

Statement of Mr. Fred M. Brune

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CH2M HILL Constructors, Inc.

Before the Commission on Wartime Contracting in Iraq and Afghanistan

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Chairman Thibault, Chairman Shays, distinguished members of the Commission, I am pleased to have the opportunity, on behalf of CH2M HILL, to participate in the discussion of wartime contracting in Iraq and Afghanistan. I am the President of the Government Facilities and Infrastructure Business Group of CH2M HILL. We comprise approximately 1000 professionals who provide planning, design, engineering, construction, operations and maintenance, program management, and other support to the US Government. On any given day, we have employees serving Government clients around the globe—from the United States to the United Kingdom, to Kuwait, Iraq and Afghanistan, to Korea, and even to the North Pole. A week ago, I returned home from a 2-week trip to Afghanistan and Kuwait. I visited numerous project sites where CH2M HILL is a prime contractor and also visited the main LOGCAP IV project office in Kandahar, where CH2M HILL serves as a subcontractor to DynCorp International in support of the US Army in southern Afghanistan. During my trip I visited with Government officials in Kabul, Bagram Air Base, Kandahar Air Base and Camp Arifjan in Kuwait. I would also add that it was our pleasure to host both Co-Chairs of the Commission, Chairmen Thibault and Shays, along with the Commission staff, at our corporate office on 17 June.

CH2M HILL is an employee-owned global consulting, design, design-build, program management, and operations and maintenance firm founded in 1946 and headquartered in Englewood, Colorado. With over 23,000 employees, CH2M HILL currently operates in 76 countries worldwide serving 3,600 customers.

Annually CH2M HILL earns over \$6 billion in revenue, with approximately 25% coming from international project work. Year in and year out, CH2M HILL has been recognized as an industry leader in design, construction, operations, program management and environmental services as judged by *Engineering News Record*. For the second year in a row, CH2M HILL was judged one of the world's most Ethical Companies by the Ethisphere Institute; the only US firm selected from the construction industry. CH2M HILL has a long history of service to the United States Government, and today is a service provider for the Army, Navy, Air Force, EPA, the Federal Emergency Management Agency, and the Department of Energy. Approximately one-third of CH2M HILL's revenue is in support of the Federal Government. In 2009, the CH2M HILL work in Afghanistan and Iraq represented 3.5 % of the total company revenue.

Since 2004, CH2M HILL has been providing support to the US military, first in Iraq and subsequently Afghanistan. This support embodies our corporate commitment to follow our DOD clients in both peace and war and was made at the start of Operation Iraqi Freedom. CH2M HILL has provided the full range of services to DOD; including program management, master planning, design, design-build, construction, logistics, environmental services, and operations and maintenance support. CH2M HILL has served as a prime contractor directly to the US Army Corps of Engineers (USACE) and to the Air Force Center for Engineering and the Environment (AFCEE), as well as a major subcontractor to DynCorp International on the Army Sustainment Command LOGCAP IV contract. Contractually, CH2M HILL has worked under firm fixed price and cost reimbursable contract vehicles. Since 2004, CH2M HILL has substantially completed 60 projects in support of the warfighter in the contingency environment. Our success as a contractor can be attributed to our safety focus, our exceptional people and refined project delivery processes. Safety is always the first and foremost consideration for any CH2M HILL project or endeavor. We have been able to share our strong safety culture—termed Target Zero—with foreign subcontractors working for us, and the result has been safety standards that exceed the industry standards, despite the contingency environment. As an

employee-owned company with an ethical foundation that focuses on character and a defined set of values that originated with the company founders, our people strive to make the right choices daily in support of the Government client and the American taxpayer. Our proprietary Project Delivery System (PDS) provides the processes and tools that promote consistency regardless of the project location or the people managing the work. Our project selection process, approach to teaming and selecting subcontractors, pricing, risk management, project controls, quality management, and subcontractor management – all are defined processes that have been developed from our experience and our lessons on past project work.

While CH2M HILL has served numerous clients and has provided the full range of services in Iraq and Afghanistan, the majority of our work results from three large contracts. CH2M HILL held a USACE Transatlantic Programs Center Indefinite Delivery Indefinite Quantity contract from January 2004 until January 2009. Under that contract CH2M HILL completed six projects with a total contract value of approximately \$ 97 million (M). From April 2006 to the present, CH2M HILL has also held an AFCEE Heavy Engineering, Repair and Construction contract and has executed nine projects with a total contract value of \$177M. CH2M HILL infrastructure and facility projects in Iraq and Afghanistan have made significant contributions to build the warfighter's supporting infrastructure. In LOGCAP, since July 2009, as a subcontractor to DynCorp in southern Afghanistan, CH2M HILL has managed over \$154M of contingency construction that has provided life support facilities for over 5100 warfighters and dining facilities that have served over 800,000 meals. The LOGCAP water well drilling which began in December 2009 provides today 2.5 million gallons of water each day at maximum capacity and takes hundreds of trucks off the dangerous Afghanistan roads daily.

CH2M HILL appreciates the work that this Commission has done to ensure that our troops in Iraq and Afghanistan receive the support they need and that taxpayer dollars are spent wisely, and not wasted. CH2M HILL is committed to

serving the facility, infrastructure, and logistics needs of the Department of Defense in the wartime contingency environment. We are dedicated to serving the men and women who so bravely fight to protect our national security interests.

With that, Mr. Chairman, I would be pleased to answer any question the Commission may have.