

# GSA Presentation to The Washington Building Congress



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GSA

General Services Administration

# FY-2016 In A Nutshell

<b>New Construction</b>	<b>\$ 1,607,738,000</b>
DHS Consolidation at St. Elizabeth's	\$ 341,000,000
Alexandria Bay, New York, Land Port of Entry	\$ 105,600,000
Columbus, New Mexico, Land Port of Entry	\$ 85,645,000
Federal Judiciary Courthouse Project Priorities	\$ 947,760,000
Federal Buildings	\$ 52,733,000
FBI Headquarters Consolidation	\$ 75,000,000
<b>R&amp;A</b>	<b>\$ 610,331,000</b>
Major Repairs and Alterations	\$ 310,331,000
Basic Repairs and Alterations	\$ 300,000,000
<b>Special Emphasis</b>	<b>\$ 125,000,000</b>
Fire and Life Safety	\$ 20,000,000
Judiciary Capital Security	\$ 20,000,000
Energy and Water Retrofit and Conservation Measures	\$ 10,000,000
Consolidation Activities	\$ 75,000,000



# National Capital Region Minor Repair & Alteration Projects in FY16

<u>Value</u>	<u>Number of Projects</u>	<u>Cumulative Value</u>
\$0 – 250K	8	\$ 2.0M
\$250K - \$500K	28	\$10.1M
\$500K - \$1M	26	\$17.8M
\$1M +	17	<u>\$25.5M</u>
<b>TOTAL</b>		<b>\$55.4M</b>

# The Courts Portfolio, Market Conditions & The Opportunity for Reform



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## Bottom Line Up Front

- A Unique Opportunity to Raise Our Game
  - Courts: PBS Largest Single Customer
  - Unprecedented Funding Level (\$950M)
- Confluence of Interests Amongst Key Stakeholders
  - Congress
  - Federal Courts
  - Administrative Office of The Courts
  - PBS – Improving Time to Market
- PBS Challenge: Sound Business Strategy For A Seller's Market

# Strategy For A Seller's Market

“The High Volume of Work Underway Continues to Put Upward Pressure on Skilled Labor. As a result, we are seeing vendors being more selective in their pursuits, which has driven selective trade cost increases.”

Attilio Rivetti

Chief Economist

Turner Construction Report



# Strategy For A Seller's Market

- Market Factor : Seller's Market
  - Contrast ARRA Market Conditions
  - Commercial Work is Plentiful (and Lucrative)
  - Purchasing Power Declines with Time
- Market Factor: National Shortage of Skilled Labor
  - Biggest Single Risk to Portfolio Success
  - Particularly Acute in the Southeast United States
  - Labor is the Single Largest Cost of Construction
- PBS Challenge: Making Our Projects *Attractive to Industry*

# Making PBS Work Attractive to Industry

- Goal: Robust Competition Amongst Top Firms
- Attracting the Best Firms:
  - Industry Input (Union & Open Shop)
  - Risk Based PBS Staffing
  - Forward Leaning Project Delivery Methodology
    - Mix of Design-Build and CM at Risk
  - Equitable Distribution of Cost Risk
    - Guaranteed Maximum Price (GMP) Pricing
    - CM at Risk: Deferred Pricing & Value Engineering
  - Minimizing Bid & Proposal Costs
    - Bid and Proposal Costs are A Function of Time



## Attractive to Industry, Cont'd

- Streamlining the Process -
  - Downselect to Three in Phase I
  - Qualifications Based (No Pricing)
- Phase II Submission
  - Written Proposal Limited to 25 pages
    - » Reduced Bid & Proposal Costs
    - » Faster & Easier to Evaluate
    - » “Essay Contest” is Rarely a Discriminator
  - Evaluation Factors – Fewer is Better
    - » (Mostly) Standardized for Courts Portfolio

## Attractive to Industry, Cont'd

- Evaluation Factors
  - Design Concept (Design-Build & Bridging only)
  - Key Personnel (*Small Number of Critical People*)
  - Schedule – Offerors Propose the Schedule
    - Not Less than xx days or more than yy days
    - Sensitive Measure of Labor Availability
    - Balances Overhead vs Acceleration Costs
    - Evaluation preference for faster completion
    - Evaluate schedule risk concurrently— Avoid a liar's contest
  - Oral Proposal
  - Price – Best Value

## Attractive to Industry, Cont'd

- Oral Proposal (Small Group)
  - Key Personnel plus 1-2 Executives
  - Shortly Before Award (30-45 Days)
  - Opportunity to Ask Questions
  - Assess Intangibles
  - Favored by Industry – More Likely to Participate
  - Fast and Easy to Evaluate

# A Few Words About Regulatory Considerations

- The Flexibility Is There, We Just Need to Use It
  - Strategy is Fully Compliant with FAR, Specifically;
    - Qualification Based Downselect
    - Proposal Page Limits
    - Bidding the Schedule
    - Focus on Key Personnel
    - Oral Proposals