

DOCKETED

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The AIMS Corporation comments to DCBO Selection Process Update

See Attachment

Additional submitted attachment is included below.

Docket: 16-MISC-01

DCBO Selection Process Update

TN Number: 212009

Suggestions by AIMS Corporation, Delegate CBO, for consideration by CEC

Issue # 1: Fee structure: The draft SOQ for project-specific DCBO services appears to limit DCBO commercial terms to a time and materials agreement using CEC approved labor rates, fixed for a duration of two (2) years..

Comments: Open negotiations between an owner and a proposed project-specific DCBO can bring to bear natural forces that create accountability, risk sharing, allow for resource loading, project scheduling nuance and internal construction priorities. Commercial terms developed in such an environment take into account DCBO operational issues, considerations of the Owner, and the unique challenges facing any given project that payment strictly by T & M cannot address, Particularly when rates are established by an organization other than the parties to the commercial contract, opportunities for balancing of interests and compromise are eliminated.

While an approved T & M rate schedule can be included as part of commercial terms, the parties should be permitted to utilize other formats such as fixed fees, project lump sum, milestone payment and other performance metrics for all or part of the DCBO services. Allowing the principals to use any of those formats also assists Owners in completing their project financing pro forma needed for internal and/or external financing. Exclusive use of T & M fee compensation can become an unintentional incentive to increase services beyond the intent of LORS. Mutually derived firm or fixed fees can off-set that incentive.

Fixed T & M rates can be a particular problem with regard to specialty subconsultants whose rates are necessarily higher than more general service providers. Subconsultants who would be the best solution for a given project and best DCBO service could be eliminated from consideration solely by rate limitations. A DCBO should be allowed to select specialty subconsultants based on their experience, knowledge, responsiveness and quality of staff, not simply conformance with approved rates based on broad industry standards.

Furthermore The duration of the CEC imposed T&M rate schedule would be two (2) years, which probably is consistent with the intend that that OC-DCBO is handling small projects with the likelihood that most of them can be completed within that two (2) year time frame. However, it is inconsistent with the duration of large PS-DCBO projects such as Huntington and Alamitos with project durations of five (5) to seven (7) years. Assume that one PS project is awarded one year after the OC-DCBO contract has been initialized. The PS-DCBO may have to provide at his award time a rate schedule good for one year with annual escalation or fixed rates for additional years, possibly the project duration. Future cost increases have to be considered in the PS-DCBO rate schedule as opposed to OC-DCBO rate schedules being renegotiated every two years.

Issue 2: DCBO continuity during suspensions, delays and minor post-construction additions or corrective work. The draft SOQ's could suggest the possibility that a new DCBO be assigned to oversee incremental work on a delayed or suspended project.

Comment: Projects assigned by the CEC to a project-specific DCBO that are suspended, delayed, or progress on an incremental basis, should stay with the original DCBO whenever possible so as to maintain consistency and continuity in technical and code interpretations, schedule, rates/pricing and the document control process.

Changing the DCBO during a suspension or delay could open the existing DCBO agreement to unreasonable changes either by a project developer or the new DCBO including avoiding historic code interpretations, schedule, rates/pricing and most of all document control process for "as-built" records. The process of creating final as-built records over time is challenging given creation of revised plans and changes in, or disappearance of, responsible staff from the many engineering, supplier and construction entities once the project is in completion phase. The original DCBO is in the best position to know the strength and weaknesses of the parties and processes involved, and to identify and avoid mistakes in document control and maintenance of record drawings.

In summary of the above: Separate the issues of rate schedule between the OC-DCBO service and the PS-DCBO service. Make rate schedule for the OC-DCBO service only part of the CEC/OC-DCBO contract, for the PS-DCBO service of only part of the Developer/PS-DCBO contract, the latter negotiable only between those two parties. The OC-DCBO rate schedule is presumably part of public record (question?) and can be consulted by the PS project developer should he be interested for the purpose of guidance.

Issue 3: RFO Docketed under 16-MISC-01, top of page 2 of 41, first paragraph:

"Lastly, the Project Owner's Resident Engineer (RE) is responsible for monitoring the DCBO plan review activities. The DCBO should be aware of this and work closely with the Project Owner's RE to help minimize project delays."

This statement seems different from past responsibility delineations of DCBO and RE. We offer a short version of AIMS DCBO interface with the RE:

The Owner's RE shall monitor the development, progress and quality of submittal of documentation produced by the Engineers of Record, to include those from Engineering Companies, Suppliers/Fabricators and Construction Companies (note there are usually multiples within each discipline). He shall communicate closely with the DCBO when setting priorities for DCBO document review service and DCBO acceptance of test procedures/protocols for construction purpose. The DCBO shall cooperate with the RE to help minimize project delays.