

Sofia, Bulgaria NEC



Yerevan, Armenia NEC



Interagency Facilities Council

July 19, 2005

Abidjan, Côte d'Ivoire NEC



Abuja, Nigeria NEC





Agenda

1. Opening Remarks - **Charles E. Williams**, Director/Chief Operating Officer
2. Financial Aspects of OBO Support to Other Agencies - **Jürg Hochuli**, Managing Director, Resource Management
3. NEC Cost Containment –
Vicki Hutchinson – Deputy Managing Director, Planning & Development
Bill Miner – Director, Design & Engineering
Richard Smyth - Managing Director, Operations and Maintenance
4. Capital Security Cost Sharing - **Sam Bleicher**, Director, New Initiatives Division, Planning and Development



The Vision

- Secretary Rice's Focus on Transformational Diplomacy and the critical role our facilities will play
- We have to get construction projects completed on time, at or under budget, and with the most efficient means possible.



The Mission

- Results-Based Operations
- Critical Best Practices
 - Standard Embassy Design (SED)
 - Integrated Design Review (IDR)
 - Design/Build Project Delivery
 - Project Performance Review (PPR)
 - Industry Advisory Panel (IAP)

Water Quality Testing & Treatment and Hazard Abatement



Historical Preservation & Restoration



Planning, Design & Construction of New Facilities and Renovation of Existing Facilities



Structural Design & Repairs



Elevator Design, Repair & Replacement Services



Roof, Waterproofing and Building Façade Design, Repair & Replacement Services



Fire, Life, Health, and Safety Services



Underground Fuel Storage Tank Upgrades & Replacements





The Span of Service

- 57,000 Department of State employees
 - 30% U.S. citizens; 70% for locally engaged staff
 - 80% based overseas; 20% based in the US
- House over 60,000 USG employees from 27 USG agencies
- Provide facilities to support processing of over 8.4 million visa applicants per year
- Provide facilities to support U.S. assistance to host country citizens, businesses, and government

DOS Office, Copenhagen



Consular Affairs Area, Singapore



Public Diplomacy, Calcutta



Visa Waiting Area, Ho Chi Minh City

Consular Affairs Entrance, Shanghai



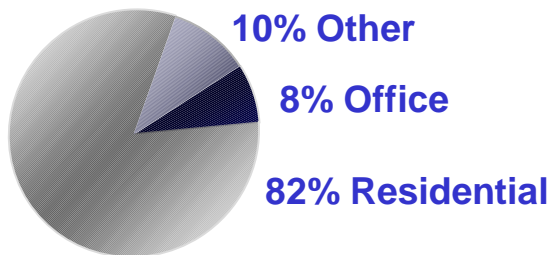
Consular Affairs, Cape Town



The Portfolio

Department of State's Overseas Property Manager

- \$1.5 Billion Annual Program with \$4.0 Billion under management
- Plan, design, build, operate, and maintain all USG Facilities
- Lease, buy, and sell all property - \$12 Billion
- Over 15,000 Properties, 46.6 Million Square Meters
 - 4,800 U.S. owned or long-term leased properties (2.8 Million Square Meters)
 - 10,690 Short-Term Leased Properties
 - 144 Culturally Significant Properties



Ambassador's Residence, Ottawa



Motor Pool Facility, Manila

Staff Housing, Tokyo



Staff Housing, Berlin



Staff Housing, Moscow

American Embassy, Pretoria



Marine Security Quarters, Lima



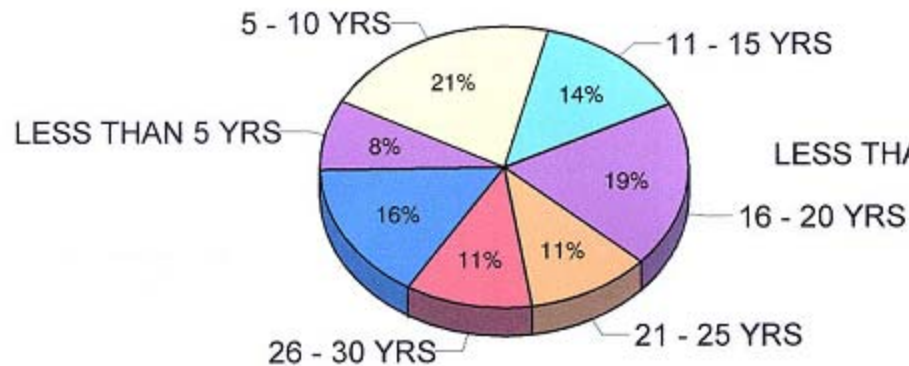
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The Problem

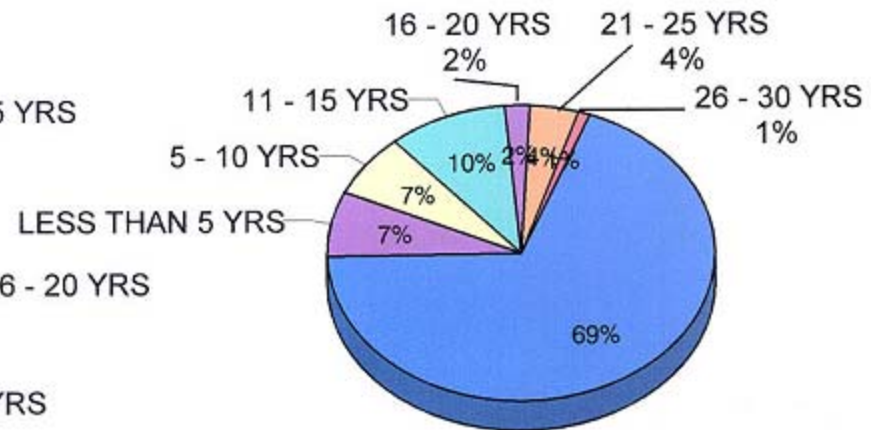
Age of Facilities

IFMA



MEAN = 20.6 YRS
N = 303

STATE



MEAN = 39.4 YRS
N = 457

IFMA - International Facility Management Association, extracted from Research Report #18, Benchmarks III, 1997



Overseas Embassy Construction

Where it was:

- After the 1998 bombings in Africa, critical reports and reviews cited major deficiencies and poor management of the program.
- Previously in the 1990s, construction averaged less than one New Embassy per year.
- In March 2001, OBO had only \$0.7 billion under management for capital and all other programs.

What we have done:

- Adopted a philosophy of allowing planning to drive the budget rather than budget driving planning.
- Developed the first Long-Range Overseas Buildings Plan.
- OBO has been restructured as a results-based organization.
- Time for delivery of our NEC is now about 2 years versus 4-5 years.
- We have introduced Standard Embassy Designs and the Design-Build delivery concepts.
- State and OMB have developed the Administration's \$17.5 billion, 14-year, Capital Security Cost-Sharing Program (CSCS).
- Participating NEC contractor pool grew from 5 to 22; outreach continues.
- OBO has \$4.7 billion under management and has completed 15 new facilities, with 40 more in design or construction.
- The Capital Security Construction Program received OMB's PART (Program Assessment Rating Tool) rating of 97% effective, and the Regular Capital program received an 86% rating.
- Gained credibility with the stakeholders (OMB, Congress, etc.)

Where it is heading:

- The Capital Security Construction Program is to be funded by Capital Security Cost Sharing vehicle going forward.
- 38 NEC projects are in planning (\$3.0B)
- Will be the largest Embassy construction program ever – replacing another 140 facilities.
- All Iraq facilities construction will be in addition to the above.

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The New Construction Program

The Construction Program:

- 140 new embassy and consular compounds (FY06-FY18)
- Total capital cost of \$15 billion
- Funded over 13 years
- Annual cost of \$1.4 billion



What Is on Our Plate Today

- 40 NEC /Annex projects under design/construction (\$2.9B)
- 41 rehab projects underway (\$579M)
- 124 Compound Security and FE/BR replacement projects (\$157.8M) underway
- 13 NEC/Annex projects planned for FY 05
- \$26.6M for soft targets and residential security in FY05
- 81 NEC projects in Long-Range Overseas Buildings Plan (\$6.4B)
- 15,000 properties at 265 locations to serve



New Embassy Compound (NEC) (Typical Standard Structures)



- Main Office Building (Chancery)
- General Services Support Building(s)
- Marine Security Guard Quarters
- Utility Systems & Parking Facility
- Recreation Center
- Perimeter Security System
 - Compound Access Control System
 - Personnel Access Control System
 - Nine foot Anti-climb/RAM Wall with Lights
 - Surveillance Equipment



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Completed Project (2002) Doha, Qatar NAB



100% Complete (Open)





Lima, Peru USAID (Annex)



100% Complete
(Open)



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Tunis, Tunisia NEC



100% Complete
(Open)



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Dar es Salaam, Tanzania NEC



100% Complete
(Open)

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Dar es Salaam, Tanzania MSGO



100% Complete

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Dar es Salaam, Tanzania (USAID Building)



100% Complete
(Open)



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Nairobi, Kenya NEC



100% Complete
(Open)



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Nairobi, Kenya MSGO



94% Complete

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Nairobi, Kenya USAID Annex



26% Complete

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Istanbul, Turkey NEC



100% Complete
(Open)



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Zagreb, Croatia NEC



100% Complete
(Open)

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São Paulo, Brazil NAB

100% Complete
(Open)



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Abu Dhabi, United Arab Emirates NEC



100% Complete
(Open)



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Tirana, Albania MSGO



100% Complete

July 19, 2005



Tirana, Albania Annex



62% Complete



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Sofia, Bulgaria NEC



100% Complete



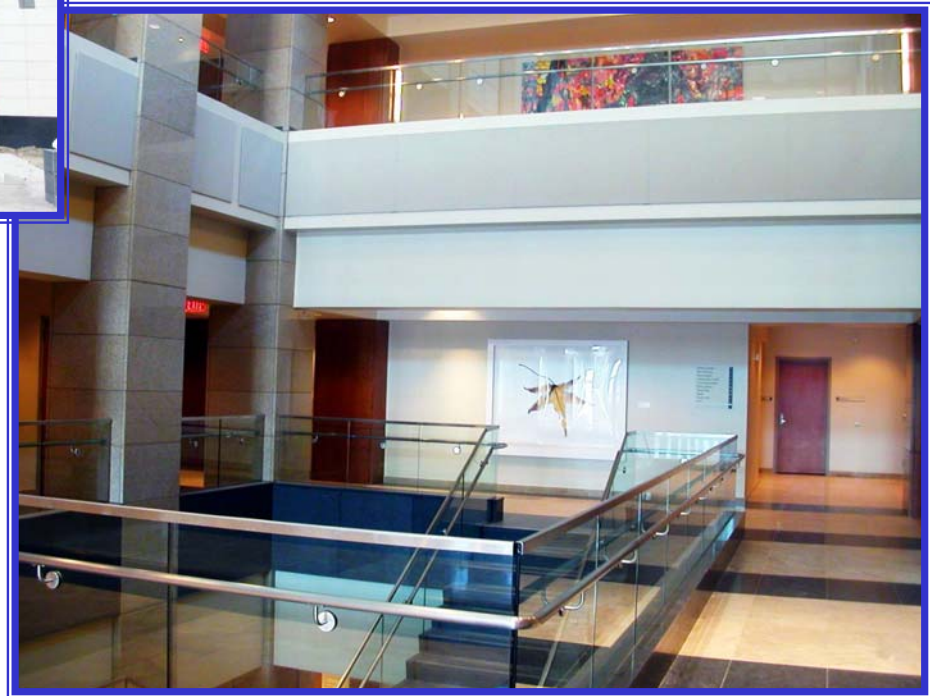
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Yerevan, Armenia NEC



100% Complete



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Abidjan, Côte d'Ivoire NEC



100% Complete

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Abuja, Nigeria NEC



100% Complete



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Kabul, Afghanistan NEC



(Phase 2) 95%
Complete



NEC

MSGO



Luanda, Angola NEC



94% Complete



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Dushanbe, Tajikistan NEC



94% Complete

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Frankfurt, Germany NAB



88% Complete



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Yaounde, Cameroon NEC

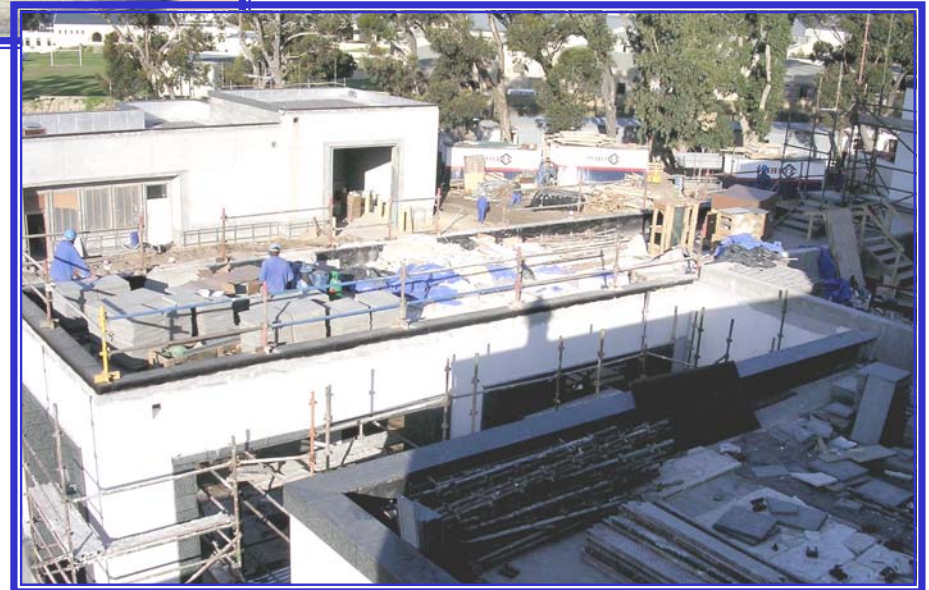


87% Complete

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Cape Town, South Africa NEC



86% Complete

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Tashkent, Uzbekistan NEC



87% Complete



July 19, 2005



Tbilisi, Georgia NEC



86% Complete



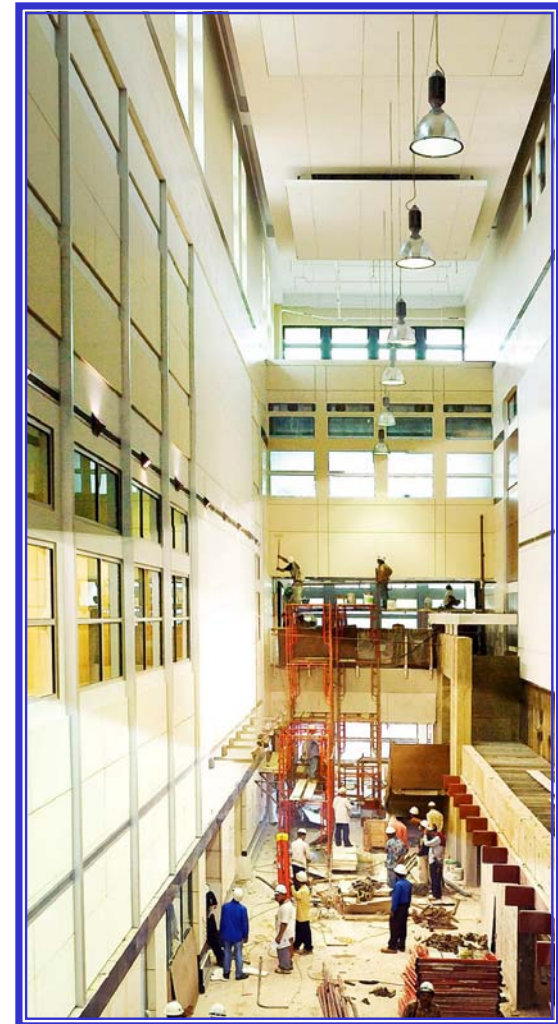
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Phnom Penh, Cambodia NEC



90% Complete



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Bridgetown, Barbados NAB



77% Complete

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Conakry, Guinea NEC



69% Complete

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Kingston, Jamaica NEC



44% Complete

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Kingston, Jamaica Staff Housing



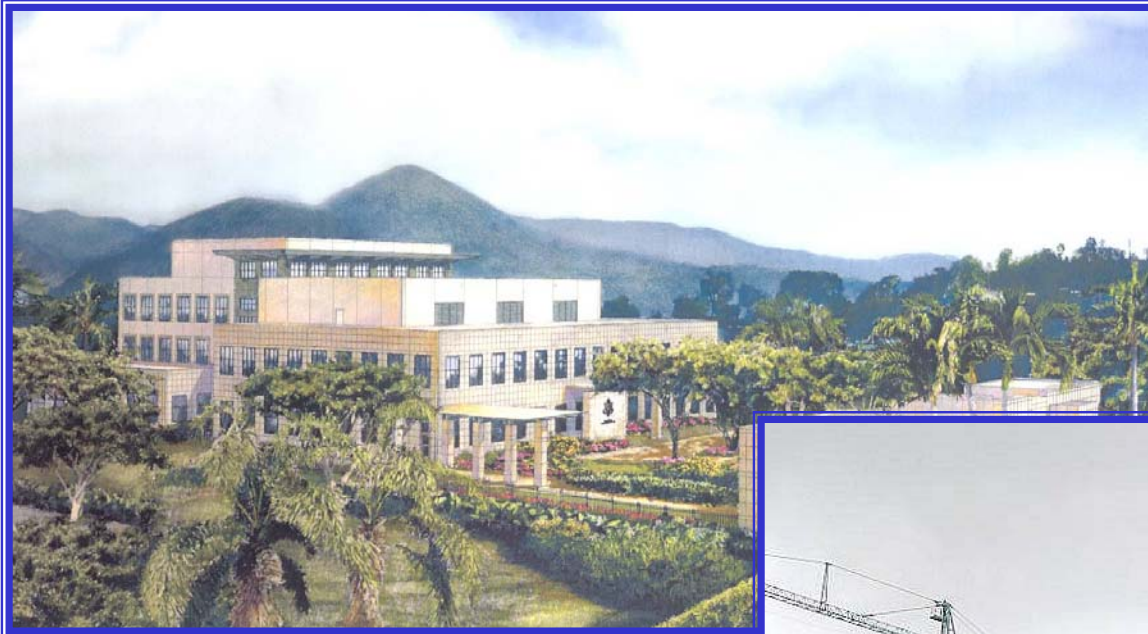
95% Complete



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Freetown, Sierra Leone NEC



37% Complete



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Bamako, Mali NEC



31% Complete

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Belmopan, Belize NEC



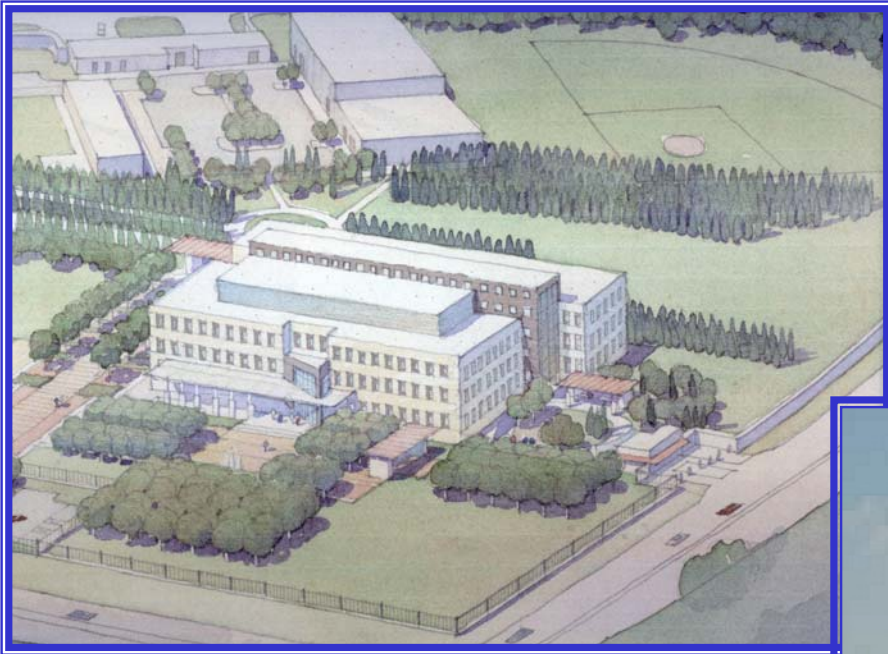
25% Complete



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Astana, Kazakhstan NEC



24% Complete



July 19, 2005



Katmandu, Nepal NEC



24% Complete



July 19, 2005



Accra, Ghana NEC



17% Complete



July 19, 2005



Athens, Greece NOX



14% Complete



July 19, 2005



Algiers, Algeria NEC



13% Complete



July 19, 2005



Panama City, Panama NEC



20% Complete



July 19, 2005



Rangoon, Burma NEC



13% Complete



July 19, 2005



Managua, Nicaragua NEC



12% Complete



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Port-au-Prince, Haiti NEC



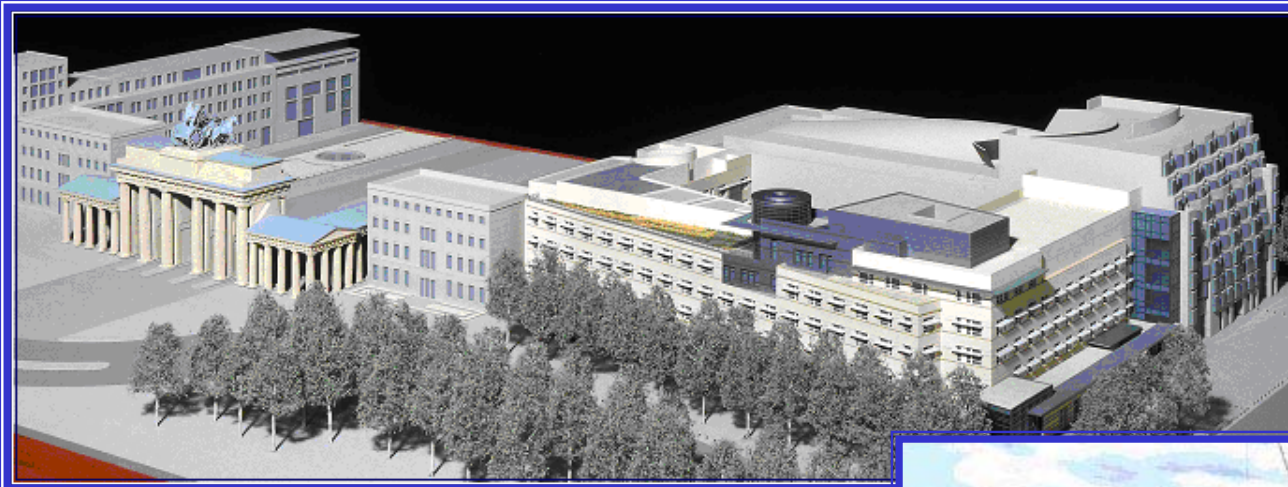
7% Complete



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Berlin, Germany NEC



7% Complete



July 19, 2005



Beijing, PRC NEC



16% Complete

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New Facilities Planned for 2005

- Baghdad NEC
- Bogotá, Colombia NOX
- Ciudad Juarez, Mexico NEC
- Khartoum, Sudan NEC
- Moscow, Russia NOX
- Mumbai, India NEC
- Quito, Ecuador NEC
- Skopje, Macedonia NEC
- Suva, Fiji NEC
- Kathmandu, Nepal USAID
- Bamako, Mali USAID
- Kingston, Jamaica USAID
- Managua, Nicaragua USAID
- Accra, Ghana USAID
- Kigali, Rwanda NEC



New Facilities Planned for 2006

- Brazzaville, Republic of the Congo NEC
- Djibouti, Djibouti NEC
- Mexico City, Mexico NEC
- Sarajevo, Bosnia-Herzegovina NEC
- Abuja, Nigeria USAID
- Tbilisi, Georgia USAID
- Beirut, Lebanon NEC
- Johannesburg, S. Africa NEC
- Khartoum, Sudan NOX
- Khartoum, Sudan MSGQ
- Libreville, Gabon NEC
- Skopje, Macedonia NOX
- Skopje, Macedonia Warehouse
- Skopje, Macedonia MSGQ
- Surabaya, Indonesia NEC



*“When we build – they
come.”*

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Interiors & Furnishings



Plan, Design & Execute

Abu Dhabi NEC-Cafeteria, Office, Recreation Facility





OBO's Best Practices (In-Place)

- Industry Advisory Panel
- Interagency Facilities Council
- Real Property Advisory Board
- Cost estimation evaluation (Benchmark & Validation)
- Value Engineering (Planning & Execution)
- Standard Embassy Designs
- Integrated Planning and Design Reviews
- Design-Build delivery method
- Formal training programs (i.e., COR, etc.)
- Operational reviews and system analyses
- Facilities Maintenance fully integrated in plans
- GAO & OIG partnership
- Monthly Project Performance Reviews
- Project Definition Rating Index
- Life Cycle Project Planning



Industry Advisory Panel at Work



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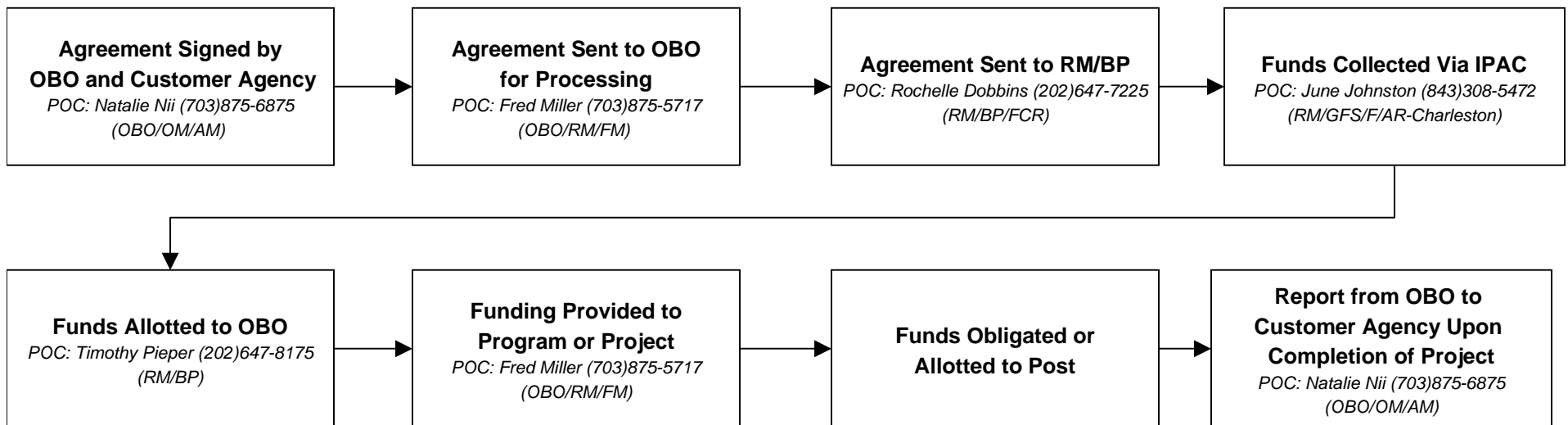


OBO Special Recognition

- Winner of Congressional Golden Shears Award
- Finalist for Business Solutions in the Public Interest Award
- OBO's Industry Advisory Panel was identified as one of Gallup's Best Practice Models
- AGC Award for Istanbul
- Design/Build Award for Abu Dhabi



Reimbursement Process Collecting Funds from Customer Agencies





Cost Containment: Planning and Development

- Initial Planning Survey
- Initial Planning Review
- P3 Schedule
- Second Independent Cost Estimate
- Staffing Numbers/Rightsizing
- Space Standards



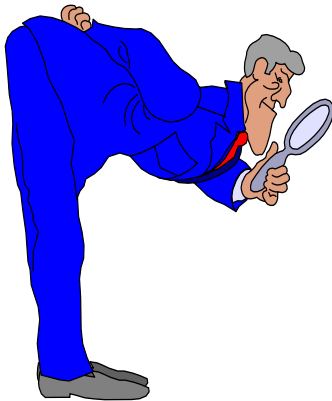
NEC Cost Containment through Value Engineering

*Design and Engineering Division
Overseas Buildings Operations
US Department of State*

July 19, 2005



What is Value Engineering?



- A Process...
 - Function Based
 - Systematic
 - Team Approach
 - Creative Thinking
- ...which concentrates on:
 - Cost vs Benefit
 - Low Life-Cycle Expense
 - Including Low Initial Cost



A Practical Example

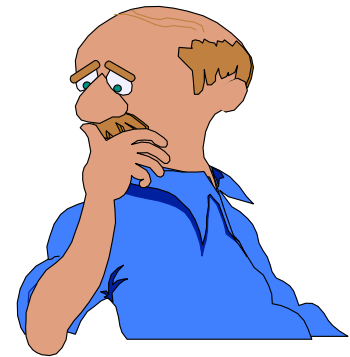
- What “eyewear” is my best value?
 - Traditional Glasses
 - Reading, Driving, Both
 - Bifocal, Progressive
 - Plastic, Tinted
 - Sports, Designer
 - Case, Necklace
 - Contact Lenses
 - Laser Surgery
 - Magnifiers





Targeted Cost Elements

- Expensive, complex, **repetitive items**
- Cost appears **out of line** from norm
- Difficult **site** conditions
- High **labor** demand or cost
- Expensive to **operate or maintain**
- High **energy** demand or cost
- Extensive **shipping** and handling
- Old **technology**/methods/materials
- Special bonding/**insurance**/permits





VE Program Phases

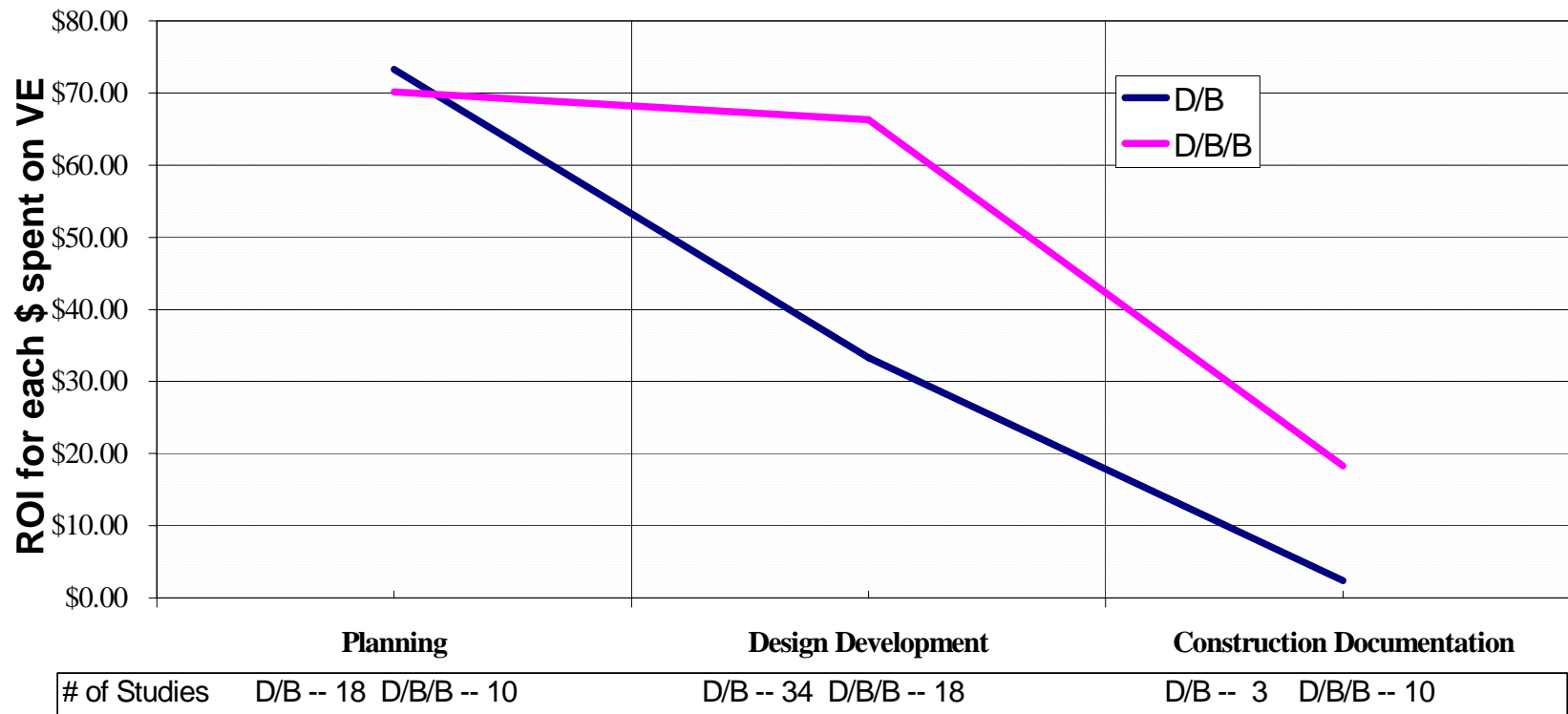
- VE studies performed during:
 - Planning (Projects over \$20m)
 - Design (Projects over \$1m)
- Construction
 - Contractor proposed VE recommendations (VECPs)
- Capture lessons learned
- Make SED Improvements



VE Return on Investment

VE Return on Investment Summary

Includes projects from 1999 through 2004



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VE Performance Measures

- 👍 Return on Investment (ROI) = 20:1 (i.e \$20 saved for every \$1 of program cost).
- 👍 On average VE saves 2.6% of the \$1.5B OBO annual construction program = \$39M.
- 👍 Quality & functionality of SED is continuously improving.
- 👍 Project life-cycle costs are being identified and contained.



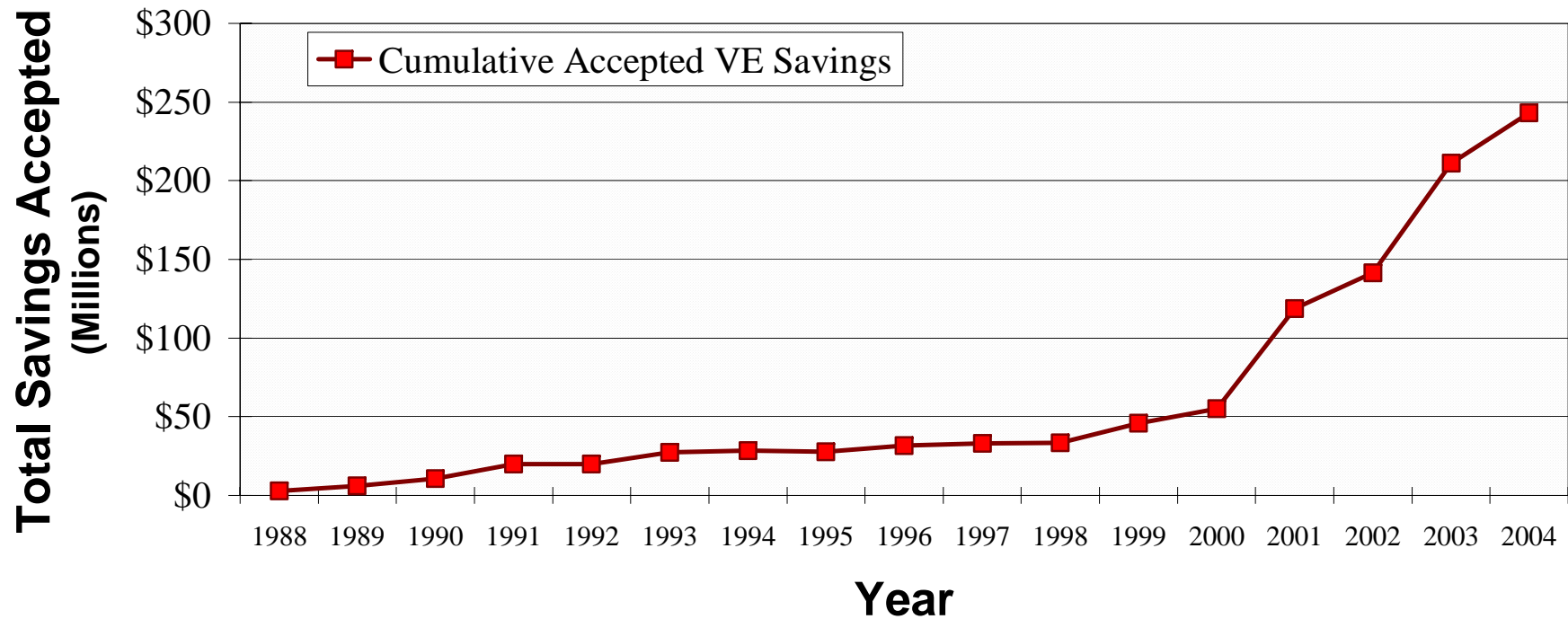
Sample 2004 VE Recommendations

Description of Proposal	Project Name	Accepted Initial Savings	O&M Savings	Total PW Accepted
Use open office concept for tower area	Madrid OBC Rehab	(3,319,000)	7,578,000	4,259,000
Use generator waste heat to power an absorption chiller.	Freetown NEC	(334,637)	2,553,830	2,219,193
Eliminate low voltage double-ended switchgear arrangement.	Moscow NOX	1,066,193	0	1,066,193
Use an Inverted Roof Membrane Assembly (IRMA) and concrete CAC roof in lieu of glass.	Moscow NOX	925,423	0	925,423
Reduce the size of the standby generators.	Moscow NOX	697,332	0	697,332
Eliminate the glass bridge roof and glass plank at the floor of bridge and consular vestibule.	Moscow NOX	683,743	0	683,743
Install a night time generator and eliminate one of the 800 kW generators.	Freetown NEC	208,364	382,066	590,430
Evaluate landscaping and use of adapted plant material throughout the site	Bamako NEC	575,000	0	575,000
Eliminate the window screen wall above the main roof.	Moscow NOX	540,911	0	540,911
Abandon existing embedded conduits in place	Rome INA Rehab	480,276	0	480,276
Specify higher efficiency water chillers.	Freetown NEC	(68,316)	490,381	422,065



VE Program Results

OBO Value Engineering Program History





Industry Outreach

- OBO staff are active members of SAVE International
- Five IDIQ Contractors are onboard for value analysis studies
- In-house staff are being trained for VE certification
- Close ties exist with VE professionals in other Federal Agencies
- OBO received the *2003 Golden Shears Award* from the SAVE Congressional Education Committee



Related Authorities

- Congress
 - Section 36 of the Office of Federal Procurement Policy Act (41 U.S.C. 401, et seq.)
- Federal Acquisition Regulations (FAR)
 - Part 48 – Value Engineering
- OMB
 - Circular A-131 – Value Engineering



Cost Containment: Operations Management

- NEC Cost Containment Committee
- Front End
 - Support of Planning and Execution Efforts
 - Ongoing review and validation of projections
 - Ongoing review and evaluation of cost containment efforts
- Existing Facilities
 - Standards and guidelines
 - Identifying opportunities for savings



Cost Containment: Operations Execution

- Basic Premise: Unit of Operation is the post – both as a customer (ICASS Council) and a subordinate element
- Promulgation of standards
- Energy savings programs through FAC and PD, initiated by post or Washington

Capital Security Cost-Sharing Program For U. S. Government Agencies Overseas



U.S. Embassy - Kampala, Uganda

*Overseas Buildings Operations
U. S. Department of State*



*July 19, 2005
[full set of slides at
www.state.gov/obo/c11275.htm]*



The Cost-Sharing Program

- The Capital Security Cost-Sharing (CSCS) Program pays for an accelerated NEC Construction Program through contributions from all overseas agencies (including State and ICASS) in proportion to their overseas presence.
- After the 5-year phase-in period (FY05-FY09), the CSCS Program will generate \$1.4 billion annually, through FY18.
- The funds allocated to the CSCS Program are used exclusively for NEC construction - not for maintenance, renovation, or other security enhancement projects.
- CSCS funds cover the cost of interior furnishings for NEC projects awarded in FY05 and forward. They do not cover office machinery, supplies, or special equipment.



Survey of Posts for Current Position Data

- State Department assembled data on 78,000+ positions at embassies, each with a unique identifier and features, involving over 1.5 million bits of data.
- OBO distributed a report on June 9th to each agency, by post, with the full set of data on each of its current positions.
- Agencies are now completing verification of the data by clarifying discrepancies with the Posts and reporting proposed corrections to OBO.
- OBO is currently reviewing agencies' responses received so far and updating the database to use in calculating the FY07 CSCS charges.



IMPLEMENTATION TIMELINE FOR FY07 CHARGES (FY05 Activities)

Completion Date	Activity
July 7, 2005	Agencies submit requests for corrections to position information to NID for FY07 charges.
July 15, 2005	Agencies and OBO resolve differences on position information. OBO finalizes FY07 data with Agencies. OMB facilitates if needed.
August 15, 2005	State Department CFO distributes FY06 invoices and FY07 statements.
September 1, 2005	Agencies submit FY07 budgets to OMB with CSCS charges incorporated. The budget submission must also include the required OMB Circular A-11 overseas personnel counts.



Contacts for the CSCS Program

Department of State

- **Jay A. Hicks, Managing Director (Acting)**
Office of Planning & Development
Overseas Buildings Operations Bureau
(703) 875-7198 HicksJA@state.gov

- **Samuel A. Bleicher, Director**
New Initiatives Division
Office of Planning & Development
Overseas Buildings Operations Bureau
(703) 875-4791 BleicherSA@state.gov

Office of Management & Budget

- **Alexandra Gianinno, Budget Analyst**
State-USIA Branch
International Affairs Division
(202) 395-1483 Alexandra_Gianinno@omb.eop.gov



View the presentation at
www.state.gov/obo

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