

**Remarks from
Mr. Lucian Niemeyer
Assistant Secretary of Defense
(Energy, Installations, and Environment)
at the
2017 SAME Federal Small Business Conference
David L. Lawrence Convention Center
Pittsburgh, Pennsylvania
November 15 - 17, 2017**

The Secretary of Defense has established goals to improve readiness, increase lethality, strengthen partnerships, and reform business practices. In response, DOD's engineering community is reviewing facility construction and repair processes for delivering capabilities to the warfighter. Recent project delivery trends, specifically the number of projects with increased cost overruns or schedule delays, indicate we need to do a better job – projects delivered behind schedule or over budget directly impact our readiness and divert funds from supporting warfighting capabilities. Our efforts to reform business practices require that we improve our performance – and the American taxpayer deserves assurances that our spending delivers critical engineering capabilities to support our national security priorities quickly and efficiently.

DOD's design and construction contracts are unique – government rules in the FARs and DFARs drive requirements uncommon in the private sector. However, our contracts are more than just a legal instrument – they represent a partnership. To increase project success, both the government and contractors need to:

- ✓ Ensure senior leadership engagement at the start of a project and through close out.
- ✓ Bring the “A” team to projects and keep them there as mentors for junior staff.
- ✓ Partner early to tackle challenges to provide an outstanding project on time and within budget.
- ✓ Minimize change requests that do not add value to the project.
- ✓ Maintain a proactive working relationship characterized by mutual professionalism, courtesy, and timely communications.

The Department will address project delivery challenges with updated instructions, reviews, and policy memos to include;

- Improve the identification of project requirements with better planning to meet mission requirements within budget constraints.
- Coordinate with design and construction agents to address industry and bid climate trends.
- Increase awareness and accountability at all levels of management and performance as problems arise.
- Enhance in-house engineering expertise to improve government design reviews.
- Improve responsiveness to questions, clarifications, and submittals reviews during the solicitation and construction phase.
- Understand the use and enforcement of performance specifications.
- Use valid metrics to flag project challenges, including tracking the status of change orders, equitable adjustments, or timeliness of government reviews.
- Train contract managers on the proper use of CPARS ratings to reflect contractor performance.
- Minimize contract adjustment times for businesses with little resources to withstand delayed payments.

We are committed to:

1. Training installation engineers to develop clear and concise project requirements.
2. Better collaboration between resource sponsors, end users, and construction agents to prevent changes that drive unneeded cost increases or schedule delays.
3. The return of government charters to clearly identify performance goals for the contract.
4. Ensure that the mission requirement drives the ideal engineering and acquisition strategy in terms of design, phasing, and timing.
5. Balance the legal or contracting community's interpretation of the FAR and DFAR with sound engineering and policy decisions.
6. Identify project risk mitigation measures before costs and schedule delays impact the mission.
7. Not using the Judgment Fund as an acceptable source for equitable adjustments.

The Secretary of Defense wants us to benchmark with our industry partners. We are open to ideas that lower costs, save time, and improve quality for the warfighter. We need your expertise and experience to identify engineering practices and innovations that should be incorporated into our processes. We also invite you to use these commitments to grade our results over the next three years as we partner with SAME to improve the experience of working with DOD to deliver the finest facilities possible to our Armed Forces. We succeed together!

Signed

The Honorable Lucian Niemeyer,
Assistant Secretary of Defense for Energy, Installations and Environment