



**US Army Corps
of Engineers**

ENGINEERING AND CONSTRUCTION BULLETIN

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Subject: Construction Contract Durations & Schedule Slippage

Applicability: Information – All Military & Civil Works Projects

1. The issue of construction contract durations and time growth continues to be a topic of high importance at HQ USACE, ACSIM, USAF, and with all our other customers. This concern has also been verified by the low rating in the recent 'Customer Satisfaction Survey'. It is imperative that we strive to improve our performance in this critical management area, not only to better satisfy our customers, but also to assure that each project is professionally managed to meet construction industry norms. In order to achieve these performance improvements, project delivery teams (PDT's) should initiate more intensive management efforts in the following two areas:

Establishment of Initial Construction Contract Durations
Time Growth & On-Time Schedule Performance

The following paragraphs provide recommendations that should be considered by each PDT when developing the appropriate construction contract duration and establishing the appropriate construction management controls to minimize time growth and meet schedule commitments.

2. Establishment of Initial Construction Contract Durations

a. As part of the Project Management Business Process (PMBP) each MSC should prepare a Standard Operating Policy (SOP) or Business Process (BP) that details the steps necessary to establish the basis for the projection of time required to construct the project that will be incorporated in the PMP. The SOP should include a provision for a buy-in by the customer to the original contract duration incorporated in the PMP. All essential elements influencing the contract duration must be considered before reaching a final decision.

b. In light of the fact that many of our contracts are awarded on the basis of a negotiated solicitation process (RFP) and that this normally entails a selection based on the "Best Value" method, these solicitations should endeavor to use contractor proposed contract durations as part of the evaluation criteria when appropriate. Consideration should be given to including in the solicitation a provision for allowing the contractor to propose shorter (or multiple) contract durations that may be used as part of the "Best Value" election process.

c. For contracts that are solicited using an Invitation for Bids (IFB), the PDT should consider other alternative ways to reduce the overall contract schedule such as using award fees as an incentive to the contractor to finish early.

d. The establishment of the initial contract duration must also take into account the provisions of the "Unusually Severe Weather Special Clause" that is used in almost all USACE construction contracts. The methodology for using and administering this clause is detailed in ER 415-1-15 and PDT members must appropriately consider anticipated weather conditions in the initial schedule deliberations.

e. The PDT must make sure that each project has a thorough biddability, constructibility, operability & environmental (BCOE) review at an early stage in project design. An early BCOE review with experienced construction personnel participating will not only lead to cost savings, but also to overall contract schedule reduction. Construction personnel must be provided adequate funding and time for the BCOE review. Construction personnel should also be included in planning and design charettes since construction methods and materials do have a significant affect on the contract duration. Also, each customer should be kept informed as to the possible impacts his/her design decisions may have on the overall project schedule.

3. Time Growth & On-Time Schedule Performance

a. As contracts in RMS are tied to projects in PROMIS and RMS construction data is uploaded through PROMIS to the PPDS database (or P2 in the future), MSC's will be expected to review time growth data and measure performance in executing projects and meeting USACE and customer schedule goals. An important dynamic in this process is to establish realistic time growth goals and implement policies that focus on achieving these goals. Some additional metrics that should be considered include actual time growth on all projects above the USACE CMR goals, time growth on D/B versus D-B-B projects, design changes that lead to time growth and various other measures of performance. The USACE CMR time growth goals are as follows:

<u>Total Time Growth:</u>	<u>Controllable Time Growth:</u>
Green: < 10%	Green: < 4.0%
Amber: 10.1% – 20%	Amber: 4.1% - 10%
Red: ≥ 20%	Red: ≥ 10%

b. Since USACE is utilizing the design-build approach on a significant portion of the MILCON program, data should soon be available to ascertain whether D/B results in a decrease in overall cost and time growth as expected. This should then be a consideration when determining the acquisition and execution delivery method.

c. The use of "Best Value" selection procedures should also enhance our ability to meet schedule requirements and to minimize time growth. The contractors selected under this negotiated procedure are not selected just for their low bid, but as a result of experience, management ability, past performance, and other factors that directly affect their ability to perform in an outstanding manner.

d. Each contract should contain the appropriate level of liquidated damages that correspond to the costs the government incurs as a result of any contractor delays. This is an important management tool to assure protection of the government's interests based on the nature and schedule of each project.

e. As part of the change management process, the PDT must evaluate the impact of changes on the project's critical path activities and the customer should be made aware of the schedule impacts associated with performing discretionary changes.

f. If it is necessary to meet a critical date the ACO also has the prerogative to utilize contingency funds in order to maintain the original schedule when it is impacted by weather delays or other changes. Of course the customer must provide the direction to do so as part of the change management process.



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