you
9 can get this -- of the industry.
10 You can get this information when you're OBO or
11 some of the -- and you're looking for either
12 international or buy America procurement, then you have
13 another bias in there. And what you have to do in your
14 own models, and we try and do in some of the things we do
15 for you, is you have to separate what's the bias of
16 either the built America or the international competition
17 versus the subcontract because no matter what you're
18 doing, they're still going to come back, in many cases,
19 doing a lot of subcontracting.
20 So, the cost models you develop, even the crude
21 ones, will always be valid for, say, 70, 80 percent of
22 the cost. And then you have to look at what's the

1 premium you're paying for, you know, an international
2 contractor or a bondable contractor, things of this type.
3 But you can do it if you want to spend the time. It's
4 doable on most countries of the world.
5 And as we know from some of the AID experiences,
6 many times, the analysis is correct and the bids are
7 wrong. It's sometimes a good indicator.
8 So, I figure it's not going to be scientific.
9 Every time in my younger days, we were going to come up
10 with, you know, $322.46 a meter, that was a mistake. But
11 if you went to a major Italian or French contractor in
12 any West African country, you could get within 20 percent
13 a good estimate and then you have to be honest. And I
14 think here's where OBO has made big progress. You have
15 to be honest in who you are. In other words, what kind
16 of unique buildings are you building and you should know
17 that premium. The contractor -- no one is going to be
18 able to tell you how much more an OBO building costs
19 because of its unique character, but you should know
20 that. And once you get these inputs, you can then factor
21 your own numbers into it.
22 So, it's not as hard, I think, as people say it

1 is. It's just not a science.
2 GENERAL WILLIAMS: Well, you know, I think what
3 Derish is saying is sort of what we're seeing right now
4 with the team that we have and really -- and what we're
5 looking for here is just to have another set of eyes, and
6 it's two firms that are looking at how we cost. Because,
7 you know, the whole, as I've said many, many times here,
8 what we want to do, we want to do it as close to right as
9 we possibly can. We don't want to try to wag it, we
10 don't want to try to operate on -- go down a road that
11 might not be validated. And we've been encouraged, quite
12 frankly, by what we've seen so far and it's following
13 exactly what Derish said.
14 We come with -- and you've got to put it on the
15 table, you've got to reveal what you're doing because we
16 have unique requirements and then we bring that
17 uniqueness to the table and then the rest becomes sort of
18 information you have to garner from the local
19 environment, which it will, in fact, vary. So, I'm
20 pleased to hear that what we're trying to do is generally
21 what you could support.
22 We do have to always -- and I say this to staff

1 all the time. We always have to have truth-in-lending.
2 I mean, you've got to say what you're doing because if
3 you don't, you can never get where you need to go, and
4 it's obviously very important to deal this way with our
5 contractors and with everyone else that we're doing
6 business with.
7 Are there any other questions on this whole idea
8 of cost? Yes, Harold?
9 MR. ADAMS: I'd like to turn it around and ask
10 you a question on that. What is your experience with
11 these recent ones that -- the recent design-build
12 projects? Did they come in within your parameters? Were
13 they under or were they way over?
14 GENERAL WILLIAMS: Well, that's a good question
15 because that was part of my overview that I passed. We
16 were very, very pleased. In fact, I cannot -- Joe
17 Toussaint and P.K. speak for themselves, but we were very
18 pleased with the outcome. We knew for the first time
19 that we feel like we really got the right formula because
20 as we expected the numbers, that's where the numbers
21 came. We had a very nice cluster. It was not any of the
22 -- not all over the map. So, it was good communication,

1 it was very tight, and we got good prices.
2 So, from that standpoint, I think our
3 standardization and our refinements and, quite frankly,
4 the best practices that we've put in place, I think, has
5 taken. We've been very pleased. That's where the $63
6 million came from.
7 Joe, you can speak for yourself.
8 MR. TOUSSAINT: Those are my words exactly.
9 Even the one that was not a design-build at SED came in
10 very good. So, I think that we're communicating better
11 our requirements to the community that's bidding the
12 work. This is all competitive bidding, so it's -- it's
13 important that we have our requirements clearly
14 understood by the array. We had a lot more competition,
15 as General Williams noted, a range of 14 plus
16 contractors, 14 to 20 contractors. So, that was a good
17 year, last year, and we expect the same this year.
18 GENERAL WILLIAMS: Good question, staff. Yes,
19 Harvey?
20 MR. BERNSTEIN: I'm not familiar with the
21 success model, but following up on the comment with
22 regard to design-build. Right now, we're about to

1 initiate a study in January for the Air Force to do a
2 comparison on cost information between design-build and
3 design-bid-build and the ability to collect data to do a
4 comparison. The Army did a study about a year or so ago
5 which the Air Force provided us some of the data and it
6 showed the design-bid was actually more expensive to them
7 than design-bid-build. However, the concern was that was
8 it really comparing apples to apples or apples or oranges
9 because of different factors.
10 So, we're going to be looking at a set of
11 different military types of facilities from residences to
12 a number of others that are common also for embassy
13 compounds over the next year to look for data. I guess
14 my question, following on Harold's, independent of how
15 you found the design-bid projects to go, have you used
16 the cost data to compare or try and compare a design-bid
17 versus design-bid-build to determine, going back to your
18 comment on value, as to what the differences might be in
19 cost and what, let's say, the value added or other
20 aspects that come in because that's what we're going to
21 try and go after, that data may ultimately then be useful
22 for the question you're raising as well. I don't know

1 what model the Air Force will be using, but there is data
2 available, Chuck, that the Army collected, but it was
3 inconclusive. So, this is a very important issue and
4 there are a lot of aspects to it that need to be
5 understood and we're going to be going after a whole set
6 under the military construction guidelines as the
7 different factors to try and take a look at in gathering
8 the data.
9 So, I'd be happy to share whatever we come up
10 with for the Air Force and put you in touch there and
11 maybe you can get you some of the Army data if you want.
12 So, I guess the end to that question is, have
13 you done any comparison of cost data from the different
14 delivery mechanisms themselves, as opposed to the cost of
15 the project versus your estimates?
16 MR. FLOYD: No, but we will.
17 MR. TOUSSAINT: If I could add a little bit to
18 that. Yes, several years back we were involved with the
19 CII, the construction industry study on that very issue.
20 And the data -- we didn't have as much data at that time
21 as we do today, obviously. But it was indicating that
22 there were savings in timing and cost for design-build

1 versus design-bid-build. And every time you come out
2 with something like that, then it's disputed. So, we'll
3 look forward to your effort.
4 MR. MOUNT: Harvey, I don't know the study that
5 you'll be doing, but are you going to be looking at a lot
6 of where they're replicating the same kind of building?
7 The advantage that we're hoping to have is that when
8 we're building the 50th, the 60th, the 80th, the 90th of
9 these buildings, that the cross curve keeps on track with
10 that. After a while, you're going to not know what
11 country you're in, in some cases, where the building is
12 almost the same, and we hope to have cost savings there.
13 If you're doing one-offs all the time, you're
14 not going to have the savings. But it will be
15 interesting to see those military buildings that are
16 essentially the same building, maybe a different size,
17 how you'd adapt at different locations.
18 GENERAL WILLIAMS: It has been one big swing of
19 the pendulum over this period of time, and there is no
20 secret to anybody in the room, before there was cost -- I
21 wouldn't say overruns or whatever, but there were cost
22 issues associated with our projects. What we wanted to

1 do initially, through better costing, title control and
2 just a different approach, was to stop that pendulum from
3 swinging in that direction because, you know, the
4 government gets a bad slap about cost control.
5 So, we feel, at this juncture, we've
6 successfully done that, profoundly, and we have swung it
7 now on the savings side. So, what we're trying to do is
8 to increase that margin on that side. We stopped the
9 bleeding and now we are trying to enhance it on that
10 side. So, any of these ideas and approaches would be
11 very, very helpful, and as Gay pointed out, we would hope
12 when we get to 20, 30, or the 40th building, that we
13 would have this thing so tight, at that point, and our
14 contractors would be cutting just oodles of time off
15 because -- and it would just be a win-win for everyone
16 because we would have done it so many times.
17 Let me move to one more because this is a little
18 bit of a problem for us now. It's a 9/11 event that --
19 it's a result of 9/11, I should say. How does the
20 private sector deal with the issue of insurance and
21 bonding, especially after 9/11? Are there any issues in
22 your international work relative to bonding and

1 insurance, those of you who do international work?
2 MR. ZINGESER: I'm wondering if our friend from
3 Willis might have some insight to share with all of us.
4 MR. CHAMBERS: Thank you for that opportunity.
5 As you're all aware, there was recently an Act of
6 Congress that passed the Terrorism Bill in response to
7 the lack of availability. The insurance industry has not
8 been able to respond to this. But the industry is still
9 reeling from the 9/11 event, lack of capital. The cost
10 of insurance continues to escalate, I think, in
11 anticipation that there could be another event out there.
12 It is going to be increasingly, I think, difficult for
13 availability of surety bonds, also, to be secured. And,
14 again, what's driving this is the lack of re-insurance,
15 which is the insurance companies' insurance that they buy
16 because of the need for capacity.
17 So, the insurance industry is reeling. It is
18 not strong and healthy as it once was. It's going to
19 take a long time to recover from this. I think it's
20 going to shrink the playing field for contractors. I
21 wish I had better news, but that's really what's
22 happening. It's just a matter of time to weather this

1 out.
2 GENERAL WILLIAMS: That's basically what we are
3 hearing as well and it's a universal dilemma that we're
4 working with now as a result of 9/11 and like we've
5 gotten through other tough spots, we just have to live
6 with this one for a while and work through it.
7 Any comments from any of the other contractors
8 who might be in the audience?
9 (No response.)
10 GENERAL WILLIAMS: Okay, Joel?
11 MR. ZINGESER: Just one of the things -- this is
12 my comment on this. But one of the things that we are
13 seeing even in our situation, this is not speaking for
14 AGC, but speaking for my company, even though we are
15 fortunate in that we're strong and we're not really
16 having a particular problem, but we -- in talking with
17 the Willises of the world and the insurance companies and
18 the surety companies, there is a movement on the part of
19 the sureties to look for more assurance, if you will,
20 looking for co-surety coverage, looking to cap their
21 coverage even with companies that are very strong
22 financially and otherwise.

1 So, it is a reality. It isn't going away. It
2 is something that we all just have to work with. I guess
3 the good news is, if you live long enough, you see this
4 pendulum two swings, and there will probably be a day in
5 the hopefully not too distant future where the sureties
6 get back to doing what they do very well, which is deal
7 with construction, and get away from some of the other
8 things that have caused them some other problems. And
9 then maybe we'll all be in good shape.
10 GENERAL WILLIAMS: Yes?
11 MR. ADAMS: We just had an experience on a
12 project where the client sought a policy for the -- a
13 project policy for the whole team, the architects, the
14 engineers, everyone, and we had a similar project about a
15 year ago or two years ago where we had a project policy.
16 The current quote for this new project, a similar sized
17 project, and there was only one insurance company
18 providing a quote, and that quote was 10 times more than
19 the last quote. Ten times.
20 MR. HOCHULI: General, I have a follow-on
21 question to the gentleman from Willis. Do you see this
22 on a worldwide basis or is it impacted more in certain

1 regions?
2 MR. CHAMBERS: I think it is on a worldwide
3 basis when you look at certain countries where there is
4 potential for more terrorism activity. But, obviously,
5 North America is the biggest area where we're seeing
6 pricing and difficulty, though on surety, that is
7 universal. The comment you made about the sureties
8 capacity is really being hampered, and there is a feeling
9 that there's new capital sitting on the sideline to come
10 into the insurance industry because of just the rates
11 that you just talked about. What insurance company can't
12 make money by charging five or ten times what they paid
13 last year?
14 It's taking a long time for this capital to get
15 into the marketplace to create competition. As somebody
16 else said, hopefully this pendulum will swing somewhere
17 back to a normal position.
18 GENERAL WILLIAMS: Yes?
19 MR. READY: We've just had some negotiations
20 with a very large institutional partner that wants to
21 build a fairly large project and the bonding and
22 insurance issue has been a major point. What they have

1 been willing to do to -- for several reasons, they looked
2 at their own loss record from previous projects, they're
3 a fairly prolific builder, and found that their loss
4 record was extremely wonderful. I mean, they have had no
5 real losses on a number of projects, to the point where
6 they have now developed a philosophy that they are
7 comfortable with self-insuring. They already self-insure
8 in a number of other areas cost effectively.
9 So, the discussion now is moving toward
10 basically a reserve fund type of approach on the front
11 end pay-in of the project and, in effect, avoiding the
12 issue of bonding by sharing the risk. I think that may
13 actually be a very useful tool for institutions that do
14 have both a track record to evaluate their risk and,
15 quite frankly, the ability to, you know, tap into
16 emergency reserve funds if there should be a problem.
17 But with good management, this particular client feels as
18 part of the CM project and the commissioning efforts that
19 they're going to put in place that they can identify any
20 problems early on and reduce their risk to the point
21 where they can save money and expand their pool of
22 contractors and developers through the self-insurance

1 process.
2 I don't know whether that's an option for the
3 State Department or some consortium approach to the
4 project development, but we think it's very helpful in a
5 number of areas including opening up some opportunities
6 for smaller contractors.
7 GENERAL WILLIAMS: Well, we accept any -- we
8 don't discard any ideas. We want them all. Yes, Joel?
9 MR. ZINGESER: Sorry to keep jumping in and out,
10 but David's statement made me realize something I didn't
11 say that would be important as you go forward with your
12 planning. One of the things that does help is if you can
13 package your projects, even if it's a large project, if
14 you can package it so that there are clear phases, then
15 the bonding can be broken down in phases and you're not,
16 at day one, committing as a contractor $100 million of
17 your bonding capacity to a project where you're going to
18 be sitting working in the design phases for a year, doing
19 something and it's the sixth building that's going to be
20 done. If you're following what I'm saying.
21 The idea of having phases within a single award
22 can still facilitate in terms of not tying up as much

1 bonding.
2 GENERAL WILLIAMS: I understand exactly what
3 you're saying. This will allow the bonding company to
4 take it in chunks, and theoretically, should not impact
5 our schedule.
6 MR. ZINGESER: If you have a multi-year project,
7 for example, and you're looking at three years down the
8 road, why tie up all that bonding capacity in year one
9 when it's not at risk? I mean, there's a commitment, if
10 you will, and it's -- not to get into details, but there
11 may be ways to help work that side by how you package it.
12 GENERAL WILLIAMS: I'd just like to correct one
13 thing you said, no more three years, it will be two
14 years.
15 MR. ZINGESER: Okay.
16 GENERAL WILLIAMS: Okay. That's one of those
17 lines we have. Yes?
18 MR. READY: If I might just follow up just a
19 little bit. I think with the phasing of the project, the
20 slicing up of the bonding capacity, I think one of the
21 things that you have as an organization which is,
22 perhaps, unique is the ability to actually sell to the

1 insuring companies or the -- or whatever approach to risk
2 management you ultimately take on a project, to sell to
3 those evaluators, the underwriters the controls that you
4 have in place, which reduce their risk by, you know,
5 identifying early the problems and then proposing
6 solutions that can be worked out with the contractors and
7 the subcontractors as opposed to being worked out with
8 the insurance company.
9 I think spending some time figuring out how you
10 would implement emergency strategies to salvage a project
11 would certainly go a long way in helping the contractors
12 come forward with an insurance concept that would, you
13 know, bridge the gap. A lot of people have not taken
14 that approach because they don't have the controls to
15 fall back on. But you, as a client, provide a much
16 larger safety net, if you will.
17 GENERAL WILLIAMS: That's important because
18 that's one of the reasons from, you know, day one a
19 couple years ago when we sort of got started, we wanted
20 to try to adopt as much of the industry best practices
21 that we could so that as a government organization, that
22 we would do business as close as possible -- that's

1 clearly the mandate the Secretary has given me -- to
2 operate as close to private sector rules as possible.
3 And I think we are in a unique situation where we can
4 work with some of the strictures that are out there
5 relative to bonding and this type of thing in order to
6 help with that process. And I think it's just a matter
7 of discussing it and reaching a common understanding.
8 Yes, ma'am?
9 UNIDENTIFIED FEMALE: I just wanted to sort of
10 comment that the IMF has just gone through this process
11 in the last few months with our building. I think the
12 thing that surprised us a little bit was not just the
13 insurance issues, which we have taken on ourselves, the
14 limits, of course, the terms of coverage was onerous.
15 But also what the insurance industry was demanding in
16 terms of the site security measures that had to be taken,
17 which were so onerous that the cost of that was so
18 prohibitive that we could not do it. So, it's not just
19 insurance costs, it's also what they want you to do in
20 order to secure your sites to even begin to have the
21 coverage that you are seeking.
22 So, we had to take -- we're basically self-

1 insured on some of those issues.
2 GENERAL WILLIAMS: Right. You see, I think what
3 you just said -- and that's very interesting because this
4 ties into what David said, you see, part of -- I would
5 say part of what we provide for our contractors is a
6 secured site. We secure the site. So, the contractor
7 just arrives on that 10-acre site. He doesn't have to
8 worry about the elements, that's all taken care of. The
9 firm just has to do what it would normally do here in the
10 states. So, we take a lot of the risk away in terms of
11 supplies and securing other things as well because we --
12 as you know, we have a lot of buy America requirements in
13 terms of products. So, again, there's a certain
14 protection around that as well.
15 So, I think we would be in a pretty good
16 position to work well with this situation. The only
17 thing we cannot do, obviously we can't do with an
18 indemnification or anything like that. But in terms of
19 taking some of the risk away, in terms of protection of
20 supplies and that type of thing, we can do that.
21 An example would be, you know, we're still
22 working today in somewhat of a limited fashion, but we're

1 still working today in Abuja. You know what's going on
2 in Cote d'Ivoire. But we're still working. It's on a
3 day-by-day basis and I'll be meeting with the Ambassador
4 later today and see where we sort of stand there. But
5 this shows how much we have pressed the envelope and
6 we've got our contractor still intact and we are doing as
7 much as we can do in some very difficult situations.
8 Yes, Ida?
9 MS. BROOKER: You hit on a couple different
10 subjects, and while they're all in the insurance arena,
11 they're a totally different approach, and one is the
12 liability insurance for the product and the work in
13 place. If you're looking for an industry for practice,
14 in the case of the Boeing Company, we cover all of -- we
15 do not require any of the contractors to provide
16 builder's risk because all of our property is insured on
17 a property basis blanket-wise for the whole corporation.
18 So, what we said is we'll take on that responsibility and
19 we also have secured sites as well. So, the fact is that
20 that risk is low and the contractor just comes onto the
21 property and does his job.
22 The advantage that some of the industry has over

1 the situation that the OBO might face is that we can have
2 the opportunity to pre-qualify all of our bidders and we
3 choose to bond very few projects. The reason being is
4 that our schedules don't allow us to allow a bonding
5 agency to come in and complete the project. By the time
6 they get around to doing the project, we're done, you
7 know.
8 So, what we've decided is that rather than
9 hassle with the bonding companies, we monitor the
10 projects, we monitor the contractor's health and we take
11 on that responsibility because if they're going south, we
12 don't have time to wait. We get it legally cleared and
13 we're off with a new contractor in a matter of hours
14 because we can't wait. We have to have production going
15 on. We can't fool around with missing our end dates.
16 So, we found that allowing the bond to be
17 perfected and carried out by the bonding agents is not an
18 option for us.
19 Now, there's a payment part that we could
20 possibly implement, but the fact is, is that, overall,
21 when we look at our history, we have so few opportunities
22 to have involved a bonding agent at all anyway that we

1 found that it just wasn't cost-effective to do that on a
2 project-by-project, over and over, and especially when
3 the industry is as tough as it is right now.
4 GENERAL WILLIAMS: No letters of credit or
5 nothing?
6 MS. BROOKER: Occasionally we do that. We also
7 look at the entity we're contracting with. There is
8 parental guarantee kinds of things that we do, those kind
9 of things. But to ask them to go out to an outside
10 bonding agent. I mean, the other issues are different
11 issues as far as you're concerned, that's financial
12 issues. What we're talking about is bonding and
13 insurance. We look at those separately. But, yeah,
14 we've done letters of guarantee and those kind of things
15 as relates to the projects. But going out and having
16 them get a third party bond to cover the projects, we do
17 it, but we do it on an occasion basis rather than as a
18 rule.
19 GENERAL WILLIAMS: And with our program being as
20 fast-paced as it is, obviously, we are constantly
21 thinking about all of these. We realize that there are
22 regulations which causes us to do what we're doing now,

1 but we're not opposed to putting something like this on
2 the table for consideration because of the uniqueness of
3 our program, if it gets to that point.
4 I think, at this point, we've been after this
5 for a little period of time. It's only appropriate that
6 we offer a break. So, why don't we take a break until a
7 quarter of and give you an opportunity to stretch and
8 visit facilities.
9 But before we do that, Gina, do you have any
10 admin items you want to --
11 MS. PINZINO: Thank you, General. Just a
12 reminder to our outside invitees. We do have to be
13 escorted every time to go to and from the restrooms. So,
14 we do have personnel outside waiting.
15 GENERAL WILLIAMS: Just to the door of the
16 restroom.
17 MS. PINZINO: Right.
18 (Laughter.)
19 MS. PINZINO: And also for lunch as well. We
20 have people available to escort you to the cafeteria and
21 return back here. So, you can have a lunch State
22 Department style today. Thank you.

1 GENERAL WILLIAMS: Okay. Let's take 15 minutes.
2 Thank you.
3 (Whereupon, a brief recess was taken.)
4 GENERAL WILLIAMS: Okay. We're going to
5 commence. As the panel knows, we keep a pretty good
6 accurate record of our proceedings because we want to
7 make certain we have as much of this good information
8 captured as possible. So, the person who is ensuring
9 that we do that is sitting up in the booth and she is
10 taking these down as close to word-for-word as possible.
11 So, we thank her for her support.
12 Let's continue. We want to move now into
13 scheduling, which is always an issue for us. It ties in
14 with everything else that we're trying to do here and
15 that is to have an ordered and disciplined process. Now,
16 this might be an overplay for some of you in the private
17 sector because you might say, well, what's the problem.
18 The problem is that this has been a difficult issue in
19 government to do, and we think that we've got some
20 approaches now that are really, really helping
21 revolutionize this process. So, we want to try to fine
22 tune it and keep it going.

1 The issue has to do with Number 11 that's in
2 your book. What cost, schedule and performance goals
3 should be controlled and measured? In other words, what
4 is the goal around cost, schedule that we should attempt
5 to control and measure? You'll see the last one, how do
6 you compensate your workers or experience and
7 modification about that?
8 MR. FLOYD: What we've done in planning is put
9 together a generic schedule so that we can try to capture
10 everything from two years before we do the project with
11 real estate taking the lead of painting the site and then
12 trying to hit the critical paths and the critical control
13 points and management points that we're all concerned
14 about. At times, we have, you know, internal problems to
15 make sure that team members talk to each other or that we
16 really understand where we are in the different schedules
17 and procurement strategies and the other things. That's
18 why we've put this together.
19 But we would like to find out, you know, what
20 you have in the industry to help us with our schedules
21 and what kind of critical paths or management decision
22 points do you have that we may not have because, again,

1 the scope, schedule and budget are the key factors, and
2 when we talk about design-build or design-bid-build, the
3 schedule will really impact the cost and what my cost
4 estimators will do.
5 And so, you know, putting together this critical
6 path for each project is just vital to the outcome of the
7 cost in what we do, and then when we put this together,
8 we try to put it together as a team and then when I hand
9 it off to the execution branch, again, we sometimes have
10 to adjust somewhat. But the end time frame of when we
11 want to open that building remains. So, we have a lot of
12 work to do still in that area, but we'd like to find out
13 what you're doing and how do you satisfy all those
14 customer needs and those hand-offs and the different
15 issues you have between the contractors and yourself.
16 Joe, do you have anything to add to that?
17 MR. TOUSSAINT: I think that's enough to get
18 started on.
19 UNIDENTIFIED MALE: I was just going to add
20 that, of course, this is a very, very important element
21 to building our credibility because that's where we
22 establish the expectations of our customers. So, it's

1 very important that we establish a realistic budget and a
2 realistic schedule, so we deliver it and that's the only
3 way we're going to keep our credibility or maintain it.
4 GENERAL WILLIAMS: One of the things that --
5 while you are thinking, which I know you're going to help
6 me with this one. One of the things -- it's good to know
7 everybody's first name.
8 One of the things that we have been trying to
9 do, which is absolutely necessary if we're going to make
10 this the kind of program we would want it to be -- and I
11 keep coming back to discipline because we have several
12 issues here. One, of course, is having a right-sized
13 population served out in and around our post. We feel
14 that by disciplining our process will help with that
15 right-sizing operation, so that if the building is only a
16 certain size and we have agreed that it would have X
17 number of seats and we agree to that in the beginning
18 process when we are planning and putting that together,
19 then we have to lock that in and be disciplined about
20 that.
21 I think everybody's life would be better. We
22 have a very credible line to the Congress and the

1 stakeholders and we should have a good, credible linkage
2 with the post as well because they participate in this
3 from the beginning. So, if not, we're going to have
4 problems with schedule, with cost and with our ability to
5 perform because there's no way that we can react to --
6 you know, we're in the middle of construction. P.K.
7 is -- say he's 20 percent out of the ground on a building
8 and then he gets a requirement and say, I need
9 accommodation for six more people.
10 Well, see, I don't know how you do that unless
11 you have them sit in each other's seat, because to build
12 a room larger, you're going to have some type of impact.
13 So, you know, I mean, you're really dealing with a matter
14 that should be very clear to everyone that, to even ask
15 for that at that point, is going to have some type of
16 impact. Plus the fact, when we advance our program to
17 the Congress, it's truth-in-lending. It's been that way
18 since we've been here and that is we say that we are
19 building a structure to accommodate X number of seats,
20 okay, and that's what we request money against.
21 So, at the end of the day, I'm expected to do
22 what we have been funded for. So, to have a creep beyond

1 that requires an explanation. You know, how did you put
2 180 people in something that we funded 160 for? Well,
3 you know, I just did it. Well, that's -- you've just
4 lost credibility because, obviously, something has gotten
5 shortened, probably missing some of the items that are
6 supposed to be included in the building.
7 So, what we're looking for is to kind of hear
8 your views about all of this -- this issue we have here,
9 and then, obviously, we're not quite there yet in terms
10 of getting the user to understand the fact that this is
11 an ordered process, we can't stop and start, we can't
12 just add, you know, and do things along the way because
13 it's not going to come out right. There's no way we can
14 protect schedule because, as you know, contractors have
15 work force. They're ordered by based on the task that
16 they're doing and if all of a sudden we have something at
17 the 80 percent completion time frame that requires a
18 special skill and the contractor has mobilized that skill
19 set and sent it back to the State and now we are
20 introducing that, this has to have a terrible cost
21 impact. Plus, it's creating a real bad problem and
22 relationship for the contractor. So, that's our problem.

1 That's our problem.
2 We are disciplining it, but I'm getting a little
3 heat from the -- you know, from the field because, you
4 know, we're being very disciplined about this and I just
5 want you to tell me whether or not I'm okay with that.
6 MR. ZINGESER: Speaking on the contractor or
7 construction phase, because I think that there may be
8 other things if you're looking at the design or front-end
9 phase, it might be different. But, in general, every
10 project has a cost, a schedule and a performance goal of
11 some sort and every owner says they're all important and
12 none of them can be shifted, moved or violated, and we
13 start out with that.
14 Having said that, things happen. And then
15 there's, by definition, priorities, and we've been
16 involved with projects just as you have where the
17 schedule was the absolute thing that couldn't be
18 violated, for whatever reason. It could be a mission
19 objective or it could be a political objective. It could
20 be any number of objectives. But the schedule -- that
21 date is date certain, I don't care if you work around the
22 clock and put, you know, four times as many people on it.

1 So, there's a give and take and there's some sense of
2 understanding that we get at the get-go of, among those
3 three elements, given that they're all important and
4 nothing can be violated, still from you, the owner's
5 side, sort of what's more critical than something else.
6 There are other projects that we're working on, to this
7 day, that the owner can't get out of their own way and
8 will never get the job done.
9 None of them for the State Department, by the
10 way.
11 (Laughter).
12 GENERAL WILLIAMS: Good.
13 MR. ZINGESER: I'll make that statement very
14 quickly.
15 GENERAL WILLIAMS: Because I was getting ready
16 to draw a line.
17 MR. ZINGESER: But anyway, I think it's
18 imperative -- you know, we talked -- again, I keep going
19 back to building it from prior meetings. But we talked
20 last time about the notion of tiger teams and getting a
21 project started where everybody comes together including
22 the people that I call the yeah-buts. Those are the

1 people that say, yeah, that's a good idea, but you can't
2 do it because and get them involved, and so you can
3 figure out what the hurdles are that you have to get
4 over.
5 But I think it's real important for the owner to
6 communicate again to the designer, the builder, where the
7 real priorities are and then what the trade-off process
8 is going to be as issues might arrive. And if you can
9 talk about this up front a little bit, I think that's
10 helpful. We've seen that work effectively. There's a
11 project that comes to my mind where, in fact, in the
12 middle of construction, there was a project for one of
13 the branches of the service and in the middle of
14 construction, the program changed, and a whole bunch of
15 things changed. And they said, but we still have to be
16 running by this certain date. So, what did we do? Well,
17 we, you know, did what the government did. Threw money
18 and people in and you worked extra hard and, in fact, met
19 the date. We liked that project because we get very good
20 references all the time about how we met the need.
21 But, again, I think communicating up front what
22 your sense of priorities are and how the trade-off

1 process might work as things could arrive would be very
2 helpful.
3 GENERAL WILLIAMS: Um-hum, very good. Yes,
4 Robin?
5 MS. OLSEN: I think from what you've said in the
6 past, you've got an albatross in the way that you've
7 always done -- not you, your prior people have always
8 done things a certain way, and maybe that was all over
9 the place, and now you've decided to hone in and zero in
10 and do it, you know, one or two particular ways. You've
11 chosen the ways you're going to do it, so that's good and
12 bad for you. You're going to get a lot of heat from all
13 the people in the past, well, we used to do it this way
14 or, you know, the State Department used to do it blah,
15 blah. You're changing the culture. With change comes
16 pain. So, you're going to hear it a lot, I would think.
17 But you just have to stick to your guns and proceed.
18 Eventually, they're get -- either get on your train or
19 they won't.
20 GENERAL WILLIAMS: Yeah, because there's always
21 a door.
22 (Laughter).

1 MS. OLSEN: Yeah, and you can tell them not
2 to -- you know, not to slam it on the way out.
3 GENERAL WILLIAMS: Right. And I do stop the
4 train at every station. Thanks, I needed that, Robin.
5 Anybody else?
6 MR. READY: Yeah, I guess, to me, this goes
7 along with our other discussions about who shares the
8 cost and it seems to me that, you know, you can handle
9 changes in scope several different ways. I think you
10 have to ask, you know, are you going to pay for it. If
11 they're not willing to pay, then I think that sort of
12 stops that discussion pretty short. But the other thing
13 is, in keeping with your standardization process, is, you
14 know, the opportunity to move to a phase two even while
15 phase one is still being constructed.
16 With the planning process, there's always -- I'm
17 comfortable that there are discussions of what happens
18 when you expand this first phase. You know, if someone
19 comes back with requirements or comes to you with new
20 requirements of an expanded space or change in the way
21 the space is going to be structured, a requirement, you
22 know, making the phase two initiation process friendly

1 might be a solution for you in that, of course, it
2 couples budget, it couples a new planning effort.
3 But it may appease the client by giving them at
4 least a window of when their requirement can be met
5 without damaging the schedule and the budget of the
6 current project, and it puts them in a position maybe
7 where they're saying they don't have the money but now
8 you're going to afford them a time opportunity and an
9 input opportunity to go find the money or to help you
10 find the money. If you are able to implement the space
11 rent concept, I think that those kind of decisions would
12 get easier.
13 In my own experience, I've had to do the same
14 thing where, you know, I basically did not want to stop
15 what I was doing, but I knew already I needed something
16 additional to what I was building, and the only logical
17 thing to do was to move to a phase two with -- that had a
18 completely separate financing piece to it, planning and
19 everything else, but to solve the problem and appease
20 that particular client that I was dealing with.
21 GENERAL WILLIAMS: Well, I think that's an
22 excellent bit of advice and I appreciate that. When I

1 said heat, I didn't really mean that. Everybody is
2 happy. We're able to get through that. But I made the
3 comment in order to recognize that it is an issue because
4 I don't like to just look over things because our
5 business is a little unique and maybe I should take a
6 minute to explain it.
7 When we talk about money, the client or the
8 tenant or the user that we serve, the only one that's
9 bringing money to the table is OBO, you see. So, when
10 you ask -- and this is exactly where I'm headed with the
11 cost sharing. Now, if you ask and then bring your
12 billfold at the same time, we can talk. We can talk.
13 But when you ask and you want me to foul up my schedule
14 and end up with a performance issue, be in harm's way
15 with stakeholders and then go make a case for you for the
16 money, which generally most of the time I don't agree
17 with.
18 So, you can see the kind of problem I have here.
19 Because there's an overarching issue, which I think is a
20 very valid one, and it's a very logical question for all
21 taxpayers, and that is having the right number of people
22 overseas that need to be support, and you do that by

1 proper skill sets and all kinds of things. So, if I
2 become party and become sort of accommodating to the fact
3 that here is a post that voted a year and a half ago,
4 through the Chuck Floyd process, signatures on a piece of
5 paper saying that I want X number of people, now, over
6 the year and a half, yes, things can change, but, you
7 know, you only have -- most cars will only seat five
8 people. So, the fact that another year has passed, you
9 can't put any more people in that particular seat.
10 If I become party to trying to accommodate that,
11 I will fall into the jerry-rigging and all the other that
12 took place that we can't explain now. You know, I've got
13 Pretoria, for an example. Three or fours years old,
14 busting at the seams. It was overcrowded before it was
15 built. That doesn't make any good government sense. You
16 can't explain that to people who provide money. What
17 happened? Where were you in the process? We pay you, we
18 employ you to be a good manager, so you have to have the
19 process such that everyone understands that -- I
20 understand, I'm very sympathetic to your need and all of
21 that, but I need two things. I need money and I need
22 more time on the schedule, because what we're going to

1 have to do here is do some mortification and all of that.
2 So, if you bring money and then you can go with
3 me and explain to other people that it's not going to be
4 done in April, it's going to be done next June, then we
5 can have a conversation. But if you just say I need 10
6 additional people, I can't do much with that. You
7 understand my problem? Now, help me.
8 (Laughter).
9 MR. ADAMS: Well, I think this is the place
10 where certainly good communication early and some
11 investment in space planning can help because, often,
12 individuals do not understand space. They don't
13 understand square footage and space.
14 GENERAL WILLIAMS: Right, right, good point.
15 MR. ADAMS: And the lay public just does not
16 understand, so there's some good space planning of
17 showing a diagram of how many seats can be accommodated
18 in a space, how a space would work. That could be a very
19 good investment early on. We've encountered all of it.
20 The difficult thing is to read minds and to predict the
21 future. I think especially in today's light with the
22 pressures that our government is under and the need to

1 expand rapidly, the way the private sector handles that
2 often is to build core and shell, keeping space very
3 flexible and keeping some -- having some extra space that
4 is only core and shell and have it available for
5 expansion when that occurs. So, I think the more generic
6 space that can be built, the better, and the more open
7 space free of columns where you can have your mechanical,
8 electrical services from a raised floor can be a very,
9 very good investment, especially for change and for the
10 need to expand and to contract and to change for
11 technologies.
12 GENERAL WILLIAMS: I think we tried some core
13 and shell in Abuja, didn't we, Joe?
14 MR. TOUSSAINT: Yes, we did.
15 GENERAL WILLIAMS: Okay.
16 MR. TOUSSAINT: Within a budget.
17 GENERAL WILLIAMS: That's right. Okay. Yes,
18 Harvey?
19 MR. BERNSTEIN: A different perspective
20 triggered by my visit to Bangkok with you. We've been
21 discussing new construction. But when I think about the
22 criteria that you've laid out here and cost schedule and

1 performance goals and I think about renovation, I think
2 about what we observed and experienced there. Then there
3 are other criteria from the new needs of a USAEP that has
4 to have space run on to a compound that doesn't have
5 enough space for current people, to the need for new
6 building but not having the budget, and so, when you
7 start to look at the renovation cost and the schedule and
8 the time, all of a sudden you get the human factors
9 coming in because you have staff there that you have to
10 accommodate that change, you have the priorities based on
11 when you get outside clients that you're supporting,
12 requiring space in a very short time period and you're
13 still trying to adjust to others.
14 So, I think what all of a sudden starts to
15 change some of the -- or let's say further add to the
16 complexity of the problems you have is trying to get
17 firsthand knowledge of -- trying to set those priorities
18 and then being able to take what limited dollars you have
19 for the renovation and that within what you're approved
20 to do, to try and lay that out. And as you mentioned, in
21 order to meet the needs of those other agencies, it may
22 need space and they have to be part of the solution

1 rather than part of the problem and they have to
2 understand that they're going to have to pay their fair
3 share in order to accommodate that. It isn't like it's
4 an easy straightforward thing.
5 It's a little easier, perhaps, when you're
6 looking at a new facility and everyone lays out their
7 demands up front and you go after the funding. But, I
8 think, one of the criteria really has to get into, on
9 renovations in particular, where you're acquiring other
10 space, is to try and look at, from a priority standpoint,
11 cost and schedule and one of the criteria is you have to
12 pay your fair share and that's going to have an impact on
13 what goes on and they're going to have to work toward
14 that solution.
15 One of the things that really hit me was when
16 you're getting furniture and other things shipped in and
17 you don't have the warehousing space, and a month or so
18 after the new furniture arrives, because you don't have
19 it, the box and the furniture is eaten away by termites
20 based on where it's stored. So, then you have a loss of
21 money. You're having to work under some very tough
22 conditions. Those change the performance goals and the

1 scheduling, and so, I think -- and you laid it out. I
2 was going to save it for later, but I have one general
3 comment, if I can.
4 First of all, all the members of the IAP have to
5 visit a site with General Williams. I think one of the
6 things that I observed, which so did the staff on-site,
7 in the past, I'm not so sure that people that might have
8 gone out, and in some cases, they didn't even have anyone
9 go out to really talk to -- that really understood the
10 issues, and as they raised the issues on priorities and
11 cost and budget, the General was very clear in terms of
12 having to set based on need, what limited budgets were
13 there and getting them to recognize that they were going
14 to have to think through all those things. You couldn't
15 just have it because you needed it. There were a lot of
16 various factors.
17 That site, without going on-site, you didn't
18 begin to realize the problems stemming from cracks in
19 facilities or the underpinning or the erosion or sinking
20 of a facility, that there's no budget that's clearly laid
21 out for that. And all of a sudden, the scheduling and
22 the planning has to be shifted to accommodate that. And

1 some of the things we do, as an advisory panel, we sit
2 here and listen to things.
3 I have to say that the trip for me was an eye
4 opener from every dimension because the issues just are
5 not obvious. Watching General Williams respond to the
6 staff and the needs and their appreciation of the fact
7 that he understood what they were talking about, he lived
8 through it, he's gone through those things, and that they
9 were going to have to work with him to set the
10 priorities. Criteria performance goals really seemed to
11 shift in that short time I was there between what they
12 first had on their list when he came in the door and what
13 they realized when he walked out that door as to how
14 things are going to have to be done in the future if he
15 really wanted to solve those problems.
16 So, I think there's a lot of other dimensions
17 when you get into the renovation side. I really felt
18 privileged to be able to join you; that, and it was a
19 real eye opener. I think it was a real eye opener for
20 the staff there, but a very beneficial one because a lot
21 of the comments I got back was they felt like they were
22 now talking to somebody that truly understood their

1 needs, who's helping to gauge what -- the priorities
2 they're going to have to set and to begin to look at it
3 from a different perspective in setting those goals based
4 on those needs. So, just an observation at the same
5 time, a difference on renovation versus new construction.
6 GENERAL WILLIAMS: Well, I appreciate that, and
7 as I've said before, Phyllis has my schedule and if you
8 are traveling internationally, you're most welcome to
9 join us. Just prepare to do a lot of walking and bring
10 your water bottles. But we really try to look at the
11 problem and we value any input that you would have.
12 This has been very helpful. I think the idea of
13 core and shell, generic, open space, see, these are tough
14 culture things, Harold, for us to put in place. When you
15 start talking about open space in the environment that I
16 work in, people think you're introducing something from
17 Mars. But we -- this is the way we have to think and
18 this is the way we have to sort of discipline, because if
19 you want flexibility -- and we build in, what, about 10
20 percent or so, Joe, something like that. We build in a
21 little flex room because it's just a common sense thing
22 to do, which can be -- which is generic, I guess you

1 will, and can go pretty much whatever direction we want
2 it to go. But we try to bill it on the high end just in
3 case we do have to have something that's in a protective
4 area. But probably it's not enough to accommodate what
5 some of the appetites are.
6 So, I think to protect our secretary and be in
7 line with where the president wants government to go, we
8 have to pay more attention, in my opinion, to
9 disciplining a process and making certain that we -- just
10 because we are the government and we can just throw and
11 react, that's just not the way to do it. We have to draw
12 the line, and some of these things are hard. They're
13 hard decisions, but somebody will have to make them. But
14 if we allow our facility to become sort of a means to
15 accomplish that without having any discipline around it,
16 we'll never solve that other matter, which is a real one,
17 and that is whether there should be six people at this
18 location or whether there should be 26, because our
19 government has to support them and they're very
20 expensive. So, I think that's the real issue.
21 So, that's why we are trying to be very, very
22 disciplined about that and protect a schedule, because

1 you all know the old stories about five years to build an
2 embassy and all of that. We had to remove all those
3 things. Or every embassy costs $100 million, we had to
4 remove these kind of things. So, we got to -- that's why
5 we're looking at costs, that's why we're looking at
6 schedule and on and on and on.
7 So, a lot of these initiatives are geared to
8 trying to do what Robin said, and that is to put in place
9 a little different culture. Yes?
10 MS. OLSEN: I was just going to say, you've
11 already gotten over a couple of hurdles, you've already
12 said you only have three choices of building sizes.
13 GENERAL WILLIAMS: That's right.
14 MS. OLSEN: Okay, that was the first big one.
15 GENERAL WILLIAMS: Right.
16 MS. OLSEN: You've taken away the open-ended
17 what do you want.
18 GENERAL WILLIAMS: That's right.
19 MS. OLSEN: So, now, you've got priorities that
20 -- as Harvey said and everything. And then the other
21 thing is up front giving limited choices, not say, okay,
22 you can have these choices. You have to choose among

1 them. So, as far as space, we can either do it A, B and
2 C or whatever, you know, eight choices, whatever it is.
3 If they're forced to choose, then that's what they have
4 to live with. If you can make that flexible enough, if
5 the choices are flexible within being limited, then you
6 can -- you know, that's the way to stick to your budget
7 and that's, again, another culture change, but it's
8 required.
9 GENERAL WILLIAMS: Now, we're doing this, I just
10 wanted to hear your feedback and make certain that I got
11 enough voices around that's agreeing with it. I feel
12 totally confident -- I mean, comfortable with the
13 decisions that we've made and I think the staff can speak
14 for themselves. But I think they do as well now that
15 we've talked this thing out. But we know the government
16 is big and it's -- and any support of this one way or the
17 other can be very helpful because this is a very new
18 process. This is breaking new ground, this is looking at
19 it totally different. This is telling someone to be
20 disciplined. This is putting you in a box and not giving
21 you the normal flex rule that you normally had where you
22 just designed whatever you wanted to design. It's

1 controlled.
2 But I think in a scarce dollar environment, it
3 has to be controlled. It has to be. And the world that
4 we're living in now, we just have to learn that we've got
5 to be controlled and disciplined.
6 Derish?
7 MR. WOLFF: More a question for Chuck. Have
8 your people tried to build an attraction model to see
9 which embassies, after you build them, tend to be
10 undersized versus others? We know some of the reasons,
11 but it would be interesting to find out if you could
12 forecast certain -- you may have a fallacious planning
13 model, in other words -- Thailand comes to mind
14 immediately. They always find excuses to go to Thailand.
15 Maybe they don't find the same excuses, say, to go to
16 Mongolia or somewhere.
17 But you could do a model, you could do an
18 attraction model.
19 GENERAL WILLIAMS: No, but he's right. Derish
20 is absolutely correct.
21 MR. WOLFF: And you could then forecast -- so,
22 when you look at a new embassy and you put it in the

1 model -- and there may be other reasons like drugs, you'd
2 need a DEA operation. But if you could forecast it, just
3 like you forecast traffic or a hotel, then you might not
4 be as surprised or you might at least be able to alert
5 Congress that there may be creep in certain embassies.
6 Plus it would be fun to do. That's why, I'm guessing.
7 MR. FLOYD: That is an excellent point. We will
8 keep taking a look at that. What we've been doing
9 recently is we've had an outside firm help us with our
10 standard design and look at our circulation factors,
11 spacialization, other things, and they have come up with
12 some recommendations. So, we will be looking at those
13 recommendations and implementing those very shortly.
14 Also, Brad is going to be taking a look at -- we
15 started this several months ago. We're going to be
16 designing and having available for our customers certain
17 room, offices, conference room, et cetera, then we'll
18 have like two choices of configuration or furniture so
19 that we will have this where they can see, we'll have it
20 on our laptops when we go to posts or just in print form
21 for them to look at and say, yep, that's what I want.
22 Then we build that into the model.

1 Then at the very end of the process, we will be
2 able to push a button and have the furnishings printout
3 and go, this is what we need to order. So, we're working
4 on those models and that concept right now. But you have
5 an excellent point where we need to really go back and
6 take a look at history and where we're going to go
7 because we know in certain parts of the world, you're
8 going to have more DEA and a lot of other agencies and so
9 that's a very good point.
10 MR. READY: I think that you -- on the planning
11 model, I think you've got to take into account -- if
12 you're going to identify locations that may be more
13 desirable, you know, you almost have to take a look, at
14 least, at some of the experience of the hospitality
15 industry. You know, once you have a desirable location,
16 nobody wanted to go to the swamp, but everybody wants to
17 go to the beach, that got discovered when they cut some
18 of the swamp, mangrove.
19 So, I think you have to use some of that
20 information that's readily available in terms of perhaps
21 right-sizing for space. I guess I would want to just
22 comment that there's a difference between the technical

1 space utilization that I hear you describing,
2 circulation, you know, those factors versus what I would
3 think would be the kinds of criteria that might cause the
4 creep due to changes in scope of mission and those kind
5 of things. I think they're fundamentally sort of two
6 different things.
7 When you go through the planning model and
8 you're having the various tenants sign off that this is
9 what they think they need and this is the right size for
10 them, you know, we've talked before about the fact that
11 sort of identifying what their scope of service is, and
12 then a year and a half later, if there has been that
13 tremendous a change in scope of service, then maybe you
14 have a basis to defend changes.
15 But I think, just as you would in the private
16 sector, if I'm a tenant and I lease space in a new
17 building and it's being built out to my specification, I
18 might make some minor changes within my definition. But
19 once I've got it, you know, if I need to stick 10 people
20 where I thought I was only going to have five, that's my
21 problem as a manager to figure out whether that's real
22 important to me and then figure out what I'm going to do.

1 In most cases, most people start playing that game of
2 cost effectiveness versus maybe a different management
3 approach or a different way to solve the problem or an
4 application of technology or whatever. You know, you
5 have the ability to force that discipline back by pulling
6 out those very planning models and documents that you
7 worked with them and, hopefully, they were actually
8 understanding what their service scope was at the time
9 they committed to you for the six spaces that now, you
10 know, are being asked to be expanded.
11 GENERAL WILLIAMS: I would say David's got it
12 and I hope that our recorder got that down verbatim
13 because that's exactly what we're dealing with and that's
14 the precise way we play this back. We say to the
15 responsible party, and that's the chief of mission who's
16 in the field, that you have the 180 spaces, you have 22
17 of them who are classified, the other residual are
18 unclassified. Put whoever you want to put in them. And
19 the fact that there are three other people asked to come
20 to your location, that becomes an on-site problem. But
21 we cannot alter the construction arrangement for six
22 additional people because that was not in the cards in

1 the beginning, we don't have the funding for it and we're
2 out of step with our stakeholders.
3 Now, if I were in the position, I would be very
4 careful with that, but nevertheless, it is -- the
5 decision has to be made at that level. I would be very
6 careful because I would cause the kind of problems that
7 Chuck was alluding to, I would cause these circulation
8 problems, I would cause deficiencies and appropriate
9 space and the like, but it is a decision that would have
10 to be made at that level, and that's the reason -- what
11 we're trying to do is to link this discipline process
12 around facilities to the real issue and the real issue is
13 how many people should be there in the first place, or
14 saying it another way, have you zero based your 80 people
15 or 80 slots that you have and made certain that you do,
16 in fact, need 80. Because today, 2002, you might need
17 58.
18 MR. TOUSSAINT: I'm reminded of a conference I
19 went to some years back where we were talking about how
20 you could -- Ida reminded me of it and Harold reminded me
21 of it and Joel did, too -- of how you can just get
22 everything all planned down to the Nth degree and the

1 reality is it's planning by rearview mirror because
2 you've got to keep your eye on what you're going to be
3 running into, not what's behind you.
4 So, the effort that goes into the planning,
5 there's a difference between planning and design and the
6 execution, and while I like to have, at the execution
7 phase, as much definition from the planners to require --
8 to let me then deliver the product that meets the user's
9 requirements, I need to have the flexibility to let me,
10 if the technology has changed, I have Mattie Maxin
11 (phonetic) specifying she's expert in this area. She's
12 an interior designer -- thank you very much. She will
13 see that the desks are right, that they work, that the
14 drawers are the latest version and that, by golly, you
15 know, it's going to seat the right number of people to do
16 the task they have to do.
17 So, there is this give and take and so forth
18 that goes on during the design -- that's delivery --
19 construction delivery process, and as we all know,
20 there's a sort of dance that goes on, particularly when
21 we're responsible for furnishing the projects, to see
22 that the users get what they need to perform the work,

1 the right desks, the right seats, the right power and all
2 that stuff.
3 And Planning does us a great favor when they
4 limit the choices and make it as close to the target as
5 we can get it. But then there's sort of the dirty
6 fingernail stuff of getting it right, because we're the
7 ones that deal with this. P.K. was saying, we're the
8 ones that deal with the users first-hand in delivering
9 this. When the furniture goes in, you need to see what
10 my interior designers go through in installing the
11 furniture. And whoops, I have a right-hand return, I'm
12 supposed to have a left-hand return. I have -- you know,
13 my panel is 54 inches high instead of 46 or whatever it
14 may be.
15 And so, this is -- you'll never ever get those
16 things 100 percent right at the planning stage because
17 it's too far ahead. I mean, those people have changed,
18 by the way. They're no longer there.
19 So, we have to work, you know, with our
20 colleagues in all these things and the planning stuff,
21 but then there's this period where we say, thank you very
22 much and we take it.

1 MR. FLOYD: I'd like to just add to what David
2 said that we try to look at the functions up front so
3 that we know whether it's going to be heavy on counselor
4 work or other things, we bring that to the table and the
5 planning to give Joe the flexibility to do what he has to
6 do with the interior designs and everything else.
7 GENERAL WILLIAMS: Okay. Any further questions
8 on that one?
9 (No response.)
10 GENERAL WILLIAMS: Let's look now at Number 21.
11 What are the latest contracting methods being used in the
12 private sector to handle design and construction services
13 for an expanding program? Obviously, we're expanding.
14 Now, let me tell you what the foundation of that is.
15 We feel in OBO, senior management -- I have them
16 all around the table and behind me today, that we can
17 handle what our stakeholders have given us plus. I'm
18 constantly asked when I'm on the Hill, well, General, can
19 you go faster, can you handle more? We have built the
20 organization and the structure now and have the
21 procedures and management approaches in place where we
22 feel we can do that, and we feel very strongly about

1 that, and we say this everywhere we go. I know sometimes
2 people don't exactly connect to it because they're used
3 to what the past was, but we can handle close to $2
4 billion or probably $2 billion of work a year. We can do
5 that.
6 But we want to make absolutely certain that
7 everything we touch here, we do it right, because we gain
8 in credibility and we want to keep it in that order. So,
9 we're just interested in your ideas. I know Boeing has
10 done it. I know Joe's firm has done it. I know Derish
11 has done it and Tom, his firm. All of you have probably
12 been in the expanded mode. So, what do you do
13 differently with your procurement strategies that you
14 wouldn't do when you had a smaller program?
15 We have some ideas, but we just want to listen
16 to you as well.
17 Yes, Ida?
18 MS. BROOKER: As far as I can see, there's no
19 one answer, you know. That's the whole problem with
20 addressing your question is that the project, the time
21 frame, the amount of information you have and the
22 participants all dictate how you're going to approach any

1 particular project. So, the issue becomes how many tools
2 have you got in your tool box in order to accommodate the
3 particular situation. I mean, some projects are very
4 well designed to accommodate a design-build scenario.
5 There are others where if you have a situation, although
6 you're getting away from the individual needs, but there
7 are sometimes you have individual needs at a particular
8 site that you do not have all the things defined prior to
9 starting the project. But to do a design-build and have
10 that company go forward without having a good definition
11 of the project can be expensive. So, then, maybe that
12 particular one is a design-bid-build kind of a scenario.
13 Having a ready answer for every -- one answer
14 for every situation is probably the biggest mistake that
15 you go forward with. You have to have a whole selection
16 of solutions to be able to determine what that is.
17 There's joint venturing, there's design-build that you've
18 been experiencing, there's all number of different
19 scenarios. The fact is is that you need to be flexible
20 to be able to accommodate the project that you currently
21 have on the boards.
22 I think that you're tending towards a

1 standardization of processes because of your approach,
2 but there's still -- you know, the way that you might
3 address a compound is not going to be the same as if you
4 have to find a new home in London. I mean, you know,
5 it's going to be a totally different approach because of
6 the fact that you're going to have to deal with a
7 situation in London where you're putting the compound in
8 a green field site.
9 So, you know, I think that the answer is you
10 need to have the project that dictates the approach and,
11 again, you know, there are new -- every day there's
12 someone that comes up with a new idea of how to approach
13 it. I think that keeping that in mind and knowing what's
14 out there is -- and using those is a possible tool. The
15 only concern I -- the only restriction I think I see is
16 that government, in general, does not tend to like to be
17 innovative in those kinds of areas because of certain
18 constraints that they have. But the fact is, is that
19 with the situations that you're dealing with, innovation
20 is, you know, the option that you've got because you're
21 all over the world.
22 GENERAL WILLIAMS: Well, Ida, I appreciate those

1 comments because that's exactly what we are attempting to
2 do. We sought and got some flexibilities -- I think I
3 mentioned this before -- from the OMB and the Congress on
4 procurement. We are in a unique position today where we
5 can employ whatever procurement approach makes sense for
6 us. We're not wedded to any one.
7 The only thing we're trying to standardize is
8 the product we're delivering to get after what Robin
9 talked about, to help us with discipline so that --
10 because, you know, we're not building, you know, ivory
11 towers, we're building office buildings overseas. So,
12 they have certain similarity. So, we're trying to
13 standardize that product so the contractors and everybody
14 who's working with us, when we say we're going to build a
15 new embassy compound for the State Department, they know
16 exactly what we're going to do. You know, it may be
17 configured wrong, the cladding and the facade on the
18 outside may be a little different, but they know exactly
19 the kind of animal they've got. That's what we're
20 looking for.
21 How we procure that becomes situational. How
22 quickly we need it, where it is, et cetera, et cetera.

1 So, we are being very flexible about the procurement
2 strategy. So, I'm pleased to hear your words because you
3 said exactly what we are doing.
4 Yes, David?
5 MR. READY: Well, I think the commissioning
6 process, you know, really comes into play. You can have
7 a lot of flexibility and you didn't list lease purchase,
8 which is probably something that is not as desirable in
9 the Federal system, but I think works very well in some
10 areas. But the commissioning process allows you to be
11 flexible because commissioning process guarantees you
12 that you know what product you got or provides a
13 mechanism to correct the faulty delivery of the system if
14 there's an identification of a faulty system, and I think
15 that opens up all kinds of doors. You have the safety
16 net of not necessarily worrying about, you know, as much
17 how Joel gets there as what you've got when he finishes
18 and hands the keys to you.
19 And I think putting an emphasis on product and
20 the quality of the final delivered product with controls
21 is something that's new, I think, to government, and I
22 think government generally -- in the past, my experience

1 is that the minutia of trying to build the product is
2 interesting to everybody, but that's where you lose
3 momentum and that's where you lose your edge on cost
4 control because everybody gets involved in that, whereas
5 if you look at the final product and you sort of take a
6 retail approach as a consumer, as a buyer, you maybe
7 allow some of this other stuff to be handled by the
8 industry and not necessarily have to worry about it so
9 much.
10 GENERAL WILLIAMS: Well, you know, once again,
11 both you and Ida are right on target and we're pleased to
12 hear this, because I'm going to ask Terry to talk about a
13 new flexibility that we just put in place, and this
14 helps, too. When the question is raised, do you have the
15 capacity, can you handle it? Well, it's a question of
16 how -- what your management focus is. There's a whole
17 group of facilities, a lot of housing, small unclassified
18 buildings, that we can acquire by leverage in the private
19 sector. I'll have Terry talk about it, but for the first
20 time, we're going to be introducing this in the system in
21 this fiscal year.
22 MR. WILMER: Thank you, General. Yes, I would

1 agree with you, it would be wonderful if we could have
2 lease-purchase authority. As you know, the OMB scoring
3 rules prohibit that and OMB makes a very clear
4 distinction between capital and operating leases and
5 that's the environment in which we operate.
6 However, we can do build-to-suit, we can do
7 build-to-lease and that's what the General is referring
8 to. We've been doing that on an expanded basis and I
9 think, frankly, rather successfully.
10 Let me give you one example if I could. The
11 General is going to be going out to Africa, as he
12 mentioned, early next year to dedicate our new
13 chancellory in Nairobi. Now, since we've moved our
14 center of operations to a different location in Nairobi,
15 that's affected how we live and operate and have to
16 commute. So, the post brought up a very good point.
17 They said, this is really affecting where we will work
18 but how we're going to -- where we're going to live. So,
19 we said, all right, let's take a look at that.
20 And we went out with an RFP and were very
21 successful in getting a 60-unit housing development,
22 varying size town houses, apartments, with tot lots and

1 other things that you would expect to have, recognizing
2 that Nairobi has its own sort of personal security
3 dimensions. We were able to save money because instead
4 of having our staff distributed in individual houses that
5 literally had to be guarded 24/7, we now have a new
6 modern compound that's properly sized, is flexible, and
7 guess what, has a central guard area. So, we've enhanced
8 our security, improved -- we hope will improve the morale
9 of the post, and -- and this is very important for the
10 Secretary -- we've now made that post more attractive for
11 officers to go to. That's very, very important. That's
12 one of the objectives that we're trying to achieve.
13 We're not just trying --
14 GENERAL WILLIAMS: It takes them out of Paris.
15 MR. WILMER: Yes, sir, that's a nice way to put
16 it. It takes them out of Paris. And so, you see, what
17 we've done on the one hand is we've got appropriated
18 funds, capital funds, specifically for the design and
19 construction of our chancellory in Nairobi and we think
20 it's a very fine structure. But we used our lease-hold
21 account, which is recurring money we have, to go out and
22 do this build-to-lease project. I would add that it has,

1 in all of our build-to-lease projects, it has an option
2 for us to buy -- buy out the interests should funds
3 become available.
4 Under General Williams' leadership, that's one
5 of the acquisition approaches that we have that we'll be
6 working into our long-range plan because we think that
7 this is a very, very viable alternative. It fits Ida's
8 definition of the approach -- the project dictates the
9 approach. Well, that's really what we're doing here in
10 terms of build-to-lease. We want to be able to explain
11 this to all of our stakeholders, to the Congress. As the
12 General has directed, the next version of our long-range
13 plan will have a section that deals with build-to-lease
14 as an acquisition approach where it's appropriate, and I
15 think that's the key word.
16 GENERAL WILLIAMS: Um-hum. And, Terry, while
17 you're after it, share with the panel on our new
18 aggressive approach on disposing of properties that we do
19 not need because we carry a lot of baggage around. I
20 don't know any other way to say it. Staff can clean it
21 up, but that's what it is.
22 (Laughter).

1 MR. WILMER: Well, yes, we do have an extremely
2 aggressive program. This year we will sell on the order
3 of about $90 million worth of property that are excess to
4 our requirements, whether that's chancellories that we've
5 moved out of, whether it's properties that we required in
6 center cities that are no longer necessary for our
7 purposes or, in some cases, staff housing, warehouses,
8 those sorts of things that are simply no longer -- we no
9 longer need or are no longer functional.
10 Not surprisingly, this sometimes represents a
11 challenge at those posts who, again, not surprisingly,
12 view that property as theirs. One of the real challenges
13 we had this morning, Ida made the distinction between
14 being the owner and tenant and in the private sector, you
15 know, you can kind of make those neat little
16 distinctions. General Williams has to deal with the
17 problem of he's the owner, he's the designer, the
18 builder, the developer and the financier and he's the
19 asset manager. So, he has to determine all that stuff.
20 And you have the people in a post who literally are the
21 tenants and they're transient. They're there on a
22 rotating basis for two or three years.

1 So, you kind of appreciate -- and there are a
2 lot more of them than there are of us, I might say. We
3 have about 270 posts out there, and all of those chief of
4 missions, understandably so, view themselves as important
5 and they are and their opinions need to be listened to.
6 So, that's the kind of challenging environment
7 that we need to work in. So, when we decide that
8 property is excess and a post disagrees with us, not
9 surprisingly we have a bit of challenge on our hands to
10 work those things through to a conclusion.
11 I will say, as well, that we have a Real
12 Property Advisory Board. We have our next meeting on the
13 9th of January, where we take these kind of contentious
14 issues and they get resolved and the recommendations are
15 made by this Board which has members from outside the
16 State Department as well as senior level State Department
17 representation. General Williams is the Executive
18 Secretary. The recommendations go to our Under Secretary
19 for Management. So, we do have a way of finally
20 resolving these. But as in so many things that you're
21 hearing this morning, it's not always easy getting
22 alignment as to what is in the best interest of the

1 United States Government, the Department of State and
2 that post.
3 GENERAL WILLIAMS: Yes, Robin?
4 MS. OLSEN: I was just going to say it seems
5 that it's tying in -- when you first started OBO and you
6 changed the name, you gave titles -- it's all your newer
7 business approach, to take business into account.
8 Business is business. What's going to be best for the
9 bottom line? Not just sticking with the old ways.
10 GENERAL WILLIAMS: That's it. Harvey?
11 MR. BERNSTEIN: Terry, when you go to sell some
12 of the property and that, do the proceeds from the sale
13 go for that particular location, for other investments or
14 does it go back into the pool to be used for any location
15 anywhere in the world?
16 MR. WILMER: We certainly -- the answer is that
17 we can recycle funds under the asset management program
18 under the -- the legislation goes back to 1926. So, we
19 take those proceeds and we view programmatically against
20 worldwide requirements. Obviously, to the extent that
21 that that post has some very real requirements, we're
22 taking money out of there. It's understandable you'd

1 have to deal with that issue in terms of post
2 preferences. But the bottom line is we can use those
3 funds anywhere we need for building-related purposes.
4 Over certain dollar thresholds, we have to go back to the
5 Congress and ask for their permission.
6 MR. BERNSTEIN: For example, and I may be
7 incorrect, but I thought I recall when we were in Bangkok
8 that there was some land that --
9 MR. WILMER: Yes, right.
10 MR. BERNSTEIN: -- you were getting rid of. And
11 yet, there were people on the base that were saying,
12 well, we need these other building facilities because
13 they were cramped on base, there were people outside the
14 compound.
15 MR. WILMER: Yes.
16 MR. BERNSTEIN: How do you equate then, based on
17 that, in terms of a local need in that as opposed to the
18 overall need across the board?
19 MR. WILMER: You have to do that on a
20 prioritized basis. We've had some instances -- for
21 instance, we report to the Congress what proceeds we
22 expect each year and the Congress will often come back

1 and tell us what portion of those funds will be used for
2 specific purposes. That happens. Quite frankly, it's
3 more frequent.
4 Not surprisingly, we have more demands on our
5 system than we have proceeds that we've generated. We
6 have commitments, for instance, to build or contribute to
7 new chancellories in Korea, in Seoul and in Berlin, and
8 elsewhere. We're building the chancellory in Rwanda with
9 asset management money, all done with the understanding
10 and support of an approval of the Congress.
11 So, we have a very active program to generate
12 proceeds, but it is a very deliberative process that we
13 have to go through with the post, the bureau, OMB, the
14 Congress, et cetera, to determine how those funds will be
15 used.
16 GENERAL WILLIAMS: Yes?
17 MR. READY: On this matter, I don't know how the
18 budgeting operating process of a particular post is
19 handled, but when I was doing some privatization
20 consulting with the military, we, you know, got into this
21 with base commanders and there was a fine line between
22 whether it was an excess piece of property that would

1 then be grabbed by the Treasury and the money would go
2 away versus doing something that would benefit the local
3 base commander.
4 We worked on a number of things that basically
5 boiled down to trying to make sure that at least a
6 portion of benefit, whether it was cash proceeds or use,
7 worked out so that it stayed with the post or the base
8 commander. I guess it seems to me it becomes really a
9 matter if you have a mechanism in the post funding
10 process where, whenever you have excess property or
11 excess, you know, capacity, if you -- if by getting rid
12 of that excess facility you reduce an operating drain on
13 the local post budget, do you allow, for example, the
14 post to recycle that capacity and their budget that was
15 going for maintenance and support of that facility or
16 that whatever that's being gotten rid of and let -- does
17 that go back to the benefit of the post to address other
18 issues or does it basically become a wash for the post
19 and, therefore, of little interest to make anything
20 happen?
21 GENERAL WILLIAMS: Let me just start and then
22 Terry can add his part. I think having been intimately

1 involved with the base closure and realignment business
2 in the Department of Defense, I know exactly what you're
3 speaking to. I believe that the premise behind why we
4 have the rule we have -- and I think it's a good one, I
5 agree with it. The properties that are owned by the U.S.
6 Department of State are all far-flung and all over the
7 place. If the playing field was level, that is, every
8 post had what it should have and we had equality and
9 facilities, then I would say it's right for me to sell
10 this and keep that and enhance and not worry about Joe or
11 Jim.
12 But we have such a problem across where -- and
13 there's so much work to do in areas which have nothing.
14 It would be very hard to justify moving ahead with
15 something at this well-healed organization -- place, and
16 when you have nothing at another place or you have people
17 in harm's way or you have a Kabul or you have that type
18 of thing. So, I think the premise that the Congress or
19 whomever, whatever entity came up with this, is a good
20 one. They re pooled back into the pot and you take a
21 breath and you look around at the -- all 260 locations,
22 look at our prioritized list where things are hurting and

1 decide, should we put this $50 million back where it was
2 generated or should we put it over here which has
3 nothing. So, we think it s a pretty good idea because it
4 helps, I think, balance what we re trying to do, and then
5 plus the fact it helps us, I think, cure the problem.
6 Because what we are mandated to do is to get our
7 people out of harm s way, out of the Nairobi's and Dar-
8 A's so we -- you know, God forbid, we don t have those
9 kinds of things again, as soon as possible. So, we have
10 to use every dollar that we can generate to apply it
11 against security and safety.
12 Is that okay?
13 MR. WILMER: Yes, sir, I completely agree with
14 that. And as you well know, the process for managing
15 properties within DOD and the Army is significantly
16 different.
17 GENERAL WILLIAMS: Right.
18 MR. WILMER: You are the single real property
19 manager for the 14,000, 15,000 properties we have in 260
20 locations. That s quite a different management structure
21 than you would see in the Army. That post commander is
22 responsible for that. So, I think that may well have

1 been why DOD wanted to incentivize that post commander in
2 a different management structure.
3 MR. BERNSTEIN: I follow -- in fact, what you
4 said was an excellent explanation in terms of national
5 priorities and taking a look at the various needs. I
6 wonder, though, taking that one step further, given the
7 fact when you have land like that and you re talking
8 large dollars and the overall needs across the board --
9 that seems pretty straightforward from the way you
10 explained that -- but I wonder if there isn t a secondary
11 level that can be approached, maybe already doing it.
12 It goes back to what David said, more from an
13 incentive standpoint, and that is that once you take away
14 the big ticket items, it s clear that when you do that,
15 is it feasible, based on the needs that every base or
16 post basically has, that you almost stimulate them
17 through some sort of a share coming back to look for
18 other opportunities where there may be excess capacity or
19 a different use or something that to begin to think
20 through, well, you know, if we do this, we can use some
21 of those funds to fix this up. So, you re moving away
22 from the big items, but at the same time, starting to

1 create a local incentive system that also contributes
2 money to your overall big pool. I don t know if you re
3 doing that or whether that s even feasible.
4 MR. WILMER: Actually, we are doing that,
5 Harvey. I think what we try to do is to recognize -- let
6 me give you an example. If a post comes in and they say,
7 we have four housing units that are in the wrong section
8 of town, we re spending a lot of money maintaining them,
9 we really want to get rid of those. We think we can take
10 and reinvest the proceeds elsewhere, give you a good
11 return on the investment, lower our operating costs, will
12 you work with us on this?
13 The answer is, yes, we will, because from that
14 standpoint at that post, we can show that there s a need,
15 it makes sense, we build -- we do everything on a
16 business case basis.
17 If you have -- but let s say you have a
18 situation a la what you saw in Bangkok where we have a
19 large property that we could dispose of -- we re already
20 doing one that s generating, like I said, that s now
21 under contract, about $25 million. Well, I m sure if you
22 talk to Embassy Bangkok, they can spend $25 million.

1 Right, sir?
2 UNIDENTIFIED MALE: That s right.
3 MR. WILMER: And so, but the question is --
4 that s a different kettle of fish. That is, okay, we
5 have this large sum of money, what are our worldwide
6 requirements and on what prioritized basis do we address
7 those knowing that we will be -- we have to do so in a
8 way that s credible with OMB and the Congress and the
9 Department. So, that s a little different.
10 So, the short answer to your question is we try
11 to do both within reason.
12 MR. READY: Well, I think, if I might just -- I
13 don t want to belabor the point, but I would make a
14 distinction between capital recapture and operating cost
15 redistribution. I think maybe that s what we re talking
16 about, that, again, if any good manager, if you give him
17 a reason to do things that you d like him to do and
18 incentivize him, then he ll go look for them. If it s of
19 no particular benefit, he s always got other things to
20 do.
21 GENERAL WILLIAMS: Well, one of the things that
22 is making this situation that Harvey spoke to, at least

1 when we were on site, digestible was the fact that the
2 post also has a present requirement for some new
3 facilities. We had accepted that as being a valid
4 requirement. We still have to go get the money.
5 What makes the disposal action, in my opinion,
6 what makes it -- it makes a business case is the fact
7 that, obviously, we don t have the money yet. But if we
8 can cause -- if we can generate X number of dollars, and
9 it s almost very close to what they need, and bring that
10 into the big pot, I think it improves our chances when we
11 are dealing with the stakeholder on funding that
12 particular project.
13 So, in this case, I think they can see the
14 logic. Of course, I understand as recent as this morning
15 they probably have some different ideas and they re
16 sending me a cable. But we ll just repeat what we
17 repeated out at -- with the termites, Harvey.
18 (Laughter).
19 GENERAL WILLIAMS: Yes, go ahead.
20 MR. HOCHULI: There s one other nuance and that
21 is not all the building operating expenses are within the
22 OBO budget. So, an example, the utility cost, things

1 like that. So, any savings is going to be -- you know,
2 then it s a discussion between the post and, for example,
3 the Bureau as to how much of that would they capture if a
4 building was sold. So, the dynamic is you ve got
5 multiple players and there s multiple appropriations.
6 UNIDENTIFIED MALE: I think the general point
7 about the lack of equity around the world is very well-
8 known. He knows where the (inaudible due to distance
9 from microphone) properties are. We could sell a lot of
10 property in Africa if there were and produce very little
11 money. But that s where the big lead is.
12 GENERAL WILLIAMS: Right. Excellent point.
13 UNIDENTIFIED MALE: So, it is a real issue of
14 looking at it globally so that Congress knows that we re
15 putting the money where we need to.
16 GENERAL WILLIAMS: And that s the reason, you
17 know, this job has to be managed very, very tightly and
18 you have to look global and, if anything, I would write
19 down for any successor, come to this job with no bias
20 because you won t be able to see that balanced picture.
21 But to me it is very clear. You know, we deal with it
22 that way. It has to make business sense. You can t get

1 caught up in emotions and that type of thing. You have
2 to do what makes good sense. You can t have one-half of
3 the world with nothing and you just keep pumping up
4 another side. Something s wrong with that picture. So,
5 that s a problem we have.
6 Yes?
7 MS. OLSEN: I was just going to say it sounds
8 like you re just moving away, you re getting rid of a lot
9 of the subjectivity and you re moving towards much more
10 objectivity, which makes it easier in the long run.
11 GENERAL WILLIAMS: That s right. That s right.
12 Having said that, that s an excellent note to have Gina
13 tell us how we re going to proceed and when we should be
14 back.
15 (Whereupon, at 12:05 p.m., a luncheon recess was
16 taken.)
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22

1 AFTERNOON SESSION
2 (1:45 p.m.)
3 (Beginning of afternoon session started early.
4 Reporter was not yet back in the recording booth. First
5 10 minutes missing of afternoon session.)
6 UNIDENTIFIED MALE: -- provide that mechanism.
7 It seems to me that you might have a much larger impact
8 at the local level to actually generate an industry,
9 because if you re building, chances are other European
10 and American interests are also building that need the
11 same quality assurances, maybe need the same
12 specification/certification process, and it s an
13 opportunity maybe to develop local economic stimulus.
14 I don t know whether -- I would necessarily say
15 make the contractor bear that burden, but you ve got
16 enough advanced time factor in the project development
17 phase to where if you know you re going into an area and
18 you know that s an issue, maybe with lack of materials,
19 you know, you do some kind of survey process, you might
20 be able to put in place a specification/certification
21 process for local materials concurrent with the
22 construction phase that would give you at least some of

1 those materials up to standard and, perhaps, help the
2 local manufacturers upgrade their capability.
3 GENERAL WILLIAMS: Um-hum, thank you. Let me go
4 to Derish and then back to Harvey.
5 MR. WOLFF: Just, first, a quick aside. I won't
6 name the country, but one country is building a large
7 airport. Someone had inadvertently pulled the specs from
8 O Hare Airport, 20 years old, and put them in as the
9 spec. I didn t realize it. I arrived in this country
10 and was suddenly lionized by several of the larger
11 contractors because this had said as equivalent -- and
12 one of them -- I ll never forget. One of them was a tile
13 company, a small tile company that made most of the tile
14 for O Hare Airport and had gone out of business. No one
15 even knew what it was, what the spec was.
16 So, it s not just Americans that have this. And
17 this is actually a true story, but I got a lot of free
18 lunches that week.
19 (Laughter).
20 MR. WOLFF: But I think the problem we have, and
21 we face this all the time, is that the uneven -- and you
22 put your finger on it, the uneven certification. So, you

1 can get certain steels and if they re imported, say, from
2 Australia or certain other countries, then you trust
3 them. But then it falls down after that and you re
4 really afraid and you can really afford -- even though
5 you should, it s very expensive and many times you don t
6 have the facilities to test. So, you ve got a real
7 problem of selectivity. Even if you do want to buy
8 locally or buy locally supplied, it varies by countries.
9 And the other question gets back to costing,
10 that there will be local architects and local engineers
11 who live with these materials, and they ll know what s
12 reliable. They ve been dealing with it for 20 years.
13 But the problem is how do you know which design to accept
14 and how do you know how to put these materials out to
15 different bidders because you re going through a bidding
16 cycle.
17 So, if you ve got a local partner, a local
18 architectural partner who s reliable, they will naturally
19 put certain materials in and recommend them. But if you
20 don t have a local partner, a foreign architect,
21 including Berger, would be afraid, because you don t have
22 the testing on the one hand. The only thing you have is

1 using it for a -- I ll never forget. I don t know if
2 anyone knows Mexico City, but one of my first projects
3 was to do Nu-Nu Alca (phonetic), which was a huge housing
4 project. And we used a plastic for sun shielding and two
5 years later it all turned yellow.
6 So, because of experiences like that, you re
7 very cautious unless you re dealing -- unless you ve been
8 in the country for years or you re dealing with an
9 architect who can point out 20 buildings that he s done
10 where the material s held up. Otherwise, you re just
11 petrified in many foreign locales to pick a material you
12 don t -- you re not comfortable with.
13 MR. RITTENHOUSE: In addition to -- not only
14 that, but in addition to that, you know, we want to build
15 a building that lasts longer, right? So, the architects
16 at CSI have always used this kind of material, whatever
17 it is, because he s used to it. A building that s going
18 to last 10 or 15 years, maybe that s a long time in Osh
19 Kosh or wherever. But we want to get the 50 and 100-year
20 building.
21 You know, the story last week, I m doing a job
22 in the middle of Pennsylvania and it was 3,000 concrete

1 and the test came back -- in one area, the best test came
2 at 975 for 3,000 concrete, you know. If they can t get
3 it right in our own country, how are we going to ensure
4 that they re going to give us a product that will last so
5 to get the 50, 75-year building or, you know, you re
6 asking, can we get a 100-year building.
7 I m afraid that if -- and we re not getting
8 corruption into this, we re just talking about materials,
9 right? I m sure if all of a sudden the world finds out
10 that they can deliver concrete or steel or carpeting in a
11 local area that corruption will come into the picture as
12 well. But I m just afraid that we re going to get 20-
13 year buildings if we use local material. Now, I m all
14 for it, but I m just -- that quality is going to kill us.
15 So, they gave us a wonderful building, but 15 years later
16 they re going to say, that group back then, they didn t
17 know what they were doing.
18 GENERAL WILLIAMS: Right. You know, that s a
19 very good point because useful life is an important point
20 and we never want to be criticized for having done
21 something that s not going to make sense, because
22 whatever we do today will clearly be here tomorrow for

1 somebody to face.
2 Harvey?
3 MR. BERNSTEIN: I love this question. I
4 actually have three parts to maybe provide an answer to
5 it which are a little different focus.
6 Number one, as you know, CERF operates and runs
7 innovation centers for evaluating new materials and
8 products and technologies. We do it for products for
9 which there are no standards. We re partnered with 22
10 countries under a group called the World Federation of
11 Technical Assessment Organizations. It s a group we
12 formed about maybe seven years ago. The objectives being
13 for any material or product for which there s no
14 standard, to introduce that product into the marketplace
15 to use, you need to be able to certify or assess its
16 performance or know that so you can minimize the risk and
17 liability up front.
18 As a result of that, these 22 countries we re
19 partnered with each have assessment centers similar to
20 our centers. We go through and the other 22 countries
21 are basically geared toward building products and
22 technologies. So, every year they go through and

1 evaluate products for their regions of the country. It s
2 called, in Europe, the Boards of Agermant (phonetic), and
3 then each of the countries has them. In Africa, there s
4 the African Board of Agermant. In Asia, the same thing.
5 And so, these Boards of Agermant set up criteria or
6 standards for which to evaluate new products or
7 materials. Every year they go through and evaluate those
8 for which there are no standards.
9 Now, we re talking about a different set of
10 standards, but the interesting aspect about it is they
11 publish directories and elements on what products they ve
12 evaluated, what the performance criteria is, how to use
13 that.
14 And so, what we re trying to do on a global
15 basis is that any manufacturer of a new material -- if I
16 evaluate a product here in the U.S., if he wants to
17 introduce that product into Africa, in the past system,
18 he had to get the African Board of Agermant to evaluate
19 it again, so you re paying many times. The whole idea is
20 to set up reciprocity and certain testing criteria.
21 So, that, for instance, for the State
22 Department, if you have an interest in certain types of

1 products or materials or whatever that you might have to
2 use in a particular region of the globe, number one,
3 those products or materials may have been evaluated or
4 assessed already within those regions by one of the
5 Boards of Agermants, and that may allow you then to use
6 something that you didn t think you could use before and
7 it s not widely known.
8 It may not conform with U.S. standards
9 necessarily, but it will measure against some standard or
10 protocol or criteria that s established against which to
11 evaluate the product. So, that s one point worth noting
12 and I have a listing of every single country and contacts
13 which will identify that.
14 Now, if we go to the materials themselves, you
15 got two categories of materials. One is recyclable
16 materials so that when you re tearing down a facility or
17 building another one, there s a number of benefits to you
18 from a cost standpoint. One is if you re looking at
19 recycling the material, you may be able to benefit --
20 especially if you re carrying down an existing part of a
21 facility and rebuilding one because you re not having to
22 cart off or dispose of some of those materials.

1 I ll give you an example. Southern California
2 Gas Company. When they were rebuilding their
3 headquarters a number of years ago -- it s probably more
4 like seven now, as more of a gesture of good will
5 originally, they decided because of the greening of
6 material and the local environment, that they would take
7 down their primary headquarters building and recycle the
8 material.
9 They ended up using 80 percent of the material,
10 recycling it. They then saved on the money of disposing
11 of the existing material. They gained some good will on
12 that. They went to an extreme for good will. They took
13 the L.A. Police that confiscate all these weapons and
14 guns in L.A., they had those melted down to form the
15 reinforcing bars with that to show the extreme. They
16 used aluminum cladding in that from the aircraft
17 industry, those kind of waste materials for that.
18 The building was designed to be more energy
19 efficient. It had a payback in a year and a half, which
20 was way ahead of the schedule. So, there was operating
21 cost savings in terms of the way it was designed, looking
22 at it from an energy standpoint, the use of the

1 materials, in terms of their layout. They did a life
2 cycle analysis on it so they combined materials, the life
3 cycle, the operational costs, the energy efficiency.
4 So, we go back to the question on looking at
5 foreign materials for application. You have the standard
6 of measure, let s say, in evaluating it. You have the
7 ability to look at green materials, therefore, recycling
8 or combining other materials, which will give you not
9 only the advantage of, perhaps, using some local
10 materials under different conditions, but actually
11 reducing your cost for construction and ultimately,
12 depending on how your planning goes, maybe even reduce
13 some of your operating costs.
14 Last category in that -- well, there are two
15 more examples. One is blended cements right now where
16 you replace up to 40 percent of the Portland cement with
17 fly ash or other byproducts, being able to achieve some
18 of the same measurements. Well, right now in the global
19 market -- like we have a contract with the ClimaTrust.
20 ClimaTrust has us going out and dealing with companies
21 that are willing to use blended cements rather than
22 regular cement and you can earn carbon credits on that.

1 Carbon credits are then traded on the market. So, the
2 contractors that are willing to use blended cements as a
3 substitute, achieving some of the same objectives, will
4 then also get some savings by trading in the carbon
5 credit market based on what the ClimaTrust is offering.
6 GENERAL WILLIAMS: And there s no issue with
7 specs?
8 MR. BERNSTEIN: It meets all the qualifications
9 on blended cements. So, I mean, that s just one product.
10 Blended cements have been around for -- and David
11 probably knows this better than I do, but blended cements
12 have been around for seven, eight years, and it s got a
13 different combination of materials that are used, but
14 it s -- there are different ways of replacing some of the
15 Portland cement with other products. Using some of the
16 wastes or other things that -- you still can achieve the
17 same strength and other criteria.
18 GENERAL WILLIAMS: How does the cost shake out?
19 MR. BERNSTEIN: Cost is -- depending on the
20 application, as far as I recall, it s a little cheaper,
21 and that s not counting the carbon credits and it has an
22 environmental benefit. So, if you re thinking green when

1 you start to get in some of your building, you have the
2 other advantage. And as you know, in a lot of the
3 countries, you re building embassies and sustainability
4 and green construction are very high on their list. So,
5 from a local perspective, you re then sending another
6 positive signal.
7 The last thing I want to mention on materials is
8 indigenous materials, and that is that depending on the
9 part of the world or the country, there are admin
10 evaluations everywhere from bamboo in construction to
11 other local materials in Africa. There have been a
12 number of studies on the use of alternate materials on
13 construction, using indigenous rock and other types of
14 material that come as an alternative in construction.
15 Now, that doesn t measure up necessarily against
16 where you re talking about in U.S. standards, but if you
17 take a look at certain elements of your building, there
18 may be pieces of it that you can use indigenous materials
19 on. So, I think there s a lot more there than most
20 people are aware of, and until we formed this global
21 group, we didn t realize it. Even the Canadian
22 Government has an equivalent center and they publish

1 every year on the order of 1,000 to 1,500 products or new
2 technologies that they evaluate that are then -- after
3 they ve gone through doing a comparison against specs.
4 Sometimes it s done on a performance basis. In a lot of
5 cases, because it doesn t meet existing standards, most
6 standards being prescriptive, the criteria is set up more
7 on a performance basis, and then you go in and do an
8 evaluation in the field.
9 In our case, we sometimes evaluate products over
10 a period of years, geographically located, on actual
11 buildings. In fact, Joe and I were talking about on some
12 technologies, about even looking where a product -- where
13 we can go through an evaluation and minimize or eliminate
14 the risk and liability could be a way to use an embassy
15 as a test bed for something new without having to pay for
16 it because you have companies that are willing to use it,
17 as long as you ve already verified, through the
18 assessment process, that it s a valid approach.
19 So, we re doing that in the Philippines right
20 now with the Philippine Government, where we re
21 evaluating new products on Clark Air Force Base, an
22 environmental clean-up, because they need a test bed in

1 order to come in and evaluate something, where in the
2 U.S. you have some of the risk and liability issues up
3 front. So, anyway, to me, it s an exciting topic.
4 GENERAL WILLIAMS: A little bit of passion
5 there.
6 (Laughter).
7 GENERAL WILLIAMS: Okay. Harold, you want to --
8 MR. ADAMS: Well, I will add this much. I think
9 this is the topic that is most important for the A&E to
10 visit the site, to talk to the local architects and
11 contractors, especially with regard to materials for the
12 exterior. In many cases we re finding, just as Todd
13 mentioned, that it s all over the place in the quality.
14 But it s that local site visit that is so important to
15 discover those facts. And you can usually find out.
16 GENERAL WILLIAMS: While we re on this, this is
17 not in the book but it s something that has been sort of
18 an issue that I ve had. I m addressing it to Tom because
19 of his position. Is there anything that we could do
20 better, cheaper, I would say, as good and cheaper around
21 the skin of our buildings than what we re currently
22 doing, anything out there?

1 MR. RITTENHOUSE: On the cheaper side, I m not
2 sure. It s something -- you know, we did a lot of
3 studies following the -- going back to Beirut, we did a
4 lot of studies on what the minimum standards are and came
5 up with the original design guidelines on how to design
6 an embassy. Over the last handful of years, especially
7 when it became more of a domestic problem, we re able to
8 make the design much better. We were able to get away
9 from -- Andy Remsen (phonetic) always says his job -- you
10 know, he helped in the establishment of the Inman
11 (phonetic) criteria and from that day forward, his goal
12 was to get rid of it. And I have to say the exact same
13 thing.
14 We wrote the standard and our goal has been to
15 get away from it, because at that time, you know, we had
16 to go to that length, foot thick walls, what I call the
17 toaster style windows. But there s been so much
18 advancement, when it became a domestic issue to different
19 types of windows and different standards of windows and
20 walls, that we ve actually improved the standard and
21 allow for much more to be done today.
22 For instance, we used to have the very, very

1 thick windows and we ve been able to get to a thinner
2 window and to a larger window, even a curtain wall of
3 construction within the United States.
4 I would try to look at -- I m going to use a
5 term and I don t mean it exactly in -- but to do a quick
6 study and say, okay, this is what we re using today and
7 what can we do to accept -- for instance, we re starting
8 to accept a lot of windows to crack and remain in the
9 frame, whereas before, the glass had to be absolutely
10 perfect after an event as before. What we re actually
11 buying with those actual dollars, if the glass fractured
12 and stayed in the frame at the design load, that is a
13 cheaper solution. It achieves the same thing. The blast
14 wave, the fragments all stay outside of the building.
15 So, that is a cheaper solution if we downgrade the
16 performance level to a still better than acceptable
17 level.
18 People should realize that you have glass
19 fracture and fly into the space, glass fracture and stay
20 in the frame, and glass not fracture at all. If we go to
21 those standards -- and another area is in the curtain
22 wall, we ve made great advances starting with the Las

1 Vegas Courthouse and now it s become a GSA standard, is
2 to allow for larger fenestration -- a great amount of
3 fenestration and allow it to use the ductility of the
4 curtain wall system to absorb some of that energy, yet
5 tested so we don t want it to fail, we don t want those
6 voids in the wall for debris or gas pressures to come in
7 or people come in after or for debris or secrets to walk
8 out of the building after an event. We don t want the
9 breach.
10 But I think if we were to lessen the standard of
11 performance, but keep it to a minimum that we still
12 trust, we can find a cheaper way to build these walls.
13 Most walls that -- you know, we have a 12-inch thick wall
14 today and maybe we can get down to a 10-inch thick.
15 That s not a huge cost -- there s a cost savings but it s
16 not huge because the framework is still the same, the
17 rebar is still the same, there s a nominal savings there.
18 But the real dollars -- and Harold can speak to
19 this also -- is in the glass and the glass framework and
20 how we handle that boundary, not only in the typical
21 facade but when we get up to the HVAC system, that area
22 there. We ve gotten away -- for a while they were using

1 glass louvers, which is just too expensive, it doesn t
2 work, huge area change. We got to creating a hardened
3 area inside, so we have the louver where the equipment is
4 and we hardened the envelope of that, that s a better
5 solution than we had before.
6 I think what the State Department might need to
7 do is to look at the standards and, you know, this is a
8 relatively inexpensive, short-term study that could
9 occur. This isn t a five-year study. This is a take
10 some standards, the GSA standards, the MC standards and
11 say, okay, here, you know, someone familiar with this
12 stuff, whatever, study this, figure out what s happening.
13 You know, work with an architect, how can we bring that
14 standard of performance down, get the same level of
15 protection, and I think we can do a lot with the glass
16 area there. And we have, by the way. We ve taken a baby
17 step. I think there s still a big step left of that.
18 GENERAL WILLIAMS: That s -- I really appreciate
19 that. Bill, any of the design architects want to speak
20 to that?
21 UNIDENTIFIED MALE: Well, I m very happy to hear
22 the stuff about recognizing the ductility and the

1 flexibility of the standards and trying to use that,
2 channel that in a way that it can solve the problem for
3 us using a lighter weight assembly. We re trying, as you
4 know, to get away from the concrete standard. It has all
5 sorts of problems associated with it, not only the time
6 and the congestion of the rebar, but also it results in
7 an interior that is very dark. Our windows are
8 inoperable and these are -- often it s a very nice
9 (inaudible due to distance from microphone) and so you
10 start to produce customer satisfaction and expectation
11 issues.
12 We ve had recent success, as I briefed you on
13 earlier, General, on a steel stud wall. This is a very
14 closely spaced, back-to-back steel stud curtain wall
15 system in conjunction with what we call a mutton window,
16 which is a free-standing grill away from the glass that
17 takes the pressure and redirects the window away from the
18 occupant and throws it outside the building. So, there s
19 a lot of material loss and there s much less human
20 injury, which is the goal, and you produce a much lighter
21 weight construction.
22 So, it s a stick-built solution and we have gone

1 as far as to test it. It s been DS certified at certain
2 levels, which is a real tough test, and we ve included it
3 as an option that the government will accept on recent
4 designs. We re starting with some of the less sensitive
5 type structures like AID and things of that nature.
6 GENERAL WILLIAMS: Right.
7 UNIDENTIFIED MALE: So, hopefully, this year
8 we ll break ground and have something to talk to you
9 about in subsequent meetings about our --
10 MR. RITTENHOUSE: Right. And the mutton system,
11 that s a great system that we ve been involved with.
12 Actually, we wrote a program on how to use it to evaluate
13 it better. That s a great system.
14 You brought something here -- I don t think
15 there s anybody from DS in the room, but I think that --
16 is there? No?
17 UNIDENTIFIED MALE: But we are friends with
18 them.
19 MR. RITTENHOUSE: You are or you re not?
20 UNIDENTIFIED MALE: We are friends with them.
21 MR. RITTENHOUSE: Look, here s the thing we had
22 in Sao Paolo last year. We went around -- you guys all

1 know the site, and we re walking around trying to figure
2 out what we can do to the building, what are the stand-
3 offs, how are we going to fix the glass, et cetera, et
4 cetera. When we left to go out we were like, okay, we re
5 going to go out there and we re going to walk around and
6 we re going to say, what can we do. And by -- as we
7 started going around -- and we need a certain stand-off,
8 okay, 30 meters, and we got to a place where it was 28
9 meters and they all froze. It s not 30, it s 28. I was
10 like, guys, we can take care of this, there are ways.
11 It s the Berlin problem again, right? There are ways.
12 And every time, you know, I m sorry, but these
13 guys said, we re in a position where I ve got to put my
14 name on a line saying I approve 28 meters, I can t do
15 that. You know, he didn t say I won t do it, but you can
16 just see, the book says 30. And that s one thing where
17 performance -- people have to -- you have made a big
18 change within the OBO philosophy. DS needs to be
19 reeducated into understanding the problem and not being
20 thick -- 30.0, 29.5, sorry guys, it s not 30.0. It s the
21 same thing, you know. Maybe we have to go a little
22 thicker or something else, but why do you want to now

1 change the street configuration in Sao Paolo, which
2 ultimately didn t happen, but it s an issue.
3 GENERAL WILLIAMS: You know, this is ironic
4 because this is the exact word that a senior appropriator
5 who knows nothing about the engineering aspects of this
6 thing, but we were having a dialogue about a certain
7 project and some waivers and he said, well -- and I quote
8 -- General, can t you engineer around that deficit in
9 distance? Well, you know, obviously, anyone who s had
10 one day in engineering knows that you can. So, we do
11 have a little bit of work to do there.
12 MR. RITTENHOUSE: That s one of the best things
13 was having won the Berlin Embassy competition six and a
14 half or seven years ago and for all those years ago,
15 there was a philosophy of, you know, not here, not now,
16 we can t fit it, and we kept saying, guys, you can, you
17 can do something. Yes, wonderful, we were able to buy
18 some more land and push it out a little, but it doesn't
19 have to be 30.0.
20 GENERAL WILLIAMS: That s good. That s very
21 good. Okay, that one was mine.
22 UNIDENTIFIED MALE: You re entitled to that.

1 GENERAL WILLIAMS: Okay. Number 20, what are
2 the most frequent legal challenges you encounter in the
3 design and construction industry? What s out there now
4 that comes after you, and to some degree, I guess, us,
5 from a legal perspective that we need to be cautious of?
6 As we move ahead with this large program -- and
7 this all ties into the level of readiness and that s why
8 I keep asking these questions because we have a very
9 pivotal issue on the table now where we have to make a
10 convincing pronouncement. Our Secretary has solely,
11 completely signed up to this, to the extent that he s
12 going to be introducing it very strongly on the Hill this
13 time around, that give me more money and we can build
14 faster. But there is a lot of thinking about, well, the
15 old days, well, gee, can you handle it, are you going to
16 be choking, is the industry going to be there with you,
17 you know, and all of these other things.
18 So, that s the reason I m asking all of these
19 sort of readiness questions, to make certain that we have
20 thought all of this out. We have done some of this
21 ourselves, but is there anything out there that could be
22 a block in the road for us from a legal point of view?

1 Yes?
2 MR. WOLFF: Molding has become a big issue.
3 GENERAL WILLIAMS: Except we don t find much
4 mold on a green site.
5 (Laughter).
6 MR. WOLFF: They haven t yet. But it s amazing,
7 they re finding mold there and it s amazing which mold
8 they find there.
9 UNIDENTIFIED MALE: It s a perception issue. It
10 has to be managed (inaudible due to distance from
11 microphone).
12 GENERAL WILLIAMS: Right. But it s nothing we
13 can t get around. Is there anything emerging in the
14 legal world that would serve as a prohibitor to us moving
15 faster, larger, bigger, that -- of course, you know, to
16 get this problem solved, we have to. We can t just limp
17 along here doing eight embassies a year. It will be 20
18 years before we do 160 embassies. You know, I would like
19 to start putting close to $2 billion out there a year and
20 move that 10 new complexes to about 15. Then I think we
21 can be on some kind of glide path and getting close to
22 what Admiral Crowell and others talked about 12 or 15

1 years.
2 MR. ZINGESER: General?
3 GENERAL WILLIAMS: Yeah.
4 MR. ZINGESER: I wouldn t call this a big issue
5 and it may be something that is mute, but as you move
6 from the design-bid-build world into the design-build
7 world, you move from taking yourself out of being in the
8 middle where the designer and the builder are under
9 contract to you to moving to where the designer-builder
10 is under contract to you and you, as the owner, have a
11 very significant stake in the agreement between the
12 designer and the builder, if it s not an entity that in-
13 house does everything.
14 If the design-build entity is a contractual
15 arrangement between an A&E firm and a general contractor,
16 the teaming agreement, the way in which that group
17 chooses to operate better work or you re in trouble, not
18 just them. So, you have a significant interest in
19 understanding that they understand contractually how to
20 work together and how to work with you.
21 So, as I said, it may be mute, you may be making
22 yourself a party to seeing those agreements, you may be

1 asking in your solicitations for understanding, even in
2 the awarding process that, in fact, these parties aren t
3 -- one of them isn t going to walk away.
4 So, this is a matter that s emerging, still
5 being understood between the contractors and the
6 architectural community. There are very good standard
7 agreements, AIA, AGC, DBIA. In the end, obviously, trust
8 is the ultimate component that you need to have this
9 whole thing work. But that s one area that I would make
10 sure that you re aware of.
11 GENERAL WILLIAMS: Go ahead, Ida, please.
12 Thanks, Joel.
13 MS. BROOKER: With the idea in mind that you re
14 increasing the involvement of the OBO around the world, I
15 think the biggest risk to the OBO is to make sure that
16 every project is well enough to find -- defined so that
17 changes don t become an issue. Because in the long run,
18 changes are the fastest thing to create the litigation or
19 if it s not litigation, at least it is tying up personnel
20 in resolving issues that you don t need to have them
21 involved in.
22 The way you do that is to shortcut the beginning

1 of the project, just to get it out there, and the issue
2 would be to be sure that the standards that you use to
3 release those projects to construction or to the design
4 or whatever the step is that you re taking is adhered to,
5 because the changes are, in my book, the biggest
6 liability you re going to face as you start increasing,
7 doubling, tripling your involvement out there around the
8 world.
9 The other couple of issues are accidents and
10 safety is an all-important issue. An accident-free site
11 is worth its weight in gold, you know, and the litigation
12 can get pretty messy there. So, what you want is -- you
13 know, we had a question earlier which talked about the
14 experience modifier, which is a very important indicator
15 on when you start hiring the people you re having work in
16 the field, because that tells how well they re managing
17 the safety on their sites and that s all important.
18 The other issue would be conflicts between the
19 subcontractors and the general contractors, but generally
20 you d be exempt from that because that would be the
21 responsibility of the contractor or the design-build firm
22 to resolve those. So, the issues would be safety and

1 changes.
2 GENERAL WILLIAMS: You know -- I ll get to you
3 in a minute, Harold -- I m pleased to hear two things.
4 First of all, I really appreciate this candid bit of
5 feedback because we asked the question because, again, we
6 want to get it right.
7 Let me just share with you four things that
8 we ve done. First of all, we recognized probably 18
9 months ago that we had to have a sharp, well-postured
10 project director out on site working in a fast-track
11 mode, because when you go to fast-track -- at least I
12 knew coming from the industry -- you ve got to have
13 somebody who s hitting on all cylinders. So, to that
14 extent, we went into a very comprehensive retraining
15 effort where we now require all of our project directors
16 to refresh themselves around 40 hours of formal training
17 in contract administration and all the latest types of
18 things.
19 P.K. normally runs them through a design-build
20 session that s been taught by Beards and his people to
21 make certain they ve got the latest and greatest things
22 there. We are fortunate so far to have probably one of

1 the lowest accident rates in -- I think in the Federal
2 Government. What is it today, P.K.?
3 MR. BAGCHI: It s under .25, .26, about 200,000.
4 GENERAL WILLIAMS: And, you know, the national
5 norm is 3 point something. So, we re very sensitive
6 there, and once again, that s a part of the attention
7 that s being given.
8 To minimize -- and you re beginning to see sort
9 of the tie-in on what we re trying to do here. To
10 minimize changes in confusion, since we are building the
11 same products, wherever they are in the world, we re
12 building the same thing, maybe a little smaller version
13 or a middle version or whatever, we re building the same
14 basically. So, why not have standard products?
15 So, once our contractors begin to work with us,
16 they know you just have another one similar to what you
17 had before. We think that will minimize confusion and
18 changes.
19 The other -- the big way to ensure that we have
20 no changes is to do what I ve had to do early on, and
21 that is to draw that line and simply freeze the program
22 so that everyone knows from day one what we have and we

1 can move ahead. But it s very interesting to hear your
2 feedback on what are the red herrings out there,
3 particularly from a liability point of view around
4 injuries and accidents, and then the other things that
5 could lead to litigation and changes and so on.
6 We sit every day and P.K. briefs us almost every
7 week on what is going on with what we have now. We don t
8 have any claims worries, I can safely say this at this
9 point, based on what we have sent out the door in the
10 last year and a half. There were some inherited claims
11 that we re trying to work through going back five or six
12 years, but that was under a different system. So, we
13 have put in place in a proactive way, on the advice of
14 Harvey Kornbluh, a claims prevention staff that we have
15 put in place, a legal-minded person who has over 25 years
16 of doing nothing but claims prevention stuff. So, he s a
17 part of P.K. s staff, so he s there to help our project
18 executives figure out how not to say the wrong thing, how
19 not to do the wrong thing. So, he s kind of a coach.
20 So, we ve done those kind of things as well to deal with
21 that.
22 Once again, we ve been getting ready to take on

1 a bigger type of thing in order to be in a position to
2 answer all the questions, well, are you fine proof
3 legally, are you going to have accidents. So, we re
4 trying to do all those things. How are you going to
5 prevent changes? You prevent changes by having a product
6 that everybody understands, you know, this is it, a small
7 design. The ambassador s room is going to be the same
8 size whether you re in T Blisi or whether you re in
9 Conakry. So, that s it. So, it s an easy product.
10 Okay. Anything else we have on that subject?
11 Yes, Tom?
12 MR. RITTENHOUSE: Just to bring up what Joe said
13 before about the relationships. It s very important, I
14 believe, that you, as a group, don t lose control.
15 You ve done so many buildings in the design-bid scenario
16 and the design-build, the first pilot crew have been well
17 managed and there s been good oversight. A concern going
18 forward is not to lose the intimacy that you had in the
19 pilot program as you go into -- called mass production.
20 It s not something to dwell on, but we were just
21 concerned or dissatisfied because in a recent project, we
22 were on a winning team and we were then removed from the

1 team when it went to contract and replaced by somebody
2 else. It s a dangerous thing that can happen if you then
3 turn to the contractor and -- you said 32.7 delivered.
4 Well, for that, now he s got to cut corners and, you
5 know, the corners are cut in many areas, for whatever
6 reason. But it s important that you not lose sight,
7 because you want to take a 50-year building and make it
8 into a 100-year building. Don t lose sight of the
9 pitfalls you can have from turning it over and saying,
10 Mr. Contractor, deliver it or else kind of mentality.
11 That s very important.
12 We may change how we deal with contractors in
13 design-bid in the future because of this experience. But
14 it s important to get what you -- make sure you get what
15 you think you re asking for.
16 GENERAL WILLIAMS: You're absolutely right and I
17 don't view it as you speaking for anything that --
18 anybody you're associated with might have been working
19 on, but the key thing here is relationships and fixing
20 accountability, because at some point in time, the whole
21 errors in omission issue and all of that is tied up in
22 what you just said. So, if you switch horses, yes,

1 you've got yourself a problem.
2 So, just chalk that one up. I don't know what
3 time frame, I don't know what -- but I'm just saying,
4 wherever that happened, it was just a function of -- and
5 I don't know when it occurred, I hope it didn't occur in
6 the last year, but it was just probably an oversight.
7 That is not a good practice unless the A&E firm is, in
8 fact, failing. Then you have a legitimate reason for
9 doing it. And if the relationship and cost and
10 everything else is in line, it makes good sense to dance
11 with who you brought to the party.
12 MR. RITTENHOUSE: The point is -- I'm not going
13 to dwell on the example, but it's -- you know, yes,
14 it's --
15 GENERAL WILLIAMS: No, it's a good point. Yeah.
16 MR. RITTENHOUSE: But as an example for you, if
17 you want to go from -- you know, in a pilot program,
18 everyone sits there and makes sure everything is measured
19 right and goes forward, and then when you go into
20 production, that's where the quality has to be
21 maintained. It's just something that you want the 99th
22 one to be as good in quality as the first and third.

1 GENERAL WILLIAMS: But, you know, you raised
2 another issue which is important, which, I guess -- and I
3 believe we have to work this one some. I'll defer to
4 P.K. or Joe on this one, but see, procurement is done in
5 another organization. I'm serviced by a procurement
6 apparatus. I'm looking at that and may want to revisit
7 it at some time. The secretary has left it open for me to
8 do that.
9 The issue you pointed out has been a little bit
10 of a concern of mine. Having the executing apparatus,
11 that would be the people who are going to manage the
12 construction, have clear visibility and strategic input
13 on how the procurement strategy is put together to the
14 extent that you understand who subs are, who primes are
15 and the relationship between those individuals. Because
16 if you are -- a joint venture just shows up and comes to
17 the table, they might have just got married and met each
18 other for the first time. That's problematic. You would
19 want to know that you've got a long history working
20 together and that this is a good marriage, I think, is
21 the way I'm accustomed to doing it.
22 That needs some work on our part because of kind

1 of the way the procurers are looking at it now, you know,
2 like this is mine, you go away and that type of thing.
3 But what we're trying to say is that this is our program,
4 this is our money, we are responsible, so we have to know
5 those relationships and how they intend to prosecute and
6 go about the work and whether, you know, you have 10
7 percent of the deal and this person has 90, that's
8 important, and how much participation is going to come
9 from which element. I think we need to know that.
10 UNIDENTIFIED MALE: Again, it's a thing -- I
11 think the important part of this is to make sure that the
12 99th is equal in quality, if not better than, the first,
13 second and third. That's what you want to get out of
14 this.
15 GENERAL WILLIAMS: Right.
16 MR. TOUSSAINT: I think that both you and Joel
17 hit on something that's an area that we have to look
18 into. We're going to have with our design-build, for the
19 SED design-build contractors for the SED, we're going to
20 have a roundtable type of meeting where contractually
21 they're going to come in to us and tell us about what's
22 right and what's wrong with the way we put this together.

1 So, we're going to see where we can tune it up and where
2 we're not happy with what they're doing and where they're
3 not happy with what they've got. Let's put it that way.
4 So, this is an opportunity for us to evaluate
5 the program and make it better the next time. This is
6 right on the target because I'm not sure that we really
7 got down in the weeds enough on that.
8 GENERAL WILLIAMS: Right, right.
9 MR. TOUSSAINT: And when I'm hearing this is an
10 expanding program in the vulnerability, Joel, you're
11 absolutely right. I mean, we pay a great deal of
12 attention to the way our general contractor and his subs
13 or her subs would do the work and who they were and what
14 their qualifications are. We may need to pay greater
15 attention to the team and check that out in greater
16 detail than we have in the past or that has been
17 acceptable to the standard procedures that are in place.
18 This is a very good caution.
19 GENERAL WILLIAMS: Yes?
20 UNIDENTIFIED MALE: I'd like to offer an
21 observation from a slightly different perspective, the
22 real estate perspective on this, and I can remember

1 several years ago we sent a team out -- before your
2 tenure, sir -- to Beijing to buy some property. It was
3 then under construction, very high quality construction.
4 We were deeply into the negotiations. We were buying a
5 condominium ownership in these units. We were
6 particularly concerned about the management firm that was
7 going to be there in a long-term interest. I won't name
8 the management firm, but it's a very respected U.S. firm
9 in the hospitality industry. It happens to be
10 headquartered not far from here. You can figure out who
11 that is.
12 We were assured that they were going to have,
13 number one, an equity interest and, number two, it would
14 be a long-term contract for the maintenance of this
15 property. That gave us great comfort. So, we were
16 willing to do the deal based on the fact that we had done
17 our due diligence, this was a great building, and we
18 thought we were going to have a good team, a good
19 partnership.
20 At the 11th hour, we got an, oh, by the way,
21 we're going to change management firms, and they had
22 someone we had never heard of before, we checked them out

1 and we found out, this is not a good team, this is not a
2 good partnership, and we backed out of the deal. And the
3 reason was because, going back to customer satisfaction,
4 my sense was had we entered the deal, even though the
5 numbers made sense, ultimately we would have had some
6 disgruntled people at our mission because the property
7 would not have been maintained properly.
8 Particularly, that's one of the very real
9 challenges in Asia, is getting a good property management
10 firm. So, we were able to do that on the real estate
11 side because we do have a lot of flexibility, we're not
12 subject to a FAR (phonetic), for instance, certain
13 procurement regulations. We can address these things, I
14 think, more in line with how the private sector is able
15 to do it. So, I just wanted to share that story with you
16 that I completely agree with teamwork and you're buying
17 for the long term.
18 GENERAL WILLIAMS: David?
19 MR. READY: Well, I think that -- I agree with
20 all this. I guess one of the things I haven't heard
21 discussed, it seems to me that as we go on down the road
22 with materials and in various parts of the globe, you

1 know, European partnership kinds of cookie cutter things
2 going on, it seems to me the construction process is
3 going to have to look at the impact of your bringing
4 materials into the foreign setting where they are U.S.
5 purchased. There's going to be potential problems, not
6 necessarily for you as the owner, but you having a
7 project running if the contractor has problems with
8 either tariffs or, you know, outright opposition at the
9 customs level. I mean, the mundane things as far as
10 getting stuff around, but also conflicts in
11 specifications, you know, value-added taxes, all kinds of
12 things kicking in that may not come into the table at the
13 bid process.
14 GENERAL WILLIAMS: Right.
15 MR. READY: That somebody is going to have to
16 deal with as a cost factor. My guess is that, one way or
17 the other, you're going to have to deal with it because
18 if you're looking to the general contractor or the
19 design-build team to absorb those costs, yeah, they're
20 probably in a position to pay for some education on their
21 part if they didn't get it right. But they're only going
22 to pay a very small percentage of the value of the

1 project before they're not going to be able to bear that
2 burden. And as the owner and as the user, you're going
3 to end up having to bear that either in an adjusted prize
4 or in an adjusted price or, perhaps even a redesign of
5 the process at the 11th hour because of those problems.
6 I don't know what processes are in place to
7 review those conflicts and help smooth it out, but we had
8 talked about this at a previous session of maybe
9 providing some services to your contractors to help
10 smooth the way in terms of getting materials in and out
11 and that kind of thing.
12 I think that's a major liability that's going to
13 -- as countries become more sophisticated and as, you
14 know, they look at cash flow streams, you know, you start
15 doing a big project, a $100 million project is a nice big
16 target. They may not have understood 10 years ago where
17 the money is, but chances are they've got somebody on
18 their side of the fence that now understands where the
19 money is and they're going to be potentially looking to
20 get their piece one way or the other.
21 GENERAL WILLIAMS: Let me just try to speak to
22 that. Big issue. We knew it was a big, delicate issue

1 early on and we have done a lot about it. It will never,
2 in my opinion, reach the ideal state because we're
3 dealing with an uncontrollable. There's no way for
4 anyone to predict unrest or how a host government will
5 react to anything. So, we're very honest when we deal
6 with our contractors around industry days or visits or
7 whatever.
8 Make a conscious decision I say to them. This
9 becomes a boardroom decision if you're going to go
10 international. It's not something that your marketing
11 guy just walks in and says, hey, the State Department is
12 issuing out a lot of stuff, let's go bid, it doesn't
13 work. You've got to go in the boardroom and make a
14 conscious decision because when you enter into the
15 international arena overseas, if you've not been there
16 before, it's a different business. So, we try to be up
17 front about that.
18 There are some things we can do something about
19 and there are other things that clearly fall on the
20 contractor's world. Now, we've got all kinds of
21 suggestions as to how to get there. The value-added tax,
22 which is a biggie, we've taken that off the contractor's

1 consideration list. Whatever the taxes are and the
2 contractor can produce an invoice where he or she had to
3 pay for it, we'll reimburse them, just in a nutshell.
4 So, he doesn't have to worry about trying to predict in
5 Country X what the value-added taxes will be.
6 We have put in place a mechanism which we call
7 clearing the rights of passage. These all are little
8 ankle biters that drives a contractor crazy. So, it's
9 just some zoning thing or customs or all of the stuff
10 that you were talking about. We try to clear all of that
11 which is visible to us up front before we send a project
12 forward, permits and, you know, that type of thing, the
13 big permits. Then we've also asked our chief of missions
14 as well, the people who we're serving, who has the
15 diplomatic linkage to this world to speak strongly and
16 loudly to -- at the top levels about corporation and all
17 of this other, to minimize some of this underbrush from
18 taking place. That is about as far as we can go.
19 The rest of it becomes making that conscious
20 decision and deciding whether you want to be on the
21 continent of Africa or in the old Soviet block, wherever
22 you happen to be comfortable with, and we've got

1 opportunity wherever you want to go. Then you make that
2 decision and you go in.
3 Now, taking off my hat of running OBO and
4 reflecting back in the seats of a contractor, there are
5 all kinds of ways to get you more comfortable with
6 working in that environment, like finding, through the
7 government, a reliable alliance partner that you would
8 want to do business with and you do burden shifting at
9 that point by shifting that on him. Your proof will be
10 in a good partner is to make certain that my stuff
11 doesn't get hung up in the customs linkage. But you work
12 it however you want. But that becomes an issue, quite
13 frankly, which we cannot see. We don't want to be party
14 to it, we cannot be party to it, but it's called that
15 little bit of risk of doing business overseas, and
16 contractors know how to do that when they submit a bid.
17 MR. READY: I guess my attempt was to try and
18 identify the issue a little bit different. You know, as
19 we get more of a global economy, the sophistication of
20 the local industry to the buy American, to the other
21 things that are part of your construction program, I
22 think, do represent certain legal risks that are going to

1 escalate over time because you represent a big piece of
2 business. I think that any of your construction
3 partners, you know, become the point where the pressure
4 can be made to bear -- that can be -- because that's at
5 the project level and I think the -- in identifying risk
6 areas, just like the bonding, just like the self-
7 insurance issues, continuing to evaluate what the risk
8 is, perhaps on a project-by-project basis, through some
9 kind of legal import/export review process, you know, may
10 be the way to solve that. But I think it is an ever-
11 increasing risk factor.
12 MR. TOUSSAINT: I think one -- all that's being
13 said, you're correct, this is a risk and we do have
14 problems with this occasionally, but the fact is
15 realizing the difference between this, say, and the
16 bonding and insurance is a fundamental difference and
17 that is that the materials that we are bringing in are
18 being brought in the name of the U.S. Government, the
19 U.S. Ambassador. So, if they play around with our
20 contractor, they're playing around with the United States
21 Government. So, the political role that General Williams
22 is referring to, that the Ambassador plays, and then we

1 play that and General Williams plays this when he goes to
2 the groundbreaking ceremonies and so forth, this is
3 bringing jobs to country. This is a value to your
4 country.
5 We are speaking from the United States to the
6 government of whatever it may be. So, it's not the
7 contractor bringing in his or her materials, it's the
8 contractor importing the U.S. Government's materials.
9 Nothing comes in except in the name of the Ambassador for
10 construction.
11 Now, the other side of this is, as you say,
12 we're not used to that volume of materials, we've never
13 brought that much in. The Ambassador has brought a car
14 and household effects and things like that. But realize
15 that everything that comes into that post for the
16 diplomats comes in for the Ambassador, in his name. So,
17 you're right, it takes attention, but we're -- what may
18 be a little bit different from this in another
19 international construction project is that it is the
20 United States Government.
21 GENERAL WILLIAMS: And Joe is right. A lot of
22 things we have tried to do here, of course, we pay a

1 price with a lot of travel and whatever. But part of
2 what we call a site dedication and groundbreaking, mostly
3 site dedications, is not so much about dedicating 10
4 acres of cornfield or something, it's to draw the
5 attention to the host country that something is getting
6 ready to happen that's going to be ordered and procedural
7 and you are going to be on the winning end of this.
8 First of all, on a given day when the peak of
9 construction starts, it's going to be anywhere from 200
10 to 500 of your people working. So, the infusion -- and I
11 always say this in every single speech I make -- the
12 infusion and your economy will be X number of U.S.
13 dollars. And I can tell you the reaction to that has
14 been absolutely overwhelming. You're communicating.
15 So, all of the -- what I call the underbrush and
16 offline issues that will be taking place generally goes
17 away, at least that's been our -- you know, occasionally,
18 like Joe said, we'll have something and we have to
19 untangle it for -- help untangle it for a couple of
20 weeks. Then, also, we have put a heavier load on our
21 Ambassadors to help us with this as well. So, I think a
22 combination of all of this is about the best that we can

1 do, and I just pointed out to you that we are still
2 working in Abuja. We'll be meeting the Ambassador in
3 about 30 minutes today and we'll be talking about how we
4 can continue to stay in Abuja by working together. I
5 will tell you, in spite of everything going on in Abuja,
6 in spite of everything that's going on, today our site
7 hasn't been touched. Now, that's not boasting or
8 anything, that's just the reality. It could have been
9 touched this morning. But we're just trying to do a lot
10 of things right.
11 MR. WILMER: I think the example that you used
12 of the value-added tax and the change in policy which you
13 instituted is a good example because before contractors
14 would come in and have to bid not knowing what taxes
15 they'd necessarily have to pay. And so there was a risk
16 to them and they would cost that risk and pass it on to
17 us. Now, the approach is what you actually pay, you'll
18 get reimbursed. Then it's a government to government
19 transaction of whether or not we can get any relief from
20 that. It becomes what it should be, a proper bilateral,
21 diplomatic issue.
22 We have a mission here in the State Department

1 Office of Foreign Missions that does that work for us.
2 So, we did the risk assessment, took the risk and
3 minimized the cost of it and handled it diplomatically,
4 which is the way it should be done. So, it's a good
5 example, I think, of how we're taking a fresh look at all
6 of these risks and costs and trying to minimize both the
7 legal liabilities and our costs in this area.
8 GENERAL WILLIAMS: Go ahead.
9 MR. WOLFF: Do you fund all the way -- the
10 cumulative value-added tax or just the last payment --
11 the net payment or the gross?
12 MR. TOUSSAINT: Whatever you bring up.
13 GENERAL WILLIAMS: Whatever you bring up.
14 MR. WOLFF: So, all this stuff is in everything
15 that goes to the total.
16 MR. TOUSSAINT: Whatever has to be paid.
17 MR. WILMER: Whatever value-added taxes you see.
18 And the amazing thing is the difference between actual
19 and estimate is amazing.
20 GENERAL WILLIAMS: And now that we're asking for
21 receipts, it's --
22 (Laughter).

1 MR. WILMER: It's kind of our version of value-
2 added engineering, you might say.
3 GENERAL WILLIAMS: It helps when you have been
4 there.
5 MR. WILMER: Right.
6 GENERAL WILLIAMS: Go ahead.
7 MR. ZINGESER: I just want to go back for one
8 second. I feel compelled to make sure that my initial
9 statements were not, in any way, misunderstood. The
10 question had to do with legal -- potential legal pitfalls
11 and issues. I was pointing out that you, in my opinion,
12 have a vested interest in knowing what the contractual
13 relationship is and the agreements are between the
14 designer and a builder and a design-build team. I do not
15 want to imply that you have a role to play in negotiating
16 that relationship, but you do have a role to play in
17 deciding whether you think it's going to work or not or
18 cause you a problem. You have a definite concern that is
19 important and something you should understand.
20 The other thing I'd like to add is this notion
21 of defining your needs and resisting change, particularly
22 defining needs, the legal profession tends to be applying

1 in a design-build world -- and there's a lawyer here so
2 he'll correct me when he hears what I say because I'm
3 probably wrong. But they tend to use the term "standard
4 of care" relative to what I would call performance
5 standards. In the design world, there is a standard of
6 care out there. It's what's generally accepted in
7 society as being what an ordinary professional might do
8 in following the codes and other standards.
9 The term "standard of care" to me does not imply
10 higher performance standards. For example, if a safety
11 railing is 42 inches high and has a 100-foot pound load
12 or something and you, for some reason, wanted it to be 48
13 inches high and have a higher force resistance, then
14 you're going higher than the generally accepted standard
15 of care, you need to be explicit in your procurement
16 where you exceed the generally accepted performance
17 standards, and list them wherever you can because that's
18 really important in the end to avoiding the kind of legal
19 problems that you get into not only between your
20 contractor and yourself, but internally, the internal
21 arrangement as to what are we doing and how are we doing
22 it. I thought it was this, I thought it was that, and if

1 it's left unstated, then it leads to future problems.
2 GENERAL WILLIAMS: I appreciate that, Joel, and
3 I appreciate the clarification, but I understood what you
4 meant. Clearly --
5 MR. ZINGESER: My friends at AGC, we want to
6 make sure that --
7 GENERAL WILLIAMS: That's right. We understand
8 that. But I appreciate your bringing it up.
9 You know the value of the kind of questions that
10 you have brought forward and the level and intensity of
11 them is a great preparation forum for the kind of
12 questions that I would get periodically from
13 stakeholders. So, I really appreciate these probing kind
14 of questions. Make us defend, make us speak to that, and
15 force us to shore things up, because the whole reason
16 we're asking questions, we want to bring the things
17 forward that are potential modes of failure, not stand up
18 and talk about the good things.
19 So, this whole issue that David brought up, it's
20 a big issue. We've done everything we know to do about
21 it. Is it controllable? You know, it's controllable as
22 much as it can be. But will there be a potential issue

1 around it? Maybe, could be. But, you know, we're not
2 asleep at it. We're very watchful of it and we've
3 employed every element that we have at the USG's hand to
4 deal with it. But they're good probing questions because
5 the more you ask them of me, we and the staff can be
6 better prepared to deal with the kind of questions we'll
7 get from others.
8 It all ties to how ready are you. Are you ready
9 for prime time? Is this sort of just a tentative bump
10 for you? Are you real? Are you undergirded? Do you
11 recall have the kind of support where we can launch?
12 What we're trying to say is that we think we're
13 there, we feel that we are there, we're confident that we
14 are there and we would like you to hold on that as well.
15 Having said that, you know you're not going to leave here
16 without giving me a Christmas present one way or the
17 other. I'll handle it either way that you want to give
18 it to me.
19 What else do you think your OBO can do for its
20 government that it's not doing to demonstrate that we are
21 on a performance glide path that is solid and profound
22 and et cetera? I want your honest opinion, and I'm

1 asking this in open court. That's putting it back right
2 against the cliff, particularly with people I've got
3 sitting in my right corner.
4 Yes?
5 MR. BERNSTEIN: I alluded to it before and I
6 don't know the extent that you're doing it now. Most of
7 our discussions tend to deal with the design and
8 construction in terms of getting the facility up, and the
9 question is -- I go back to the building sustainability
10 issue. I think there are multiple benefits. One,
11 obviously, is to the local economies and governments you
12 deal with if, in fact, your design and construction in
13 some way demonstrates that it considers sustainability as
14 a key element to that so that you're looking out for the
15 environment and conscious of the materials and other
16 things you're doing on the site. So, I think minimally
17 it's good will for the U.S. Government doing that.
18 Ultimately, it could be beneficial to the local country.
19 And then, lastly, I think it sort of gets into
20 the whole issue of energy efficiency. Some of the
21 specifications you lay out, are you looking at renewable
22 energy systems? From a security standpoint, do you know

1 whether you're looking at small cogent packages or other
2 types of systems that are being brought in? There are a
3 couple of benefits.
4 Following 9/11, as we began to look at
5 technologies and we held a number of workshops with
6 industry leaders and we just recently did one about six
7 weeks ago for the White House Office of Science
8 Technology Policy. We had about 90 industry leaders
9 together. And one of the things that pops up is that
10 there are lots of targets when you think about power
11 plants and sewage treatment plants and water systems
12 because of their size and obvious impact they can have on
13 communities.
14 And when we look at developing countries, we
15 have a lot of companies now that are starting to look at
16 distributed energy systems, distributed water systems
17 that come in small packages. It offers a security
18 benefit when we look at it within the U.S. Government.
19 It localizes those sources, but it also has exportability
20 by U.S. firms to developing countries, if you will, where
21 a lot of the embassies are being built. So, it offers
22 the potential of an export market for U.S. companies. It

1 offers the potential -- if you'll begin to look at other
2 types of energy, water, sewage type systems that are
3 smaller packages, from a security standpoint for you from
4 the compounds, at the same time, a lot of them being laid
5 out to be energy efficient. So, when you look at your
6 operating budget in terms of the cost as the owner and
7 you combine that with sustainability, it may be worth
8 beginning to take a look at the criteria you're currently
9 using on the operation side and work that back in your
10 specifications for design and construction, so you begin
11 to consider other alternatives.
12 So, whether it's solar collectors, whatever it
13 may be that could be good ultimately from an economic
14 standpoint, operational cost, local government, so I
15 haven't heard. Maybe you're already doing that. But to
16 approach the whole operational side of your specs for
17 design and construction, so whether you go design-bid-
18 build or design-build, defining from a performance
19 standpoint how you want that facility to operate, you may
20 open yourself up to a whole bunch of other choices that
21 could reduce costs in lots of different ways and have a
22 lot of other benefits.

1 GENERAL WILLIAMS: Well, that's excellent
2 feedback. We've got a little time constraint, but we'll
3 get into it next time and tell you what we're doing. On
4 the energy side of the house, we have a very active
5 program. Also, we have looked very hard at what we call
6 better and improved ways of doing facilities maintenance,
7 which need to be looked at and then integrated into our
8 designs. We're doing that through our reliability-
9 centered maintenance arrangement, which we have been
10 working on for almost a year.
11 These are excellent signposts for us because if
12 you are there, that means that we need to put more
13 emphasis there.
14 Bill, you want to say anything else about what
15 we're doing on energy?
16 MR. CHAMBERS: I would say that we haven't been
17 as visible in that area, I think, from this group
18 (inaudible due to distance from microphone) since we have
19 a long-standing energy conversation investment program.
20 Because we are building a single new embassy compound,
21 one country at a time, the energy challenges and the
22 energy opportunities change for every single project. In

1 other words, there's less opportunity to get some economy
2 of strategy around an energy system.
3 Several years ago, we did look at some more
4 sophisticated technology, especially in the solar area,
5 and found that it exacerbated the problem in the
6 operation and maintenance area. So, there's always that
7 trade-off. We find that our criteria, which is
8 prioritized in terms of security, safety and
9 functionality, often security requirements are in direct
10 opposition with energy and sustainability requirements.
11 I talked about sealed windows, for example.
12 That's an excellent, low-tech energy device, but we can't
13 get it. So, I think we need to talk to you about it
14 more, probe your thoughts, tell you what we've already
15 learned and what we're trying to do, and then continue
16 the dialogue. Next time we'll welcome the opportunity to
17 talk about that and speak to it.
18 MR. BERNSTEIN: I might just add one other
19 comment and that's dual purpose building, and that is
20 when we start to look at biological, chemical,
21 radiological systems, the HVAC systems and that, there
22 are systems that both can meet that need from a cost

1 standpoint and provide certain efficiencies in operation.
2 There are certain standards -- we've been involved, even
3 in the Philippines developing a green book for the palace
4 on ways of achieving certain operations there. So, I
5 think there's two levels.
6 One, you may be able to actually develop as part
7 of your guidelines no matter what the embassy is,
8 standardizing it, certain green practices, whether it's
9 materials or operational systems, and you've got both
10 ends, and then you have the point you raised that will
11 vary by location. But you may be able to standardize
12 that more than most people are aware.
13 GENERAL WILLIAMS: What else do we -- yes, any
14 other feedback?
15 MR. ADAMS: General, I think that through some
16 of the discussion today and Tom's discussion about the
17 improvements to the security standards, I would encourage
18 you, especially as you start getting feedback on these
19 first prototypes that are being done, to test them and to
20 continue to look for improvement and get -- not become so
21 locked in to one design or one standard that you can't
22 take advantage of various improvements that can be

1 made --
2 GENERAL WILLIAMS: Well said.
3 MR. ADAMS: -- as it goes along to continue to
4 improve it.
5 GENERAL WILLIAMS: Well said. I'm just trying
6 to get the tricycle before I get the bicycle and I can
7 pedal. I don't have training wheels, we're off those.
8 Okay, yes, Dave?
9 MR. READY: I don't know what you're doing at
10 the staff level to document that whole process that we've
11 been discussing for a year and that you've been
12 implementing for longer than that. But I think it's
13 important for OBO to, at some point, document and
14 cookbook what you've done to date, not because it's not
15 an evolving process but because I think that if you're
16 going to increase the participation and you're going to
17 increase the buy-in by industry to support this way of
18 doing business, everybody has to have the right book.
19 They have to know how to deal with you and they have to
20 understand what your processes are and be comfortable
21 with them.
22 I think it's one thing to go to seminars and

1 discussions and that one person or those two people that
2 go from that company understand, at some level, what
3 you're doing; it's another to be able to look at the
4 process and say this is how I'm going to start here and
5 work with you all the way through there and make sure
6 they understand how you do business. So, I don't know
7 whether you're doing that in-house and if there's a
8 series or you're contemplating a series of documents that
9 are user-friendly, you know, small words, big pictures.
10 But I think it's important to think about that and maybe
11 to invest some time to present your accomplishment in
12 terms of the process that you develop.
13 GENERAL WILLIAMS: Dave, this is excellent and I
14 know in other places I've been, how to do business with
15 or doing business with a particular organization, I'm
16 sure we can come up with a friendly version of that, and,
17 of course, we use our industry day. It's just come to
18 mind that this will be an excellent time to use just that
19 document to say to the audience, this is how you do
20 business with OBO and then, of course, have a little
21 handy dandy copy that we can pass out.
22 An excellent idea. We just had not formalized

1 it to the extent that you're talking about. We tried to
2 start last year with industry day and you're right, we
3 just -- we're moving very fast and, you know, through it
4 all, sometimes you don't stop and pause and document
5 because there's been a lot of things happen. I
6 appreciate that.
7 Robin?
8 MS. OLSEN: Instead of printing -- going to all
9 the cost to print a book that will change over time, why
10 don't you just post it on your website?
11 GENERAL WILLIAMS: That's good. We will get it
12 out one way or the other. And won't use any big words.
13 MR. WILMER: Just a point you were saying before
14 about having a roundtable with the contractors to see
15 what's the good and the bad. You're probably doing it,
16 but you might want to invite those who lost, too, to see
17 what their challenges were and I know many of the firms
18 that went there that lost -- I want to get their voice on
19 what happened or their perspective on the whole thing.
20 To hear Joel say why it's gone so well is great
21 and now Cadell (phonetic) can add while they think it's
22 gone great. But I wonder what ABB and some of the other

1 guys who didn't -- who weren't successful, you might get
2 some good information, some feedback from them.
3 GENERAL WILLIAMS: Excellent. We'll implement
4 that. In another world, we used to call that debriefing.
5 That usually happened right after the solicitation, but
6 we can do a roundtable and call it -- it's the same
7 thing, let people react -- I mean, interact.
8 Yes, Joel?
9 MR. ZINGESER: A couple of things that come to
10 my mind, and I think of it in the context of our company
11 and what we've been going through. The whole industry is
12 changing, we're all part of it. This organization has
13 obviously gone through a significant amount of change.
14 There are kind of three things that come to my mind. You
15 mentioned growth, that you anticipate further growth and
16 being asked the questions, can you handle this, can you
17 handle this, and our company grows and we keep looking in
18 the mirror and looking to our right and looking to our
19 left and saying, how do we make sure we don't break it
20 while we're growing and that we move in directions that
21 are strategic as opposed to uncomfortable.
22 So, I just offer that if there is a lot of

1 pressure for you to take things on and you don't feel
2 comfortable, that it's too much too fast in a different
3 direction. I would hope that, obviously, with your
4 confident staff that you put in place and the
5 organization that's doing so well, that those outside
6 pressures don't come to bear and cause something to
7 break.
8 Now, these are not outside pressures. These are
9 outside invitations and so now one is saying you must.
10 They're simply asking the question as they should. It's
11 always if you lift -- if you press 200 pounds, your coach
12 will say, can't you get 210, and you just have to feel
13 that you can do that. I think this is a mutual
14 arrangement. We got there probably a little bit ahead of
15 the invitations and the invitations are a function of the
16 performers we put in place. So, it's only logical.
17 If we found, could you handle. And we're saying
18 right now, that is a mutual yes. Clearly, we know when
19 we have reached the elastic limits and we will not exceed
20 the elastic limits and we'll be quick to say that's it
21 and that's why I pegged it where I pegged it today. But
22 we're very comfortable with having maneuver room today to

1 accomplish more.
2 MR. ZINGESER: Well, I appreciate correcting my
3 perception and that that is important.
4 GENERAL WILLIAMS: Right.
5 MR. ZINGESER: The other part that I look
6 forward to is the sustaining and the succession and
7 that's the part that does have me some -- give me some
8 concern because we know that people in government come
9 and people in government go, and this organization is a
10 major change from what it was and it would be awfully
11 good to see it continue to grow and move in the direction
12 that it's growing and moving. I guess I would hope, at
13 some point, to get all of us in the industry, not me
14 personally, just get a sense that this will be not only
15 sustained but there will be a succession planned.
16 GENERAL WILLIAMS: We will think about it. We
17 will think about that. Thank you very much. Derish,
18 anything?
19 MR. WOLFF: Just a quick thing. Bill and Harvey
20 said it better, but the way you develop this kind of
21 friendship is with these industry days and everything,
22 maybe lessons learned from both your point of view and

1 your observations on contractors. I think contractors
2 and service providers like this. So, the kinds of things
3 that you think are dead ends or failed that you tried,
4 suddenly are a good idea, if you would just bring them to
5 them. One, it's an interesting discussion, but secondly,
6 it creates a user friendliness when you say just don't go
7 down that road, we tried it and it didn't work, just like
8 you tell us here.
9 GENERAL WILLIAMS: Sure. I appreciate that.
10 MR. WOLFF: A lot of people feel that that's a
11 confidence -- it puts you at a different level of
12 relationship with potential supporters.
13 GENERAL WILLIAMS: And you know I don't have any
14 problem with doing that.
15 MR. WOLFF: I know it, that's why I thought
16 about it.
17 GENERAL WILLIAMS: Right, that's excellent.
18 Let's see, Ida? Anything?
19 MS. BROOKER: No.
20 GENERAL WILLIAMS: Okay. I think we've all
21 spoken. Let me try our visitors. You've been here, I
22 know you've listened. I just want to go around. You

1 don't have to say anything, but I just want you to know
2 that this is an open forum. You have seen what we've
3 tried to do today and give you an opportunity to say
4 something or not. Sir?
5 UNIDENTIFIED MALE: Well, I just, for one, would
6 like to thank you for the opportunity to be here and I
7 think this forum is very helpful for me and the arena
8 that I work in. There's a lot that I've heard here today
9 that I will want to take back to my organization and I
10 think it's just great that it's going on.
11 GENERAL WILLIAMS: Thank you. Thank you very
12 much for coming. Yes, sir?
13 UNIDENTIFIED MALE: Again, thank you. Several
14 of the comments I heard, I heard some very useful
15 information.
16 GENERAL WILLIAMS: Thank you. Yes, sir?
17 UNIDENTIFIED MALE: I just appreciate the
18 opportunity to be here. It was very educational.
19 GENERAL WILLIAMS: Thank you. Yes, ma'am?
20 UNIDENTIFIED FEMALE: The same appreciation for
21 having this opportunity. It's very interesting to see
22 this interaction.

1 GENERAL WILLIAMS: Thank you.
2 UNIDENTIFIED FEMALE: Interesting to see that
3 the same issues come up that we deal with in our
4 organization. We're a very small fraction of the amount
5 of work that we do, but it's the same interesting world.
6 GENERAL WILLIAMS: Thank you. Sir?
7 UNIDENTIFIED MALE: It's a pleasure to be here
8 and the candor is refreshing.
9 GENERAL WILLIAMS: Thank you. Thank you very
10 much. Yes, sir?
11 UNIDENTIFIED MALE: I've heard a lot of talk
12 about time is valuable and schedule issues always exist,
13 and I think the big failure in scheduling is that we
14 don't recognize what it's really for. It's really to
15 communicate to us accurate information upon which to base
16 our decisions. It's not the tail that wags the dog.
17 GENERAL WILLIAMS: Right.
18 UNIDENTIFIED MALE: So, I'd like to see the
19 industry learn to be more of a team-oriented process and
20 design-build will give that to you more so than any other
21 way.
22 GENERAL WILLIAMS: Right.

1 UNIDENTIFIED MALE: I appreciate being here.
2 GENERAL WILLIAMS: Thank you. Yes, sir?
3 UNIDENTIFIED MALE: It's been a great pleasure,
4 a lot of good information.
5 GENERAL WILLIAMS: Yes?
6 UNIDENTIFIED MALE: I was surprised that there's
7 not much discussion about the standardization of the
8 building methods, building materials throughout the trade
9 publications. I know people don't like the word
10 (inaudible) it's really standardization and (inaudible).
11 But there was very, very little discussion in this forum
12 of that one. That was surprising to me.
13 GENERAL WILLIAMS: Well, what we need is about
14 three hours of your time, and you can see this gentleman,
15 but more importantly, this gentleman. He'll get you on
16 the schedule and you come over to SA6 to explain the SED,
17 the Standard Embassy Design Program, we couldn't possibly
18 do it here. But I appreciate that. I know it's of some
19 interest and --
20 MS. OLSEN: Well, I think at previous meetings
21 we've discussed a lot --
22 GENERAL WILLIAMS: We've had it in previous

1 meetings. You know, we've given complete briefings on
2 it.
3 MS. OLSEN: Because that was like kind of the
4 starting point.
5 UNIDENTIFIED MALE: We could do the three-hour
6 version.
7 GENERAL WILLIAMS: But it sounds to me like you
8 need the three or four-hour version.
9 (Laughter).
10 MR. HOCHULI: Just to follow up --
11 GENERAL WILLIAMS: And there's a big exam
12 afterwards.
13 MR. HOCHULI: -- General, the previous notes are
14 on the web site. I checked with Gina. So, you may be
15 able to look on the website and see the previous
16 discussions.
17 GENERAL WILLIAMS: Yes, sir?
18 UNIDENTIFIED MALE: Delighted to be here and
19 have the opportunity. It's been a good many years since
20 I've dealt with OBO. It wasn't the OBO that I knew and
21 the change is refreshing. I think what has really
22 underscored some things for me here today is the very,

1 very critical issue of in-depth upfront planning and
2 scheduling, the ability to use scheduling as a management
3 tool in making these projects come out where you want
4 them in the way you want them. I think a lot of what
5 I've heard today is encouraging, but it's clearly moving
6 in that direction. I'm delighted to hear it.
7 GENERAL WILLIAMS: Thank you. Yes, ma'am?
8 UNIDENTIFIED FEMALE: It's been intriguing
9 learning about your system. As several of my colleagues
10 reflected, it's similar to the International Monetary
11 Fund yet much broader. I guess ultimately your growth
12 and your speed at which you can grow can be determined
13 somewhat by your client's satisfaction. I guess the only
14 thing I really didn't hear in the conversation today was
15 some method, some organized method of validation,
16 documentation of success stories, being able to establish
17 a feedback panel, if you will, from your clients because
18 this is going to be able to validate other people's
19 participations in your growth in the future and be able
20 to get them, let's say, in cue and on track quicker and
21 faster to be able to handle the speed at which you want
22 to grow.

1 So, that would be the only thing I probably
2 didn't hear today that I've found in the past, client
3 satisfaction is key to growth.
4 GENERAL WILLIAMS: Right. And you're absolutely
5 right. We've had a lot of hours on that as well here.
6 We have something called post-occupancy evaluation where
7 we go back in after the fact and totally evaluate the
8 building. It's a very organized process. If you'd like
9 to learn more, I'm going to give you the two-hour version
10 on post-occupancy.
11 Yes?
12 UNIDENTIFIED MALE: I appreciate being here.
13 What I'm seeing here at this roundtable is something that
14 doesn't happen usually in our industry or at least
15 traditionally has not, and it's absolutely wonderful to
16 see. We are actively pursuing OBO jobs, as you know,
17 trying to sell it to owners who are 65 years in business
18 and pretty conservative. This is the kind of forum that
19 I can go back and say, hey, this is what these people are
20 actually doing here. It's going to make a huge
21 difference on the management side of contracting before
22 walking through the door.

1 GENERAL WILLIAMS: Thank you very much.
2 UNIDENTIFIED MALE: The other thing that I would
3 like to say is there used to be a huge wall around OBO as
4 far as information. You could never get any information
5 about how do you go through the process, how do you do
6 this. This opens up the entire arena for companies like
7 Hitt Contracting and others that are very good, very
8 well-established companies to come in and do business and
9 make a profit and do, of course, good jobs for the
10 government.
11 GENERAL WILLIAMS: Thank you very much.
12 UNIDENTIFIED MALE: Thank you.
13 GENERAL WILLIAMS: I appreciate that. Yes, sir?
14 Let's say, who do we have? Yes, ma'am?
15 UNIDENTIFIED FEMALE: Hi. I'm with the World
16 Bank Global Real Estate Division. It was interesting to
17 hear parallel situations and issues, control of projects
18 and standardization, costing in different countries,
19 quality materials, indigenous materials and situational
20 procurement I think are issues that we face as well, very
21 similar.
22 GENERAL WILLIAMS: Thank you. Yes, sir?

1 UNIDENTIFIED MALE: I'm here with the World
2 Bank. I'm a security specialist. I didn't hear a lot
3 about security concerns post-9/11. I thought that I
4 would probably see what you're doing or how you're trying
5 to secure the existing embassies or new ones. So, that
6 was kind of something I didn't hear a lot about. I've
7 been inspecting hardware and securities stuff for 26
8 years. So, I was kind of surprised because I thought
9 that would be priority number one in the discussion.
10 GENERAL WILLIAMS: Well, we have talked a lot
11 about that as well and I'm going to give you the short
12 version with Debbie here. No, we have had that
13 discussion here as well and it's very valid. We can only
14 do so much today and -- but we'll be delighted to share
15 with you. As the gentleman said from Hitt, we have
16 nothing to hide here. Whatever we can talk about, we'll
17 talk about. We just want to try to improve government
18 and join the private sector and try to get something
19 done. So, whatever we know, we'll share it with you.
20 And we don't lie. Bring your clearance hat with you.
21 Yes, sir?
22 UNIDENTIFIED MALE: Well, General, I'd just

1 comment, this has been a lot of fun for me because I'm
2 involved in a couple of ongoing reviews, one dealing with
3 how the U.S. Government sets requirements for the size of
4 embassies and a second dealing with what is the
5 feasibility of accelerating the MC construction program.
6 So, on the first one, I have some real concerns about the
7 discipline that's going into the requirement setting
8 process. So, I would like -- I guess I'd love to attend
9 a session like this that's talking about discipline in
10 that process and has the stakeholders that are engaged in
11 that process. I think we're going to be putting
12 something in writing about that in the not too distant
13 future.
14 On the second issue, we are trying to figure out
15 a way -- someone in the back suggested some ways that one
16 could evaluate how successful you've been for those
17 projects that you've completed. You've got the cost and
18 schedule and satisfaction. We're trying to get our arms
19 around that if we're going to be asked to weigh in on
20 what is a reasonable speed for this program.
21 And then, lastly, I came up with something from
22 what Tom mentioned on this issue on security standards

1 and what makes sense in terms of performance as opposed
2 to it has to be that way. I think that's something that
3 GAO is probably going to be wanting to weigh in on
4 sometime in the future. But I've got plenty on my plate
5 right now.
6 GENERAL WILLIAMS: Thank you, Jonathan. Yes,
7 sir?
8 UNIDENTIFIED MALE: I'm also with the GAO. I'm
9 working with John on the latter of the two engagements he
10 mentioned looking at the capacity of OBO and also of the
11 private sector to ramp up and satisfy the many, many
12 requirements that are on OBO's plate. I'd just like to
13 say that in the future, some of you who came here on the
14 IAP, if you could spare a little bit more of your time,
15 we'd like to either meet with you or people on your staff
16 who have been active in working on some of these overseas
17 projects because we'd like to find out from you just what
18 it's like in the field, what you have to deal with and
19 what are your constraints when you're out there in the
20 field to meeting those schedules, what are the
21 difficulties you have to deal with.
22 If you'd make some time or some of your staff

1 available to work on that, we'd certainly appreciate
2 that.
3 GENERAL WILLIAMS: Thank you. Okay, I think
4 we've all had something to say. I'm going to ask Phyllis
5 to bring in Ambassador Render. I think it will be
6 wonderful for you to meet the lady who is on the front
7 line in Abuja. She's a personal friend of mine and we'll
8 ask her to say a few words.
9 This is Ambassador Render.
10 AMBASSADOR RENDER: Hello, everyone.
11 GENERAL WILLIAMS: She is here to talk with me
12 about our project as I've just been telling this panel.
13 This is our Industry Advisory Panel and all the people
14 around the wall, they're visitors. They come in to
15 listen and see how we do this. The nine members that
16 have the name tags here are the persons who serve as
17 advisors to us.
18 So, you may have something to say if you'd like.
19 AMBASSADOR RENDER: Well, I'd like to say that
20 our contractor in Cote d'Ivoire is J.A. Jones. We've had
21 a very good start on our building despite the fact that
22 we are in the midst of a civil crisis. I think when

1 you're beginning a project, I have found that it is very
2 important at the beginning to understand what the
3 functions are in the mission, what we're trying to
4 achieve. You have to sit down and pay attention to some
5 of the little details regarding cultural concerns and
6 where you place things.
7 One has to also look at the -- and pay attention
8 to the environment for several reasons. One, not because
9 we only think it's important, but because we're also
10 trying to teach, particularly in the Third World, how to
11 respect the environment and we do a lot of this by
12 example.
13 I would like to also say that I have found in
14 our working relationship with our contractor, it has been
15 very helpful for us to sit down around the table with the
16 drawings and to go over the various functions with the
17 various people that will be living in the mission in
18 terms of agencies and et cetera. This has been very
19 helpful. It also is very important that the chief of
20 mission understand the cost concerns and considerations
21 and that we have to stick to the plan and try to stick to
22 the time table. That's one reason why I'm back here.

1 (Laughter).
2 AMBASSADOR RENDER: I also know being in
3 government that money is hard to get, and when you get
4 it, you need to keep it and spend it.
5 (Applause).
6 AMBASSADOR RENDER: At the same time, it is very
7 important if we say it is now getting dicey and that we
8 have to maybe peel back a little bit, that we also do
9 that, because we, as chief of missions, are also
10 responsible for the safety and security of everyone.
11 Sometimes that's easy and sometimes it's not so easy.
12 In countries where you have civil strife, like
13 in Cote d'Ivoire, for almost 10 months with everything
14 moving in the right direction, boom, you'll have a spike
15 that no one ever saw and that includes the French and
16 it's a former French colony. But the French have now
17 decided to augment their French presence in the country
18 so we now have up to 2,500 French troops and we'll
19 probably have more. The French Foreign Legion has now
20 arrived as well. I think France recognizes that Cote
21 d'Ivoire cannot fall because it is their crown in the
22 jewel and if it does fall, the whole region fails.

1 It accounts for 40 percent of the gross national
2 product of the region, and so, it's a very important
3 place. And we get 40 percent of our cocoa from there,
4 which we eat for chocolate. So, we know we want the
5 chocolate. So, it's also very important for personal
6 reasons as well.
7 (Laughter).
8 AMBASSADOR RENDER: For the sweet tooth, we need
9 the chocolate. But, in essence, you can have a very
10 rewarding experience and I think you -- it always pays to
11 be open and upfront and candid and honest. Don't say
12 what you don't mean because we will hold you accountable.
13 We don't forget. Thank you very much.
14 (Applause).
15 GENERAL WILLIAMS: Before the Ambassador
16 departs, I do want to say this in her presence. This
17 Ambassador typifies the chief of missions who have worked
18 extremely close with us. She has disciplined the
19 program. She understands the costs and she does -- she
20 watches the changes and the potential changes as much as
21 I do. This has been very, very successful. If we didn't
22 have that little war effort going on, we would be way,

1 way out front on this, largely because of the way she has
2 handled things onsite. We had a problem with a golf
3 course encroachment at our site dedication. Her comment
4 was that, General, you go worry about construction, this
5 is a host nation issue, I'll take care of the 17th hole.
6 (Laughter).
7 AMBASSADOR RENDER: Sand trap, sand trap.
8 GENERAL WILLIAMS: Okay, thank you very much.
9 AMBASSADOR RENDER: Thank you very much.
10 GENERAL WILLIAMS: We're done. We'll see you
11 soon.
12 (Whereupon, at 3:25 p.m., the meeting was
13 adjourned.)
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1 CERTIFICATE OF REPORTER
2
3 I, Sonia Gonzalez, do hereby certify that the
4 foregoing proceedings were electronically recorded by me
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10 by the parties hereto, not financially or otherwise
11 interested in the outcome in the action.
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16 Court Reporter
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