

# VALUE-ABLE NEWS

## **SAVE INTERNATIONAL - National Capital Chapter Newsletter** January 2004

### **Congress Promotes VE**

If the Congressional Reception is any indication of the federal government's continued support of VE, we're in luck.

Congressmen David L. Hobson (OH) and Edward L. Schrock (VA) presented Golden Shears Awards to premiere VE programs in government and industry who have stretched billions in taxpayer appropriations. Congressman Hobson, in his 7th term as a United States Congressman, is a member of the Defense Appropriations Subcommittee, the Veterans Affairs Appropriations Subcommittee, the Housing & Urban Development Appropriations Subcommittee, and Chairman of the Energy & Water Development Appropriations Subcommittee. He has a strong hand in deciding how Federal funds are spent, and a solid interest in ensuring their wise use.

Congressman Schrock is a member of the Armed Services Committee, Budget Committee, Government Reform Committee, and Small Business Committee. His leadership skills were noticed from the moment he won his first United States Congressional Seat, when he was elected President of Freshman Republicans. His time and investment in supporting value professionals will help maintain a solid government as a minimum.

Thanks also go to Congressmen Tom Petri (WI) and Jim Moran (VA) for their participation.



**L-R: SAVE International President John Robinson, and Congressmen Thomas Petri (6-WI), David Hobson (7-OH), and Edward Schrock (2-VA)**

### **SAVE Member Helps with Reconstruction Effort in Afghanistan**



**Jeffery Hooghouse second from right.**

Jeffery Hooghouse, AIA, AVS, a Senior Architect at the Headquarters of the US Army Corps of Engineers, has just returned from a detail in Afghanistan where he was working for the US Central Command, Office of Military Cooperation in Afghanistan as a senior advisor to the Ministry of Defense on reconstruction efforts and nation-building in Afghanistan. Jeff has been working as an architect with the US Army Corps of Engineers for more than 10 years, having worked on several multi-million dollar projects for the Army and Air Force. His successful career at Headquarters includes program management of a \$10 billion Whole Barracks Renewal Program, a \$10 billion Army Facilities Strategy Program, and Army Force Modernization. Jeff, a member of AIA, SAVE International, SAME and AEA, is currently a civilian participant at the US Army Command and General Staff College, having graduated from the DA Engineers & Scientists Leadership Development Program. His rewards and honors include 2003 Architect of the Year, Superior Civilian Service Medals, and Commanders Awards for Civilian Service.

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### **SAVE Fellow Back To Work After Stroke**

By Dale Daucher, PE, CVS, FSAVE

It started out as a typical work day. I was sitting quietly in my office, working on setting up a value engineering study for a healthcare client. Suddenly, a sharp pain came over me, and I called out for help. I lost consciousness, only to learn later, after major brain surgery, that I had survived stress-related internal bleeding in my head.

It has taken me almost two years to regain the motor coordination in my right side, refrain from falling out of bed, regain some balance, and speak so that I can be understood. It didn't take long for me to realize that I needed to regain control of my life -- physically, emotionally, professionally, and financially -- if not for me, than for my two little girls.

It wasn't until I began meeting with my case manager, Joan Barksdale, that I began to establish some goals. I am working with a speech therapist and taking up driving again. Recently, I met with Gary Logue from the Fairfax County Park Authority and volunteered to review drawings of trails, golf courses, amusement parks, and historic buildings accessible for the handicapped. I have been attending local chapter SAVE meetings and doing more work on the computer, despite some limited ability with my right side.

Some days are better than others, but overall I have learned that giving up is not an option.



Dale with daughter, Amanda.

### **Graduate Level Value Analysis Course Offered in Latin America**

The School of Architecture of the Universidad Mayor of Santiago, Chile, opens this January 5, 2004. The first graduate degree program, "Optimization of Real Estate Projects," offers Value Analysis as one of the topic courses. Eighteen professionals have registered so far.

The program's objective is the optimization of economic returns in real estate investment projects, from the point of view of a trilogy based in "design-materials-costs." It develops with this purpose tools and methodologies to obtain a product with the quality desired by the client, and within optimum schedules and budget.

It is its intent to add further value to each project, goal obtained through the integral handling of control and quality in the management of their performance, including requirements of quality and management control.

This program is directed to professionals connected to the real estate area wishing to stay on top of the optimization of their projects, so they can perform in a creative and adequate way facing the competitive needs and requirements of the sector.

This Value Analysis course, facilitated by Juan DeVincenti, RA, CVS Life, President of CAS Interamerica and Director for Latin America for SAVE International, will comprise 72 academic hours as required by the Chilean educational system for post grade programs.

For more information about this program see the *Universidad Mayor* web page at [www.umayor.cl](http://www.umayor.cl) or write to Sergio Stange at [sstange@email.umayor.cl](mailto:sstange@email.umayor.cl)

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### Proposed Regulation Authorizes “Share in Savings” Contracting

The proposed FAR ruling, FAR Case 2003-008, amends the FAR which implements section 210 of the E-Government Act of 2002 authorizing use of Share in Savings (SIS) contracts for Information Technology (IT). This FAR change would encourage IT contractors to invest in creative technology solutions for IT contracts and share in the savings to the government that would result from the implementation of the new technology enhancements.

The major change with an SIS IT contract is the contractor *finances the investment in IT* technology, (tools, infrastructure etc.) and then shares with the agency in the savings generated from enhanced contract performance. One key parameter is that agencies can award an SIS contract for up to 5 years, and with approval 10 years.

While the SIS concept is similar to the Value Engineering Change Proposal (VECP) processes defined in FAR Part 48 and the VECP Incentive clause cited in FAR 52.248-1, there are a number of variances in the SIS approach:

- SIS is limited to IT contracting.
- All SIS contracts shall be performance-based contracts.
- SIS contracts require a quantifiable baseline and a potential yield to the government, **prior** to award.
- Most importantly, unlike a VECP, SIS contracts require contractor investment in technology to gain a share in savings.
- Increased revenue and potential for profit.

Since the SIS concept is an innovative approach to IT contracting, federal agencies could exploit this concept with acquisitions for IT infrastructure support services.

The contractor incentives include:

- Extended Period of Performance; up to 10 years
- Performance based FFP with Service Level Agreements
- Sufficient recoup period for contractor investment

Contractor disincentives to SIS include:

- Required up-front investment in new technology
- Cancellation or termination issues
- Further IT technology advances/breakthroughs during POP after initial contractor investment may require ongoing investment

Agency incentives include:

- No requirement for customer to finance investment in tools, technology that have potential to increase performance and reduce cost
- Long-term relationship with contractor
- IT Cost containment
- Improved customer satisfaction

Agency disincentives include:

- Requirement to define requirements analysis to establish quantifiable baseline and projected agency savings yield prior to RFP release
- Establish performance-based statement of work and quantifiable service level agreements
- Develop comprehensive Source selection criteria
- Detailed RFP build
- Ongoing Agency scrutiny

In summary, the SIS contracting concept could provide a real benefit to an agency IT infrastructure support acquisition strategy (AS), if the agency is committed to develop the required acquisition documentation needed to execute the AS. The RFP has to provide well-defined documentation in sections L and M. Source selection team members will require significant training in proposal review and ranking based on the SIS concept. The SIS contracting initiative requires extensive agency commitment to ensure a successful IT acquisition outcome.

For questions or comments, please contact: Dennis Malloy, malloydl@comcast.net.

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### Bet You Never Knew! (and more useless information)

- Coca-Cola was originally green.
- The average number of airborne people over the U.S. at any given hour is 61,000.
- Every day more money is printed for Monopoly than the U.S. Treasury.
- The first novel ever written on a typewriter was Tom Sawyer.
- Only two people signed the Declaration of Independence on July 4: John Hancock and Charles Thompson. Most of the rest signed on August 2, but the last signature wasn't added until five years later.
- The state with the highest percentage of people who walk to work is Alaska. Brrrrr!



Think I'll  
walk to work  
today...



### Mark Your Calendars

<b>January 13</b>	Board meeting
<b>February 10</b>	Speaker (tbd) at chapter meeting
<b>March 9</b>	Board meeting
<b>April 13</b>	Speaker (tbd) at chapter meeting
<b>May 11</b>	Board meeting
<b>June 8</b>	Chapter awards meeting
<b>July 12-15</b>	Annual conference in Montreal

### Are you.... ?

1. Interested in being removed from the SAVE chapter mailing list?
2. Full of ideas on future newsletter articles?
3. Interested in speaking at a chapter meeting or know someone who is?

If so, please contact Debbie Kaplan at 301-340-0527.

### NCC Board of Directors

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