

Minutes of JPAT Working Group meeting, 7 August 2003.**Topic: Construction****1. Attendance**

- a. The following members attended the meeting:

Rich Marshall	JCSG Industrial
Jack Francisco	DLA
John Desiderio	OSD BRAC
Armando Drake	DLA
Donna Horvath	AAA
Joanna Chan	DASA (CEAC)
Frank Sosa	AF BRAC
Alex Yellin	OSD BRAC
Jack Leather	Navy BRAC
Andrea Beck	AAA
Arthur Levesque	R&K Engineering
COL Coulson	JCSG HSA
Jane Brattain	Marines
Dharam Jain	OSD IG
John Hesson	R&K Engineering
Omer Alper	CNAC
Joseph Smith	OUSD
Tom Mahalek	GAO
Marcia Kilby	OSD IG
Paula Loomis	SAF / AF
Paul Freund	SAF / IEBB

- b. The following groups did not send a representative:

- JCSG S&S
- JCSG Medical
- JCSG E&T
- JCSG Technical
- JCSG Intel

2. Opening Remarks. MAJ Smith opened the meeting by stating the purpose and objectives of the session. He then introduced John Hesson from R&K Engineering who provided some background material on his work with OSD in developing DoD construction cost factors that are accepted and used by all Services and DoD agencies. This included a discussion of relationship and hierarchy of OSD's Infrastructure Steering Group and Infrastructure Executive Council. Mr Hesson then proceeded with the first agenda item, components of construction costs.

THE ARMY BASING STUDY (TABS) GROUP

3. Agenda Item #1. Components of Construction Costs. Summary of comments and discussion.

- a. Construction costs reflect the cost of the building or structure. They do not include the user's equipment inside the facility. Movement of equipment to a new building is covered in movement algorithms in COBRA.
- b. The Area Cost Factor accounts for such local factors including labor, materials, climate, etc.
- c. COBRA screen entries for construction, as well as other, costs should not be inflated for future years. All costs should be entered as constant 2005 dollars. This should be specified on some screens and reports.
- d. Construction costs can be entered as additional unique costs (screen five), or as a total project cost (screen 7), if other factors (size adjustment-USAF, historical district-USN) require that the total cost for each project be calculated outside the COBRA model.
- e. Discussion of Anti-terrorism Force Protection (ATFP) resulted in determination that a construction standard factor could not be determined for addressing the additional construction costs associated with it. ATFP must be addressed on a case-by-case basis and handled in COBRA as other non-standard factors are.
- f. Auditors suggested identifying those construction project costs not calculated by COBRA using the models algorithms and standard factors on Total Military Construction Assets report. This will be implemented.
- g. Discussion of the Information Management Account (IMA) factor indicated that further research be conducted to determine what value should be used.
- h. Ms. Kilby, an OSD auditor, was concerned whether or not the standard factors would stay constant. R&K Engineering said they could lock any standard factor that are determined to be non-editable so they could not be changed. Also the auditor could refer to the input report to show the standard factors used for each COBRA run.
- i. It was approved unanimously that each of the standard factors for construction on Standard Factors Tab Two (IMA, SIOH, Design, Contingency, Site Prep) remain as previously used in COBRA. The JPAT agreed that the following standard factors in the latest edition of the DoD Facilities Pricing Guide (FPG) will be used in COBRA.

Design Cost - 1.09 for non-medical buildings

1.13 for medical buildings

Supervision, Inspection, and Overhead (SIOH) - 1.06 for CONUS

Contingency - 1.05

Construction cost factor for each facility type - DoD FPG cost factor table

THE ARMY BASING STUDY (TABS) GROUP

Cost factors will be inflated to 05 dollars.

(Note that Medical construction has a different Design cost factor, which will require minor changes to algorithms.) Values for IMA and Site Prep Standard Factors still need to be determined.

j. According to R&K Engineering, the DoD FPG is the correct way to approximate new military construction costs. The auditors at the meeting all agreed that the data form the FPG would be considered certified. The FPG is also recognized by all Services.

4. Agenda Item #2. Renovation as a % of New Construction. Summary of comments and discussion. At present, COBRA determines the cost of rehabilitating a building by determining the cost of a new facility and multiplying the cost by a factor of 0.75. The 0.75 factor is based on statutory limits on what organizations can spend to rehabilitate existing building (75% of new construction cost). R&K made an intuitive argument to show that this number was conservative, but could not offer any hard data to support the assertion; the JPAT voted to keep the factor at 0.75. Each Service and JCSG can override this planning factor, by using their own analysis to determine the cost of rehabilitating an existing building and entering that value into the model. If a dollar value is entered into COBRA, it will override the algorithms that determine the facility's rehabilitation cost.

5. Agenda Item #3. Level of Facilities Analysis Categories (FACs) groupings in Model. Summary of comments and discussion.

a. FACs are DOD-wide construction categories for which there are approved cost factors. These FACs will be used as the basis for COBRA construction categories. However, since there are over 400 FACs, only those categories that are most often associated with a re-stationing action should be "hard-wired" into COBRA. Research produced 49 FACs, grouped in 29 COBRA construction categories that will be "hard-wired" into COBRA. This list was approved as presented to the JPAT Working Group. (List attached)

b. There was discussion about adding factors for laboratories; but there are too many types of labs and too little demand for labs to be hardwired as a category.

6. Agenda Item #4. Specific Construction Algorithms. Summary of comments and discussion. The JPAT working group approved changing the construction algorithms to multiply, rather than add, the various modifiers ($COST = (1 + Design) \times (1 + SIOH) \times (1 + Contingency) \dots$) as this is the accepted procedure for calculating construction project costs, and is described in DoD FPG.

THE ARMY BASING STUDY (TABS) GROUP

7. Due Outs

a. R&K Engineering

- 1) Tasked to determine a value for the site preparation standard factor that can be certified.
- 2) Tasked to find the source of the statutory limit of spending 75% of the cost of a new building to rehabilitate an old one.
- 3) Tasked to find out when the next DoD FPG is slated to be published.

b. A standard factor is needed to account for the cost to install new IT equipment in military construction. This value will be discussed at a follow on JPAT meeting on IT in general.

8. Closing Remarks. MAJ Smith closed the meeting after announcing that the next JPAT Working Group meeting will be on 14 August 2003 with the subject being Personnel.

Attachments:

COBRA JPAT Agenda, Briefing, and supporting handouts – 7 August 2003

Approved COBRA Construction Cost Categories