



International Committee

Summer Meeting Minutes

August 5, 2014

ACEC Offices, Washington, DC

Those in attendance:

Carol Bell, Stanley Group (Chair)
Gore Bolton, AMT
Bill Bradford, Hanson (OBO Lead)
David Fernandes, CDM Smith
Dave Fulton, AMEC
Julie Haines, AMEC (USAID Lead)
Steve Hall, ACEC
Carol Hessler, Jacobs (US Govt.)
Bill Howard, CDM Smith (FIDIC)
Will Knowland, Mott MacDonald

Manish Kothari, Sheladia (Ex-Com)
Greg Matthews, Louis Berger
Robert Murdock, V3 Companies
Rick Orth, Michael Baker
Mohan Singh, AECOM (Vice Chair)
Mark Steiner, ACEC
Cory Saver, Woods Peacock
Frank Swit, Gannett Fleming
Gregs Thomopulos, Stanley Group
Maria Vaughn, CH2M Hill

9:00 am – Welcome and Introductions

The meeting was opened by Carol Bell, followed by general introductions of attendees.

Carol reviewed the goals of the International Committee focusing on:

1. Advocating for the international business interests
2. Influencing FIDIC policy and programs
3. Guidance and information on international business issues and opportunities
4. Promoting legislation and agency reforms that will improve the competitive position of ACEC members

A quick review of ongoing actions, including supporting reauthorization of the Ex-Im Bank, inputting into the Work Bank procurement processes review, pressing for engineering involvement on international infrastructure planning and work through federal agencies, and providing a preference for U.S. firms on development projects followed.

9:30 am – Business Meeting

Reviewed the status of presenters at the **Fall Conference**. In addition to the confirmed representatives from the Departments of State and Commerce and The East-West Center, discussions continue with private sector global commercial firms (e.g. Rio Tinto, Chevron, Caterpillar, AES and others to support the 2 International Concurrent Sessions at the Conference [1) U.S. Government Initiatives and Private Sector Work in Asia-Pacific Markets and 2) Trends in Asia Markets - Opportunities and Risks].

For the Fall Committee meeting at the Conference, we have invited specific representatives from PACOM, USACE Pacific Ocean Division and Honolulu District, Defense Security Cooperation Agency, NAVFAC Pacific and Hawaii, US Army Pacific, and others. The Navy has indicated private event and budget restriction hurdles make attendance unlikely. Better discussions with PACOM, USACE POD, and DSCA are ongoing.

For the **Annual Convention**, the continuance of world regional focused opportunities sessions, with country government representatives involved (like the prior MENA and Sub-Saharan Africa events) was discussed and approved. The Latin America and Asian regions were considered, with the Asian region approved.

Addressing education sessions for the Convention, three general areas were discussed:

1. Agencies (e.g. Commerce Assistant Secretary Kumar update on India and our white paper) or funding institutions (e.g. IFC, World Bank, etc.)
2. Ambassadors, Foreign or U.S.
3. Timely topics (e.g. Gaza, Ebola, ISIS, Ukraine, etc.)
4. Firm experiences on global market (e.g. Bechtel, Fluor, B&V, GE, Caterpillar, etc.)

In each case, sessions should be strategically oriented, with stated objectives. Those not becoming sessions might become webinars or brown bag lunches (or small meeting, with call-in capability). The Committee leadership will refine these ideas and report back to the Committee.

Separate interest was expressed in having events outside of DC. This could involve ACEC Member Organizations (MOs) participation (e.g. Seattle location for an Asian Development Bank event, or a meeting in Houston during the Offshore Technology Conference)

10:00 am – Subcommittee Reports

Carol Hessler Chairs the **U.S. Government Subcommittee** and noted the progress made by the individual agency leads. She turned the reporting over to them.

Bill Bradford addressed the **State Department** Group activities. These included:

1. Establishing a Partnering Agreement
2. Furthering "Facilities Excellence" to include engineer lead teams winning contracts
3. Addressing less demanding sources sought submissions for small firms
4. Limiting the use of one-step design-build contracts
5. Becoming represented on the Industry Advisory Group (IAG)

While each item has been raised with the Overseas Building Operations (OBO) office, real progress is lacking. A recent solicitation does not require architect leads, but the use of old verbiage leaves an impression that it might. Because of Congressional attention on OBO, the availability of OBO staff time is limited. Bill, Philios Angelides, and Mark Steiner will work to set up a meeting with OBO as soon as possible. In the meantime, the Committee needs to identify 2-3 individual candidates for the IAG.

Julie Haines addressed the **USAID** group activities. Most discussion focused on USAID internal construction contracting (spending and management) survey and the delayed GAO report. The survey was completed by an outside contractor, but was not released and undergoing revisions. The Committee agreed to hold any actions until the survey is made public and then respond to findings, push our agenda, and press GAO to restart their report. Recent Gaza procurement process waivers could be "game changers". ACEC needs to offer help to USAID in acting on survey report and GAO findings and addressing best practices, after both are published. **For now, we need to contact the USAID Ombudsman in order to impact the future A&E and D-B IQC contracting efforts. David Fernandes offered to draft a letter.**

Ken Baum is retiring. He was a champion for greater engineering involvement in USAID infrastructure efforts. With his leaving, more responsibility may pass to non-engineering entities and D-B contractors. Current A&E IQC contracts are due to expire in November. Extensions are likely. Committee members would like to recognize Ken's support by holding a retirement event for him. Julie will organize.

Manish mentioned the damaging articles on USAID being released on non-development activities (e.g. Cuba influencing) is creating leadership pressure that diverts attention from design and construction, even though a great portion of funding ends up in infrastructure projects. The construction survey will end up politically correct and may not offer any traction for our issues. ACEC needs to get engineering leaders or supporters into senior appointed government positions within agencies like USAID. He suggested Gregs Thomopulos as a potential candidate. If we cannot develop a list of qualified candidates, willing to take such positions, ACEC needs to identify Senators who we can educate on the need for understanding of design and construction management by nominees for agency leadership and to block candidates lacking this perspective.

Julie, Carol Hessler, and others will gather more insight into the survey, and changes within USAID. **Julie will organize a conference call in about 2 weeks to compare results and map strategy.**

Carol Hessler addressed **MCC** Group activities. MCC is reorganizing in sector groups (e.g. power, transport, water, etc.). They lack the staff to effectively accomplish this.

The A&E IDIQ contract expires in June 2015. The existing contract will probably be extended. An environmental, social, resilience, and engineering MCC support contract RFP,

intended to overlap the A&E IDIQ contract, has been issued. It was done without "roof tops" or a kick-off meeting. Ten firms were invited and they must qualify in all areas.

New personnel at MCC want to avoid Brooks Act procurements, as being too long to implement. They are looking for FAR allowed alternatives that include due diligence and P.E.s, but avoid qualifications selection boards and negotiation of scope and price with only one offeror at a time. The Brooks Act still has supporters within MCC. Capacity building focus is forcing questions from accounting, financing, and legal sources, while the bulk of MCC spending is still in design and construction. Carol will seek a meeting with MCC on their draft RFP and related issues for after Labor Day. It was noted that USACE has provided support in the past, in justifying separate handling of infrastructure efforts.

Carol Hessler addressed **Export-Import Bank/OPIC** Group activities. The delay in reauthorization of the Ex-Im Bank may do significant damage to the effectiveness of the Bank in competing with other nations' banks for borrowers' attention. This damages U.S. exports. OPIC is pursuing Power Africa projects and is looking for industry to identify opportunities. Coal power restrictions are an issue.

Carol Hessler addressed **USTDA** Group activities. The Group has been relatively quiet. In general, USTDA expects firms to pursue their work to become involved in countries and not to make any money in execution. Smart Grid and Power Africa initiatives are evolving, in partnership with MCC. An IQC for energy may be coming.

Bill Howard addressed **FIDIC** Group activities. Bill noted the need for ACEC to have involvement (and 'bring new blood') on the FIDIC Capacity Building Committee. He also mentioned the topical and networking benefits of attending the FIDIC Annual Conference. This year it is in Rio, the week of September 29th. There is also a FIDIC Contract Users Conference in the U.S. this year, in Miami on October 14-15. Bill is speaking there and recommends the Conference to corporate councils and others dealing with global work, especially when FIDIC contracts are used.

During the ACEC Annual Convention, several FIDIC leaders, including Bill, met with World and Inter-American Development Bank officials. He noted a trend toward QBS, especially for higher risk projects. FIDIC contracts are preferred by the Banks, but the World Bank is weakening on requiring their use, with UK and European contract forms now competing for use. Since about 75% of FIDIC expenses are covered by non-dues revenues, the loss of Bank requirements would have an impact. Presently design-build and public-private partnership contracts are leaning toward country control of contract types and procurement system.

Bill is leading a FIDIC *State of the World Report on Water*. He asked for knowledgeable help with issues and in developing the paper. Carol Hessler volunteered.

Manish Kothari addressed **Strategic Planning**, from his perspective on the ACEC ExCom. He noted that ACEC effectively advocates for beneficial legislation and supports issues

friendly candidates in Congressional races. We are part of the American Infrastructure Alliance which focuses on authorization and appropriations aimed at maintaining and improving our nation's infrastructure. The Alliance's attention will include international infrastructure needs that offer U.S. economic and/or diplomatic benefits.

Manish mentioned the ACEC private sector initiative, now focused on the energy and environment sectors with Don Sherman and Keith Pemrick providing ACEC staff leadership. In general, he champions the need for more engineers seeking leadership roles in government, either at agencies or in the legislature. ACEC needs to be more active providing qualified candidates and challenging unqualified candidates, including developing relationship with Senators who understand the needs and are willing to block poor nominations.

Carol Bell addressed the Global Subcommittee, which includes financial institutions. Richard Boehne needs support from Committee volunteers. They should be willing to take on at least one entity and develop a plan to identify specific issues and contribute to defining the Subcommittee's mission. Carol Hessler and Julie Haines raised the issue of weighted best value procurements, with a heavy qualifications component, proceeding without a prequalification phase. The result from this approach is a dilution of qualifications evaluation and cost overwhelming the selection.

12:00 pm – Lunch, Paul Foldi, PSC Vice President, International Development Affairs

Paul's portfolio includes the result of the Coalition of International Development Companies (CIDC) merging into the Professional Services Council and aligning with PSC's International Development Task Force (IDTF). The intent is to provide a unified voice for international development firms in advocating on contracting, regulatory, legislative, and other business issues. PSC's focus is on development services that improve life quality (e.g. governance, health, education, etc.). The Task Force is member driven with 120 members of which 35-50 are active and about 25 are very active.

A discussion of mutual interests arrived at common issues with the need to educate contracting officers, address small business involvement, appropriately use local capabilities, and properly manage, design, construct or upgrade, and operate needed infrastructure. The importance of infrastructure to the success of development activities was accepted, as was the need for engineering firms and professional engineers to be in appropriate planning, decision making, and oversight roles for infrastructure projects.

The results of the discussion was to approach an alliance with PSC (joint task force) that would support the development agencies, while assuring infrastructure work is performed by qualified engineering firms. The immediate concerns are splitting off infrastructure work from general development activities to be separately contracted, as soon as the requirements are identified, controlling the work directed in-country to that which local firms have the capability and capacity of performing well, perform technical capacity

development by training and using local firms when practically possible, using qualifications based selection, and monitoring implementation of new and revised regulations.

01:30 pm – Stephen Rubright, SVP Congressional Affairs, Export-Import Bank

Stephen summarized the status of the Bank's reauthorization, which expires on September 30th. Significant progress has been made by all concerned; including the industry coalition ACEC is part of, in reducing the number of opponents. Any reauthorization will probably include perceived necessary reforms to preclude internal Bank corruption. While purists do not want the U.S. to be loaning money to foreign buyers to encourage exports, many recognize that as long as other countries are doing so, we are damaging our economy, jobs, and industries by not balancing their actions. Another issue is whether or not coal power projects should be allowed.

The passage of a "clean" long-term authorization by the deadline is unlikely, due to the coming elections and dug in positions. Most likely there will be a short extension included in a CR or a short expiration allowed until after the elections. Either way, the competitive position of firms relying on Ex-Im Bank loans will be damaged, since borrowers will be hesitant to deal with the restrictions involved, when other countries' Export Credit Agencies (ECAs) are actively offering funds. China, Russia, and Korea have much larger funding capability than the U.S. Ex-Im Bank.

Any reauthorization will have to address the length of time covered, the cap on funds, and the reforms required (the Bank is already codifying a Chief Risk Officer prior to any legislation). Until that happens, the Bank continues to administer the existing portfolio, but cannot do any new business. With 18 year deals currently on the books, there is no "shut down" plan at the Bank.

Stephen recommended the Committee reach out to James Mahoney, VP Engineering & Environment Division for information on how the Bank supports infrastructure projects and the U.S. engineering industry. He may also have information on projects and sectors being targeted. While the Division uses mostly in-house engineering staff for due diligence and assessment activities, they do hire consultant firms for support.

03:00 pm – Janet Phillips, Deputy Chief of Security Assistance, USACE

A copy of Janet's PowerPoint presentation is posted on the International Committees webpage at <http://www.acec.org/advocacy/issue-international>. Of note is that Foreign Military Sales and support to others (including country ministries other than military) is world-wide. [SECTION 607 OF THE FOREIGN ASSISTANCE ACT OF 1961 (22 USC 2357): authorizes the President of the United States to furnish services and commodities on an advance-of-funds or reimbursable basis to friendly countries, international organizations, the American Red Cross, and voluntary non-profit relief agencies.] USACE seeks industry support and holds industry days to identify upcoming opportunities. Opportunities are also published on FEDBIZOPS. The services involved

include all infrastructure, R&D, geospatial, and engineering management. Procurements are offered and executed through the appropriate USACE Districts.

Janet recommends getting to know the Program/Project Managers in the Districts. The usual growth of security assistance to countries starts with "toys first" (weapons), which leads to maintenance, infrastructure, and other services being sought. Industry should follow where weapons are being sold. The Defense Institute of Security Assistance Management (DISAM) offers online and resident courses to industry. Janet recommends the "Security Cooperation Formalization course. DISAM's training link is at <http://www.disam.dsca.mil/pages/courses/onsite/catalog/industry.aspx>.

While most programs are funded by foreign governments, some are U.S. funded Foreign Military Financial Programs, which require use of U.S. contractors.

04:15 pm - Adjourn