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US ARMY CORPS OF ENGINEERS

9

OMAHA, NEBRASKA - 2 APRIL 2003

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PRE-PROPOSAL CONFERENCE

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PETER KIEWIT CONFERENCE CENTER

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1 MR. HADLEY: Good morning, everyone.
2 There was a sign-in sheet and some name tags
3 outside. Hopefully you all have had a chance to
4 sign in. We will try and get everybody copies of
5 the sign-in sheet by the break time. So if you
6 haven't signed in yet, please find the time to sign
7 in. We spared no expense on the name tags. That's
8 the best we could do. Sorry about that.
9 Government issue, but that's the best we can do.

10 Please put on name tags so everybody knows
11 who you are. We'll have some time to do a little
12 partnering and hopefully get to know each other a
13 little better.

14 With that, we will have an opening from our
15 Deputy District Commander, Major Tony Davis.

16 MAJ. DAVIS: First, thank you all
17 for coming. Definitely a great opportunity for me
18 to stand before you today on behalf of Colonel Kirk
19 E. Ubbelohe, commander of the Omaha
20 District, and just to welcome each of you here
21 today.

22 As I'm informed, there's great
23 representation, a little larger than what we
24 originally expected, so we're greatly appreciative
25 of your support for those of the other districts

1 and also those who are here to be informed as to
2 what's going on.

3 Over the next -- during the day, what we're
4 going to discuss is information on the three
5 solicitations for the fixed price for remediation.
6 I ask you to really take this opportunity to
7 learn -- listen to what is being said, and also ask
8 different questions, because this is definitely a
9 learning process, and your input will definitely
10 help us to do our job better and make sure that
11 we're answering the critical questions that may be
12 out there from any of you.

13 Although the district is hosting -- we're
14 hosting this, this really is a vehicle that will be
15 used by not only the Omaha District, but of the
16 districts across the U.S. They'll be able to use
17 this tool, and also you may provide support not
18 only with the Omaha District but other districts --
19 other areas around the U.S.

20 Today, you will hear background information
21 about fixed price remediation and also the
22 customers we plan to serve with this vehicle. Make
23 sure that if you have any questions, these -- these
24 are the right people to talk to at the right time,
25 and your comments or questions may be able to help

1 someone else who has a similar question, and we
2 greatly appreciate your diligence during this time.

3 This new contract is definitely something
4 new for USACE and also for your district, so it is
5 a great learning process for us. You know, during
6 any problems or different things that may come up,
7 your questions, again, or the things that you've
8 seen in the past, that may be able to help us, so
9 we greatly appreciate it.

10 So, again, I briefly want to thank each of
11 you for coming. Your participation here has
12 already been a great success for us and helped to
13 achieve some of our goals and objectives, and
14 again, not only enjoy the conference, but enjoy
15 Omaha also.

16 So, again, from the Commander and from the
17 Omaha District, welcome.

18 MR. WIEHL: Thank you, Major.

19 Before we get going any further, a couple
20 introductions. My name is Chris Wiehl. I'm
21 project manager for the Omaha District. I've been
22 involved with what we called originally DoD Fixed
23 Price Remediation from the inception of the Omaha
24 District's involvement with it, but also I'd also
25 like to introduce some folks in the audience.

1 First, from our headquarters, is Mr. Bob
2 Ross. He's sitting here in the front row. Any
3 complaints, you want to head his way. Anyway, my
4 boss, sitting right next to him, is Randy Peterson,
5 also from the Department of Remediation Branch.
6 Our branch chief, Mr. Doug Plack, is also
7 here. In the back of the room is our deputy for
8 small business, Mr. Hubert Carter. You will be
9 hearing from him a little later, but I wanted to
10 make sure you know who he was. Also sitting next
11 to him is Dwight Johnson from the Small Business
12 Administration.

13 So with that, we will begin with some
14 ground rules and we need to start. Doug Hadley is
15 our contracting officer, and he's with our two
16 contracting specialists, Famane Brown and Michael
17 Duffy.

18 MR. HADLEY: First of all, I'm kind
19 of hoping that we start getting discounts for
20 having these pre-proposal conferences over here at
21 the conference center. I see a lot of the same
22 faces that I saw last go-around, so welcome back to
23 Omaha. Who knows, we might see you again.

24 First of all, I just wanted to give you a
25 little bit of general information primarily so you

1 know you're at the right pre-proposal conference.
2 Basically we're doing fixed price remediation with
3 insurance.

4 If you've heard the term GFPR or guaranteed
5 fixed price remediation, interchangeable terms.
6 Basically the same concept, the same thing. So
7 basically we're going to be doing up to three sets
8 of contracts.

9 One set will be for \$200 million,
10 unrestricted, multiple award remediation contracts
11 or multiple award contracts. One set is set aside
12 for \$100 million, up to three small business firms,
13 multiple award contracts. Those will be competed
14 task orders on both -- both MARCs. And then we'll
15 also have a -- basically one unrestricted
16 nationwide contract, where we'll be able to do both
17 environmental remediation services and
18 construction.

19 Just so you know -- and I think Chris just
20 handed out -- or Famane and Michael, I'm sorry --
21 handed out our slides. This is basically who I am.
22 I'm the business manager for environmental
23 remediation. There's my e-mail address, our
24 website address, my phone number. Probably the guy
25 who has most of the answers are these two people

1 over here, Famane and Michael. But again, you're
2 welcome to call me if you have any questions or
3 comments.

4 I want to introduce a few of the people
5 that are from my office and that's Famane Brown and
6 Michael Duffy, and I think there was -- in the back
7 is Angela Saville (phonetic) and Al Butler
8 (phonetic), and you'll probably see their names on
9 a few things, too, here in the future. Al's been
10 working on the environmental remediation services.

11 And I think there's some people also from
12 the Huntsville District; right? Some contracting
13 folks? And they're also looking at similar sorts
14 of projects. I'll probably just go through the
15 ground rules here, and I don't know how to change
16 this slide, so -- I don't think I -- go on. Like I
17 said -- oh, and also Chris Wiehl; he has introduced
18 himself. Steve Otte is operating the slides, and
19 he's also helping out Steve with some of the
20 things.

21 I just wanted to go through a little bit of
22 the ground rules. Basically, you know, unless you
23 see an amendment that comes out changing it,
24 because we get a lot of questions and we try to
25 answer those questions as best we can. But

1 sometimes those -- those questions don't
2 necessarily change the RFP. So officially that --
3 those answers to those questions are basically
4 advice. They're not necessarily changes to the
5 RFP. So unless you see the change, it has not
6 changed. We're going to try and address as many
7 questions and comments as we -- as we can.

8 What we did if you -- if you've been
9 following this thing for very long, we put out a
10 couple of draft RFPs and we got -- I don't know --
11 70, 80 questions --

12 MR. DUFFY: More like 140.

13 MR. HADLEY: Oh, 140. I only
14 answered 80 of them. Okay.

15 Anyway, what we tried to do is we rolled up
16 some of those comments and questions, and when we
17 issued these actual RFPs, we tried to incorporate
18 those into our RFPs. If we did not necessarily
19 address your question, I would suggest you probably
20 submit it again. What we also did is the ones that
21 we felt were relevant from the draft, we also
22 incorporated into the handouts that we've given
23 this morning, and then also along with the new
24 questions we got specifically to these RFPs.

25 I guess we'll try and -- I mean, we may

1 extend the proposal due date, but I got Bob Ross in
2 the front row and he's saying no. I think -- well,
3 honestly, we want to make sure that we keep this
4 project on track, and the best way we can do that
5 is get timely comments and questions. So I would
6 ask that you submit those as soon as possible if we
7 haven't addressed your questions -- I mean, if we
8 haven't addressed what you think we need to address
9 in our RFP.

10 Just understand, if it's used as a delay
11 tactic, we may not -- we may not bite into that and
12 we may go forward and use what we've got.

13 MR. DUFFY: Doug, it says in the
14 RFP, three days after the pre-proposal conference
15 is the last day we will accept questions.

16 MR. HADLEY: Right. And also I
17 guess I will say, too, that we will be the sole
18 decider whether that is a relevant question.
19 Sometime -- I mean, most of the questions actually
20 are pretty thought provoking, some of them are a
21 little off the wall, and some of them you just
22 don't know how to answer. If we don't answer your
23 questions, you're more than welcome to call me.
24 All I would ask is you submit those by e-mail or
25 fax. In writing, it's just easier for us to track,

1 and that way we'll get the exact verbiage.

2 We'll also have a period of time later this
3 afternoon, I guess, to answer any questions that
4 you feel we didn't answer or new ones that come up
5 as a result of the presentation today.

6 Again, the comments and questions are for
7 use by the project delivery team. We'd like to --
8 you know, we'd like to address your questions, but
9 we are not here to debate or justify what we've
10 done. I think that we try and take those into
11 account. I personally like honest, open feedback,
12 and if you see something you don't like, I'm not
13 going to be personally offended if you speak up.
14 But again, you know, I don't necessarily refine
15 what the team has done. We try and balance a lot
16 of things so we can come up with a product our
17 customers can use.

18 With that, I guess if you got any
19 questions, I'd be willing to address those,
20 otherwise, we'll go on. Okay.

21 MR. WIEHL: Any questions for, Doug?
22 We need to change slideshows here.

23 I mentioned Huntsville was here. I saw Dan
24 Hearnen earlier from Kansas City. I'm not sure, is
25 there any other district representation from Corps?

1 MR. DAN DAVIS: Tulsa District.

2 MR. WIEHL: Tulsa District. Okay.

3 Are you Dan?

4 MR. DAN DAVIS: Yes.

5 MR. WIEHL: Mr. Dan Davis from the
6 Tulsa District; right?

7 MR. DAN DAVIS: Yes.

8 MR. WIEHL: With that, I would like
9 to give you -- again, my name is Chris Wiehl,
10 project manager for the Omaha District. I've been
11 involved with the guaranteed fixed price
12 remediation from, I guess, the inception of Omaha's
13 involvement.

14 To give you a little bit of background
15 and -- hopefully copies of all these slides -- does
16 anybody need a copy of the slides? Do we have any
17 more copies?

18 MR. HADLEY: We will post those on
19 the website, too.

20 MR. WIEHL: And, again, if you'll
21 all sign in, we'll try to get you copies of the
22 attendance list, hopefully by the time we take the
23 first break.

24 Dave, you're going to have to move over.
25 They have to see every bit of my slide. I'm sorry

1 to chase you away.

2 The -- again, this originally started with
3 the Corps of Engineers. The Department of the Army
4 had an initiative out setting up a new generation
5 of cleanup initiative for guaranteed fixed price
6 remediation. That's the way we originally got
7 started with the thing. I'll talk about the time
8 line in a couple minutes, but it has turned into a
9 bigger initiative, a DoD initiative.

10 There's a lot of information on the bid. I
11 don't want to be redundant. There's a lot of
12 information out there on the Web if you really want
13 to go out there and look at it, but this has become
14 part of this initiative. I wanted to let you know
15 without getting into any other details -- let you
16 know that that's out there. There's a lot of
17 information you can research out on the Web.

18 Some of the customers you're going to see
19 involved Army, Air Force. Again, customers we are
20 currently serving right now is basically what we
21 see as a customer base.

22 Contract administration: As Major Davis
23 alluded to this morning, we have been hired
24 basically by our headquarters as a lead district to
25 come up with this contract. We come up with the

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1 contract -- other districts -- to carve all the
2 parts for other districts to use. Along with that
3 capacity, we expect the contracting officer to roll
4 with that contract task force to the -- to the
5 local district so they will be administering the
6 complete task force themselves. We will award the
7 base contract out of Omaha, and then begin
8 distributing that capacity as requested per
9 district.

10 Some of the Army's goals that we have heard
11 or have talked about from different meetings -- as
12 you see listed here -- some of them are kind of
13 obvious, but reducing cost for cleanups, you know,
14 all the way down to the last bullet there,
15 solidifying our future program requirements. We
16 come up with a fixed price, we have insurance
17 coverage to cap the cost, it really makes our folks
18 on the program side and at headquarters and our
19 customers happy. This is, they see, as a final
20 price they're going to be paying to get some
21 regulatory closure. That's what they're looking
22 for.

23 Some of the other items there: Staying
24 within the existing cost to complete estimates.
25 You know, we're not looking at jumbling the cost to

1 complete estimates by going this way. That's not
2 something we're looking at doing here. We're
3 trying to hopefully compete with that cost to
4 complete. The accelerated cleanup process would
5 certainly be nice, and obviously, preserving and
6 enhancing some regulator relationships.

7 Some of the work that we have done to date:
8 Some of you who have followed us from the
9 pre-proposal conference probably have already seen
10 this slide, but we started back in January of 2000
11 and basically we did a formal dialogue with
12 industry in February of 2000, and I think we've
13 been doing dialogue with industry ever since. I do
14 a lot of dialogue, anyway.

15 Some of the other ones Doug had mentioned,
16 we did an industry day with the draft, FORSCOM RFP
17 and that never went anywhere. It's basically been
18 put on hold. Haven't heard -- don't intend to do
19 anything with that in the future. The first GFPR
20 issue, we went basically with that Fort Leavenworth
21 RFP, and they were awarded in March of 2002.

22 And Dan is trying to hide over there in the
23 corner, but Dan Hearnen is the project manager
24 currently administering that contract for the
25 Kansas City District who worked closely with our

1 sister district in Kansas City in making that
2 contract happen.

3 We do plan on -- and Mike will talk about
4 this a little bit later, but we do plan on doing an
5 award on this base contract around June of 2003, so
6 a very short time frame.

7 Just to let you know, I'm sure a lot of you
8 have done your own research and things. There's
9 lots of other contracts out there, I'm sure, on the
10 private side. I listed a few of the contracts we
11 know are insurance contracts. Some BRAC sites as
12 well as some active sites out there. If you don't
13 know anything about the GFPR and FPRI, here's a
14 list of potential sites that have been done on the
15 government side of things.

16 A couple words about maybe starting with
17 Section C and getting some of the traditional work
18 that we have done. This is a little bit different
19 vehicle than what you see on these slides here.
20 FPRI, as we see it, is going to be a little bit
21 different vehicle. It is more performance-based,
22 outcome-based -- whatever you want to call. We
23 call it performance-based -- contracting these
24 days.

25 Next slide. But traditionally, as the

1 slide shows, going from site to site you might have
2 different deliverables and they might be due during
3 different fiscal years, and that approach did not
4 work as we originally set out to do a GFPR. We had
5 to modify that approach because our funding had to
6 match the work that we wanted to fix price.

7 In Section C, you'll see, basically a
8 performance-based contract. It allows deliverables
9 to be site closure and thus allows for all phases
10 of the project to be completed within the contract.
11 The more characterization the better. Some of
12 those comments we throw in there for our districts
13 that are kind of looking at using these as
14 potential candidates. We try to get out as much
15 information as we can about what the scope should
16 look like. We try to present it reasonably within
17 our scopes. Health and safety will be closely
18 monitored, and I think that comes through also in
19 the RFP.

20 Once again, moving those same three sites,
21 basically this is what we try to make a performance
22 scope to look like in future. It's showing the
23 different sites and basically achieving some
24 regulatory closure. And again, that fiscal year
25 you see there is basically just showing, what year

1 the money is available, we can pay off the money in
2 that particular fiscal year. The scope of work is
3 basically to get regulatory closure.

4 The folks that are very key to this are our
5 regulators, stakeholders, and others. We see them
6 being critical to what goes on these particular
7 contracts. A lot of the work needs to be done with
8 these folks. They need to be part of the process.
9 We're not trying to jam something down their
10 throats. They don't see this as being a win/win
11 situation for them, but we see them as being
12 critical to the success.

13 I put that second bullet up there -- one
14 particular site down at Charleston, the Navy did
15 require a DSMOA amendment. That additional type of
16 work has to be done up front probably before you
17 even get wind of what a task force would look like.
18 I guess the LRA, BCT could also be involved with
19 the site and be part of the decision-making
20 process, and again, they need to be brought in in
21 full. Again, trying to preserve working
22 relationships. We're not trying to get frustrated
23 with our current stakeholders in any way.

24 When we look at a likely candidate, funding
25 up front is always good. Scope, again, is

1 performance based, and if all the investors are in
2 favor of the process, it makes things go much
3 smoother and we see that as being a more likely
4 candidate if -- if that happens. Again, regulators
5 are receptive to the process.

6 The last bullet on there is sometimes some
7 other folks have had these particular sites where
8 they write a fixed price scope of work and they
9 need to make it performance based, and you ask
10 yourself, do we really need to insure that
11 particular scope of work? So again, that could be
12 in some of our government sites, something that we
13 need to think about.

14 Unlikely candidate, see the high risk up
15 there. It's a theme on that slide. If you do see
16 lots of unknowns, it just may be an uninsurable
17 site. We have seen that in the past.

18 Again, the government control. The way we
19 see these contracts transpiring, some of the task
20 force being administered is that milestones still
21 need to be monitored. Make progress payments.

22 It's kind of a brief overview. I know some
23 of you have probably seen a lot of those slides
24 before. I'm sorry if I've bored anybody out there.
25 Any questions that I can answer at this time?

1 Next, presenting the RFP overview, will be
2 Michael Duffy, our contracting specialist, and many
3 of you have already e-mailed him or talked to him
4 on the phone, so he's going to give you a brief
5 overview of that.

6 MR. DUFFY: Again, I'm Michael
7 Duffy. I'm one of the primary contract specialists
8 on this. I've been working with Doug and Chris for
9 the last three -- two years, two and a half years,
10 so I'm pretty intimate with the project.

11 First slide here, give you a little
12 background. As you all know, we had two draft RFPs
13 out on the street. The originals, R-0027 and
14 R-0036. One was for the northern region and one
15 was for the southern region. They released them
16 October 11th, and we officially canceled them on
17 the release date of the new RFPs on March 21st.

18 Basically some -- some of the features of
19 the old solicitations, basically this is per region
20 now. We had up to three unrestricted contracts and
21 up to three small business set-aside contracts. The
22 total capacity for that region was 250/100 million.
23 All task orders basically will be competed between
24 all six contractors unless it happens to be a BRAC
25 site, then we would have to deal with the special

1 provisions for working a BRAC site.

2 Cost cap/stop loss insurance is required on
3 all task orders and both service and construction
4 clauses were included except for the Differing Site
5 Conditions Clause, and then we had modified the
6 changes, Fixed Price Clause.

7 But basically -- go ahead to the next
8 slide -- what happened was we went up for
9 deviation, we were waiting and waiting as you saw
10 that the drafts were out for quite a while. We
11 didn't necessarily get the deviation. We ended up
12 getting a one time/one contract deviation. So
13 based on that, we had to go up and revise our acq.
14 plan to where we came up with three different
15 solicitations. This is based on comments from our
16 headquarters, from MARCs, and throughout the
17 community here.

18 We had revised our acq. plans to make it a
19 little bit more competitive against -- less
20 competitive where large business was competing
21 directly with small business in the region. We
22 wanted to make it a little bit more favorable
23 playing field for each of the contractors playing,
24 and the regions were dissolved. So basically we
25 went from two regions to nationwide.

1 . Next slide. So basically our three
2 different solicitations. As Doug Hadley already
3 kind of addressed, one's unrestricted, and it's a
4 MARC contract, ID/IQ. Up to three contracts that
5 will be awarded for a total shared capacity of 200
6 million. Again, that's nationwide coverage, but
7 this is only environmental remediation services
8 with incidental construction.

9 Same thing for the total small business
10 set-aside. Up to three small businesses with a
11 total shared capacity of 100 million. And again,
12 like I said, just services, environmental
13 remediation services with incidental construction.

14 And this last one, which is the unique one.
15 We got the one contract award for \$200 million,
16 nationwide coverage, environmental remediation
17 services and remediation construction activities.
18 Differing Site Conditions Clause has been deleted
19 from the contract, and we included a local
20 provision under the changes, Fixed Price Clause.

21 As you've all seen, we've got two volumes
22 for selection criteria. Volume I is basically your
23 technical capabilities and experience and personnel
24 and past performance, as well as your insurance
25 policies, packages, whatever you provide us

1 according with the RFP. Volume II is the cost, and
2 there's a sample project included in each package
3 and also a table in Section B that needs to be
4 filled out, which would be your -- mainly your
5 rates for the labor categories that we've got
6 listed there.

7 Some of our milestones. Request for
8 proposals on the 21st March, pre-proposal
9 conference. Our proposals are currently due April
10 30th, and that should be a firm date. We will
11 start the evaluation of proposals on May 5th, and
12 we'll award June 2nd, which is a Monday.

13 And finally, basically a word on your
14 proposal submittals. We want you to -- we all know
15 you guys can submit great proposals, but please, to
16 make it easier on everybody's life, especially the
17 people evaluating, be clear, don't leave any
18 questions or -- don't leave us guessing what you're
19 trying to give us or explain or tell us.

20 Be concise, if you've got a limited page
21 count, that page count is more than likely not
22 going to change. So you need to put it down and
23 don't -- don't go over the page limits. If you do,
24 we'll take them out of your proposals and they will
25 be evaluated.

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1 Show your capabilities. Basically show us
2 what makes your team or your firm strong. Show us
3 what you can do. We really want to see your
4 technology, especially under this type of
5 contracting vehicle. We want to know what you can
6 do to save us money, to save our customers money,
7 to save us time.

8 Again, follow the RFP but don't necessarily
9 feed it back to us. We want you guys to stand out
10 and show us something different.

11 Point of contact is very important. We
12 tried to contact a few people in the past and they
13 don't seem to exist anymore. When we ask for a
14 point of contact, please make sure they're around.

15 Is there any questions?

16 MR. JEFF JANJULIE (phonetic):

17 Michael, Jeff Janjulie --

18 MR. HADLEY: Hold on. Just a
19 second. I was told by my court reporter we had to
20 use the microphone.

21 MR. JEFF JANJULIE: Hi, Jeff
22 Janjulie, Support HDDA. A couple of quick
23 questions on one of the slides you had, Michael.

24 With respect to -- I noted that you had the
25 term "one time/one contract deviation" from the

1 acquisition plan. Where was that granted?

2 MR. DUFFY: It was granted by the
3 MARC.

4 MR. JEFF JANJULIE: Okay. By the
5 MARC. Okay. And then that enabled you to put the
6 service and construction idea together; correct?

7 MR. DUFFY: Correct.

8 MR. JEFF JANJULIE: I'm trying to
9 understand the exclusion of the Differing Site
10 Conditions Clause. How do we get to that and what
11 does that mean? As support to the BRAC office,
12 there are some things that we would be very
13 interested in using with respect to environmental
14 remediation services and construction services. I
15 just don't understand the Differing Site Conditions
16 as you've listed them.

17 MR. HADLEY: Yeah. I'll go ahead
18 and answer that question.

19 Differing Site Conditions Clause, if you
20 read that clause, the way it reads is if there's
21 any latent or unknown conditions at the site, the
22 contractor is entitled to submit that change
23 condition to the contracting officer, and the
24 contracting officer is compelled to make it --
25 equitable adjustments, providing they're correct.

1 With environmental sites, there could be
2 all sorts of latent and unknown conditions.
3 Primarily that clause was made for construction
4 activities where they're building a building and
5 all of a sudden they run into a foundation nobody
6 knew about. But it creates special problems for
7 us, so we felt that we needed to address that
8 Differing Site Conditions Clause, and we do have
9 authority to remove that clause from our policy.

10 MR. JEFF JANJULIE: Great. Thank
11 you. I have one other question along those lines
12 and that has to do with the inclusion of
13 construction and environmental services, and let
14 me -- let me give you an example.

15 A lot of the stuff that we do or have done
16 in the course of the BRAC program, small site
17 closeout, \$3 million jobs, something like that, may
18 require construction of a well network and so on.
19 With respect to what Vehicle I, environmental
20 services, would enable us to do and use versus
21 Vehicle II, environmental services with
22 construction services, what's the line of
23 demarcation on instruction?

24 MR. HADLEY: I wish it was black and
25 white. It's not black and white.

1 If you notice, we said "environmental
2 remediation services with incidental construction."
3 The prime -- I guess, the decision point is we have
4 to decide whether it goes over that line and where
5 the preponderance of the work is construction as
6 opposed to environmental remediation services,
7 which environmental remediation services under
8 performance-based contracts is not necessarily
9 black and white.

10 It would have to be a contracting officer
11 decision, I guess, as to which vehicle fits the
12 project.

13 MR. JEFF JANJULIE: Is there any
14 criteria on that, Doug, if we wanted to go out and
15 do something, contact Omaha and say, hey, we've got
16 a job or an activity and it involves A and B. I'm
17 just trying to get a feel for how we would know
18 where to take that.

19 MR. HADLEY: Well, I think the
20 first -- the first decision point would be what the
21 project is, what that scope of work is, and then,
22 again, some of the costs associated with that work
23 at least from the government side.

24 MR. JEFF JANJULIE: Okay. And then
25 one other follow-up question to that one along the

1 same thing.

2 I note you had specs in here for cleanup
3 cost cap and so on. One of the issues that we get
4 into sometimes in the accelerated cleanup, slash,
5 redevelopment is the concurrent redevelopment with
6 remediation going on, and in those situations when
7 we've done cooperative things in the past, we've
8 had specs for a cleanup cost cap, as well as PLL
9 insurance and so on.

10 Do you have a provision for that or would
11 you envision that in here?

12 MR. HADLEY: Well, it's ironic that
13 you ask me that because I have a gentleman sitting
14 right here in the front row, Dave Dybdahl
15 (phonetic). He is our insurance consultant, and I
16 have asked that same question to him this morning
17 to say -- explain it to me and we need to do to
18 make sure we're covered.

19 MR. WIEHL: That's all the questions
20 you get for the day, Jeff. I'm kidding.

21 MR. HADLEY: I guess while I've got
22 the microphone, I wanted to add a couple other
23 things.

24 First of all, it was mentioned on Chris'
25 slide, upfront funding. Actually, the Congress in

1 the last appropriations bill did grant incremental
2 funding for environmental sites, and we're not sure
3 how that's all going to shake out, but we will
4 probably also bill that into our RFP provisions
5 where if that authority, that regulation, comes
6 down to our level, we'll probably use that
7 potentially on some sites.

8 So that's -- that's kind of in the works.
9 The other thing -- I guess I'll just let you talk
10 about this.

11 MS. BROWN: Okay. The other thing
12 we just learned, because of the crisis we are
13 experiencing as a nation, our organization has told
14 us that if you mailed in a package, you need to
15 have a return address. If not, the post office
16 will return it. And I guess they would not -- I
17 don't know where they're returning it to if there's
18 no return address on it.

19 But please -- please be aware and have a
20 return address. I know a lot of you guys are
21 probably going to use Federal Express, and I think
22 they do require a return address on the form. But
23 I just want to put it out to the community that
24 that is very important, because we would not want a
25 proposal to be lost due to that factor.

1 Also, we have been experiencing from the
2 ERS request proposals that surveys for the past
3 performance. We have had subcontractors submit
4 their past performance surveys, and we have not
5 been able to match them up with the prime that
6 they're contract -- they're going with.

7 I know the form is not laid out to include
8 that information, but if you can include that or
9 pass that information on to your subcontractors, it
10 would be good. And I am going to revise that form
11 and put it back out on the Web when we do the
12 answers to the questions. Thank you.

13 MR. WIEHL: Any other questions for
14 Michael? Thank you, Mike.

15 To stall for time, we have sent the
16 attendance list to reproduction. We're going to
17 try to get those reproduced before going to the
18 break. So we're going to hear from Hubert Carter,
19 our deputy for small business, and we're going to
20 move him up to this time slot.

21 MR. CARTER: I know up front there's
22 lots of lists to -- sign-in lists, but there's also
23 a particular list that identifies your business
24 size. I really need you to sign that so I can get
25 a feel for how many small, disadvantaged -- those

1 types of firms there are. That will be good if you
2 have those.

3 So how is everybody this morning? Good
4 morning. Again, my name is Hubert Carter. I'm the
5 chief of the small business office. I guess the
6 most important thing that you can know about me --
7 the three most important things that you can know
8 about me is my office phone number, which is up
9 there. It's 221-4110, and of course, my fax number
10 is 4626.

11 For many years I was assigned to the
12 contracting division, and a lot of you probably
13 have my fax number as 5430. That's not a good
14 number for me any longer. If you would, please
15 direct all correspondence to the small business
16 office, all faxes to 4626, and of course my e-mail
17 is hubert.j.carter@usace.army.mil.

18 I want to introduce Dwight Johnson back in
19 the back. Dwight is very valuable to us to make
20 sure that, number one, we comply with the
21 provisions on the Small Business Act, and also he's
22 a great source when we're conducting market
23 research and also to you as private contractors to
24 identify and locate small business concerns that
25 could possibly help you with some of your teaming

1 and that sort of thing, some of these acquisitions.

2 This morning there's some -- there's some
3 concerns out there that with these particular
4 procurements, we didn't do adequate market
5 research. And I was going back through the records
6 this morning, and I was looking at all the
7 procurements that we apparently have out there on
8 the street for the Environmental Services Division.
9 And actually, of all the procurements we have out
10 there for the city, there's about 16 solicitations.
11 Of those 16 solicitations, 12 of those things are
12 set aside or offered to 8A programs for the small
13 business community.

14 We've come a long way as far as the
15 environmental service and supporting small
16 business. We -- of the 16 procurements, 12 of
17 those things are set aside to the small business
18 community. I don't know. We might be even
19 overextending you a little bit.

20 Next slide, please. Some of the things
21 that I will talk about today, I'll try to
22 communicate the Omaha District Small Business
23 Program, and actually, it's USACE Small Business
24 Program because these are similar programs in
25 regards to the Small Business Program.

1 I tried to communicate some of the things
2 that I do or that the small business specialists do
3 at USACE as far as acquisition strategies are
4 concerned and communicate what the goals are this
5 year for this procurement and all procurements out
6 of USACE and also talk to you a little bit about
7 some of the upcoming events that we have.

8 Next slide, please. Again, I'm located on
9 the staff of the commander's -- I'm in the
10 commander's office on the 11th floor over in the
11 old Federal Building, 106 South 15th Street.

12 Next slide, please. I get a lot of
13 questions from program managers, from customers,
14 why do we need small business? Because it's good
15 business. Also because small business is the
16 backbone of our economy. They hire more folks than
17 anybody. But number one -- my number one answer is
18 because it's the law.

19 And I get into a lot of problems, you know,
20 you need to learn to compromise. Well, actually,
21 if you compromise the law, you break it. It's
22 really kind of hard for me to compromise. But
23 also, it's to ensure that a fair proportion of our
24 total procurements are placed with the small
25 business community.

1 And as I've already said, after 12
2 acquisitions -- out of the 16 acquisitions that we
3 have on our website, 12 of those are dedicated to
4 the small business. So I think we fulfilled that
5 statute of the law. And of course, the other
6 provision is to make sure that we -- each office
7 that has a contracting activity establish a small
8 business office. These are only some of the
9 provisions of the Small Business Act.

10 Next slide, please. Our policy, again,
11 which is really USACE's policy, is to make sure
12 that we afford members of the small business
13 community opportunity -- and I said equitable
14 opportunity -- to compete with the federal
15 accounts. We aggressively identify suitable
16 acquisitions, and the keyword there is "suitable."
17 Not all acquisitions are suitable for the small
18 business community. I know you'd like to see more
19 of them, and we do our best to get them out there,
20 but not all acquisitions are suitable for the small
21 business community.

22 And also look at how we do our business,
23 look at how we do our market research, look at our
24 instruments in our contract toolbox, make sure that
25 we have good balance, and to make sure that we

1 deliver our services on the regional basis.

2 Next slide, please.

3 MR. WIEHL: Hubert, they're having
4 trouble hearing you in the back.

5 MR. CARTER: I'm not a guy that
6 likes to stand behind the podium, and I'll give you
7 a little reason why to that. My grandfather I was
8 raised with was a Baptist minister, you know, and
9 actually he always had aspiration for me to be a
10 minister, and I always tried to stay away from
11 that.

12 But anyway, it's a balancing act. I got a
13 lot of calls from small business asking the
14 question, well, should we bid on this, should we
15 bid on that? That's for you to determine. I can't
16 help you with that. There's a lot of -- there's a
17 lot of procurements out there. You have to
18 decide -- just as I do with everything I do -- how
19 to balance these things and what's good for you.
20 You need to look at your capabilities, you need to
21 look at your qualifications, that sort of thing.
22 Again, it's a balancing act. You need to take care
23 of yourself.

24 Next slide. Some of the things I do as a
25 small business advocate. I'm the adviser to the

1 commander on policies and procedures. I'm a member
2 of all project acquisition strategy boards. Again,
3 that's just -- I know there are some concerns out
4 there that we didn't do adequate market research,
5 and those sorts of things, and maybe the
6 proportions that have been set aside for small
7 business, they should have been more, they should
8 have been less.

9 But I assure you, as we go through this
10 acquisition strategy and coordinate with the small
11 business administration, we've done all of those
12 things, and I tell you, that solicitation package
13 this morning, that's one of the better packages
14 that I've seen in a while. It comes from all the
15 small business requirements. It talks about
16 teaming, it talks about mental protegee
17 relationships. I think it's a very good package.

18 I'm a member of the project delivery team.
19 I'm an advisor to the source selection evaluation
20 board, and I review and make recommendations on all
21 subcontracting plans. I monitor the small business
22 program and make sure that the district is
23 complying with those numbers, and in fact, I
24 coordinate those, again, with the Small Business
25 Administration who also makes sure that we are in

1 compliance with the Small Business Act. And of
2 course, I do a lot of surveillance on
3 subcontracting. So if it's really hard for you to
4 get in touch of me, it's because I do a lot of
5 things. I'm a busy guy.

6 Next slide, please. Small business
7 community. Small business community has expanded
8 over the years. We've added services and it just
9 has expanded. There is not a set-aside for only
10 one small business. There's no set-aside for
11 service-disabled vets. There's no set-asides
12 for SDBs.

13 So a lot of times you'll see a lot of our
14 procurements come out full and open. It's not
15 because we're not considered a small business, it's
16 just the opposite. In a lot of cases that's the
17 only way that all small business, all members of
18 the small business community can actually
19 participate on those acquisitions.

20 Next slide. Market research. I can't say
21 enough about market research. The "rule of two"
22 applies to market research. Every acquisition over
23 \$100,000, the contracting officer has to make a
24 determination whether or not there's at least two
25 small businesses that can actually perform the

1 service, and if we can make an award fair market
2 price.

3 Market Research. So we have to go out --
4 the only way we can actually make that
5 determination is if we do adequate market research,
6 but what is market research?

7 Our next slide. There's many different
8 forms of market research. Contracting --
9 contacting knowledgeable individuals in government
10 and industry. That's what we're doing here today.
11 Government exchange. We can go to prior knowledge,
12 things that we've done in the past, look at the
13 research that we've done on similar types of
14 acquisitions. We can go within our own
15 organization to see what type of response we've had
16 to different types of solicitations.

17 We request more information. We put out
18 draft solicitations, and market research is a
19 two-way street. When we ask, you have got to come
20 back to us and say not only, yes, I want to do it.
21 I know you want to do it, because you always want
22 to do it. Can you do it? Yes, yes, you can. So
23 you need to demonstrate to us that you've done
24 these things in the past, okay.

25 Next slide. Just to give you a look at the

1 HTRW, which is no longer HTRW, it's actually ERS,
2 Environmental Remediation Services. To give you a
3 real good brief look at the -- at the founders for
4 that division and then our district customers;
5 support for other, Army ERP, Air Force ERP and
6 FUDS.

7 Next slide. This is really how our ERS
8 procurements are broken out. The difference in
9 this procurement than the procurements that we've
10 done earlier is that these procurements are
11 actually nationwide rather than for the Northwest
12 Division.

13 Next slide. There are some of our targets
14 for this year. So here are our projects for FY
15 '03, and these are primary. It starts with small
16 business at 43.8; small business set-asides, 10
17 percent; small disadvantaged business prime, 18
18 percent. That's a healthy number. That's a --
19 again, not all SDBs are 8As. The only way we can
20 get to that number is through AA contracting.
21 That's a hard row to hoe.

22 Women-owned small business at 6.5 percent;
23 Hubzone, 3.0 percent; service-disabled vets, 3.0
24 percent; and HBCUs is at 12.9 percent.

25 Next one. Our subcontracting goals for

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1 this year -- and this is good news for small
2 business. That goal actually came down. I think
3 last year that was at 61 point something, 61.3, I
4 believe. Small disadvantaged business, that came
5 down also, 8.9 percent. Women-owned small
6 business, that actually went up. It's now at 8.1.
7 Hubzones small businesses at 3 percent.
8 Service-disabled vets at 3 percent. All of these
9 numbers are actually in the solicitation package.

10 Next one. Upcoming events. Some important
11 things for you. All you prime contractors out
12 there -- in fact, how many prime contractors out
13 there have contracts with the Omaha District? How
14 many prime contractors out there have contracts
15 with USACE? Anyway, your subcontracting documents
16 are due first of April. We need to get those
17 things in. Make sure they get into us by 1 April.

18 Two April there is a pre-proposal
19 conference, that's where you are today. Six
20 through eight April in Denver, Colorado, there's a
21 NISH National Training Conference. Eighth through
22 tenth of April there's an Annual Great Plain Tribal
23 Summit up in South Dakota. For you prime contracts
24 that have contracts with us, we would appreciate
25 your attendance if you can attend those functions

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1 to support VIA, providing opportunities to small
2 business.

3 Eighth and tenth of April -- you're not
4 interested in that. I'm sorry. Tenth of April
5 there's a Pike's Peak Region Focused Outreach small
6 business conference at the Air Force base in
7 Colorado Springs. I'll be out there next week.
8 Seventeenth of April there's another pre-proposal
9 conference probably in this room. Doug is right,
10 we should get some kind of discount, at least
11 coffee and donuts. Seventeenth of April, that's
12 the pre-proposal conference.

13 Next slide. Eighth and ninth of May, AGC
14 Annual Meeting. That's the Association of General
15 Contractors meeting. Small business participation
16 would be appreciated. Tenth and eleventh of June,
17 Partnership 2003, Small Business and Industry Day
18 Training Summit. That also will be out in the
19 Colorado Springs area. That's a small business
20 event that's sponsored by the Corps of Engineers,
21 and Pike's Peak along with the Small Business
22 Administration. We would appreciate your
23 attendance to that conference.

24 September '03 will actually be the SAME
25 Regional Conference right here in Omaha. You can

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1 talk to Jeff Williams about that.

2 MR. DUFFY: October 14th through
3 16th.

4 MR. CARTER: Okay. They changed the
5 date to October. And of course, sometime in
6 December they got the Seventh Annual Small Business
7 USACE Conference in Virginia at the Marriott Hotel.

8 Next slide. Actually, that's it for me. I
9 know the agenda said I would talk about the special
10 requirements in the solicitation. I'm looking at
11 those things, I think that's pretty cut and dry.
12 If you're a large business, you need to have a
13 subcontracting plan. We want to know your past
14 performance as far as how you've done with the
15 small business with the subcontracting plan. I
16 think that's pretty clear.

17 How are we doing?

18 MR. WIEHL: Good.

19 MR. CARTER: Any questions for me?
20 Yes, sir.

21 UNIDENTIFIED SPEAKER 1: Your slide
22 showed your subcontracting goal and the ones that
23 are in the solicitations have added (inaudible) --

24 MR. WIEHL: I'm sorry. She's having
25 trouble hearing you back there.

1 UNIDENTIFIED SPEAKER 1: The
2 question related to the addition of the 15 percent
3 subcontracting goal like what you had on the screen
4 for the HBCUs, and it's caveated further that it's
5 for nonconstruction only.

6 MR. CARTER: Well, No. 1, HBCUs
7 really has a difficult time providing instructional
8 services. I know there are a couple universities
9 out there where it's very hard to get into the
10 construction field. That's why I sent out the
11 construction. Those numbers are very high. I
12 realize that.

13 Number one, that number only kicks in if
14 and when you buy services from another educational
15 institution. That's high. That's a published
16 number. You can actually -- those goals are
17 negotiable. If you feel for some reason that you
18 cannot meet that goal in your proposal, it's left
19 to the contracting officers to request release if
20 for any reason you would like to break that number
21 down some, and I do agree that number is high.

22 UNIDENTIFIED SPEAKER 1: You just
23 made a comment in your answer there about that goal
24 is -- is if -- is related back to how much you --
25 what other services you provide are from other

1 institutions, so it's 15 percent of your
2 subcontracting amount or 15 percent of what you
3 would otherwise -- educational institutions?

4 MR. CARTER: It's still 15 percent
5 of small business. Actually, HBCUs are also a
6 subset of SBDs. So you can also count your SBDs,
7 which are HBCUs, if that makes sense.

8 UNIDENTIFIED SPEAKER 1: I
9 understand your comment to say that it's 15 percent
10 of what you otherwise get through an economic
11 institution?

12 MR. CARTER: Right. That's correct.

13 UNIDENTIFIED SPEAKER 1: So it's a
14 different measurement --

15 MR. CARTER: Somewhat. That's
16 correct. It only kicks in -- that goal only kicks
17 in when you buy services from other educational
18 institutions. It is still a subset of small
19 business. It's still a subset of a small business.
20 It's still a subset of the total volume that goes
21 to small business, 15 percent of your small
22 business.

23 Is that clear? Does that make sense to
24 you?

25 UNIDENTIFIED SPEAKER 1: Yes, sir.

1 MR. RICHARD GARCIA: Richard Garcia
2 with J. A. Jones. The question -- with regards to
3 small business -- is the program has not been
4 defined at this point. We know it's nationwide,
5 but we're not quite sure where the work's going to
6 take place.

7 It would aid the prime contractors to know
8 where those locations have been identified and
9 where the work's going to take place in order for
10 us to bring subcontract and small business to our
11 team in the areas where the work is going to take
12 place.

13 MR. CARTER: Yes, sir.

14 MR. HADLEY: Let me comment on that,
15 too. Right now we -- we're doing ID/IQ contracts.
16 We have some ideas where the projects might be, but
17 quite honestly, for FY '04 and forward, we're not
18 real sure where those projects would be.

19 But I -- as I recall, we're -- you know,
20 usually in our subcontracting plans, we would ask
21 for what types of services we would need -- you
22 would need subcontracting out and so forth. We're
23 not necessarily asking for names of people and all
24 that. Is that correct?

25 MR. CARTER: Well, you get more

1 points when you do --

2 MR. HADLEY: Right. But I guess,
3 for example, if you were going to bring on a small
4 disadvantaged environmental firm that's working
5 nationwide, which we actually have some of those,
6 you know, you're covered in that you bid specific
7 that this is one of your members of your team, and
8 yet, they could potentially work at any project as
9 opposed to maybe a regional firm or whatever.

10 I don't have a good answer for that, I
11 guess the bottom line is we really -- you know,
12 ideally we wouldn't be identifying which projects
13 we have for FY '03, '04, '05, etc., and it's just
14 not going to happen that way.

15 MR. CARTER: For all intents and
16 purposes, the contracts are nationwide. The
17 subcontracting plan should be able to provide
18 capability nationwide. How you get to that, you
19 come up with the rationale, and you explain it to
20 us, and we'll evaluate. If that makes sense to
21 you.

22 Next question. Thank you very much for
23 your time.

24 MR. WIEHL: Thank you. The -- let's
25 go ahead and take a break. Michael has copies of

1 the attendance list, I believe, at that table?

2 MR. DUFFY: It's out here by the
3 doors.

4 MR. WIEHL: Let's break until
5 quarter to 11.

6 (A 45-minute break was taken.)

7 MR. HADLEY: Okay. We're going to
8 get started again. As part of this procurement,
9 we're on a fast track. We may even move faster
10 than our agenda says. But I know a lot of people
11 have traveled, and I guess if we can finish early,
12 it's probably good for everybody if they have to
13 get back on the road. With that, I will go ahead
14 and get started.

15 I'm going to talk about insurance, and I'm
16 no insurance expert, so it's probably going to be
17 fairly generic, maybe for even some of the
18 contractors. We do have some insurance experts in
19 the audience, and if I hedge a little bit, it's
20 because I probably don't have an answer. But
21 again, if you have any questions of a technical
22 nature, I'll probably defer those to our team at a
23 later date.

24 Just -- I just wanted to cover the basics,
25 especially for firms that maybe haven't been

1 exposed to this kind of contracting previously.

2 Can you hear me?

3 There is two different -- in our RFP, we
4 tried to distinguish between insurance and
5 indemnification. Indemnification is basically a
6 broader type of coverage. We're requiring the
7 contractor to indemnify the government for very
8 specific things as outlined in that RFP, and then
9 they in turn are allowed to transfer some at risk
10 to insurance companies and we'll reimburse them for
11 that cost.

12 Right now, I think, the way our RFP
13 reads -- and, Michael, if that's wrong, let me
14 know. I think it's up to two times contract value.
15 A major piece of that is cost overrun insurance,
16 which is -- I'm not sure what that second bullet
17 is -- well, I guess we'll talk about the second one
18 first.

19 Risk transfer is set at a minimum of 85
20 percent of the contract price. Recognizing that
21 there are things like self-insured retentions and
22 so forth. Again, that's what we've set it at, but
23 we'll -- we're willing to entertain comments on
24 that, I guess.

25 Again, if a firm lets their insurance

1 lapse, which should not happen since we generally
2 have been paying for that insurance up front, but
3 if you don't meet the terms and the conditions of
4 the insurance company, from what I understand, they
5 have the right to terminate the insurance. And if
6 you're sloppy and don't follow those terms and
7 conditions, that does not take you off the hook
8 from the indemnification process.

9 Next slide. These are just some of the
10 basics. I guess what we're asking for is A.M. Best
11 A minus, and then their financial category. Again,
12 this relates to the insurance company, and we're
13 also asking that the insurance company give us an
14 initial RFP, some assurance that they're willing to
15 work with your firm to provide insurance products.

16 Again, in my understanding, corporate
17 assets are generally used to pay some self-insured
18 retentions and copays. We'd ask for some
19 information on your financial corporate assets.
20 That's primarily the reason we ask for that. We're
21 not trying to evaluate your firm as -- you know,
22 whether you're the best or not so good financially,
23 but again, all of you are familiar with the
24 environmental industry and some of the bankruptcies
25 we've gone through in the past few years. We want

1 to insure that you're able to meet your contractual
2 obligations to meet those self-insured retentions.

3 There is a five-year warranty period where
4 the contractor provides monitoring, sampling,
5 record keeping, etc., prior to, I guess, final
6 closeout; is that correct, Chris?

7 MR. WIEHL: Yes.

8 MR. HADLEY: Okay. And also they
9 provide additional investigations or responses if
10 required by the them.

11 Actually, I have "warranty provides." I
12 think that's probably two that would apply to the
13 RFP in general which is no cost increases for
14 changes due to discovery of additional
15 contamination or changes in the response methods of
16 technical approaches. Again, we recognize this is
17 a performance-based contract, so we place a lot of
18 financial risk on your firms and we in turn give
19 you more latitude and more responsibility to meet
20 the outcomes we identify in our performance-based
21 specs as opposed to telling you how to do it.

22 We would also expect you to cover
23 regulatory reopeners and changes in environmental
24 law or standards. These -- I think, it's just
25 general information.

1 The five-year warranty period would start
2 at the point of site closeout. I'm sure there's
3 some people that could explain this "sunset" clause
4 better than I, but from what I understand, any
5 changes would have to be -- the insurance company
6 would have to be notified prior to the
7 termination -- or the term end of the insurance
8 policy; is that correct, David?

9 MR. DAVID Dybdahl: It's
10 out of context. I can't tell you. Probably some
11 extended -- is it extended discovery continuation
12 of the insurance beyond project completion time?

13 MR. HADLEY: Well, this was an
14 internal thing that I had developed for some other
15 government people, but basically just to recognize
16 when you do recognize that there are defined terms
17 in that insurance policy, that it doesn't go on
18 forever and forever, I guess is the point I was
19 trying to make.

20 They do issue the insurance policies with
21 defined periods of performance, and we also
22 recognize that the insurance company is an integral
23 part of these contracts and does become a partner
24 in any processes that we go forward with.

25 Again, this was kind of an internal thing,

1 but we also recognize that there are moral hazard
2 issues with -- especially when you get government,
3 EPA involved with government Army and so forth.
4 What we have tried to do in our RFP is mitigate
5 some of those concerns both from the insurance
6 industry and from the contractor's standpoint.

7 I know it was a quick thing, but I'll take
8 any simple questions.

9 MS. ANN DAVLIN: I actually just
10 have one question.

11 How are we going to address acts of war?
12 Is that considered something for the insurance
13 company or something for the government?

14 MR. HADLEY: Yeah. Ann and I talked
15 about this earlier, and I wanted her to get that
16 question on the record.

17 I will respond with, it's probably
18 something the project -- the project development --
19 the delivery team needs to look at. I think it's a
20 real concern, and as we have talked about earlier,
21 it's been an issue with some recent projects.

22 So it's probably something you have to
23 address, and then we'll see what -- what the team
24 comes up with and then we would expect additional
25 comments or questions if we don't -- if we don't

1 come up with necessarily the right answer.

2 UNIDENTIFIED SPEAKER 2: For the
3 five-year warranty period, is that the end of the
4 construction -- construction closeout or is that
5 after the five-year review period?

6 MR. WIEHL: It should conclude at
7 the end of the five-year EPA review. It should
8 conclude at the end of that five-year EPA review,
9 as you called it.

10 UNIDENTIFIED SPEAKER 2: Okay.

11 UNIDENTIFIED SPEAKER 3: Doug, can
12 you expand your definition of a moral hazard?

13 MR. HADLEY: Wait just a second.

14 UNIDENTIFIED SPEAKER 3: Could you
15 please expand the definition of a moral hazard?

16 MR. HADLEY: Well, since I know
17 there's at least three other insurance experts in
18 the room, and I'm answering the questions, it seems
19 kind of silly.

20 But my understanding of "moral hazard" is
21 the insurance companies get concerned when the
22 entity who paid for the policy is also the
23 decision-maker who potentially could change that
24 decision.

25 For example, if we had a project where we

1 said we want to clean this project up to industrial
2 standards, and then we paid for -- we hired a
3 contractor, we paid for insurance to meet that
4 closeout criteria, and then the government changed
5 its mind and said, we changed our mind, we would
6 like to have that cleaned up to residential
7 standards and basically we were the purchasers of
8 the insurance, we put on our customer hat, bought
9 our insurance, took that out, put on a regulator
10 hat, and said, we've set a higher standard, or we
11 would refuse to sign documents unless you have that
12 higher standard.

13 Is that fairly close to what you --

14 MS. ANN DAVLIN: Well, actually in
15 the scenario you just laid out, you're talking
16 about a regulatory change -- I'm sorry -- you're
17 talking ability to change.

18 MR. HADLEY: Well, I'm talking about
19 a change where the Army made the change as opposed
20 to regulatory state regulations.

21 MS. ANN DAVLIN: Right. That
22 actually would -- that situation would not trigger
23 the policy because you're changing the cleanup
24 standards that we agreed to in our contract. You
25 know, you're changing just every aspect. My head's

1 just spinning right now with everything that you're
2 changing.

3 MR. HADLEY: Again, I got to
4 clarify, too, that slide that I brought up was
5 somewhat internal to -- not only are we learning
6 here in Omaha, we're also training other districts,
7 and that probably shouldn't have been up there as
8 far as an issue for the contracting community.
9 It's really an issue for the government side to
10 ensure that we -- that our sister districts
11 understand the workings of the insurance. It would
12 not be activated by something like that.

13 MS. ANN DAVLIN: Yeah. If we could
14 actually just go back, the traditional, I guess,
15 definition of a "sunset" clause is a situation when
16 you have a local redevelopment authority or an
17 entity that's been put in place and that entity is
18 put in place for a finite amount of time.
19 Occasionally you'll get an extension, but it's for
20 a finite amount of time, and so what you want to be
21 sure of is that the policy -- your insurance
22 policy, what y'all are calling primarily your
23 five-year warranty, the insurance policy will
24 address future issues at the site after the LRA --
25 if the LRA has gone out of -- out of business, the

1 entity that takes it off, that takes on the
2 insurance policy will address it.

3 MR. HADLEY: Okay. Any other
4 questions?

5 MS. BROWN: I'm just -- I'm just
6 wondering when an insurance company might be
7 purchased by another insurance company, how does
8 that affect the policy?

9 MS. ANN DAVLIN: Dave?

10 MR. DAVID DIPDAHL: The answer is it
11 depends.

12 MS. ANN DAVLIN: I'm sorry. I don't
13 mean to make light of it. I feel more comfortable
14 having someone else answer that question.

15 MR. HADLEY: Dave basically said it
16 depends.

17 MR. WIEHL: Is there any other
18 questions for Doug on the insurance aspects or
19 anything else we need to cover on that?

20 If you look -- if you look at the agenda,
21 the way we originally intended this is that we
22 have -- we have passed out the questions and what
23 we think is the answer at this particular time,
24 okay?

25 A number of people have come to us and said

1 they have flights this afternoon, they may be
2 having to spend the time traveling back down to
3 Kansas City to catch their flight or some other
4 arrangements, but we will be here this afternoon.
5 If you want -- if you have additional questions you
6 want to ask us, we're more than willing to
7 entertain those.

8 We will show back up at one o'clock, if
9 that's what you want, but if the general consensus
10 is you've seen enough this morning, you've heard
11 enough from the questions and answers you've given,
12 you're free to leave if that's what you want to do.

13 If you want some further clarifications on
14 the Q and A we've already passed out, I guess,
15 we'll entertain that now or we'll come back after
16 lunch, and I broke that up to the crowd.

17 MR. HADLEY: I guess -- with that,
18 if there's any -- any clarifications, if you've had
19 a chance to look at the questions or we'll
20 entertain new questions at this point. And we may
21 refer you back to the other questions.

22 Rather than wasting a bunch of time, you
23 know, taking long breaks, I think we want to just
24 move into any questions you might have.

25 MR. WIEHL: And as Michael had

1 mentioned, I think -- when is the -- when is the
2 closure date for the questions, Michael, to be --
3 to be submitted? Do we give them three days after
4 this?

5 MR. DUFFY: We'll say Monday of next
6 week. We said three days after this, but it'll be
7 Monday.

8 MR. WIEHL: This information that
9 you've seen today will be posted on the website.
10 We've tried to hand out hard copies, and any
11 additional questions with our anticipated answers
12 will be provided also on the Web. But as Doug
13 mentioned as ground rules, if you're really waiting
14 on a change in the RFP, it has to be changed in the
15 RFP before the question and the answer has to
16 change.

17 MS. ANN DAVLIN: I actually changed
18 my mind. I want to answer that question about if a
19 company goes under. What would probably -- there's
20 a couple things that can happen. One thing is
21 another company can purchase the book of business,
22 and you've seen that happen. And it can change --
23 I believe it can change, like, the amount of
24 capital that -- or it can change your limited
25 assets. And that's really why you want to look at

1 a company that's fairly stable and that's been in
2 the marketplace for a long time.

3 But you can -- when it does happen, you do
4 have the ability to negotiate a change, basically,
5 some coverages, probably less coverages, but a
6 change with the entity that purchases the book of
7 business.

8 So it's not an ideal situation and you do
9 see that happening. There's an insurance company
10 called Frontier that went out of business, and
11 there were -- you saw the other insurance companies
12 buying up some of their bonds and some of their
13 other issues. Your coverage can turn to, like, 10
14 cents on the dollar, but that's why you want to go
15 with a stable, you know, triple, double triple A
16 carrier.

17 MR. HADLEY: We did not intend, you
18 know, to kind of catch you off guard so you have to
19 quickly read all these questions and answers. You
20 know, we're just kind of running a little ahead of
21 schedule, so you know, if you have any questions,
22 we'll -- we'll entertain those questions,
23 otherwise, you know, we'll see what happens.

24 MR. THOMAS SCOTT: Yeah, Doug, I was
25 curious about -- I noticed in the answers to

1 provide a job market be defined, probably
2 additional clarification with respect to
3 performance value versus the cost cap insurance
4 coverage. They appear, to those of us who use
5 them, to be duplicative and kind of double in the
6 cost. As a matter of fact, maybe more than double
7 in the cost. I was wondering if you would mind --

8 MR. HADLEY: Well, we included those
9 performance payment bonds with requirements in
10 there really, probably for two reasons.

11 First of all, it may be customer
12 preference, it may be the customer is comfortable
13 with those requirements, and I'm no performance
14 payment bond expert, but they do cover some
15 differences in that -- I know on performance bonds,
16 at least primarily, an ability to ensure that the
17 subcontractors are paid the payment bonds which is
18 not covered in the cost cap.

19 MR. THOMAS SCOTT: Right.

20 MR. HADLEY: The other issue, if we
21 identified that task order as a construction
22 contract or construction task order, under the
23 requirements of the bond, we may be required to.

24 I understand you're trying to save me
25 money, but you may not -- you may not --

1 MR. THOMAS SCOTT: I do have one
2 more. With respect to retention, performance-based
3 contract, I know we've talked about this in the
4 past, but is that -- do you intend to do retention
5 on each individual milestone, or are you looking
6 more towards 10 percent of the task order value
7 being a final payment for closure.

8 MR. WIEHL: Can we get your name and
9 your company?

10 MR. THOMAS SCOTT: Sure. Tom Scott
11 with Arcadis.

12 MR. WIEHL: Thank you.

13 MR. HADLEY: I think I'm going to
14 let Michael answer that question. Michael, do you
15 want to answer the question about the retention.

16 MR. DUFFY: I'm sorry. I didn't
17 hear the question. When the ten percent kicks in,
18 it's the last milestone.

19 MR. THOMAS SCOTT: So 10 percent of
20 the task order would be the final milestone as
21 opposed to 10 percent retention from each
22 individual milestone --

23 MR. DUFFY: It's not for when you
24 reach a milestone when you get paid, but the last
25 one -- until you get regulatory approval that a

1 site's clean, you're not going to get your 10
2 percent and the five-year warranty kicks in for
3 that. So get your 10 percent before that five-year
4 warranty --

5 MR. THOMAS SCOTT: The final
6 milestone should be 10 percent of the task force
7 value.

8 MR. HADLEY: It would be what that
9 defined milestone is. If a site closeout is the
10 defined milestone, the final milestone for that
11 site, then that would be when that final payment
12 would be given and then there may be a tail-end
13 warranty period at the end of that; is that
14 correct, Michael?

15 MR. DUFFY: The warranty will kick
16 in after -- once you've been approved, you'll be
17 able to get your 10 percent, then the warranty
18 kicks in for five years where we can have a
19 regulatory reopener and you have to take care of
20 that. But you already have all your money that we
21 owe you on that site --

22 MR. HADLEY: On the other hand, if
23 you were having trouble completing a site and you
24 couldn't get to site closeout and we've paid out 90
25 percent, we may stop payment until you reach that

1 final milestone.

2 MR. CHRIS EASTIN: My name is Chris
3 Eastin. I'm from a company called Nielsons
4 Skanska.

5 What happens to the performance and payment
6 bonds during the warranty period?

7 MR. HADLEY: Again, I don't think
8 the performance of payment bonds from what -- my
9 understanding would really apply to the warranty
10 period because you basically completed the site --
11 you know, you're in the warranty period for
12 changes, you know, regulatory reopeners, etc., but
13 you're not necessarily doing active field works.

14 I don't know. Maybe it's something we need
15 to talk about. But my understanding is is they
16 would not apply to that. Plus, from what I
17 understand, payment in performance bonds, it would
18 be hard to stretch those out, be paid a lot of
19 money for those extra five years.

20 MR. WALTER HEINZ: Wally Heinz with
21 Arcadis.

22 Doug, you have three solicitations, 27, 28,
23 and 29. Are you going to have three distinct
24 selection boards or are there going to be one?

25 MR. HADLEY: I won't answer that,

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Omaha, Nebraska (402) 331-2500

1 but what I will tell you is there are three
2 separate and distinct procurements and there are
3 three separate and distinct solicitations;
4 therefore, potentially, a small business could
5 submit on three separate and distinct
6 solicitations -- does that make any sense? -- and
7 potentially be awarded three separate --

8 MR. WALTER HEINZE: My question was
9 your internal procedures, though. Will you have
10 three distinct selection committees, or will one
11 committee do all three.

12 MR. HADLEY: I -- you know, I mean,
13 I don't think really I need to discuss that. I
14 don't know what -- how relevant that is to what
15 we're talking about.

16 MR. RICHARD GARCIA: The contract
17 has a maximum time of completion of five years,
18 three and an option, I believe for two years.
19 There are certain sides that could potentially take
20 much longer than that to obtain regulatory closure.
21 Will those task orders remain open as long as
22 regulatory closure is not obtained and then at that
23 time the warranty will start?

24 MR. HADLEY: Well, I think you're
25 talking about two separate things. The base

1 contract is a five-year contract. The task orders
2 potentially, depending on the funding sources and
3 so forth, may or may not extend beyond the
4 five-year period, so....

5 MR. WIEHL: Could you give your name
6 and your company for the record, please.

7 MR. RICHARD GARCIA: Again, Richard
8 Garcia with J. A. Jones.

9 Again, a task force may start and it could
10 take ten years to get that site cleaned.

11 MR. HADLEY: Yeah, that's correct.

12 MR. RICHARD GARCIA: Or 15 years or
13 20 years -- my question is, does that money stay
14 there until you obtain at least the ten percent
15 until that regulatory approval comes in, and then
16 20 years from now you release the last 10 percent
17 and then your warranty period begins at that point
18 for the five years? Is that how you see it?

19 MR. HADLEY: Well, my understanding
20 is we're trying to avoid projects to extend out 20
21 years. Again, it's kind of project specific, but
22 we would -- we would expect -- well, obviously our
23 funding has to match the project. But we will be
24 looking at technical approaches, and I think that
25 as part of that evaluation process, you know, we

1 would look at the length of time it took to
2 complete those projects.

3 My understanding -- and maybe, Chris, you
4 can comment on it -- but my understanding is that's
5 exactly why we're trying to go this route. This
6 route is to avoid those projects that last forever
7 and forever. So we would expect somewhat expedited
8 project site closeouts.

9 MR. WIEHL: I guess just a comment
10 about what you asked.

11 If we had incremental funding, we could
12 probably handle that situation you just discussed.
13 If incremental funding was not available, it would
14 be hard for our funding source to last that long.
15 That might not be a very good candidate for this
16 type of contract. If we anticipate it taking 20
17 years, awarding it the first year and expecting
18 that money in the last twenty years is probably not
19 going to happen.

20 MR. HADLEY: Right. Currently we --
21 I mean, actually Congress has authorized us to do
22 that, but we have not seen that authority come down
23 to us. So at this point, we are operating under
24 basically DERA (phonetic) funds being five-year
25 funds.

1 MR. WIEHL: Basically, yes.

2 MR. DAN HEARNEN: Doug, if we -- Dan
3 Hearnen from Kansas City District.

4 If a task order is awarded by District X in
5 the last three months of the five-year base, will
6 the duration of that task order, the maximum
7 duration of that task order, will that be decided
8 at the awarding district, or have you set some
9 parameters on that that the maximum duration of
10 that task order can be, like, ten years or
11 something?

12 MR. HADLEY: We -- I don't think
13 that we would set it at my -- you know, here in
14 Omaha. I think we'd have to look at the project.
15 Hopefully at that point, at the end of five years,
16 we would have some follow-on contracts that we may
17 have to decide whether they would be appropriate to
18 put on this contract or any follow-on contracts.

19 But you know, as a contracting officer, I
20 would have to weigh, you know, the -- the project
21 and whether it's appropriate to place it on that
22 project versus contract closeout. My thought is,
23 you know, as long as you executed that task order
24 before the expiration of the contract, you probably
25 would be okay. But again, you know, it's kind of

1 speculating, so....

2 MR. DAN HEARNEN: So you're saying
3 that Omaha District would be involved in evaluating
4 and setting the task order duration?

5 MR. HADLEY: No. No. Really --
6 the -- the authority -- the contracting officer
7 authority would be directed -- would be given or
8 transferred to the host district. So that
9 contracting officer and their legal counsel
10 probably would have to make that decision as far as
11 the duration.

12 All I'm saying is, as the contracting
13 officer of the base contract, I would not want to
14 extend it, extend it, extend because at some point
15 I have to close those contracts out. So I don't
16 know if I have a set time, but I think it'd be a
17 coordination process that probably the contracting
18 officers would go through.

19 MR. DAN HEARNEN: Thank you.

20 MS. KATHRYN STATHOS: Kathryn
21 Stathos with RECON.

22 In Section J you include security clearance
23 paperwork, and it says that all is supposed to be
24 included with the proposal. Is this true, I mean,
25 are we supposed to fill out this paperwork and put

1 it in the proposal? If so, what volume and --

2 MR. HADLEY: Is this the security
3 contract language she's talking about, Michael?

4 MR. DUFFY: Yeah.

5 MR. HADLEY: I don't think that
6 that's a requirement for the base contract.

7 MR. DUFFY: It's per task order
8 when we require it.

9 MR. HADLEY: Yeah. And it's very
10 specific. If you're using government automated
11 information systems, there's certain requirements
12 if you have foreign nationals working on a task
13 order, there's other requirements.

14 What we've done is more or less put that --
15 put that into the contract or into the RFP and it
16 will roll into the contract to ensure that
17 everybody's on -- but I think at this point there
18 is no submittals, per se, for this RFP. It's
19 basically on a task order basis.

20 MR. TIM SANFORD: Tim Sanford with
21 Weston Solutions.

22 Concerns me a little bit that you're
23 qualifying the incremental funding issue. Is there
24 any question at all that you will get that
25 authority?

1 MR. HADLEY: Well, Congress has
2 mandated -- I mean, Congress has passed that into
3 law. I don't think that -- I mean, I think that we
4 have to get that regulation to flow down from DoD,
5 but you know, unless -- unless Congress would
6 rescind that, no. I don't think that it will be
7 rescinded.

8 As provided -- I guess I got to qualify
9 that -- that provided we in the Corps of Engineers
10 have interpreted that law correctly, and you know,
11 I mean, it's -- I think it's fairly clear, but
12 again, I would have to qualify that.

13 Again, you know, if we did not get that
14 incremental funding, I don't think it really
15 affects what we want to do because we're doing an
16 ID/IQ task order. It's just we would have to have
17 all that funding up front before we executed a task
18 order. So I don't know if it really changes from
19 what we do business right now any way.

20 Do you have any further comments on that?

21 MR. TIM SANFORD: My only -- my only
22 concern was it certainly limits the contracts that
23 you can execute if you don't have upfront funding
24 and puts a bigger constraint on the funding
25 limitations of the programs and what you can really

1 do with this contract if you don't have incremental
2 funding --

3 MR. HADLEY: Right. We recognize
4 that it will probably impact their price and their
5 costs to the government, but again, until I have
6 that regulation in my hand, I don't feel -- or the
7 defares (phonetic) has changed to reflect that
8 change from Congress, I don't know if I have the
9 authority to do that, but --

10 MR. DUFFY: Just like what we did
11 with Fort Leavenworth, we could possibly, you know,
12 structure it when -- we could have option tasks --

13 MR. HADLEY: And I guess I would add
14 to that, under the MARCs contract, the contracting
15 officer does have the authority under 156 -- I'm
16 sorry -- 16.505 to award follow-on task orders for
17 economy and deficiency to the contractor that's
18 working on that site. So potentially that firm may
19 be working multiple task orders on that side.

20 Although, it would have several different
21 projects. It may have different project funds, but
22 we have the authority to do follow-on task orders.

23 MS. BETTY BIDWELL: Betty Bidwell
24 from SAIC.

25 In Section 8, I do not see any reference

1 that if the government changes the land use from
2 what was agreed to at the beginning, that that
3 would not be the contractor's responsibility then
4 to meet the new possible cleanup; is that correct,
5 or how is that going to come into play?

6 MR. HADLEY: Well, I think we heard
7 from the insurance company that if we changed the
8 criteria, that we -- we probably voided our
9 insurance. It's an issue, Betty, that I don't know
10 if we've addressed. It's probably something the
11 project delivery team needs to take back and
12 discuss and make sure that, you know, we minimize
13 the risk or at least from a corporate perspective
14 if we feel this is an appropriate risk for the
15 contracting committee.

16 MR. SCOTT PROSUCH: Doug, Scott
17 Prosuch with Weston Solutions. I got a few
18 questions.

19 Did I hear you -- did I hear you say
20 earlier that you would roll this contracting
21 capacity forward to another district and wanted to
22 execute the work, that's Question 1, and then 2,
23 could you kind of step through how the four seasons
24 roll in this whole process, I guess, for us that
25 haven't worked this process yet, in terms of how

1 you interact between the regulators, the
2 contractor, and the clients. And all that in terms
3 of supervision, comments, what has to be
4 incorporated, those kind of actions.

5 MR. HADLEY: Okay. I'm going to
6 kind of synopsise your comments -- or questions
7 since you were cutting out, and you may have to
8 clarify in case I get it wrong.

9 First question was how are we going to
10 transfer capacity basically to other Corps
11 districts?

12 MR. SCOTT PROSUCH: Correct.

13 MR. HADLEY: Okay. I guess our
14 thought process is we are actually supporting
15 headquarters, USACE, on this contract. We're
16 working, basically, for Bob Ross to get a
17 nationwide Corps contract available to all Corps
18 districts.

19 So -- and my thought process, I'm also a
20 business manager for the Omaha District
21 environmental remediation branch. I keep busy
22 pretty much all the time anyway, so my thought is,
23 if it is appropriate that we transfer that
24 contracting officer authority to the contracting
25 officer at each Corps district.

1 So all the Corps districts would have
2 access to any of these group of contracts, and I
3 would issue task modifications basically
4 authorizing them to have a certain level of
5 contract passage to execute a site.

6 Does that answer your first question?

7 MR. SCOTT PROSUCH: That is correct.

8 MR. HADLEY: Okay. Second question
9 was?

10 MR. SCOTT PROSUCH: The second
11 question has to do with how the Corps interacts
12 during the actual execution --

13 MR. HADLEY: Yeah. Basically how
14 are we going to interact with our regulators, with
15 the contractors, and the Corps districts and the
16 construction reps, and on down the line, that
17 sounds like Chris' question.

18 MR. WIEHL: Well, it sounds -- you
19 know, it's customer-dependent, and it depends on
20 what the site is. But basically I think the intent
21 was -- and I think it's stated in Section C of your
22 RFP -- is that we expect the contractor to work
23 directly with the regulatory community, and you
24 know, if there's no RA or ATT in there, that also
25 could be part of the whole mixture --

1 MR. HADLEY: Yeah. And I guess I
2 would add to that it's kind of a process as we went
3 through at Fort Leavenworth. That was an issue on
4 that one, too. And what we -- Dan probably could
5 explain it better than I can, but what my
6 understanding we did on that project is we
7 understand we're putting contractors at risk for
8 specific outcomes, and we, as the Corps, have to
9 also step back and allow them to have some control
10 over those sites.

11 And Dan, you can correct me if I say
12 anything incorrectly, but from my understanding, at
13 Fort Leavenworth, the processes we went through --
14 for example, if a document comes through, we would
15 review that document, give them -- give comments to
16 the contractor, they can take or leave our
17 comments, but then they go forward to the
18 regulators. We've at least given them our feedback
19 that we haven't necessarily controlled. Maybe,
20 Dan, if you want to try to take a stab at it. Is
21 that kind of the --

22 MR. DAN HEARNEN: Yeah. The basic
23 thing is we try to tell our from an implementation
24 standpoint, try to take an approach that -- the
25 Corps was no longer in the methodology control

1 business, and we were in a product verification
2 approach. And with my quality assurance team we
3 tried to take an approach where we were like a
4 consultant to the contractor. And at least to the
5 first few submittals on the work plans, we were
6 getting those as draft ahead of the regulator and
7 reviewing them, like, in a 15-day time frame.

8 It was put down in the contract exactly
9 when we turn those around. And since then, once
10 we've gotten some rhythm on the project, we are
11 actually going to concurrently view with the
12 regulator.

13 So that's kind of the approach we took, is
14 that we're balancing the amount of oversight that
15 the contracting officer feels that they're not just
16 awarding and making bill payments, but that they do
17 truly know what's going on out there, with the
18 amount that the customer and funding agencies are
19 willing to pay as far as QA. So instead of just
20 like the typical, flat percentage, we're managing
21 at about half that.

22 MR. HADLEY: Yeah. And I guess from
23 the Corps model, I think that -- as contracting
24 officer, I think that that's a good model to follow
25 from a technical standpoint.

1 MR. STEVE ENGLEBY: Chris, when you
2 award a contract to a firm or a group of firms, do
3 you envision establishing CMPs like you have
4 historically and other CMPs follow you to every
5 district that you go to in the county? That's my
6 first one. And my second one, on those transfers
7 from district to district, that's not MARC approval
8 or anything like that?

9 MR. WIEHL: I should mention that
10 transferring contract pass is nothing new. We have
11 done that a lot in the past. So I don't think
12 that's going to be a concern. CMPs --

13 MR. HADLEY: Yeah. I'll answer also
14 the second one first, which is, that was built into
15 both our acquisition plan and our RFP. We would
16 not have to do a MOA to transfer capacity.
17 That is -- I guess so -- that would be an automatic
18 thing, and it's a national asset, basically, to the
19 Corps.

20 So it's no more -- I mean, Omaha maybe is
21 involved more just because we've been at -- you
22 know, involved longer, but we don't have any more
23 right to that contract capacity than any other
24 Corps district.

25 The second question about CMPs. Generally

1 on fixed-price contracts, we don't develop CMPs,
2 but not without making anybody stand up and say,
3 yes or no. I would invite comments, be it e-mail
4 comments to myself or Famane or Michael, whether
5 those would be good or bad or not. I see pros and
6 cons to both sides.

7 MR. STEVE ENGLE: And the reason I
8 would -- just from some of my previous experience,
9 you take a contract vehicle, like a standard way of
10 operating in Omaha District, you transfer it to
11 some other Corps district and their interpretation
12 of cost tracking and submittals, it's all
13 different, and it creates some issues --

14 MR. HADLEY: Yeah. I think that may
15 be -- I think that's a good comment, Steve. I
16 think it might be something we might want to look
17 at especially with those main districts. What I
18 would see is maybe CMPs would be appropriate be it
19 a very small number of CMPs, not like what we do
20 with our cost reimbursement, but the basics CMPs
21 and maybe develop those CMP with the contractors in
22 concert with potentially some of the major players
23 or other Corps districts, so that they have some
24 feedback directly to the contractor, and so we have
25 some buy in that, but also so we do establish kind

1 of some ground rules. So we are having to operate
2 differently depending on which district you're
3 dealing with.

4 MR. WIEHL: Steve, can we get your
5 business card, and your name and company, please,
6 for the record.

7 MR. STEVE ENGLE: Sure.

8 MR. WIEHL: Go ahead.

9 MR. STEVE ENGLE: Steve Engley with
10 Arrowhead Contracting.

11 UNIDENTIFIED SPEAKER 4: I have a
12 two questions, first one goes to page count. The
13 past performance survey form, Section L, at the end
14 of it it says, these pages, when they're submitted
15 by our other client, will be counted as part of
16 your total page count. **See Updates RFP**

17 MR. DUFFY: Correct.

18 UNIDENTIFIED SPEAKER 4: So that's
19 an additional 20 pages of the page count that
20 goes --

21 MR. HADLEY: I'll let my page count
22 expert answer.

23 MR. DUFFY: The surveys are counted.

24 UNIDENTIFIED SPEAKER 4: -- as part
25 of my 104 page count.

1 MR. DUFFY: Yeah. We're only
2 expecting up to 10. You're only allowed 10
3 projects. You can change that to shrink it or
4 whatever you want to do.

5 MR. HADLEY: Just -- since Michael
6 didn't have a mike, basically he's saying that
7 those are included in the page count of the 104
8 pages; is that right, Michael?

9 MR. DUFFY: That's the gist of it.

10 MR. WIEHL: It's about 11:35 or so.
11 Does everybody in this room have questions or --

12 UNIDENTIFIED SPEAKER 4: Can I
13 follow up with one more question on that?

14 MR. WIEHL: Sure.

15 UNIDENTIFIED SPEAKER 4: If under a
16 specific task order there is ongoing work at the
17 installation that the successful bidder is to pick
18 up and move forward with, and some of that may
19 still be in the design phase being handled by
20 another district, and that design is at 60 percent
21 and we're supposed to pick it up when it gets to
22 the 100 percent.

23 Who's responsible for that Corps district
24 meeting their schedule for those design documents
25 so we can meet our construction schedule?

1 MR. WIEHL: That's a lot of "ifs" in
2 there.

3 UNIDENTIFIED SPEAKER 4: But it's
4 occurred.

5 MR. WIEHL: There is a break-off
6 point where, you know, you need to be told as a
7 successor to that work, look, you're going to get
8 this project on such and such a date at such and
9 such completion percentage, and then pick up from
10 there.

11 If you're given bad -- bad news and you
12 can't start your work, then I mean, you're into a
13 situation -- you know, it's not controlled by you.
14 So it's going to have to be controlled by the
15 government. You weren't able to start your work on
16 the first of September like you thought of, it's
17 been moved back to the next calendar year. You
18 need to go back to the host district and say, we
19 need to renegotiate our arrangement.

20 UNIDENTIFIED SPEAKER 4: Thank you.

21 UNIDENTIFIED SPEAKER 5: Since the
22 evaluation criteria looks basically similar between
23 the single source award and the multiple award,
24 then it's primarily a difference between
25 classification in the project.

1 What specifically are you going to be
2 looking for different than those two teams, or is
3 there anything different?

4 MR. HADLEY: Go ahead.

5 MR. DUFFY: I would say for the
6 construction, one. We want to be able to see that
7 you guys can do construction. So I mean, give us
8 projects that you think are going to match what the
9 scope of work is going to be under this type of
10 contract.

11 MR. HADLEY: I think that it's
12 probably my perspective, I think we'd probably be
13 looking for a wider -- wider range, and I know it's
14 not real clear, but I think Michael's right. I
15 think on the mediation services with construction,
16 we were not looking for construction projects, per
17 se, but we would want to see that demonstrated in
18 experience.

19 MR. DUFFY: And the amounts that you
20 give us is your business decision. You have to
21 decide what kind of projects and what type and what
22 kind of range. Do you want to give us five and
23 five of services and construction, or do you want
24 to give us six and four. That's your business
25 decision. We're not necessarily going to dock you,

1 but we want to see the range, we want to see the
2 capability there.

3 MR. HADLEY: But we recognize it's
4 not black and white. It's some gray.

5 MS. BETTY BIDWELL: This may go with
6 the question Ann asked earlier, but in Section H,
7 paragraph 12 where it talks about the continuing
8 operations. If a base were shut down for all
9 contractors to be on base, is there a maximum
10 period of time where the government would consider
11 that maybe that is a changed condition where you
12 can't get on the base and have no control over
13 that?

14 MR. HADLEY: Prior to the start of
15 the war, I probably wouldn't have thought much
16 about that, but I understand your concerns.

17 I think, again, it's probably something we
18 need to take back as a project delivery team and
19 address. At least tell you what the ground rules
20 are, if we say, no changes no matter what, you
21 know, you need to know that. But, again, it also
22 flows down to a task order basis, too, and that's
23 not saying -- for example, there's some sites that
24 are -- have a high likelihood or a high chance of
25 being shut down, we couldn't put in special

1 provisions for that and define those.

2 MR. WIEHL: Well, do you guys need a
3 lunch break to digest those 100 questions that
4 you've been given, and answers, and see us back
5 here at one o'clock?

6 We'll be back here to talk with you
7 individually. If you want to talk individually, I
8 guess -- or if the whole group shows up, we'll talk
9 to you as a group I guess.

10 MR. HADLEY: We'll continue to
11 answer questions, I guess, at one o'clock.
12 Hopefully we've answered a number of questions. If
13 you do decide to go catch your plane or whatever,
14 we will be posting all our questions and answers
15 from today on our websites, so you can follow-up
16 with that way.

17 (A 1 hour and 30 minute lunch break was
18 taken.)

19 MR. HADLEY: I did want to make one
20 clarification from something I discussed earlier
21 this morning.

22 It was pointed out to me that I basically
23 referred to insurance experts in the room, and I
24 looked around and there probably are some experts
25 in the room, but then I allowed Ann Davlin to

1 speak, who actually represents an insurance firm.
2 While she may be an expert, I guess I would like to
3 clarify that she doesn't necessarily represent the
4 views of the government. While we appreciate your
5 commentary, Ann, I just want to make sure I do my
6 legal thing.

7 Okay. Let's get to the hard questions,
8 now.

9 MS. BETTY BIDWELL: In the answers
10 to the questions, you didn't give some information
11 about what's the definition of natural resources,
12 but you included in that that it was from
13 continuing or future contamination and it wasn't
14 the negligence of the contractor that that would
15 fall under the natural resources.

16 So are you saying that if you have Site A
17 and contamination starts coming in from Site B that
18 was not part of the cleanup, that then the
19 contractor's not responsible for that additional
20 contamination?

21 MR. WIEHL: Do you have a reference
22 number on that, Betty? What question are you --

23 MS. BETTY BIDWELL: Just a second.
24 72.

25 MR. HADLEY: I don't know. Michael,

1 do you have any further comments on that? I'm not
2 sure exactly.

3 MR. DUFFY: As far as the
4 cross-contamination, if we got contamination coming
5 from an off site, first the contractor is
6 responsible to clean up the site, which would
7 include be (inaudible) --

8 MS. ANN DAVLIN: Can you talk a
9 little louder?

10 MR. DUFFY: I'm sorry. If it
11 continues -- if the contamination continues to run
12 into the site and you can never get it clean,
13 obviously, you have to, I guess, take care of the
14 initial site where the contamination is coming
15 from. I don't know what else to --

16 MR. HADLEY: I guess what I'm
17 getting out of that is maybe we need to look at
18 that question and really address that very
19 specifically.

20 MS. BETTY BIDWELL: Thank you.

21 MR. STEVE ENGLELEY: Steve Engley with
22 Arrowhead.

23 Doug, in your slides you showed the --
24 the -- the types of projects that are going to go
25 into the single award large and the multiple award

1 large, and there's a little different set of
2 criteria describing the types of work each is
3 allowed to do.

4 Could you kind of comment on your
5 interpretation of the types of projects that are
6 going to be applied to those two different
7 contracts and use words like RI, FS, remedial
8 action, design.

9 MR. HADLEY: I could answer that
10 question right up until you said that. I'm not --
11 no, I understand what you're saying.

12 MR. STEVE ENGLE: I don't care
13 about the acronyms, but a little bit of detail on
14 the type of scope and you know, we keep walking
15 around the difference. I was wondering if you
16 could clarify that.

17 MR. HADLEY: Let me -- maybe I start
18 with kind of explaining, at least in my mind, how
19 those projects or potential projects would be
20 divided up.

21 The process, I think, we'll go through is a
22 firm -- a project will be identified, the scope
23 will be written, and then we will offer up, via any
24 of those three sets of contracts, but it will have
25 to be a partly determination by the contracting

1 officer in that district in association with their
2 office counsel as to what -- what that project is
3 and what the preponderance of the work is. We
4 talked about preponderance of the work, but
5 basically what I'm saying is, at least -- again,
6 I'm talking about my office counsel. I don't know
7 what other office counsels, their opinion might be,
8 but my office counsel would tell me, if you're
9 doing 51 percent of the work as construction
10 activities, then it would be considered a
11 construction task order.

12 If it's somewhat less than that, it's maybe
13 in a gray area, and then -- so it may be considered
14 a service contract with incidental construction.
15 So I mean, I don't know as if we have any defined,
16 but I think that contracting officer for the
17 district actually executing the work has to buy
18 into the process.

19 I see it as two -- you know, kind of a
20 weighing thing because on one side they do get
21 competition -- the advantage of competition if they
22 use a MARC contract. But if the work is
23 predominantly construction, then it probably should
24 be done under the -- the contract with the
25 construction capabilities.

1 UNIDENTIFIED SPEAKER 6: In that
2 case, how is the fixed price arrived at?

3 MR. HADLEY: What do you mean how is
4 the --

5 UNIDENTIFIED SPEAKER 6: Is there a
6 relative basis or is it --

7 MR. HADLEY: Yes. You mean on which
8 contract?

9 UNIDENTIFIED SPEAKER 6: Under 29.
10 On the large --

11 MR. HADLEY: That would be a
12 negotiated fixed price.

13 UNIDENTIFIED SPEAKER 6: Who's on
14 the other side?

15 MR. HADLEY: Who is on the other
16 side?

17 UNIDENTIFIED SPEAKER 6: Who's
18 saying it's too high?

19 MR. HADLEY: Government would be
20 negotiating.

21 UNIDENTIFIED SPEAKER 6: So there's
22 no bid process?

23 MR. HADLEY: Correct. There would
24 be a -- it would be a negotiated task order, not
25 unlike probably most of the contracts.

1 UNIDENTIFIED SPEAKER 6: You're not
2 going to get into trouble with Davis Bacon if it
3 goes to too much? Don't you have to pay the
4 workers based on Davis Bacon?

5 MR. HADLEY: Yes.

6 UNIDENTIFIED SPEAKER 6: The rates
7 will be negotiated. I thought the fixed price
8 was --

9 MR. DUFFY: Well, yeah, but that
10 ends up --

11 MR. HADLEY: Wait just a second. I
12 mean, you can answer that, Michael, but we need to
13 kind of keep it in a little bit structured as far
14 as -- okay. Go ahead.

15 UNIDENTIFIED SPEAKER 6: I just --
16 the fixed prices that I've been involved with all
17 involve bidding against other -- in this case,
18 MARCs or other firms. And so I have a hard time
19 understanding how you can evaluate a fixed price --
20 I mean, the technology has already been determined
21 on these tasks?

22 MR. DUFFY: No.

23 MR. HADLEY: No. We would expect
24 them to present a technical approach along with
25 that price and a cost breakdown of that price.

1 UNIDENTIFIED SPEAKER 6: Okay.

2 MR. HADLEY: And they would still be
3 subject to Davis Bacon wage determination.

4 MR. DUFFY: The government will also
5 do their own independent estimate of what -- and
6 that's what we'll compare and negotiate from.

7 UNIDENTIFIED SPEAKER 6: Okay.

8 MR. JOHN DWYER: John Dwyer with
9 Kemron.

10 Section M, the insurance coverages, the
11 last sentence, the government places a higher value
12 on specific information describing the proposed
13 cost containment insurance along with detailed
14 information that supports more favorable terms for
15 the government.

16 I'm not sure what you're trying to get at
17 there. What are you looking for? Because we'll be
18 looking for insurance carriers to offer something
19 to meet that criteria.

20 MR. HADLEY: I think it's something
21 we need to look at. Quite honestly, the -- it may
22 be -- it may be a factor we would use in the
23 competitive task order selection process. But I
24 would agree under the RFP, itself, we're not really
25 asking for that level of detail, so maybe it's not

1 something we could evaluate. So we need to look at
2 that piece.

3 MR. JOHN DWYER: Thank you.

4 MR. DUFFY: Something we're looking
5 at with that is basically we're kind of
6 conducting -- you guys can have -- how much it's
7 going to cost for the insurance.

8 MR. HADLEY: Yeah. I would think
9 that that might be something that would be project
10 specific.

11 UNIDENTIFIED SPEAKER 7: That goes
12 along with where it says, cost containment
13 insurance premiums is a percentage of the contract.
14 Depending on the risk, certainly is going to have a
15 huge variable in that percentage, so --

16 MR. HADLEY: Yeah.

17 UNIDENTIFIED SPEAKER 7: -- because
18 literally that number is infinite --

19 MR. HADLEY: Right. First of all,
20 we're not asking you be held to that range. We
21 understand that it could be project specific.

22 What we're intending to do is assess both
23 the project -- contractors -- the opinion of the
24 contract insurance companies' project, opinion of
25 the firm's ability to perform these sorts of

1 contracts, then also the firm's risk aversion or
2 ability to accept risk. I would assume that your
3 range may be lower if you're willing to accept more
4 risk.

5 But again, we want to look at both, you
6 know, both the risk of the firm, their financial
7 capabilities and also kind of a range. But we
8 understand. It's for evaluation purposes. It
9 would not be contractually binding on the firm.
10 But I don't know.

11 MR. RICHARD GARCIA: On the project
12 29, understand you got a construction clause there,
13 do you anticipate first having vertical
14 construction as part of that contract; second, do
15 you anticipate how to get insurance for that work,
16 which typically is handled through bonds; and then
17 third, your five-year period, is that at the
18 conclusion of that contract you got a five-year
19 warranty or are you looking also on that
20 construction work?

21 MR. HADLEY: First of all, we are
22 not looking for vertical construction. It would be
23 remedial activities to clean up the site.

24 What was the second part? Bonding -- we
25 need to look at that. That's an issue that's come

1 forward. We need too look at both the requirements
2 of the FAR (phonetic), and also what we have in our
3 RFP. I understand and I've heard that a number of
4 times today that they don't bring any value, but we
5 would -- we may be required to do that on some
6 construction activities because of the FAR
7 regulations. So we need to look at that.

8 As far as the O&M work, I think we
9 specifically said we would not require O&M
10 activities. Isn't that what Section C says?

11 MR. DUFFY: It says you -- basically
12 you may be required to do some O&M before the
13 five-year warranty, which is necessary in order to
14 close it out and for regulators to get their final
15 approval on. But, per se, you're not necessarily
16 going to be doing a lot of O&M other than just
17 monitor during that five-year warranty.

18 MR. HADLEY: Is that your take on
19 it?

20 MR. WIEHL: Yes. Any other
21 questions?

22 MS. BETTY BIDWELL: Could you give
23 us a little bit more information on the payment
24 part in how -- with the milestone, assuming that a
25 given task would have multiple milestones and that

1 the government -- let's say you hit Milestone 1,
2 the government will pay 90 percent of that
3 milestone. That that's the criteria that you met,
4 and that 10 percent would be withheld until the
5 last milestone is finished; is that correct?

6 MR. DUFFY: No. For each milestone
7 except for the last milestone, which is closeout,
8 where we withheld 10 percent.

9 MS. BETTY BIDWELL: So Milestone 1
10 is \$10,000. You'll pay \$10,000.

11 MR. HADLEY: Upon achievement of
12 that milestone.

13 MS. BETTY BIDWELL: And the last
14 milestone is \$10,000, you'll withhold \$1,000 until
15 what time? Where's this 10 percent? I'm confused
16 as to when you --

17 MR. HADLEY: The way we structured
18 the last contract, I think, we structured it as the
19 project, the last mile -- well, we have -- we
20 waived -- you know, we don't want to withhold
21 contract money, but on the other hand, if it's --
22 if there isn't a certain amount of punitive -- not
23 punitive -- but enough of that -- I didn't mean
24 that. Strike the record.

25 There has to be an incentive for that

1 contractor to complete the project, to reach the
2 final milestone which is site closeout. Our
3 concern was if we did not make enough incentive for
4 that contractor to complete the milestone, they may
5 work on it for a while and say, this is too hard
6 and walk away, or they may not be able to complete
7 it just because it potentially could impact their
8 insurance or whatever.

9 MS. BETTY BIDWELL: Okay.

10 MR. HADLEY: So we probably need to
11 clarify that.

12 Go ahead, Dan.

13 MR. DAN HEARNEN: Would it be more
14 appropriate to say that the intent is to pay in
15 full on the milestones up through 90 percent of the
16 contract value and just withhold the last 10
17 percent rather than say because the last milestone
18 may not be worth 10 percent of the contract.

19 So if I was an administrator p.m., I would
20 want to pay -- I would go ahead to keep the cash
21 flow going, pay the full amounts of the starting
22 amounts towards up until 90 percent of the contract
23 value, and then I would hold that until the
24 contract -- until the site closeout was achieved.

25 MR. HADLEY: I think I'm more level

1 with the way we structured it was the last
2 milestone, which is site closeout, ended up 10
3 percent. But it's not always a guarantee.

4 UNIDENTIFIED SPEAKER 8: So that's
5 what your intent is, not to hold it as you go along
6 towards the end?

7 MR. HADLEY: No. That's basically
8 the way we structured it was -- site closeout was
9 worth 10 percent of that project.

10 UNIDENTIFIED SPEAKER 8: Okay.
11 Thank you.

12 UNIDENTIFIED SPEAKER 9: But you're
13 holding 10 percent of that, is that what you're
14 saying?

15 MR. HADLEY: No. But we will
16 clarify that.

17 UNIDENTIFIED SPEAKER 9: All right.

18 MR. HADLEY: The way it was
19 structured at Forth Leavenworth was we structured
20 10 percent -- the final milestone which was site
21 closeout was worth 10 percent of that project site.
22 So basically as long as you completed all those
23 milestones along the way, you would be paid for 90
24 percent of that project, that site, and the last
25 ten percent would be paid to you upon completion of

1 the milestone, which is site closeout.

2 UNIDENTIFIED SPEAKER 9: Is that
3 including the warranty period?

4 MR. HADLEY: No. The deliverable,
5 the last milestone is site closeout, the warranty
6 is on the tail end. So, no, we did not withhold
7 the 5 during the five-year warranty.

8 UNIDENTIFIED SPEAKER 10: I got a
9 question on the --

10 MR. DUFFY: Just one other thing.
11 If I've not clarified that, I welcome additional
12 questions or comments. Okay.

13 UNIDENTIFIED SPEAKER 10: On the
14 submittal of the bids, after award when you're in
15 the MARC process, you were saying that you would
16 want a breakdown of cost, and also a scope or
17 definition of how you're going to do the work,
18 technical approach. Could you expand on what
19 you're expecting there?

20 And the last one is on the oral
21 presentation. You know, that's an additional cost
22 that keeps going into these, and I'm assuming -- is
23 that you come to our sites or we come to Omaha to
24 do the presentations?

25 MR. HADLEY: I think Michael

1 answered that question on the -- but go ahead.

2 MR. DUFFY: As far as the oral
3 presentations, they would more than likely be held
4 either in Omaha or at the site of the customer like
5 what we did with Forth Leavenworth. As far as what
6 was the -- I forgot the first question.

7 UNIDENTIFIED SPEAKER 10: How
8 extensive of a proposal you're expecting from the
9 bid.

10 MR. HADLEY: If you don't mind, I'll
11 answer that one.

12 First of all, back to the oral
13 presentations. I think what we say is, oral
14 presentations may be used for project -- or for
15 task orders. I would see that, again, from a cost
16 benefit analysis or standpoint, that it's a fairly
17 complex project and it's a fairly large dollar
18 value. I would see oral presentations as being
19 more beneficial for both sides than if it's a
20 fairly straightforward small project and you're --
21 you know, so the -- if it would be a -- you know,
22 where the technical complexity may not be that
23 large, maybe a written proposal with costs attached
24 to that is probably appropriate.

25 If it were a technical -- fairly complex,

1 technical project, we may want oral presentations
2 as part of that evaluation process.

3 We will evaluate both technical approach.
4 We won't evaluate strictly on cost. We're going, I
5 think, look at several factors including life cycle
6 costs, contract costs, technical approach, you
7 know. I guess a reality check whether it be field
8 or regulators are willing to accept that approach
9 that sort of thing. So it won't be strictly cost
10 as an evaluation factor.

11 And you asked about how -- how much detail
12 we'll have. I would have to say that the
13 stand alone R29 will probably require more detail
14 than the -- than the competitive MARCs contracts
15 would require. But again, we want to, first of
16 all, understand what your technical approach is for
17 that site, and then look at whether that was
18 feasible, that sort of thing.

19 So I don't know if we've spelled it out in
20 our RFP, if we have spelled it out, at least, in
21 Michael's opinion, if we need further
22 clarification. But we -- we want to balance out
23 cost of preparing proposals -- at the end of the
24 day, we also have to look at whether that's a fair
25 and reasonable price for that work, so we have to

1 still get some level of information, and I would
2 expect at the very least we would see what your
3 technical approach is.

4 UNIDENTIFIED SPEAKER 11: Doug, do
5 you see a threshold on the size that some of these
6 task orders could grow to or -- realizing there's
7 some economy and scale and if an installation
8 approached you and said, I'd like to do
9 fence-to-fence sort of remediation, versus, you
10 know, chopping it up into smaller bite-size pieces,
11 maybe, that are more manageable. Also, from an
12 insurance perspective knowing that maybe there's
13 some -- economy by doing a large-scale site by an
14 overarching policy for the whole installation.

15 MR. HADLEY: We've run up against
16 that issue before, and part of it has been funding.
17 DoD doesn't normally give us fence-to-fence funding
18 to clean up a site. So that's been an issue on a
19 lot of projects. We get around some of that with
20 the task orders.

21 If we are able to do it, we would like to
22 use incremental funding, but we don't currently
23 have regulations in place of the DoD to do that
24 yet. We understand it probably would save the
25 customer money and save us money in the long run,

1 but we have to deal with the five-year funds for
2 environmental funding and so forth. So it's just
3 an issue we got to deal with.

4 I don't know if we have any upper or lower
5 limits -- well, we probably do have to a certain
6 extent lower limits. I think they talked projects
7 lower than 2 million may not be feasible to do on
8 this contract. As far as upper limits, I don't
9 know if we've ever identified that.

10 Does that answer the question, Scott?

11 UNIDENTIFIED SPEAKER 11: Sure.

12 Thanks.

13 MR. LARRY MATTILA: Larry Mattila
14 with WESI, Myrtle Beach.

15 You may not be able to give insight into
16 this, but how important is a geographic presence
17 for an 028 for the small business set-aside, how
18 important is a geographical spread across the
19 county for offices and that kind of thing?

20 MR. HADLEY I don't know if it's --
21 I don't know if there's any requirements that you
22 have geographical spread. I think what we're
23 looking for is an ability to support projects
24 nationwide. How you demonstrate that, be it
25 through demonstration of new projects or team

1 arrangements, I don't know. I guess I'd leave that
2 up to you, but you know, we will look at
3 capabilities, I guess, is what I probably should
4 say.

5 And obviously, with nationwide
6 capabilities, it may be a little tougher for some
7 firms, but you know, we're not saying you got to
8 have X number of offices. We found with
9 environmental projects, a lot of times, you may
10 bring in your expertise from your office, and when
11 you get into the RA activities, you may hire local
12 labor anyway.

13 MR. STEVE ENGLEBY: Doug, back to
14 that dialogue that just went back and forth related
15 to orals, you made a comment that you may not
16 choose the lowest price. I'd like to take that a
17 step further, and let's say you got a base in
18 Western Nebraska, it's got a landfill that's got to
19 be closed; you get three approaches, they're all a
20 little bit different in technical attributes,
21 they're all insured, they're all bonded, you got
22 retainage on all three of them, so you may choose
23 the most expensive one if you like that approach
24 best if it gets you from regulatory Point A to
25 regulatory Point B where you want to be.

1 MR. HADLEY: I don't know if I can
2 answer this one, but I'll probably shoot myself in
3 the foot and do it anyway.

4 I guess what I probably didn't stress was
5 we wouldn't want to look at life cycle cost, and
6 that would be part of that evaluation. For
7 example, you may put in -- your technical approach
8 may be, we're going to do a pump and treat. We're
9 going to pump a tree for the next five years, and
10 then it's the government's problem. And by the
11 way, we can do that a lot cheaper than anybody
12 hauling it off soils.

13 So, I mean, you know, from strictly a cost
14 standpoint, if you're looking at contract costs, it
15 may be cheaper, but if you're looking at life cycle
16 costs, all you've done, you know -- so that's kind
17 of -- I think that's the process we go through as
18 far as -- does your technical approach -- what is a
19 price, a contract price, then what is the overall
20 life cycle price. And you know, we -- I'm no
21 engineer, but I think engineers here could say
22 that, you know, there is a difference in
23 approaches, and what the government will assume for
24 long-term operation.

25 MR. STEVE ENGLE: Thanks.

1 MR. JOHN DWYER: Question on if you
2 have -- John Dwyer.

3 If you have an ongoing assignment over the
4 installations, and there's flexibility in the
5 contract language, new work identified that
6 installation could be brought in and the contractor
7 there could be used for taking on additional
8 assignments, would that be separate task orders,
9 would you be looking to mod the existing task
10 order?

11 MR. HADLEY: Most likely. Again,
12 I'm operating from Omaha District's perspective.
13 There may be different contracting officers and
14 different office counsels that would have a
15 different approach. But from our perspective, if
16 you were crossing fiscal years, you probably should
17 use new year money, so it most likely would be a
18 new task order.

19 But again, like I said before, for this
20 efficiency on economy standpoint, you may want to
21 keep the same contract.

22 MR. JOHN DWYER: It just complicates
23 the insurance if you try to work on a task order
24 and other assignments.

25 MR. HADLEY: Are there any other

1 questions?

2 Well, I don't know what -- I guess
3 that's -- I'd like to say that, first of all,
4 thanks for coming to Omaha and thanks for
5 participating. It was kind of a -- I didn't know
6 if anybody would show up. I do appreciate that,
7 you guys. I appreciate that you guys are always
8 honest and up front with us.

9 I'd like to say that we're not perfect and
10 we do make mistakes, and we try and learn from our
11 mistakes, too. So this feedback that you guys give
12 us and the questions you ask us make us think a lot
13 more, so I appreciate that. With that, I'm going
14 to turn it over to Chris.

15 MR. WIEHL: Thanks again for coming
16 to Omaha. Everybody have a safe trip home. Unless
17 anybody has anything else, I think we're adjourned
18 for the day.

19 MR. DUFFY: If you have any other
20 questions, please submit them by e-mail by Monday.

21 (The meeting was concluded at the hour of
22 1:39 p.m.)

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