Commissioner's Remarks

AGC Meeting - September 17, 1976

I appreciate this opportunity to meet with you again and discuss the construction program of the Bureau of Reclamation.

The fiscal year 1977 program for Reclamation's water resource development activities in the 17 Western States totals $849 million or $102 million over the total program for fiscal year 1976. During the transition quarter in which we are now operating, the total Reclamation program is $367 million. Our construction program for FY 1977 amounts to $561 million compared to $462 million provided for construction during FY 1976. We are working on over 80 projects and the total face value of contracts-in-force as of June 30, 1976, was $1,360 million.

While no new project starts were proposed for fiscal year 1977, work will continue on nine projects which were approved as 1976 starts. The new projects are Brantley Project, New Mexico; San Felipe Division, Central Valley Project, California; Jensen Unit, Central Utah Project, Utah; Savery Pot-Hook Project, Colorado and Wyoming; Dallas Creek Project, Fruitland Mesa Project, and Narrows Unit, all in Colorado; and the O'Neill Unit and North Loup Division, both in Nebraska. In addition, we will be starting work on the Nueces River Project in Texas with funds advanced by State authorities and new appropriations. New appropriations were also provided for start of construction on the second stage of the Southern Nevada Project.
During the coming 12 months of fiscal year 1977, we expect to issue 42 major specifications for bidding with a total estimated contract value of $820 million. The largest job scheduled for advertisement is the prime contract for construction of Auburn Dam and Powerplant in California. The design of Auburn Dam is now under review and issuance of specifications will be delayed pending the outcome of the studies. Reclamation has retained the firm of Woodward-Clyde Consultants of San Francisco to undertake an independent, comprehensive study and evaluation of the Foothill Fault System as it relates to the seismicity of the Auburn damsite and the maximum credible earthquake that will be used in the final design of Auburn Dam. Also, we have appointed a board of consultants to review and advise on the scope of the investigations, fault classification criteria, and the seismic design of Auburn Dam, including the findings of Woodward-Clyde study. To assure that the final designs reflect the results of the studies and recommendations of the review, the specifications issue date is now scheduled for July 1977.

Other major jobs coming up during the new fiscal year are:

-- Sugar Pine Dam and Reaches of the Tehama-Colusa Canal in California

-- Three separate reaches of canal for Granite Reef Aqueduct on the Central Arizona Project

-- The Liberty-Parker 230-kV Transmission Line, Arizona

-- Start of work for pipelines on the 2nd stage of the Southern Nevada Project

-- Pot Hook Dam, Savery Pot-Hook Project, Colorado-Wyoming
Pipe laterals and pumping plants, Navajo Indian Irrigation Project, New Mexico

Choke Canyon Dam, Nueces River Project, Texas

Twin Lakes Dam, Fryingpan-Arkansas Project, Colorado

Reclamation is being challenged to meet a peak design and construction workload. At the same time, our program results and engineering competency are being questioned, particularly, since the Teton Dam failure in Idaho last June. The first and only failure of a Reclamation dam with loss of life, destruction of property, and disruption to the thousands of victims weighs heavily upon us individually and as a professional organization. Presently, we do not know what caused the failure. We are insistant that every effort be made to find an answer so the engineering community, and the people it serves all over the world, can benefit from the experience. To this end, we are cooperating fully with all investigative groups in a thorough analysis of the facts.

One of the prime concerns of the Bureau of Reclamations following the Teton failure was to initiate restoration of the severely damaged areas as soon as possible. The restoration effort was significantly aided by The AGC Disaster Relief Program, Plan Bulldozer, which is designed for emergency use of construction equipment, manpower, and materials to help restore devastated areas. As Commissioner of Reclamation, I commend your Association, the Idaho Branch, and your construction contractor members as well as equipment distributors in Idaho for their quick action in marshaling equipment and manpower for the massive cleanup and rehabilitation work. Thank you for your support.
We have a State by State breakdown of Reclamation's program as proposed for fiscal year 1977. A limited number of copies of the breakdown are available if you are interested in looking over our program in more detail.
AGC-Bureau of Reclamation

Committee Meeting

September 17, 1976 – Denver, Colorado

AGC Attendance

George A. Grant, Chairman AGC BuRec Committee, George A. Grant, Inc. Washington

H. C. Heldenfels, Chairman AGC Heavy-Industrial Division, Heldenfels Brothers, Texas

H. J. Massman III, Vice Chairman AGC Heavy-Industrial Division, Massman Construction Company, Missouri

Jordan F. Bushman, Bushman Construction Company, Missouri

Richard F. Byers, Guy F. Atkinson Company, California

Bruce Cloud, H. B. Zachry Company, Texas

James E. Dunn, Green Construction Company, Iowa

Edward J. Dunnigan, Jr., Arrow Construction Company of Arizona, Inc. Arizona

Thomas R. Flynn, Valley Engineers, Inc. California

J. P. Gibbons, Gibbons & Reed Company, Utah

Carl F. Krueger, A. S. Horner Construction Company, Colorado

J. M. Lyles, W. M. Lyles Company, California

Gordon Marshall, Ameron Pipe Products, Arizona

John J. Mayo, Joe Mayo & Son, North Dakota

William E. Naumann, M. M. Sundt Construction Company, Arizona

George Reiter, Empire Sand & Gravel, Montana

Leo R. Westwater, Granite Construction Company, California

John W. Sroka, Secretary Bureau of Reclamation Committee, AGC

John R. Gentille, AGC Staff

Guests

Pierre DuBois, Managing Director, Colorado Contractors Assn – AGC

Bruno Dietl, Perini Corporation, Colorado
Mr. George A. Grant  
Chairman, Bureau of Reclamation Committee  
The Associated General Contractors of America  
1957 E Street, NW.  
Washington, D.C. 20006  

Dear Mr. Grant:

We appreciate your recent invitation to participate in the meeting between AGC's Bureau of Reclamation Committee and our staff which is scheduled for September 17, 1976, at the Denver Federal Center, Denver, Colorado. Mr. Donald A. Giampaoli, Assistant Commissioner - Resource Development, of my staff, and I are both planning to attend the forthcoming meeting.

The list of Bureau of Reclamation subjects proposed for discussion will be submitted directly to you by our Director of Design and Construction.

Sincerely yours,

Sgd G. G. STAMM  
Commissioner  

bcc:  
Director of Design and Construction, E&R Center  
W.O. Code 200 105  
w/c incoming to each

NOTE TO DIRECTOR OF DESIGN AND CONSTRUCTION: Please provide this office, Attention: Code 200, with a list of USBR subjects for the meeting as much in advance of the meeting as is practicable. If not self-explanatory, please provide a brief resume relating the area of concern and any recommendations.

LBR:KL Fienup:jam 8-4-76 revised: 8-5-76  
Retyped:sls 8-9-76
Mr. Gilbert G. Stamm  
Commissioner of Reclamation  
U. S. Department of Interior  
Room 7654  
Washington, D. C. 20240  

Dear Commissioner Stamm:

The last meeting of your staff with our Bureau of Reclamation Committee took place September 12, 1975. We understand that September 17, 1976, is a convenient date for the meeting this year to be held in the Federal Center, Denver, Colorado, convening at 9:00 a.m.

It is hoped that your schedule will permit you to attend.

A list of discussion items will be furnished to your office in August for your review. We hope that you will present for Committee discussion any subjects you deem appropriate.

We look forward to meeting with you and your staff.

Sincerely,

George A. Grant, Chairman  
Bureau of Reclamation Committee
Memorandum

To: Commissioner
Attention: 100

From: Acting Director of Design and Construction

Subject: Associated General Contractors—Bureau of Reclamation Committee Meeting

We are looking forward to your and Mr. Giampaoli's attendance at the AGC—Bureau Committee meeting on September 17, 1976. The meeting will be held in this office, Room 1410, beginning at 9:00 a.m.

Copies of the agenda items and assignments for initiating discussions are enclosed. We would appreciate having you discuss the Bureau Construction Program for Fiscal Year 1977 and Mr. Giampaoli discuss the deletion from our specifications of the listing of pipe suppliers requirement.

We hope that you and Mr. Giampaoli will also be able to attend a no-host dinner for the meeting participants at the Lakewood Country Club, West 10th Avenue and Pierce Street, on September 16, with a social hour beginning at 6:30 p.m. and dinner at 7:30 p.m.

U/C

Enclosures

Copy to: Commissioner, Attention: 105
(with enclosures)
ASSIGNMENTS FOR INITIATING DISCUSSION
BuRec-AGC Committee Meeting
September 17, 1976

1. Bureau Construction Program for FY 1977 (BuRec) - G. G. Stamm
2. Deletion of the Listing of Pipe Suppliers Requirement (BuRec) - D. A. Giampaoli
3. Small Business Set-Asides (AGC) - W. R. Groseclose
4. Funding of Long-Term Contracts (BuRec) - J. R. Little, Jr.
5. Metric Specifications (BuRec) - R. S. Saliman
6. Safety Requirements (AGC) - R. J. Searle
7. Expediting Change Orders (BuRec) - E. L. Carden
8. Prevention of Water Pollution (BuRec) - R. N. McNaughton
9. Profit Factors (AGC) - H. L. Stwalley
MEETING AGENDA
BuRec-AGC Committee Meeting
September 17, 1976

1. Bureau Construction Program for Fiscal Year 1977 (BuRec). - As in previous years, the Bureau plans to discuss the projected construction program for the upcoming fiscal year.

2. Deletion of the Listing of Pipe Suppliers Requirement (BuRec). - There have been several developments since our discussion at last year's meeting on this subject. These include the Coluccio Construction Company protest (B-185157, dated April 1, 1976) and the Bureau's subsequent decision to discontinue use of the requirement. The Bureau thought that the AGC Committee might be interested in an updating report on this subject.

3. Small Business Set-Asides (AGC). - AGC recently opposed the revision of the Department of the Interior's procurement regulations to increase the automatic small business class set-asides for construction. In addition to this opposition, AGC recently requested that the Small Business Administration conduct an extensive study of special small business preferences in construction. What effect will implementation of the new Department of the Interior class set-aside levels have on Bureau of Reclamation construction contracts?

4. Funding of Long-Term Contracts (BuRec). - During the past year there have been several significant legal developments in the area of contract funding. These include the Court of Claims decision in the C. H. Leavell case [ct. cl. 91-74, 21 CCF, Par. 83,906 (1/26/76)] and the S. A. Healey Company decision from the Interior Board of Contract Appeals [IBCA-944-12-71 (3/31/76) 76-1 BCA Par. 11,793]. As a result of these two decisions, the Bureau has revised its funding paragraphs. The Bureau would like to discuss these two cases and the resulting revisions in the specifications paragraphs.

5. Metric Specifications (BuRec). - In June 1975, the Department of the Interior issued a Departmental Manual Release which stated the Department's policy of supporting metrification and recommended that Bureaus and Offices be guided by a 5-year rule which assumes that the Nation will have moved significantly toward using the metric system by 1980. Accordingly, the Bureau appointed a Metric Coordinator and earlier this year established a Metric Committee to formulate procedures for metrification, determine what training is required, and involve itself in carrying out the Department's metrification policy. The Bureau plans to issue three trial metric specifications by early next year and complete the changeover to metric specifications by the end of 1980. Through the AGC National Office and Bureau Regional Offices, the Bureau has solicited the views of several contractors on some of the problems that they are likely to experience with the conversion to metric specifications. The Bureau would like to discuss some of the comments received to date, and to discuss any other problems that the AGC believes may be associated with metric specifications.
6. Safety Requirements (AGC). - At last year's meeting the Bureau reported that it intended to develop a new Bureau safety manual, and advised that once such a manual was developed, the Bureau would cease using the Department of Labor, Part 1926, Safety and Health Regulations for Construction. AGC would appreciate an update on the status of the new Bureau safety manual.

7. Expediting Change Orders (BuRec). - Last year when we discussed this subject we agreed that both the Government and the contractors should make an effort to shorten the time between accomplishment of work and payment under change orders. Since last year's meeting the Bureau has used two-part change orders more extensively to provide progress payments prior to determination of total costs or to provide payment of total direct costs prior to determination of allowable overhead and profit. The Bureau has also issued change orders with provisional overhead rates subject to adjustment by supplemental change orders after actual overhead rates are established. These efforts have resulted in some improvement, but the Bureau still finds that frequently some delay can be attributed to the contractor's failure to provide adequate data to substantiate costs. Also, there is often a long period of time between notification of claim and submittal of cost data. Further improvement can be made, but it will require the best efforts of both parties.

8. Prevention of Water Pollution (BuRec). - The Bureau intends to omit from the specifications specific methods for prevention of water pollution and controlling turbidity during construction. Does the AGC Committee believe that construction contractors have generally had sufficient experience in treating construction waste water so that the Bureau no longer needs to specify these methods?

9. Profit Factors (AGC). - At last year's meeting, AGC noted that, while it is aware of the Federal Procurement Regulation's exclusion of interest on the investment, such cost is a very real expense and should be remunerated. AGC requested that the Bureau examine the theory of including such expense as an addition to the profit on change order work. The Bureau responded that it was currently examining new profit factors, and that initial findings would be shared with AGC. AGC would appreciate a report on the development of the new profit factors.