



21 May 2004

The Honorable Henry A. Waxman (D-CA)  
2204 Rayburn House Office Building  
Washington, D.C. 20515

Dear Representative Waxman:

On behalf of our more than 2,500 members serving both public and private sectors, the Construction Management Association of America (CMAA) would like to express our strong disagreement with the conclusions made in the report titled: "Contractors Overseeing Contractors: Conflicts of Interest Undermine Accountability in Iraq" and the accompanying May 18 letter to Secretary of Defense Donald Rumsfeld. CMAA's membership includes both individuals and corporations such as CH2M HILL, Parsons, Washington Group International, and Parsons Brinckerhoff. Several federal agencies such as the U.S. Army Corps of Engineers and the General Services Administration are also members.

The report specifically highlights two of the seven program management contracts that were awarded by the Coalition Provisional Authority (CPA) to private contractors on March 10, 2004. As described, "the oversight contractors are responsible for the definition, prioritization, and coordination of requirements within defined work sectors and managing overall construction projects." Although the report states that project oversight is typically a government function and insinuates that it is unusual for private firms to have a management and oversight role over construction contractors, it is in fact a very common practice for most federal agencies to contract with private firms for construction management services.

Construction Management is a professional service that applies effective management techniques to the planning, design, and construction of a project from inception to completion for the purpose of controlling time, cost, and quality. Many construction projects can be highly complex and few owners maintain the staff resources or expertise necessary to provide proper attention and oversight to every detail. In order to ensure the successful execution of a capital project, owners contract with professional construction managers to augment the owner's staff with pre-planning, design, construction, engineering, and management expertise. It is the value that a professional construction manager brings to a complex project that led the CPA to award two project management contracts to the joint ventures of Parsons and CH2M HILL and Parsons and Parsons Brinckerhoff.

The report makes broad assumptions that a conflict of interest automatically exists if a firm has oversight responsibilities over another firm on one project, but a partnership with that same firm on another project. Members of CMAA are guided by a strong code of ethics and are committed to avoiding any and all conflicts of interest that might impair objectivity or integrity in the service of the client/owner. Construction management firms have a contractual relationship with the owner and are responsible only to the owner—always working in their best interests. The accusation that CH2M HILL, Parsons, and Parsons Brinckerhoff lack the integrity to represent the CPA and the American taxpayer in a professional and impartial manner, as well as the reference made to the Enron scandal in your letter to Secretary Rumsfeld are both improper and simply not based on any evidence or fact.

The report also makes a false conclusion that there is no independent oversight over the construction contractors or project management firms that were studied. In fact, there are substantial, time-tested safeguards in place to provide an auditable trail used to measure the performance and costing of engineering, construction, and project management contracts in Iraq. Numerous government audit agencies are already involved in the oversight of these contracts. Furthermore, the CPA is not just shifting responsibility for project oversight to a private firm, as the report would lead one to believe. The CPA is the owner and can maintain as much input and oversight authority over these projects as they wish. By utilizing a professional construction management firm, the CPA is simply using all of the tools at their disposal to ensure that these projects are completed on time, within budget, and with a minimum amount of disputes.

It is unfortunate that the study's findings and conclusions fail to understand the nature of construction management contracts. Construction management firms are uniquely qualified to handle the massive, complex, and often dangerous projects on behalf of government clients. Construction management practices are tailored to suit specific project execution and financial requirements. The conclusion that it does not make sense for one major contractor to oversee another and that such a relationship is improper when the firms have a business relationship on another project do not reflect the long-established processes used to manage and construct complex construction projects around the world.

Construction Management, engineering, and other construction contractors have a vital role in carrying out the reconstruction mission in Iraq under extremely difficult circumstances. The use of professional construction management firms by the CPA will most certainly have a positive and long-lasting impact on the completion of these essential projects in Iraq. There is nothing unusual or improper about the CPA contracting with construction management firms for project management and oversight. CMAA believes that the contributions of the private sector firms working to rebuild Iraq should be commended, not unfairly criticized.

Sincerely,

A handwritten signature in black ink that reads "Bruce D'Agostino". The signature is written in a cursive, slightly slanted style.

Bruce D'Agostino  
Executive Director