

# Proposal to the Virginia Information Technologies Agency (VITA)

*PPEA Proposal Submitted Under the  
Public-Private Education Facilities and Infrastructure Act of 2002*

## Virginia Consolidated Data Center Initiative Conceptual Phase (Part 1)

*Submitted by  
The Commonwealth Partners*

**VOLUME ONE  
AMENDED  
PUBLIC**



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**May 21, 2004**





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## Executive Summary

IBM, BearingPoint, Liberty Property Trust, and the other members of the Commonwealth Partners are pleased to present this PPEA proposal to the Commonwealth of Virginia, Virginia Information Technologies Agency (VITA).

The Commonwealth Partners propose a unique public/private partnership to assist the Commonwealth with a number of critical goals:

- To **reduce government spending** to address budget shortfalls, fund citizen-oriented services, and invest in enterprise initiatives to improve state government;
- To **improve the reliability and security** of the Commonwealth's critical IT infrastructure; and
- To **provide economic development** to a portion of the state hard hit by current economic conditions.

This PPEA proposal, titled the Virginia Consolidated Data Center (VCDC) Initiative, directly targets these goals. The Commonwealth will achieve large cost savings by engaging the Commonwealth Partners to assist with data center operations, server management, and technology help desk activities. By engaging a partner that professionally manages dozens of data centers, the Commonwealth will benefit from best practices and technologies that improve reliability and simultaneously reduce costs.

The Commonwealth Partners are proposing a public-private-partnership whereby the Commonwealth can quickly benefit from the cost savings associated with consolidation; obtain a new, secure data center for mission-critical systems; and provide service levels equal to or greater than those currently in place. The risks for achieving necessary cost reductions will rest squarely on the shoulders of the Commonwealth Partners. This risk-sharing model is at the heart of a true public-private partnership.

## The Commonwealth Partners

The partners aligned to support this important project are the leaders and innovators in their respective fields.

- **IBM**, a name almost synonymous with computing for many years, will act as Prime directly supporting the data center operations, and providing overall Project Management for the engagement.
- **BearingPoint**, with a rich tradition of serving the public sector (through its roots as part of KPMG) for over 50 years, will provide overall construction project management, public awareness and statewide help desk operations.

- **Liberty Property Trust**, one of the premier real estate investment trusts in the nation will oversee the operations of the new data center.
- **Manhattan Construction Company**, a full-service general contractor with over 100 years of building expertise including extensive experience in constructing data centers, will perform the actual construction of the data center.
- **Hayes, Seay, Mattern & Mattern**, an architectural and design firm with expertise in designing secure facilities, including part of the Pentagon, will design the data center, including the advanced security and biometric devices required for such a facility.
- **BB&T Capital Markets**, with unprecedented experience in financing public projects, will provide financing expertise.
- **Advantus Strategies**, a full-service marketing firm, will provide support in marketing, legal coordination and government affairs.

This team has the combination of skills and depth necessary to support the Commonwealth and VITA in executing this important project.

## The Value Proposition

Upon completion of the new data center, this facility will be leveraged to migrate and consolidate servers. Failover technology will be used to provide high availability between the new data center and the backup data center. Co-location and consolidation will result in a more consistent infrastructure to improve reliability and lower costs. The Commonwealth Partners will not be making decisions on what brands of hardware and software that the Commonwealth should acquire or standardize on, but we will work with VITA to define these technology standards. We will show no vendor bias in setting these standards.

## Conceptual Proposal

This conceptual proposal is meant to convey our ideas and approach, and to gauge the Commonwealth's interest in pursuing this approach. We look forward to discussing the details of the scope and approach with Commonwealth leaders to refine the requirements and approach. The location of the data center, services to be provided, and financing details are all being presented as preliminary and open for discussion. If this proposal is accepted and results in award to the Commonwealth Partners, we propose a due diligence phase, prior to contract signing, during which we work with VITA to verify assumptions and negotiate the final price.

## Summary

The Commonwealth Partners feel strongly that the time for a bold step like the Virginia Consolidated Data Center Initiative is now. This initiative will provide a robust enterprise infrastructure ready for new enterprise solutions. It keeps Virginia in a leadership position in bringing best practices to its constituents.

The remainder of this document provides the details of our conceptual proposal for consideration and evaluation.

## 1. Qualifications and Experience

- a. *Identify the legal structure of the firm or consortium of firms making the proposal. Identify the organizational structure for the project, the management approach and how each partner and major subcontractor (\$1 million or more) in the structure fits into the overall team. All members of the operator/offeree's team, including major subcontractors known to the proposer, must be identified at the time a proposal is submitted for the Conceptual Stage. Identified team members, including major subcontractors (over \$5 million), may not be substituted or replaced once a project is approved and comprehensive agreement entered into, without the written approval of the Commonwealth. Include the status of the Virginia license of each partner, proposer, contractor, and major subcontractor.*

### 1.1 The Commonwealth Partners

One of the strengths of the Commonwealth Partners' proposal is our team of industry-leading companies. Our team, comprised of companies having a significant presence in the Commonwealth, includes: IBM; BearingPoint; Liberty Property Trust; BB&T Capital Markets; Hayes, Seay, Mattern & Mattern; Manhattan Construction Company; Microsoft; and Advantus Strategies. Liberty Property Trust will serve as the prime contractor for the design and construction of the new data center. After the building has been completed, IBM will serve as the team lead (prime) for ongoing management and other services, and each partner organization will be a subcontractor.

Each of these companies brings unique skills and strengths to the Commonwealth. In Volume 2, Exhibit 1-1 details the high-level roles of each company, and Exhibit 1-2 illustrates the functional roles of each company in the overall organizational structure.

Effectively managing this team is a critical success factor in our ability to reduce cost and achieve economies of scale. In forming this exceptional team, we identified key responsibilities and selected our partners based on their industry-leading experience.

#### 1.1.1 Effective Management Approach

The experience of this team, coupled with our partner-subcontractor management methodology, will create an environment of competence and an atmosphere in which we will help the Commonwealth to achieve its key objectives. Our philosophy for managing partners and subcontractors is to create a "badgeless" team, with each partner-subcontractor responsible for a specific, detailed scope of work. To effectively manage this team, we have mechanisms for technical control, cost and schedule control, and deliverable content quality control, including:

- Our partner-subcontractor management methodology
- A team-developed solution
- Performance metrics
- Teaming agreements
- Financial terms and conditions
- Service level agreements (SLAs)
- A Quality Assurance team to control deliverable content quality

### **1.1.2 Contract Work Breakdown Structure**

IBM will manage its partners-subcontractors through a clear statement of work and the contract work breakdown structure (WBS) to define each initiative in terms of hierarchically related, product-oriented elements. The contract WBS is the complete list of elements that identify responsibilities of each the partners. This comprehensive contract WBS forms the framework for our management control system. Each element provides logical summary points with which we can assess technical accomplishments and measure cost and schedule performance.

IBM will develop a WBS that defines the logical relationship between elements of each initiative and their natural extensions to our partners-subcontractors. We will use the contract WBS to help ensure our partners-subcontractors perform all required steps. Each partner-subcontractor whose work accounts for a major segment of the subcontracted portion of IBM's prime contract will be clearly delineated. The WBS improves visibility as follows:

- Separates tasks into component parts, making subtask relationships clear
- Makes the relationship of tasks to be completed—to each other and to the end product—clear
- Improves planning and assignment of management and technical responsibilities
- Assists in tracking the status of design efforts, resource allocations, cost estimates, expenditures, and cost and technical performance
- Provides subcontractors some flexibility so they are not unnecessarily constrained in meeting requirements

The WBS provides a framework for defining technical objectives and is a basis for communication. It is the common link to unify planning, scheduling, cost-estimating, budgeting, contracting, and performance reporting. Through consistent communications, it permits the Commonwealth to evaluate progress and allows us to monitor partner/subcontractor progress.



The combination of the strength of our team and our effective partner-subcontractor methodology makes the Commonwealth Partners the Commonwealth’s best partner to successfully leverage and improve the state’s data centers.

**Note:** As mandated by the Public-Private Education Facilities Infrastructure Act of 2002 (PPEA), we are providing the following licensing information:

- IBM Corporation—Federal Tax ID#: 13-0871985
- BearingPoint, Inc.—Federal Tax ID#: 22-3680505
- Microsoft—Federal Tax ID#: 91-1144442
- Liberty Property Trust—Federal Tax ID#: 23-7768996
- Hayes, Seay, Mattern & Mattern, Inc.—Federal Tax ID#: 54-1843728
  - Partners:
    - Cecil Doyle, CEO—Registered Individual Virginia License #7387
    - Bill Porter, PIC—Registered Individual Virginia License #13669
    - Gary Arnold, PM—Registered Individual Virginia License #5257
- Manhattan Construction Company—Virginia #2701024134
- Advantus Strategies, LLC—Federal Tax ID#: 54-1480901
- BB&T Capital Markets, a division of Scott & Stringfellow Inc.—Federal Tax ID#: 54-0294670

b. *Describe the experience of the firm or consortium of firms making the proposal and the key principals involved in the proposed project including experience with projects of comparable size and complexity. Describe the length of time in business, business experience, public sector experience and other engagements of the firm or consortium of firms. Describe the past safety performance record and current safety capabilities of the firm or consortium of firms. Describe the past technical performance history on recent projects of comparable size and complexity, including disclosure of any legal claims, of the firm or consortium of firms. Include the identity of any firms that will provide design, construction and completion guarantees and warranties and a description of such guarantees and warranties.*

## 1.2 Background and Experience

### 1.2.1 IBM Corporation

**Company description.** International Business Machines Corporation (IBM) is the world’s largest information technology company, driven by a very simple mission: “We strive to lead in the creation, development, and manufacture of the industry’s most advanced information technologies.” Our “world’s largest” status comes not only from a presence in 160 countries, but as a result of being the:

- World’s largest business and technology services consultancy
- World’s largest hardware company
- World’s largest information technology rental and financing company

**Background.** IBM is a worldwide organization with corporate headquarters located at New Orchard Road, Armonk, New York 10504. Samuel J. Palmisano is Chairman of the Board and Chief Executive Officer. IBM was organized to do business in Endicott, New York on June 15, 1911 as the Computing-Tabulating-Recording Company (C-T-R), a consolidation of the Computing Scale Company of America, the Tabulating Machine Company, and the International Time Recording Company of New York. In 1924, C-T-R adopted the name International Business Machines. IBM is a large, multinational corporation with significant activities in almost every aspect of the information technology business in almost every country in the world. IBM is in the business of helping customers solve problems through the use of advanced information technologies. The company operates primarily in this single industry segment that creates value by offering services, software, systems, products, and technologies.

**Organization.** IBM is organized into the following services and hardware organizations.

**Hardware.** IBM offers the broadest range of servers in the industry—low-end, midrange, and high-end servers, including mainframes as well as supercomputers. We are a strong supporter of open standards, and the first major IT company to embrace the Linux operating system. IBM is now the number-one Linux server vendor in the world.

**Software.** IBM’s software business consists primarily of a middleware integration platform and operating systems. Operating systems are the software engines that run computers. Middleware software enables companies to manage processes and the flow of information, as well as to collaborate. The middleware platform is scalable, reliable, modular, and standards based.

**IBM research and development.** IBM Research is the world’s largest information technology research organization, with more than 3,000 scientists and engineers. Its worldwide research labs work in all areas of information technology, from physics and cognitive science to leading-edge application research. Inventions of innovative materials and structures are used to create exciting machine designs and architectures. New tools and technologies enable the continued evolution of computing and computing services over the network. IBM Research’s work spans many disciplines. Substantive work is done in concert with colleagues in academic and government research centers, as well as “in the marketplace” with customers that provide us with challenging research problems.

**Services.** IBM Global Services is the information technology services arm of the IBM Corporation. It provides its clients with a unique combination of industry and business experience and technological expertise to help them succeed in an ever-changing and increasingly networked world. Exhibit 1-3 illustrates the major service offerings within IBM Global Services.

**Exhibit 1-3**  
**IBM Service Offerings**

- On-Demand Computing
- Application Development and Management Services
- CRM Management Services
- Data Center Management Services
- e-Business Hosting Services
- Managed Storage Services
- Network Managed Services
- Managed Operations
- NetWorkStation Management Services
- Business Continuity and Recovery Services
- e-Business Infrastructure Services
- Information Technology Consulting
- Infrastructure and Systems Management
- IT Consolidation
- IT Product Training
- Midrange Express Services
- Networking Services
- Storage Services
- Technical Support
- Total Systems Management
- Business Transformation
- Buy and Supply Solutions
- e-Business Integration Solutions
- Enterprise Resource Planning
- Sell and Support Solutions
- Strategy and Change Consulting

**Serving Virginia.** IBM has had a very long relationship with the Commonwealth of Virginia, being there at the inception of the original state data center, helping to provide leadership, guidance, and expertise as well as the hardware, software, and services to enable Virginia's agencies and institutions to provide the ultimate in data services to those who have an interest in Virginia. The IBM team that directly supports

Virginia is led by members who individually have more than 20 years of experience not only within IBM, but also as those responsible for the Commonwealth, its relationship with IBM, and the wide variety of products, solutions, and services that IBM offers.

**Local facilities.** IBM has offices within the Commonwealth of Virginia located in Richmond, Roanoke, Norfolk, Charlottesville, Manassas, Vienna, Arlington, Crystal City, and Fairfax. In addition, there is a large office in Bethesda, Maryland, where many of our employees work and serve the Commonwealth. Because IBM encourages its employees to be mobile, many employees have offices at home as well. IBM estimates that it has 575 to 700 employees who serve the Commonwealth. These people are spread across IBM's various lines of business including services, products, research, administrative support, and sales. In addition, IBM has various industry groups, including the IBM Public Sector Industry, which have the majority of their industry expertise headquartered out of the Northern Virginia, Washington, D.C., metropolitan area. IBM is a key supplier of products and services to both federal and state governments because it is focused on interoperability and e-business-on-demand offerings and services to enhance the delivery of services to its constituents.

### Key Principals – IBM

**John Nyland** is General Manager of Public Sector for IBM Global Services. Mr. Nyland manages IBM's services business with State and Local Government, Education, and Health Care customers. He has 26 years of experience with IBM supporting government clients with solutions, managed operations and systems integration services.

**Brian Whitfield** is Vice President of IBM Global Services, State & Local Government. In this role Mr. Whitfield is responsible for IBM's support of existing Government customers as well as establishing new customer relationships. He has 13 years of experience with IBM in support of Government and commercial customers.

**Nancy LePage** will serve as the IBM Senior Project Executive responsible for the overall success of the project. Nancy is an IBM and PMI certified Project Manager with over thirty years experience in various executive, management and technical positions within information technology. She has managed multiple complex systems integration and managed services projects for both the public and private sectors and was Chief Information Officer for the US operations of a large manufacturing division of IBM. Nancy is a resident of Richmond, Virginia and is responsible for IBM's strategic managed services business in the Commonwealth of Virginia.

**Janice Brown-Woods**, as Deputy Project Executive with IBM Global Services, will serve as project manager and own joint responsibility for the overall delivery of services. As an IBM and PMI Certified Senior Project Manager, with more than 16 years of experience, Janice has spent 8 of those 16 years



deploying proven solutions to federal, state, and local government agencies across North America. Mrs. Brown-Woods has a proven track record for delivering successful projects within scope, under budget and on schedule.

**Tim Stuller**, a Client Manager in IBM's Public Sector Industry, is responsible for the Commonwealth of Virginia account and overall customer satisfaction. With over 22 years at IBM, Mr. Stuller has extensive experience working directly with clients, leading cross functional teams, leveraging the breadth of IBM's product and services offerings, and working with IBM partners to help clients meet their goals and objectives. Mr. Stuller has a track record of high customer satisfaction and maintaining long-term client relationships. He lives in Richmond and has worked with IBM's Virginia-based clients since 1985.

**Joyce Cymerman** is a Client Solutions Executive with IBM Global Services, State & Local Government. She has been in the Information Technology profession for almost thirty years in a variety of job roles ranging from technician through sales consultant. In her current assignment, Ms. Cymerman is responsible for large scale program management of information technology infrastructure projects for state government organizations. Ms. Cymerman has been with IBM for ten years.

### **1.2.2 BearingPoint, Inc.**

BearingPoint has more than 100 years of experience behind the services and solutions we offer to our clients. On February 6, 1997, KPMG Consulting was reorganized into a distinct operating unit of KPMG LLP, and on January 31, 2000, we completed the separation from KPMG LLP and began operating as KPMG Consulting LLC. Our Initial Public Offering of KPMG Consulting, Inc., on the NASDAQ (Symbol: KCIN) was launched on February 8, 2001. On October 2, 2002, KPMG Consulting announced its new name and made the global transition to BearingPoint. On October 3, 2002, BearingPoint began trading on the New York Stock Exchange under the symbol BE.

**Four lines of business.** Our industry-focused business model helps us provide a rapid return on investment through solutions tailored to meet our clients' unique marketplace needs. As outlined in Exhibit 1-5, we serve the world's leading organizations in four global industry lines of business: Public Services; Communications and Content; Consumer, Industrial, and Technology; and Financial Services.

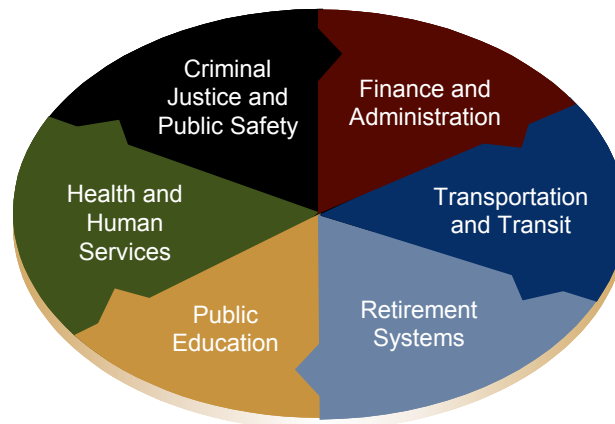
**Exhibit 1-5**  
BearingPoint Industry Focus

			
<b>Public Services</b>	<b>Communications and Content</b>	<b>Consumer, Industrial, and Technology</b>	<b>Financial Services</b>
<ul style="list-style-type: none"><li>▪ Federal Government</li><li>▪ State and Local Government</li><li>▪ Higher Education/Not-for-Profits</li><li>▪ International Governments</li><li>▪ Health Care Services</li></ul>	<ul style="list-style-type: none"><li>▪ Wireline</li><li>▪ Wireless and Cable</li><li>▪ Media and Entertainment</li><li>▪ Utilities</li></ul>	<ul style="list-style-type: none"><li>▪ Automotive and Transportation</li><li>▪ Chemicals and Natural Resources</li><li>▪ Consumer Packaged Goods</li><li>▪ High Technology</li><li>▪ Industrial Markets</li><li>▪ Life Sciences</li><li>▪ Oil and Gas</li><li>▪ Retail/Wholesale</li></ul>	<ul style="list-style-type: none"><li>▪ Banking</li><li>▪ Capital Markets</li><li>▪ Insurance</li><li>▪ Real Estate and Hospitality</li></ul>

**Our experience with state and local governments.** One of the biggest differentiators BearingPoint brings to the table is experienced people, dedicated full time to serving state and local government clients. While many companies have recently entered the government marketplace, finding it fertile ground during the economic downturn, BearingPoint has been serving state and local governments for more than 50 years. BearingPoint's U.S. State and Local Government practice is made up of approximately 600 professionals who care deeply about government. Many of our people have spent years working inside state and local governments, doing everything from providing services to managing business systems.

Within this practice, as shown in Exhibit 1-6, we have further targeted our resources on the major activities of state and local governments: criminal justice and public safety, public education, health and human services, transportation and transit, retirement systems, and finance and administration.

**Exhibit 1-6**  
Helping You Serve Your Constituents



**Serving Virginia.** BearingPoint has a long history of doing business in the Commonwealth of Virginia. As part of this commitment, the Commonwealth of Virginia has been designated by BearingPoint as one of 20 key accounts in the public sector. As a key account, the Commonwealth of Virginia receives attention from the highest levels of the company, including the office of the chairman, to see that it has the resources needed to succeed. The goal of this initiative is to forge and solidify long-term relationships between BearingPoint and its clients through unparalleled, top-tier solutions.

**Local facilities.** BearingPoint has five offices in Virginia, located in the following cities: McLean (national headquarters), Richmond, Norfolk, Crystal City, and Dahlgren. In addition to our 250 consultants based in Virginia, the core group who will serve the Virginia Information Technologies Agency (VITA) on this contract, we have almost 16,000 across the firm that our management team can leverage from various industry groups, as required, to meet the needs of VITA on this important initiative. BearingPoint's large presence in Richmond enables us to use local resources who are familiar with the state's political and technical environment to manage and execute the Virginia Consolidated Data Center (VCDC) Initiative.

**Principal Type of Business**

BearingPoint provides business consulting and systems integration to Global 2000, government, and education organizations. As business systems integrators, they align clients' business processes and information systems to enable them to access the right information at the right time, empowering them to create enterprise value and achieve their desired business results.

## Key Principals—BearingPoint

**Ron Salluzzo** is a Senior Vice President with BearingPoint and is the leader of our State and Local Government and Education Services practice. Mr. Salluzzo has more than 30 years of hands-on experience in advising senior management across the country. In addition to supporting our key client relationships, Mr. Salluzzo has participated in the development of BearingPoint’s information technology strategies and approaches to organizational re-design.

**Don Parr**, a Managing Director with BearingPoint, will serve as a project manager and will be ultimately responsible for the success of BearingPoint’s contributions to the project. Mr. Parr is part of BearingPoint’s Public Sector State and Local Government practice, and he is responsible for the Commonwealth of Virginia Account. He has experience with engagements that include enterprise package solutions, program management, and large-scale custom information system development projects. In addition, he has worked with clients to develop project management controls and infrastructure for enterprise-wide project planning and statewide transformation initiatives.

**Kelly Mire** is a Managing Director in the Infrastructure Solutions practice of BearingPoint, leading a Mid-Atlantic-based team of professionals. His practice includes experienced and certified resources focusing on information technology (IT) infrastructure, delivering solutions across the entire life-cycle methodology, including strategy, planning, design, implementation, and operations. The Infrastructure Solutions practice is dedicated to helping various organizations achieve tangible results from IT investments. Mr. Mire has a very broad knowledge base of voice, video, and data communications technologies and specializes in engagements of assessment, strategic architecture, capacity modeling using quantitative toolsets, and managing large-scale technology deployment. He has more than 14 years of experience in these areas, including formal education and training, and has been with BearingPoint for nearly 6 years.

### 1.2.3 Microsoft

#### Microsoft Government Overview

The Microsoft Government organization (MS-Gov) is a strong, vibrant, and still-growing team focusing on the Public Sector that includes the U.S. Federal Government and State & Local Governments. Today, the MS-Gov team is almost 600 talented individuals that are driving toward Microsoft’s goal “Enabling people and governments throughout the world to realize their full potential. Our MS-Gov team is further complemented by a host of key corporate organizations that support a full range of activities expected by Microsoft’s government customers from one of the leading technology providers.

Microsoft has 20 years of experience working with government customers. Microsoft Federal was established as the company’s first vertical in 1982. Today the organization has grown beyond its initial



Federal Government focus to having responsibility for managing all State and Local accounts in the U.S. and all U.S. Federal accounts on a global basis. MS-Gov includes these primary organizations: Federal Government, State and Local Government, Partner Management, Vertical Solutions Units (Federal & State/Local), Government Business Desk, Marketing, Programs/Bids, Licensing, Contracts, and our government consulting organization, Microsoft Consulting Services Public Sector (MCSPS).

### ***Microsoft's State & Local Government Organization***

Microsoft's state and local government (SLG) business unit was launched in 2001 to execute a systematic, nationwide strategy to address the growing SLG opportunity. A primary Microsoft focus is the E-Government initiative is to build the infrastructure and portal architecture needed to deliver government-to-government, government-to-business and government-to-employee solutions. We have brought under one organizational umbrella sales and support services that had previously been operated on a geographic basis. In 2002, a State & Local solutions team was created with a focus on additional key initiatives where Microsoft solutions that can be implemented in their organizations:

- Health and Human Services (including HIPAA)
- Justice and Public Safety
- Homeland Security
- Revenue, Tax, and Administration

### ***Government-Focused Partnerships***

Developing, managing and growing the government partner community is critical to success in the government marketplace. Additionally, as Microsoft technology has become more important to the business of government we are offering new integrated approaches to solutions and services, providing end-to-end partnerships that are also best-of-breed solutions and services. This approach allows Microsoft to build solutions based partnerships that bring to market end-to-end trusted solutions with best of breed teaming arrangements. Microsoft's Partner strategy is dedicated to providing the best partner ecosystem to effectively support its government customers.

### ***Government Consulting***

Microsoft Consulting Services Public Sector (MCSPS) provides high-value consulting services to U.S. federal, state, and local government customers and partners. MCSPS has core strategies that are implemented across Federal and State/Local Government with specific execution approaches that can be tailored to specific customer requirements and challenges. The MCSPS core strategies include:

- Driving repeatable solutions
- Scaling pilot efforts to larger projects
- Driving quality assurance higher on all projects
- Extending the impact to government customers through close working relationships with national and local partners

The Microsoft Consulting (MCS) SLG practice was also established in 2001 and today includes almost seventy people. This group covers all state and local government consulting opportunities in the United States. MCS SLG is organized geographically to get consultants as close as possible to clients and minimize travel and cost. The practice has concentrations of technical resources in New York, Pennsylvania, Florida, Texas, Ohio, California, and Washington.

### **Key Principals—Microsoft**

**William (Bill) H. Gates** is chairman and chief software architect of Microsoft Corporation, the worldwide leader in software, services and Internet technologies for personal and business computing. Microsoft had revenues of US\$32.19 billion for the fiscal year ending June 2003, and employs more than 54,000 people in 85 countries and regions.

**Steve Ballmer** is chief executive officer of Microsoft Corp., the world's leading manufacturer of software for personal and business computing. Mr. Ballmer joined Microsoft in 1980 and was the first business manager hired by Bill Gates. During the past 20 years, Mr. Ballmer has headed several Microsoft divisions, including operations, operating systems development, and sales and support. In July 1998, he was promoted to president, a role that gave him day-to-day responsibility for running Microsoft. He was named CEO in January 2000, assuming full management responsibility for the company, including delivering on the company's vision of "empowering people through great software – any time, any place and on any device."

**Paul Flessner**, senior vice president of the Server Platform Division at Microsoft Corp., heads one of the company's seven core businesses. Flessner leads an integrated product and marketing team that delivers Microsoft Windows Server System™ products, including Exchange Server, SQL Server™, BizTalk® Server, Content Management Server, Host Integration Server and Commerce Server. Flessner has business responsibility for all Microsoft server platform and developer tools software, including Windows Server, Visual Studio®, Applications Center, Systems Management Server, Microsoft Operations Manager, Internet Security and Acceleration Server, and other server product initiatives. In addition, he is responsible for the go-to-market, sales and services efforts for Microsoft's enterprise customers.

**Frank Giebutowski** is the General Manager, US State and Local Government Sales and Consulting Services for Microsoft. He is responsible for defining and developing Microsoft's approach to the State and Local Governments, including developing relationships with Systems Integration firms and Government specific Independent Software Vendors. Mr. Giebutowski has over 20 years of experience in the disciplines of Marketing, Consulting, Operations and Information Technology.

#### **1.2.4 Liberty Property Trust**

Liberty Property Trust, a publicly traded Real Estate Investment Trust (REIT) listed on the NYSE (ticker: LRY), will lead the real estate portion of the Commonwealth Partners. Liberty is dedicated to the principle of enhancing peoples' lives through the creation of extraordinary work environments, and is one of the nation's largest office and industrial developers, owning a \$3.4 billion real estate portfolio comprising more than 54,000,000 square feet of industrial and office buildings. Liberty owns a 6,300,000 square feet real estate portfolio in Virginia and has extensive public-private development experience.

Liberty Property Trust was founded in 1972 in Malvern, Pennsylvania, a Philadelphia suburb, as Rouse and Associates, a developer and manager of high-quality industrial office space and office properties. Over the ensuing decades, the company expanded into several eastern states and earned a national reputation for the quality of its projects and the integrity of its people. Its reputation for successful management of its properties quickly attracted a large client base of owners and investors who recognized the value that Liberty could provide in development and property management services.

In 1987, the company was voted the National Developer of the Year by the National Association of Industrial and Office Parks. In 1994, the company organized as Liberty Property Trust, a public REIT, and began a period of dynamic, but conservatively minded, growth. Liberty's presence began in Virginia in 1995, through a merger with Lingerfelt Development Corporation, one of Richmond's oldest and most respected development companies.

Today, Liberty Property Trust is one of the most respected and successful real estate owner/developers in the United States, employing hundreds of experienced, dedicated people who serve a growing client base that reaches from the East Coast to the Central Plains states, as well as into Great Britain. Liberty Property Trust properties include urban and suburban office buildings, industrial facilities, major mixed-use developments, and build-to-suit projects.

Liberty's Richmond office developed a \$30 million, 108,000 square feet Secure Data Center for Capital One in Richmond in 1996. The Richmond office also has developed approximately 420,000 square feet of call centers in the Richmond metropolitan area during the last 5 years (262,000 square feet before the year 2000).

Liberty's Richmond office will serve as facility Project Manager during the facility construction and delivery stage and as Building Manager subsequent to its opening. Liberty will manage the Facility Design and Construction team, including Project Architect and Project General Contractor. After delivery, Liberty will provide facility management services.

### **Key Principals—Liberty Property Trust**

**Alan T. Lingerfelt**, P.E., is Senior Vice President of Liberty Property Trust in charge of the Virginia region and will serve as an Executive Project Manager for this project. He has been active in commercial real estate development for more than 25 years. Mr. Lingerfelt is responsible for overseeing his region's development and acquisition activities and for providing the strategic direction for the region. Since 1978, he has been responsible for the development, acquisition, and management of 60 projects consisting of more than 7 million square feet of commercial and industrial real estate in five states. In March 1995, he orchestrated the merger of his company, Lingerfelt Development Corporation, with Liberty Property Trust, a \$3.5 billion NYSE real estate investment trust. He serves on a variety of community and university boards.

**Dana Dame** is a Development Project Manager and Senior Leasing Representative with Liberty Property Trust, and he directs marketing and development activities related to a 2 million square foot office and industrial portfolio in the Virginia region. Mr. Dame will serve as the Project Manager for this project. He joined Liberty Property Trust in 1995. Mr. Dame has been involved in the Virginia real estate markets since 1986 and has served as a Development Director, an Institutional Asset Manager, and an Investment Grade Income Property acquisition consultant. He has been responsible for directing the development and leasing of 2 million square feet during his career. His recent projects include: Capital One—158,000 square feet call center; Suncom—91,000 square feet office and operations center; Aetna US Healthcare—143,000 square feet call center; Critikon Corporation—43,000 square feet office/laboratory facility; Capital One—123,000 square feet call center; and Multi-tenant facilities—423,000 square feet of industrial and office projects.

**Harold Pfohl** has 30 years of experience in commercial real estate and related industries, which was preceded by 6 years in petroleum engineering. His work has incorporated strategic planning for "new towns," preparation of strategic plans for economic development, comprehensive feasibility studies, and capital budgeting for new developments. He has many years of transaction experience in the Virginia commercial marketplace and has acted as a primary catalyst in the development of several major commercial projects. He has completed significant transactions with governmental and quasi-governmental organizations. Mr. Pfohl will act as a consultant to the team.

### **1.2.5 Hayes, Seay, Mattern & Mattern, Inc.**

HSMM is a full-service Architectural and Engineering firm of 486 professional and technical staff, headquartered in Roanoke, Virginia. The firm has a broad range of experience in the design of data and communications centers as standalone projects and as part of larger facilities, and within highly secure environments. These facilities have included federal, state, municipal, and private clients. The firm provides an understanding of the unique technical requirements necessary for the layout and proper functioning of a large-scale computer operation including the complex mechanical and electrical demands and their redundancies.

The HSMM team will draw upon its offices in Roanoke (over 200 personnel) and Virginia Beach (53 personnel) to expertly staff the VCDC project with architects and engineers experienced in this building type. HSMM designed the Command and Operations Center at the Pentagon in Arlington, Virginia. Their exceptional work is credited for saving lives during the attacks on September 11, 2001. Additional projects are listed in Volume 2 – Appendix B.

#### **Key Principals—HSMM, Inc.**

**William G. Porter**, P.E., a Senior Vice-President with the firm and a mechanical engineer with over 25 years of experience on a wide variety of major projects, will serve as HSMM’s principal-in-charge. He will be supported by **Gary F. Arnold**, AIA, who will serve as Project Manager. Mr. Arnold is an Associate with the firm who provides over 24 years of experience as an architect on major projects, including state facilities. Located in the Virginia Beach office, the two have worked closely together before and provide the organizational and technical skills to deliver the project to the Commonwealth on time and within budget.

### **1.2.6 Manhattan Construction Company**

Manhattan is a full-service general contractor with 107 years of experience in building excellence specializing in innovative construction solutions for public and private clients. With a regional office in Richmond, the firm has constructed millions of square feet of office properties throughout Virginia. For more than a century, Manhattan has set the industry standard for safety, quality, and exemplary client service. The firm has established a foundation of excellence based on its steadfast dedication to constructing lasting structures and long-term relationships centered on a strongly-held belief that today’s work is tomorrow’s legacy.

The company operates from offices in Dallas and Houston, Texas; Tulsa and Oklahoma City, Oklahoma; Atlanta, Georgia; and Fairfax and Richmond, Virginia. Its building portfolio includes corporate headquarters and institutional, health-care, office, hospitality and leisure, sports and entertainment,

aviation, retail, and judicial facilities throughout the Southwest and Mid-Atlantic states. Please see Appendix B in Volume 2 for a representative sample of references from clients, architects and engineers.

### **Key Principal—Manhattan**

**John P. Barron** has 24 years of experience in the construction industry. He has served as the project executive on several large, technically complex projects, with specific experience in historic building and monument construction and renovation. As Manhattan’s Washington, D.C. division president, Mr. Barron will provide executive oversight of the construction team to ensure exemplary project delivery, client satisfaction, and adherence to project requirements, policies, and procedures.

### **1.2.7 Advantus Strategies, LLC**

Advantus Strategies, formerly LeClair Ryan Consulting LLC, brings a detailed understanding of Virginia government structure, operations, and financing to the project. With offices in Richmond and Roanoke, its principal strengths are an extensive network of contacts and a sophisticated understanding of the procedural and political context of Virginia government policies and operating practices. These contacts are built on long-term personal relationships that have integrity and trust as their foundation. Advantus Strategies facilitates the development of stable, long-term, and profitable relationships between its clients and the government agencies with which they do business. Its government services focus is on developing and facilitating business-to-government relationships, advocating public policy, and identifying and qualifying public-private partnership opportunities.

### **Key Principals – Advantus Strategies**

**Daniel G. “Bud” Oakey** is Managing Director and CEO of Advantus Strategies. He has 21 years of experience working on matters related to the public sector including 14 years as a lobbyist in the Commonwealth of Virginia. He has extensive experience in developing government relations programming for business groups at all levels of government and enjoys a strong background in information technology, economic development, transportation, and regulatory matters. Mr. Oakey will be responsible for business-to-government relationships, representing the team before the Executive branch of Virginia government and the Virginia General Assembly, and managing the public-relations effort.

**May H. Fox** is a Managing Director of Advantus Strategies with more than 20 years of experience as both a lobbyist and cabinet-level government official, and she has developed a broad range of contacts within state government. Ms. Fox was a full-time member of Governor Mark R. Warner’s Transition Staff. Before joining LeClair Ryan Consulting in 1999, Ms. Fox served for 4 years as the founding Executive Director of the Virginia Association of Health Plans, a non-profit trade and lobbying association. From 1990 to 1994, Ms. Fox served in Governor L. Douglas Wilder’s cabinet. Ms. Fox will

be responsible for business-to-government relationships and for representing the team before the Executive branch of Virginia government and the Virginia General Assembly.

**R. Ronald Jordan** is a Managing Director of Advantus Strategies with 22 years of experience in Virginia government. He has extensive policy, program, and budget experience in the cabinet of Governor James S. Gilmore III and as staff to the Virginia General Assembly, with emphasis in appropriations, finance, technology, public safety, and natural resource matters. Mr. Jordan will provide guidance on various development and policy issues and will represent the team before the Virginia General Assembly.

### **1.2.8 BB&T Capital Markets—Public Finance Department**

BB&T Capital Markets (BB&TCM) is a division of Scott & Stringfellow, Inc., the registered broker/dealer subsidiary of BB&T Corporation. BB&TCM was created on May 5, 1999 through the combination of Craigie Incorporated with the fixed-income and equity capital markets operations of Scott & Stringfellow. BB&TCM is headquartered in Richmond, Virginia. Its Fixed-Income Group provides a complete array of fixed-income sales and trading services to its investor clients. BB&TCM also continues the strong public finance traditions of Craigie and Scott & Stringfellow, Inc., providing investment banking and financial advisory services to localities and other issuers of both tax-exempt and taxable municipal bonds throughout BB&TCM's footprint.

BB&TCM is best known for its tax-exempt municipal bond activities. The firm is an active underwriter and market-maker in bonds issued by political subdivisions in Virginia, as well as general market bonds issued throughout the United States. BB&TCM is generally ranked in the top five in terms of par value for underwriting Virginia's bond issues, including both negotiated and competitive underwriting activity. This has been achieved despite the fact that the firm concurrently has been an active financial adviser to several Virginia localities and authorities, which are large and frequent issuers. The firm also maintains active secondary markets in all general obligation bonds and most revenue bonds issued by Virginia state and local issuers. The firm's secondary market inventory in tax-exempts averages \$20 million to \$40 million daily and frequently exceeds \$50 million.

As a major regional investment banking firm with public finance focused primarily on Virginia municipalities and authorities, BB&TCM is extremely knowledgeable about the provisions of Virginia law pertaining to the incurrence of debt by the Commonwealth of Virginia to finance state projects. BB&TCM is also very familiar with the methods by which the Commonwealth has historically financed real property improvements and personal property (for example, computer technology equipment and software) and policies and procedures of the State Treasury Board. It has gained this experience by serving Virginia as both managing underwriter and financial adviser, and this experience covers the full spectrum of Commonwealth credits. Particularly relevant to the Commonwealth of Virginia is BB&TCM's experience in financing projects in the Commonwealth with appropriation-based financings

such as those issued through the Virginia Public Building Authority or lease revenue bonds issued by local conduit issuers. BB&TCM is unsurpassed in the experience of its staff in public finance and underwriting.

### **Key Principals—BB&T Capital Markets**

**Peter H. Shea**, Managing Director, will have primary supervisory responsibility on this engagement overseeing the efforts of BB&TCM Public Finance Department. He will be involved in all aspects of the engagement. Mr. Shea, who has been employed at BB&T since 1978 and serves as Manager of the Public Finance Department, has advised both state agencies and local governments concerning general obligation, utility revenue, and annual appropriation bond financing. He also has been involved in a number of financings related to state facilities financed through the Virginia Public Building Authority and other local conduit entities. He received his Master of Business Administration from the Colgate Darden School, University of Virginia, and his Bachelor of Arts from the University of Virginia.

**Gary Ometer**, Senior Vice President, will serve as the day-to-day contact at BB&TCM on the engagement. He will oversee review of the bond structure and the development of a marketing plan tailored to minimize the financing costs. He also will make presentations to Commonwealth officials, as required, and make preparations for and participate in any pre-sale briefings and information sessions. Mr. Ometer brings an unmatched, broad range of experience to the engagement. During his tenure at BB&TCM, Mr. Ometer has advised the state and local governments on appropriation-supported financings for a range of projects including technology equipment (hardware and software). Mr. Ometer is a Certified Public Accountant, received a Bachelor of Science in Business Administration from Ohio State University, and completed post-graduate studies at the University of Tampa and University of South Florida. Mr. Ometer is also a graduate of the Virginia Executive Institute.

### **1.3 Guarantees and Warranties**

The Requested Information, has been provided in our confidential volume.



- c. *For each firm or major subcontractor (\$1 million or more) that will be utilized in the project, provide a statement listing all of the firm's prior projects and clients for the past 3 years and contact information for same (names/addresses /telephone numbers). If a firm has worked on more than ten (10) projects during this period, it may limit its prior project list to ten (10), but shall first include all projects similar in scope and size to the proposed project and, second, it shall include as many of its most recent projects as possible. Each firm or major subcontractor shall be required to submit all performance evaluation reports or other documents which are in its possession evaluating the firm's performance during the preceding three years in terms of cost, quality, schedule maintenance, safety and other matters relevant to the successful project development, operation, and completion.*

## 1.4 Client References

The Commonwealth Partners respectfully submit project references for your consideration (please see Appendix B).

- d. *Provide the names, addresses, and telephone numbers of persons within the firm or consortium of firms who may be contacted for further information.*

## 1.5 Contact Information

### **IBM Corporation**

9201 Arboretum Way  
Richmond, VA 23236  
Joyce Cymerman, Client Solutions Executive  
877.515.5205  
Tim Stuller, Client Manager  
804.327.4680

### **Liberty Property Trust**

12 South Third Street  
Richmond, VA 23219  
Dana Dame, Project Manager  
Al Lingerfelt, Senior Vice President  
Jay Kraft, Vice President  
David Colbert, Sr., Property Manager  
804.644.9111

### **BearingPoint, Inc.**

1021 East Cary Street, Suite 2102  
Richmond, VA 23219  
Don L. Parr, Managing Director  
804.782.4420

- e. *Provide a current or most recently audited financial statement of the firm or firms and each partner with an equity interest of twenty percent or greater.*

## 1.6 Financial Statements

Exhibit 1-7 provides details on accessing financial information for the team members of the Commonwealth Partners with an equity interest of 20 percent or greater.

**Exhibit 1-7**  
Financial Information Access

IBM Corporation	<a href="http://www.ibm.com/investor/index_financials.phtml">http://www.ibm.com/investor/index_financials.phtml</a>
BearingPoint, Inc.	<a href="http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=be&amp;script=700">http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=be&amp;script=700</a>
Liberty Property Trust	<a href="http://www.libertyproperty.com">http://www.libertyproperty.com</a>

- f. *Identify any persons known to the proposer who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to The Virginia State and Local Government Conflict of Interest Act, Chapter 31 (§ 2.2-3100 et seq.) of Title 2.2.*

## 1.7 Virginia State and Local Government Conflict of Interest Act

The members of the Commonwealth Partners have reviewed the Virginia State and Local Conflict of Interest Act and confirm that none of the individuals from the team would be obligated to disqualify themselves from participation in the project.

- g. *Identify proposed plan for obtaining sufficient numbers of qualified workers in all trades or crafts required for the project.*

## 1.8 Qualified Workers

Our team is large and comprehensive. We offer VITA every category of service that may be required to accomplish this initiative. Between IBM and BearingPoint, the Commonwealth Partners provides comprehensive solutions and unparalleled numbers of resources to the technology needs of the Commonwealth. Additionally, as discussed below, the team members who will be responsible for designing and building the data center have specific plans in place to assure that qualified workers will be available to complete the structure on time and within budget. Small, Woman-, and Minority-owned (SWAM) companies will be utilized whenever possible.

### **Hayes, Seay, Mattern & Mattern**

The Commonwealth Partners' design company, Hayes, Seay, Mattern & Mattern, Inc., has more than 250 employees representing all disciplines of architecture and engineering within 3 hours of the project site in its Virginia Beach and Roanoke, Virginia, and Washington, D.C., offices, providing an experienced capacity to complete the project on schedule.

### **Manhattan Construction Company**

The Commonwealth Partners' construction company, Manhattan Construction Company, carefully selects personnel for its project teams from among its internal resources who are available and have proven recent experience in successfully completing projects with similar existing infrastructure complexities. Each Manhattan project team includes experienced personnel selected to best suit the needs of the project. Its approach substantially reduces the learning curve and allows an earlier focus on detailed planning and preparatory activities.

Manhattan purposely structures its staff for the potential of a long-term involvement to ensure a smooth transition and continuity into subsequent phases with minimal turnover. Employing the best resources and ensuring their availability is paramount. Manhattan would not enjoy a long history of successful project completion without these resources. It consistently recruits and selectively hires only high-caliber personnel. It provides superior compensation and incentives in an excellent working environment. Its standard procedures also apply to subcontractor resources, where fair treatment and prompt pay are rewarded by strong performance.

Manhattan is very proud of its more than 100 years of service in the building industry. It believes its success is a direct result of its commitment to its greatest resource—its people.

- h. Provide information on any training programs, including but not limited to, apprenticeship programs registered with the U.S. Department of Labor or a State Apprenticeship Council, in place for employees of the firm and employees of any member of a consortium of firms.*

## **1.9 Training Programs**

Each member of the Commonwealth Partners has specific programs in place to ensure that every individual obtains sufficient and appropriate training. The apprenticeship and safety training programs for our construction company, Manhattan, are discussed in the following paragraphs.

## **Apprenticeship Training Program – Manhattan Construction Company**

Manhattan employs a skilled labor force including carpenters, cement finishers, and laborers to self-perform certain aspects of structural concrete construction—typically foundations and vertical structural elements—rough carpentry, doors and hardware installation, and general conditions activities such as temporary construction and safety barriers. Manhattan has partnered with the Associated Builders and Contractors’ (ABC’s) managed apprenticeship program to meet its craft labor development needs.

Manhattan encourages enrollment in ABC’s Metro Washington Chapter and Northern Virginia Chapter programs through tuition reimbursement and wage support during training absences for carpenters and cement finishers who are willing to make the commitment to a formal program. Those workers not willing or able to make the commitment to a formal program are trained through a traditional on-the-job training program in which they are paired with journeyman-level workers until they demonstrate the requisite skill level to perform tasks at a journeyman level.

In regard to subcontractor apprenticeship programs, most of the subcontractors with whom Manhattan does business have performed work in the Commonwealth of Virginia. It will make participation in a formal apprenticeship program a prerequisite for all trade subcontractors on this project.

## **Safety Training Program – Manhattan Construction Company**

Manhattan’s strong tradition of successful implementation of safety on its project sites is achieved through a comprehensive safety and health training program, which includes safety and equipment training for field personnel and new hire orientation. Its onsite training program consists of weekly training meetings administered by the Safety Manager with assistance from the Superintendent. In addition, 20-hour and 40-hour OSHA training courses are conducted periodically throughout the year to train key project personnel. All new hires are required to undergo a new-hire site safety orientation-training program.

Manhattan uses the resources of its insurance carrier as well as its safety staff to lead its training and educational programs. It also provides other training sessions, such as forklift, confined space, and fall protection, throughout the year in response to federally mandated training requirements or refresher courses to keep its staff current. It consistently reminds its employees that in addition to completing a project on time, it must be completed without injury.

Formal, weekly toolbox talks are conducted with all project employees on the job site. The objective of this training is to emphasize Manhattan’s commitment to safety, provide continual reinforcement of key safety procedures to the employees, educate employees on safe work habits and in recognizing unsafe conditions, and raise safety awareness of employees and subcontractors. The format and standards for the onsite training program are set forth in its site-specific safety plan.

- i. Provide information on the level of commitment by the firm or consortium of firms to use Department of Minority Business Enterprise firms in developing and implementing the project.*

## **1.10 Commitment to Minority Business Enterprise Firms**

The Commonwealth Partners is committed to the diversity goals defined by the Commonwealth of Virginia. We actively seek out and subcontract with qualified small, minority- and woman-owned business enterprises (MWBES or SWAMs) as part of our business with state and local governments in Virginia. We will:

- Identify at the local and state levels those members of the political and civic leadership that are involved in ensuring that SWAMs fully participate in government/private-sector ventures
- Communicate early in the process to obtain input and feedback from that leadership group in the development of the plan
- Perform an audit, after a design and business case are completed for the new facility, to identify SWAMs
- Meet with and encourage SWAMs to participate in the bid process where existing state guidelines related to the use of these businesses in government contracts is followed and, ideally, surpassed

We also participated in the eExpo “matchmaking” conference, supplying presentations and staff to discuss the impact of technology on minority businesses.

Our philosophy is to seek qualified, Virginia-certified MWBES to play meaningful roles in our projects. At the same time, we provide leadership and mentorship to help them increase their business in the Commonwealth of Virginia and elsewhere.

Recent examples include:

- Von Behren Alba Associates, Inc., which is providing the methodology and supporting our change management engagement for HomeSafenet and the Broadbanding initiative at the Department of Children and Families
- DJ Miller and Associates, architects of One Florida, which supported the economic modeling and analysis for our recently completed feasibility study and funding formula work for the newly privatized Black Business Investment Board
- Presidio, which was part of our Retirement Information System implementation team at the Florida Division of Retirement

In addition, the Commonwealth Partners practice the procedures outlined in the following paragraphs to encourage minority participation.

### **Subcontracting/DMBE Participation and Outreach**

In addition to the plan outlined in the following paragraphs, the Commonwealth Partners will encourage majority firms to joint venture with minority firms for substantial portions of the work. It is our policy that small business concerns, women-owned business enterprises, and small business concerns owned and controlled by disadvantaged individuals shall have the maximum practicable opportunity consistent with efficient contract performance to participate as performing subcontractors on all of our projects.

For example, Associated Builders and Contractors has certified Manhattan as an Accredited Quality Contractor. This certification recognizes its high standards of performance in regard to key aspects of our project delivery processes and business practices, including outstanding support to the small business community. In its most recent compliance audit by the U.S. Small Business Administration, Manhattan received a rating of “Good” for its subcontracting program.

Our approach to MBE firms is driven by three basic principles: subcontracting, knowledge, and community.

### ***Subcontracting***

Our team will seek to achieve maximum participation of MBEs as subcontractors and suppliers through a proactive program. To achieve this goal, we have voluntarily established and continue to conduct a program that enables MBEs to be considered fairly as subcontractors. Its plan includes four main components to subcontracting:

1. Creative approach to finding opportunities for MBE participation, including creative bid packaging and segmentation of work
2. Maintenance of a minority solicitation database used for tracking and to facilitate ongoing communicate with minority firms
3. Encouragement of joint ventures between majority contractors and minority firms
4. Creative support of minority firms on bonding, estimating, and management issues

At the subcontracting and vendor level, our team will seek two types of MBE participation—independent MBE subcontractors and vendors solely responsible for specific areas of work and joint venture partnerships between MBEs and established subs and vendors. In the first case, our team acts in a supportive role, sharing its systems, capacities, and management skills to assist other MBEs. In the later

case, it seeks to encourage productive joint venture partnerships based on the same principles of mentorship as our general contracting partnerships.

The execution of our subcontracting plan includes:

- Providing adequate and timely consideration of known MBEs in all “make or buy” decisions. It maintains an extensive master list of local minority subcontractors, suppliers, and vendors, which is continuously updated.
- Confirming that known MBEs will have an equitable opportunity to compete for subcontracts, particularly by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedule so as to facilitate the participation of MBEs.
- Requiring the specific percentage of MBEs to be stated in all bids. All bidders will be asked their MBE participation percentage at the time their bid is due.
- Working with MBE firms to package bids in a manner that best suits the capabilities of the firms.
- Assisting MBEs by sharing management systems and expertise, providing bonding capacity, adapting flexible payment terms, and a variety of other means.
- Maintaining records documenting results of the established policies.

### **Knowledge**

This is a very important element of our MBE plan. It is our philosophy that knowledge is something that can never be taken away and can always be improved upon. Through its established program, MBE subcontractors will have the opportunity to train in its 10-week seminar, which includes:

- Program Management
- Estimating
- Scheduling
- Insurance and Bonding
- Financing

### **Community**

Our team has a solid track record of maximizing opportunities for minority and women-owned businesses. We are committed at all levels to a policy of developing subcontracting possibilities for minority and women-owned businesses, small businesses, and small disadvantaged businesses. We strongly believes that working with these firms enhances the economic welfare of the community.

- j. *For each firm or major subcontractor that will perform construction and/or design activities, provide the following information:*
- (1) *A sworn certification by an authorized representative of the firm attesting to the fact that the firm is not currently debarred or suspended by any federal, state or local government entity.*
  - (2) *A completed qualification statement on a form developed by the Commonwealth that reviews all relevant information regarding technical qualifications and capabilities, firm resources and business integrity of the firm, including but not limited to, bonding capacities, insurance coverage and firm equipment. This statement shall also include a mandatory disclosure by the firm for the past three years any of the following conduct:*
    - (A) *bankruptcy filings*
    - (B) *liquidated damages*
    - (C) *finances, assessments or penalties*
    - (D) *judgments or awards in contract disputes*
    - (E) *contract defaults, contract terminations*
    - (F) *license revocations, suspensions, other disciplinary actions*
    - (G) *prior debarments or suspensions by a governmental entity*
    - (H) *denials of prequalification, findings of non-responsibility*
    - (I) *safety past performance data, including fatality incidents, "Experience Modification Rating," "Total Recordable Injury Rate" and "Total Lost Workday Incidence Rate"*
    - (J) *violations of any federal, state or local criminal or civil law*
    - (K) *criminal indictments or investigations*
    - (L) *legal claims filed by or against the firm*

## **1.11 Contractor's Statement of Qualification Forms**

Team members HSMM and Manhattan have completed the Commonwealth of Virginia Standard Form DGS-30-168, Contractor's Statement of Qualifications. These documents are located in Appendix A.

- k. *Worker Safety Programs: Describe worker safety training programs, job-site safety programs, accident prevention programs, written safety and health plans, including incident investigation and reporting procedures.*

## **1.12 Worker Safety Programs**

The primary purpose of the Commonwealth Partners' safety plan for the Virginia Consolidated Data Center is to prevent accidental injury, occupational illness, and property damage and to establish processes whereby all onsite project employees will be actively involved in maintaining a safe construction site on this prestigious project. The ultimate goal is to build a safe project with no accidents or injuries. No accident, and certainly no fatality, is acceptable to us.



We believe that leadership is a key element in creating a safe work environment. We expect our project teams to lead by example by putting safety first in their daily work activities. We also believe that establishing a spirit of cooperation with all the project stakeholders is an important part of creating and maintaining a safe work environment. Accordingly, we require all Commonwealth Partners members and subcontractor employees to be actively involved in this process. Communication between all employees is encouraged to identify and eliminate problems that arise during performance of the work. We also require our subcontractors and vendors to maintain our same high standards and regard for safety on our job sites.

Specifically, Manhattan has an excellent safety record, as underscored by its Experience Modification Rates. The current Experience Modifier Rate (EMR) for 2003 is 0.61, which is exceptionally below the industry average for self-performing general contractors (see Exhibit 1-8). In fact, its northern Virginia office has not had a Lost Time Incident since 1998.

**Exhibit 1-8**  
Manhattan's Insurance Company Experience Modifier Rate (EMR)  
for Previous 5 Years

Year	EMR
2002	.66
2001	.60
2000	.63
1999	.70
1998	.74

Manhattan is extremely proud of its EMR because it is one of the lowest in the industry for self-performing General Contractors. Manhattan is not a construction management broker of subcontractor services. Manhattan normally self-performs various trade labor work on its projects, such as cast-in-place concrete and rough carpentry. Performing work on projects where the inherent danger and risks are located would logically imply that a higher EMR would result. However, because of its focused attention on safety at its job sites, Manhattan's EMR is equal to or lower than many of the non-self-performing program managers or construction managers.

Exhibits 1-9 through 1-11 provide a summary of Manhattan's corporate occupation injuries and illness as required by the U.S. Department of Labor for the past 5 years.

**Exhibit 1-9**

Manhattan's Occupational Safety and Health (OSHA) Lost Work Day  
 Incident Rate for the Past 5 Years

Division	1998	1999	2000	2001	2002
Washington, D.C.	0.73	0	0	0	0
Dallas	2.47	2.81	3.18	1.38	0.33
Houston	1.71	3.06	2.33	0	1.14
Oklahoma	4.36	1.45	3.53	1.74	0.58
Company Totals	2.64	2.14	2.85	1.08	0.94

**Exhibit 1-10**

Manhattan's OSHA Recordable  
 Incident Rate for the Past 5 Years

Division	1998	1999	2000	2001	2002
Washington, D.C.	8.78	10.74	0.90	6.55	3.73
Dallas	12.35	12.38	12.71	7.13	4.32
Houston	11.42	13.01	8.74	1.05	2.86
Oklahoma	14.16	8.69	18.58	8.98	5.83
Company Totals	12.25	11.88	13.14	6.59	6.12

**Exhibit 1-11**

Manhattan's Federal, State, and Municipal OSHA  
 Citations for the Past 5 Years

Division	1998	1999	2000	2001	2002
Washington, D.C.	0	0	0	0	0
Dallas	0	1	0	0	0
Houston	0	0	0	0	0
Oklahoma	1	0	0	0	0
Company Totals	1	1	0	0	0

Manhattan's safety plan will be a site-specific extension of its corporate safety program. Its plan establishes the safety organization, duties and responsibilities of key personnel, and the standards, processes, and procedures to be implemented for safety education, training, and monitoring to promote safe work habits and attitudes and the identification and elimination of hazards and unsafe acts. The foundation of this plan is the involvement and active participation of all of the Commonwealth Partners project employees. Implementation and enforcement of the safety plan is the responsibility of the project manager and superintendent as well as the trade foremen. The Commonwealth Partners will also employ a qualified, full-time safety engineer on site whose sole function is to assist the superintendent in implementing and enforcing the plan, including appropriate investigation and reporting procedures.

This proactive safety plan focuses on creating a safe working environment through training, aggressive loss prevention practices, and active quality control. We maintain a team approach to safety management, involving all project personnel with continuous monitoring, evaluation, and improvement.

Other key aspects of our plan include:

- **Worksite inspections.** Worksite inspections are conducted as an integral part of a three-phased quality control inspection process. These occur on an ongoing basis throughout the progress of a specific trade activity. Also, project team personnel along with the site safety engineer conduct random daily safety inspections. In addition, the superintendent and site safety engineer conduct weekly safety audits. The procedures for these inspections are detailed in the site-specific safety and health plan.
- **Safety and health training program, weekly meetings, and new hire orientation.** The onsite training program consists of weekly training meetings administered by the superintendent with the assistance of the site safety engineer. Also, formal weekly toolbox talks are conducted with all onsite employees. The objective of this training is to emphasize Manhattan's commitment to safety, provide continual reinforcement of key safety procedures to the employees, educate employees on safe work habits and in recognizing unsafe conditions, and raise safety awareness of employees and subcontractors. The format and standards for the onsite training program are set forth in Manhattan's site-specific safety plan. In addition, 20-hour and 40-hour OSHA training courses are conducted periodically throughout the year to train key project personnel and all new hires are required to undergo a new-hire site safety orientation-training program.
- **Subcontractor compliance with site-specific plan.** The safety standards set forth in the Manhattan site-specific safety plan establish only the minimum standards in certain key areas. They are not exhaustive or exclusive of the subcontractor's project safety requirements and obligations, and do not exempt the subcontractor from its foregoing responsibility to maintain an overall comprehensive safety program. Subcontractors are required to prepare their own site-specific safety and health plans, which incorporate, as a minimum, all the principles and

standards of the Manhattan site-specific safety and health plan. Their respective plans are then incorporated as an addendum into the Manhattan plan. All subcontractors have a contractual obligation to perform their work using safe methods to comply with their HAZCOM programs, the contract documents, OSHA standards, and all federal, state, and local codes and regulations.

- **Alcohol-free and drug-free workplace requirements.** Manhattan specifically maintains a “zero-tolerance” policy on all job sites in the areas of drug and alcohol abuse, and requires that all project employees undergo an initial drug screening when they start work on site. It then uses random drug testing to enforce this policy.
- **Quality assurance.** The weekly project audit and random inspection process serve as the primary vehicles for quality assurance regarding the implementation of Manhattan’s onsite safety and health program. The results of these audits and inspections are used to evaluate deficiencies and then implement corrective actions to maintain high safety standards at the project site. In addition, Manhattan schedules semiannual inspections by its insurance carrier to identify areas requiring additional efforts to ensure a safe work environment.

## 2. Project Characteristics

### 2.1.1 VITA: A Positive Step

The Virginia Information Technologies Agency (VITA) was officially created on July 1, 2003, as the initial solution to these legacy issues. The VITA Transition Office and its teams have been entrusted with the substantial task of establishing a new management organization and integrating the infrastructures of 94 Executive branch agencies. The Transition Office is working quickly, thoughtfully, and diligently on critical milestones in the areas of human resources, structure/organization, governance and risk mitigation, finance and administration, services and systems, policies and procedure, facilities, and operational logistics. It is also taking initial steps for infrastructure consolidation. An overview of VITA is contained in Appendix D.

### 2.1.2 Consolidation and Security: Keys to Success

To be successful in reducing costs, VITA must consolidate people, processes, and technology in secure, controlled environments. A new data center facility is necessary to reach these goals in a timely and cost-effective manner. Existing data centers and computer rooms in use today do not have the necessary security, environmental controls, capacity, or infrastructure to adequately consolidate all Commonwealth data resources. This proposal outlines the conceptual plans to consolidate services in a new, secure primary data center and a less secure secondary data center.

The current data center, located in the Richmond Plaza building in downtown Richmond, has a number of problems that make it a poor choice to house mission-critical applications. These include the following:

- As an office building in downtown Richmond, the building is difficult, if not impossible, to physically secure. Installing razor wire, perimeter fencing, and other physical security safeguards is not possible given the building's proximity to downtown streets.
- The building contains a parking garage, leaving it vulnerable to criminal or terrorist activity.
- The building is occupied by non-Commonwealth of Virginia tenants, creating additional security concerns outside the control of the Commonwealth.

In addition, even if the data center could be upgraded and made into a relatively secure environment, creating a highly available and secure environment is impossible in a single data center. The Commonwealth requires two significant data centers to provide the redundancy and failover capability to keep Virginia's mission-critical systems safe and operational. A second data center also provides the

space to perform server collocation/consolidation critical for driving long-term operational efficiencies and cost reductions.

*2a. Provide a description of the project, including the conceptual design. Describe the proposed project in sufficient detail so that type and intent of the project, the location, and the communities that may be affected are clearly identified*

### **2.1.3 What We Are Proposing**

The Commonwealth Partners are proposing a public-private-partnership whereby the Commonwealth can benefit from the cost savings associated with consolidation; obtain a new, secure data center for mission-critical systems; and provide service levels equal to or greater than those currently in place.

Some of the most respected names in technology and building construction will comprise this partnership—companies such as IBM, a proven leader in many areas of technology including data center operations; BearingPoint, which has a track record of helping public and private sector clients realize their goals; HSMM, leaders in secure building design, including portions of the Pentagon; Liberty, one of the premier real estate investment trusts in the nation; and Manhattan Construction, a full-service general contractor with over 100 years of expertise in building excellence.

We are excited and confident in our ability to work together on this important initiative. Together, we can make Virginia state government more efficient, more responsive, and more citizen-centered.

## **2.2 A True Public-Private Partnership**

The Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA) encourages private industry to propose projects to the Commonwealth of Virginia that provide value and can be implemented in a “timely and cost-effective” manner. The Commonwealth Partners are proposing an innovative partnership (see Exhibit 2-2).

This proposal has a number of important goals consistent with the Commonwealth’s vision for IT. These include:

- Providing increased security and reliability of the Commonwealth’s critical systems and data
- Realizing significant long-term cost savings
- Realizing cost savings
- Minimizing the impact on current employees, with no layoffs

The Commonwealth Partners will provide IT services in areas core to your business. VITA will oversee these operations, providing the governance, management, and monitoring to make sure the public interest is well served. Working together, we will help VITA mature into a true service provider to the agencies and constituents it serves.

Creation of this public-private partnership will allow VITA to focus on managing information while the Commonwealth Partners focus on managing the technology. VITA will maintain overall control, but will not be burdened with the requirements of day-to-day management and operations. The team will follow VITA's leadership challenges and commitment, including:

- “Do no harm” and achieve business continuity in current operations
- Enable a smooth and seamless transition by involving state IT professionals
- Invite and broker stakeholder-driven solutions
- Learn from and avoid repeating past mistakes
- Achieve operational excellence and exceed service expectations

To be successful in an effort of this magnitude, the Commonwealth needs a reliable and proven partner. The Commonwealth Partners is a solid group of companies, each a leader in its respective discipline, which in combination have the skills and experience to effectively serve the Commonwealth, and to deliver on our commitments. We have carefully selected our alliance partners—the best, brightest, and most leading-edge companies—and we will work together to assist VITA in leading the nation in innovative technologies. All activities will be conducted in partnership with and under the direction of VITA.

### **2.3 Conceptual Facility Description**

Commonwealth agencies currently have 122 data centers or dedicated computer server rooms at locations throughout the state. These distributed facilities have no standardized backup, recovery, or security mechanisms. Agency servers may be dedicated to specific tasks and have very low utilization, or be overloaded with mail, applications, web hosting, and file processes. The monitoring and support of these servers are further complicated by multiple vendors, vintages, and operating systems. To achieve VITA's goals, the Commonwealth needs a new data center to consolidate equipment and support personnel.

The data center project as presented herein is a comprehensive effort to create a modern and secure facility for housing all data hardware, operations, and help desk functionality in a consolidated location. The conceptual proposal is based on considerable research, discussion, analysis, and study. It has been conceived to provide modern, safe, and efficient facilities to support the employees of the Commonwealth

in accomplishing their important work, and to aid the citizens of the Commonwealth in their use of electronic information and business functions.

### **2.3.1 Administrative Area**

An administrative area for private offices and administrative support is also proposed. The developer has included an allowance for the design and construction of tenant improvements in the administrative area, to meet the specific needs of the building occupants. Design services will include direct meetings with tenant representatives to determine their needs and follow-up meetings to discuss and finalize alternative design approaches. The allowance included in the lease rates assumes the materials and scope of work described in the facility staffing requirements and the space allowances in the proposal document.

Detailed descriptions of the staffing assumptions, space allocations, and building specifications used in developing this proposal can be found in Appendix E.

## **2.4 Workplan Solution Overview**

IBM is pleased to propose a unique public-private partnership in which the investment, risk, responsibility, and reward are shared between the Commonwealth of Virginia and the Commonwealth Partners, with and under the direction of the CIO and a governance body. Together, our team will help the Commonwealth gain efficiencies in operations, leverage enterprise buying power, and muster the political capital to enable the vision articulated by Virginia's CIO. As business partners, corporate citizens, and residents, we are committed to the Commonwealth's success.

It is one thing to describe an innovative new business strategy; implementing the strategy is a different matter. This is where the Commonwealth Partners' depth of resources and experience works for the Commonwealth. We have designed a practical plan to implement this solution through three overlapping workstreams. Additional information can be obtained in our confidential volume.

### **Comprehensive Staffing Strategy**

A partnership between the Commonwealth Partners and VITA to deliver the VCDC will serve the Commonwealth of Virginia and VITA customers well. The partnership will allow VITA to focus on its core mission of managing information and delivering IT policy across the enterprise. The state will have access to a highly skilled technical workforce acting in unison, and VITA can concentrate on integrating information and promoting enterprise standards throughout the state's disparate systems.

Our mutual success is directly tied to the people, processes, and technology associated with execution of our team's strategy. We have developed a staffing strategy to align the right resources to deliver on the



commitments we have made in our proposal. Our strategy will enable us to deliver our unique financial, business, and technology value propositions, while enhancing career opportunities for Virginians and increasing customer service levels. The power of our business proposition is found in our ability to build and manage an extensive team of strategic partners capable of delivering on our commitments and the resulting contract. Execution of this strategy will culminate in an effective and efficient operation with increased customer service levels and maximum value and revenue provided to VITA.

*2b. Identify and fully describe any work to be performed by the public entity.*

## **2.5 The Commonwealth's Role**

The Commonwealth of Virginia, through its CIO, will maintain strategic oversight and governance roles, along with ultimate accountability for data center service delivery to its customers. The intent of this project is to allow the Commonwealth Partners to manage the consolidation and migration process. VITA will assist in this process by:

- Identifying appropriate agency resources
- Assisting in the development or documentation of agency requirements and service level agreements
- Participating in the project communications plan

Ultimate responsibility lies with the Commonwealth Partners. The Commonwealth Partners are creating this partnership with VITA and we have the ultimate responsibility and financial commitment needed for our mutual success. IBM will be responsible for staffing, management, and operational components of the private sector side of the partnership.

*2c. Include a list of all federal, state and local permits and approvals required for the project and a schedule for obtaining such permits and approvals.*

## **2.6 Schedule for Permits and Approvals**

The Commonwealth Partners will comply with all current local requirements for zoning and building consistent with a privately developed and constructed building. We anticipate that there will be no state or federal permitting requirements. Separate, partial permits will be acquired to enable the construction to proceed on a fast track. The anticipated separate permits will be for site and foundation, shell building, and interior buildout. We will work closely with the appropriate local officials, including those responsible for economic development, to apply for permits and have them approved on a timely basis to allow the project to proceed as scheduled.

A schedule for all permits has been included in the proposed project schedule, attached as Appendix F. A summary of these permits is listed in Exhibit 2-8.

*2d. Identify any anticipated adverse social, economic and environmental impacts of the project. Specify the strategies or actions to mitigate known impacts of the project. Indicate if an environmental and archaeological assessment have been completed.*

## 2.7 Anticipated Impacts

No adverse social, economic, or environmental impacts have been identified at this conceptual stage of the project. Established and applicable federal, state, and local governmental procedures will be followed at every stage. Because the exact location has yet to be identified, no archaeological or environmental studies have been initiated. While we will provide several alternatives for locations, we expect to work closely with the Commonwealth to identify the best location to provide the maximum value to all of Virginia.

*2e. Identify the projected positive social, economic and environmental impacts of the project.*

## 2.8 Benefits to Virginia Citizens

Virginia will realize the following benefits:

- **Cost savings.** This partnership will reduce the cost of operating and maintaining the state technology infrastructure by reducing overhead, applying otherwise unachievable economies of scale, and implementing flexible procurement arrangements.
- **Improved levels of service.** We will document service levels, creating greater accountability and higher levels of performance. The infusion of greater innovation, highly skilled technology professionals, and knowledge of best practices will contribute to higher quality IT services.
- **Risk sharing.** For the first time, the state will have a real financial and schedule risk partner. We will share risks including cost overruns, inability to meet service delivery schedules, and revenue production.

*2f. Identify the proposed schedule for the work on the project, including the estimated time for completion.*

## 2.9 Proposed Schedule

The Commonwealth Partners will endeavor to complete the project according to the schedule included in the proposal. Because this is an aggressive schedule, it will be imperative that all parties strive to make decisions, complete task assignments, and communicate efficiently in accordance with the schedule. It is to the benefit of the developer-team to complete the project as soon as possible to reduce construction

overhead costs and to limit the amount of interest accrued. It is not anticipated that there will be any penalties for non-compliance with the schedule.

The detailed data center schedule includes a summary of all the major development activities crucial to the success of the project. The schedule begins with the submission of the proposal to the Commonwealth and extends through the design, construction, and occupancy of the structure. The project will essentially begin after the comprehensive agreement is finalized and approved by the Commonwealth. The schedule will be reviewed, coordinated, and adjusted with the Commonwealth as the project moves forward. Schedule updates and revisions will be provided monthly to keep all parties apprised of the progress.

*2g. Identify contingency plans for addressing public needs in the event that all or some of the project is not completed according to projected schedule.*

## **2.10 Contingency Plans**

If the facility construction or migration activities were delayed, the Commonwealth Partners would continue to provide the core services using the existing data center, computer rooms and server infrastructure. Such a delay may impact the cost profile of the Commonwealth Partners, but will not impact the cost to the Commonwealth. Such a delay will “do no harm” to the Commonwealth from the current state. The risks, however, of significant delays in building construction or migration are low.

If delays occur in completing the PPEA process resulting in a delay in starting the project, the timeline for the project will be extended. The goals will be achieved, albeit at a later date.

*2h. Propose allocation of risk and liability for work completed beyond the agreement's completion date, and assurances for timely completion of the project.*

## **2.11 Allocation of Risk and Liability**

The Commonwealth Partners will ultimately assume all responsibilities for data center operations and will be governed by Service Levels negotiated with the Commonwealth. It is anticipated that these Service Levels will include financial penalties for performance-related problems. IBM and BearingPoint have successfully entered into similar types of arrangements with numerous companies and organizations, and we understand the risk and liabilities associated with these services.

Commonwealth of Virginia laws will govern on all issues regarding design and construction liability. Our proposal will also provide acceptable payment and performance bonds for the proposed project (see Appendix A for further information). The budget and schedule for the data center have been prepared based on information provided by sources that are deemed reliable. During the detailed proposal phase,

the Commonwealth Partners will conduct a thorough review of the project and develop a more detailed project budget and schedule.

Manhattan Construction Company is debt free and has a current equity position approaching \$100 million. Its corporate net worth and working capital are responsible for a virtually unlimited bonding capacity at industry low rates from The Chubb Group of Insurance Companies. Manhattan Construction Company has never been unable to provide a bond nor ever failed to complete a project in its more than 100-year history. The general contractor has the financial resources and backing to meet its financial obligations without imposing financial risk to the Commonwealth on this project. Manhattan Construction Company further protects its financial position on projects by requiring all subcontracts of more than \$75,000 to be bonded and all subcontracts related to the building envelope to be bonded, no matter the value. This subcontractor-bonding requirement further reduces financial risk to the Commonwealth.

Manhattan Construction Company has a superior track record of completing projects on or ahead of schedule. Its success is attributed to a fundamental belief that effective schedule management and control is absolutely critical for ensuring timely completion of a project. Manhattan will use the Primavera-generated project schedule as the primary tool to communicate to all project participants the sequence, timing, and strategy for completing the work. The schedule will be constantly monitored to achieve the intermediate milestones and contractual completion date. The initial approved schedule will become the baseline against which progress will be measured as it is updated reflecting actual progress. The project team will use the updated schedule to monitor and evaluate progress, conduct weekly and monthly planning, and identify slippage and implement corrective actions as required. It will also be used as the primary tool for scheduling the day-to-day activities on the site.

*2i. State assumptions related to ownership, legal liability, law enforcement and operation of the project and the existence of any restrictions on the public entity's use of the project.*

## **2.12 Owner/Legal Liability Assumptions**

Assumptions related to project ownership and legal liability related to the financing of the data center are discussed in Section 3. Law enforcement will be provided by the local jurisdiction selected as the site for this project.

Assumptions related to the operation of information technology services are discussed in Section 2.



*2j. Provide information relative to phased or partial openings of the proposed project prior to completion of the entire work*

### **2.13 Phased or Partial Openings**

There are no planned phased openings of the data center or support process.

## 3. Project Financing

### 3.1 Introduction

The PPEA anticipates, and is structured to ensure, that the Commonwealth Partners, the Virginia Information Technologies Agency (VITA), and the Commonwealth of Virginia’s Chief Information Officer (CIO) develop a common goal and a team approach to achieve that goal. To be successful, it is incumbent upon the Commonwealth Partners to demonstrate efficiencies in the use of governmental resources, savings that will accrue as a result of the agreed-on development, financing, and operating approach, and an allocation of risk associated with the project financing that is appropriate to all parties involved in the transaction.

The Commonwealth Partners’ solution centers on a public-private partnership for the establishment, operation, and management of the new Commonwealth of Virginia Consolidated Data Center (VCDC). While building and operating our solution, we will focus on the success of several strategic initiatives such as Bold Strides, workforce development, and the economic diversification of Virginia.

*3a. Provide a preliminary estimate and estimating methodology of the cost of the work by phase, segment, or both.*

### 3.2 Preliminary Estimate and Estimating Methodology

#### 3.2.1 Operation of the Current Data Centers and VCDC

The Commonwealth Partners are pleased to present the financial estimates developed for the purposes of this conceptual PPEA proposal. D

The detailed financial estimates are provided in our confidential volume.

The Commonwealth Partners would like to work with Commonwealth Technology leadership to refine the scope of services, verify assumptions, and refine the cost estimates. Our proposal assumes that a due diligence effort will be performed prior to contract signing, during which we work with VITA to verify assumptions and negotiate the final price.

#### 3.2.2 Construction Estimation Methodology

Manhattan Construction Company, using the “development milestone” estimating process, has prepared the construction cost budget presented for the VCDC Initiative. This process has proven to be highly accurate in projecting the actual cost of construction based on results from our extensive project portfolio. This process involves preparation of the initial construction program (conceptual) estimate and refinement

of the estimate into a final construction cost estimate as the project design develops from the pre-design phase to the bid document phase. At the completion of each design phase milestone, more detailed information is provided and, therefore, the more accurate the estimate becomes. A value analysis is performed at each milestone to identify possible design improvements that, based on our extensive experience, will improve or maintain functionality at reduced costs. Our initial conceptual estimate as reflected in the pricing presented within this proposal establishes the “not to exceed” construction budget for the project. At each design milestone, after the estimate is refined, it is presented to the development team as a budget update along with value analysis recommendations. The development team then decides which recommendations will be adopted and the design is modified accordingly. The cost savings presented by the revised design are captured in the subsequent design milestone estimate. Before preparation of the final bid documents, a “bidability and constructability” review is conducted to ensure system compatibility and appropriateness of the design. In addition, the design is checked for proper interdisciplinary coordination and presentation clarity to ensure well-defined subcontractor bid scopes and to eliminate contingencies in subcontractor bids.

The costs for data center construction are included in the estimates provided in our confidential volume.

*3b. Submit a plan for the development, financing and operation of the project showing the anticipated schedule on which funds will be required. Describe the anticipated costs of and proposed sources and uses for such funds. Include any supporting due diligence studies, analyses or reports.*

Additional information has been provided within our confidential volume.

### **3.2.3 Project Operation and Management**

#### **Concept of Operations for the VCDC**

The Commonwealth Partners, through this public-private partnership, will establish and maintain a managed service center. The center will be responsible for data center operations, including current data center functions, additional state data center consolidations. In addition, we will be responsible for building and implementing the VCDC. In our financial model, we have addressed the state revenue share and cost savings associated with each operational workstream and have a service level strategy focused on accountability.

#### **Accountability**

The Commonwealth Partners will manage and operate the existing facilities and infrastructure contained in the current data center within the existing revenue stream. It is the Commonwealth Partners’ intention to manage and operate the VCDC under a mutually agreed-on service level agreement (SLA) between the

Commonwealth of Virginia and the Commonwealth Partners. The SLA will establish the contractual structure whereby the Commonwealth Partners will supply defined services to our customers.

These service levels will include:

- Service performance, including service measures and levels such as availability and response times
- Constraints such as workload and the boundary within which the service level is based
- Price, that is, service rates and charges to the customer for provision or use of the service

The Commonwealth Partners and the Commonwealth of Virginia CIO will work to define service deliverables, not the processes by which they are delivered. The Commonwealth Partners will be responsible for delivering to those defined levels. It will be the responsibility of the Commonwealth Partners to manage the input factors—for example, hardware, software, network connectivity, availability, and problem resolution—necessary to deliver the level of service.

### **Data Center Savings**

Consolidations are required to support the low operational costs proposed. Although Commonwealth resources will need to work with the Commonwealth Partners to implement certain aspects of server consolidation, the risk for achieving these consolidations will rest with the Commonwealth Partners.

VITA has assumed responsibility for all technology and network infrastructure for the Commonwealth of Virginia in-scope agencies. The funds to support this effort will be paid by VITA using the same mechanisms that currently fund these activities (budget and agency payments). Because the proposed cost is below the costs currently paid for these services, the Commonwealth will realize a net cost savings, rather than require additional funds. The Commonwealth will be responsible for determining how the cost savings will be applied to VITA and to the agencies, or used for other purposes.

*3c. Include a list and discussion of assumptions underlying all major elements of the plan.*

The assumptions underlying the major elements of our plan are provided in our confidential volume.

*3d. Identify the proposed risk factors and methods for dealing with these factors.*

### **3.3 Risk Factors**

Risk factors and the Commonwealth Partners' approach for mitigating those factors follow.



**Construction risk.** BearingPoint, a key partner with IBM in overall Project Management, has worked from the outset with Liberty Property Trust and Manhattan Construction, both of whom will agree to enter into a fixed-price, fixed-term AIA construction contract. Manhattan will also provide acceptable payment and performance bonds for the proposed project.

**Cost and schedule risk.** The budget and schedule for the project have been prepared based on information provided by sources that are deemed reliable. The Commonwealth Partners have not undertaken an extensive investigation of the accuracy of these numbers. During the detailed proposal phase, the Commonwealth Partners will conduct a thorough review of the project and develop a more detailed project budget and schedule.

**Ongoing operations risk.** To address project risks, we will use proven program and project management techniques to effectively manage the project. For example, we will track progress versus schedule and proactively monitor all tasks to avoid schedule slippage, we will capture issues and track them through completion, and we will track risks throughout the project and develop risk mitigation plans to address likely high-risk items. IBM's management control processes and disciplines enable them to plan, organize, measure, and control the delivery of services thereby maintaining service levels and reducing risk. After service levels have been established, the Commonwealth Partners will actively monitor those levels and react quickly to possible problem indicators. Overall, the Commonwealth Partners provide a team and methodology for this PPEA proposal that results in extraordinarily low risks to the Commonwealth.

IBM's transition strategy has been carefully crafted to meet one specific transition objective – risk mitigation. Our transition methodology reflects our experience of more than 25 years in transferring information technology services from one organization to another. Teams of technical and management personnel with commercial and government experience have developed our methodology. This experience includes optimizing data processing components, reengineering processes, consolidating support functions, and relocating facilities. It is based on the following set of proven transition principles:

- Activities remain transparent to the Commonwealth business organization.
- Tasks are executed with no disruption to current business.
- Data reliability, service level objectives, and Commonwealth satisfaction are maintained.
- Highly experienced IBM transition personnel will manage the project and processes using at a minimum:
  - A Transition Plan that provides detail regarding schedules, assignments, milestones and deliverables,
  - Detailed transition quality assurance measures,

- Detailed transition contingency plans,
- A Test Plan for Business Continuity and Disaster Recovery,
- A Risk Management Plan,
- Change Control Procedures and,
- A Communications Plan.

Adherence to these principles will be the responsibility of the transition team with emphases placed on detailed project planning, careful organization, rigorous project control, and using a well-defined and comprehensive management approach to accomplish a smooth transition.

Once the transitioned environment is in a “steady state”, IBM’s Risk Management Plan will continue to be used to monitor daily operations. The Risk management plan is the collection of the project’s mitigation, contingency and reserve plans for dealing with identified risks. Each individual plan addresses a single risk or a class of risks and there is one planned response for each. In the Risk Management Plan there can be such items as:

- Risk mitigation plans identifying the activities that have been planned to reduce the probability of the occurrence of a particular risk and/or to minimize the adverse impact of the occurrence of a particular risk.
- Risk contingency plans defining the strategies and activities that have been planned for responding to a particular risk, if and when the risk occurs.
- Project reserve plans defining the contingency reserves set aside to address risks yet to be identified.
- Insurance plans to guarantee coverage of loss due to a risk occurrence should it occur but, at an additional cost to the project.

If a particular risk event defined in the Risk Management Plan is triggered, the associated plan will be immediately executed. Risk will be continually monitored and re-assessed. The plan will be updated regularly with new identified risks, risk assignments and status. Risk response planning is carried out at the beginning and throughout the project, as new risks are identified, and known risks are tracked.

It is the Commonwealth Partners’ goal to ensure that risks are handled in a proactive manner to facilitate low risk for the transition phase and the ongoing daily operations.



*3e. Identify any local, state or federal resources that the proposer contemplates requesting for the project. Describe the total commitment, if any, expected from governmental sources and the timing of any anticipated commitment.*

### **3.4 Local, State or Federal Resources**

Local and state resources would include legislative approvals necessary to obtain building permits, land use matters, environmental reviews, and any other construction-related approvals.

Additional information has been provided within our confidential volume.

## 4. Project Benefit and Compatibility

*4a. Identify community benefits, including the economic impact the project will have on the Commonwealth and local community in terms of amount of tax revenue to be generated for the Commonwealth and political subdivisions, the number jobs generated for Virginia residents and level of pay and fringe benefits of such jobs, the training opportunities for apprenticeships and other training programs generated by the project and the number and value of subcontracts generated for Virginia subcontractors.*

### 4.1 Who Benefits and Why

Over the years, the Commonwealth has grown agency by agency into a highly decentralized government organization. The reasons include the constituencies served, their locations, and the diverse nature of the functions performed by the various agencies. As information technology emerged and continued to advance, the general trend, as in most state governments, was to implement IT within each agency independently. The consequences of these decisions include duplication of resources, redundant functions, and multiple, disparate technologies.

Today, governments face enormous challenges. Without the use of public-private partnerships, many elected officials will be faced with choosing between harmful reductions in services and significant tax increases. By being innovative and forging new ways of providing vital services, governments are proving that public-private partnerships are a practical and viable alternative for maintaining quality services without significant tax increases. The VCDC Initiative is such an approach, providing multiple benefits across a broad constituency.

#### 4.1.1 Citizens Benefit

The VCDC Initiative is first and foremost a partnership for the people, which creates a higher standard of living for the citizens of the Commonwealth through multiple levels, as discussed in the following paragraphs.

#### Improved Government Services

The availability and flow of information are essential for government operations. This is true in ordinary times and is especially true in extraordinary circumstances. The ability of government agencies to access their critical data systems, obtain information, and respond to citizens' needs are key requirements to protecting and serving the Commonwealth. Highly secure and redundant data centers provide a means for the Commonwealth to meet this essential requirement. Reducing costs of operations will also mean increased funding will be available to provide additional services to the Commonwealth's constituents.

## **Respond to the Needs of a Growing, Diverse Population**

“Doing more with less” has become an overused slogan – but the current economic slowdown and associated revenue shortfalls at all levels of government, the corresponding loss of jobs and increase demands on public services and assistance, the increasing threats to homeland security, and the unforeseen costs and demands that mother nature has recently provided (draught, flood, hurricane Isabel, tornados) demand innovative approaches. The VCDC Initiative provides the Commonwealth a means to save money that can be used to fund important social and operational programs, while simultaneously directly impacting Virginia’s homeland security and reliability of the technology infrastructure.

Virginia’s citizens and government operations have become increasingly reliant on computer technology. E-mail, which didn’t exist 10 years ago, has now become the single most important means of communication for many organizations. The Internet as we know it today also didn’t exist 10 years ago, and is rapidly becoming the face of business and government for many customers / constituents. Meeting the needs of Virginia’s growing and diverse on-line citizenry and employee population means planning for a secure and redundant infrastructure.

## **Attract, Manage and Retain a Highly Skilled Government Workforce**

Improving government service and information delivery to citizens is contingent on improved human resource management practices that attract and retain a motivated and highly skilled government workforce. The workforce must be empowered with the latest technology and training needed to meet the increasing demands from technology-literate citizens, and threats from hackers and other criminals. The VCDC Initiative described in this proposal will provide a highly proficient and professional workforce to help keep the Commonwealth’s technology infrastructure safe and available.

## **Promote Continuous Improvement**

The Commonwealth must continuously strive to improve the processes and enabling infrastructure that supports the business of state government. To fulfill the overarching strategy that business drives technology, the Commonwealth must ensure that the continuous realignment and improvement of technology efficiently supports the changing needs of citizens and the government that serves them. The VCDC Initiative is a clear example of continuous improvement in action.

## **Reduce Gap Between Availability and Adoption of Technology**

To facilitate the adoption of new technology and improve the quality of service delivery to citizens, the Commonwealth must implement a proactive strategy to make technology available across all state agencies. The VCDC Initiative enables this goal through establishing standards-based architecture to permit rapid deployment at lowered overall cost.

## Foster Economic Development

Virginia must continue to seek a competitive advantage and attract new business and industry by exploiting technology for the betterment of all citizens. Virginia's demonstrated commitment to operational excellence in information technology sets the Commonwealth apart from its competitors and places Virginia center stage as a leading high-technology contender in a global marketplace. State Agencies Benefit

## More Capabilities

With the capabilities provided through high availability, more state agencies have the opportunity to benefit from the consolidation of applications with critical up-time requirements. Such applications, which previously could not be migrated to a consolidated data center due to lack of space or high cost, could then be centralized, resulting in improved service levels and reliability. The resultant cost savings would be used to best advantage, including directly funding programs and investing in new technology solutions to further drive efficiencies in state government and improve service to Virginia's constituents.

## More Technology, More Services

The stovepipe nature of many agency business processes and IT implementations has led to significant duplication, overcapacity, and non-standardization. The overspending of resources to support these independent actions has been at the expense of other, business-related process improvements and innovations including:

- **Enhanced interoperability.** The Commonwealth Partners' approach can help the agencies establish baseline technology standards and service delivery capabilities using enterprise-oriented, centralized applications, resulting in lower costs, improved service, and increased interoperability.
- **Enhanced customer service.** Agencies must provide seamless service to all customers of the Commonwealth, whether the customer is an individual citizen, business, or other government organization. Faced with an increasing demand for a customer-centric government and driven by service delivery models in the private sector, Virginia must redefine its focus on customer service. The Commonwealth Partners' emphasis on high quality, high availability, lower cost, and operational excellence provides this basis for higher levels of customer service. The technology helpdesk provided by this proposal will also provide enhanced customer service to all users of Virginia's technology infrastructure.
- **Improved quality of information and decision-making.** Information drives the business of the Commonwealth. Virginia must continuously strive to improve the quality of information to best serve the varied customers of government. The Commonwealth Partners' approach will actively

seek improvement in the accuracy, timeliness, and availability of information, providing improved decision-making and service delivery in both the public and private sectors.

#### **4.1.2 SWAM Businesses Benefit**

The Commonwealth Partners are firmly committed to the involvement of Small, Women-, and Minority-Owned (SWAM) businesses in the VCDC Initiative. We will:

- Identify at the local and state levels those members of the political and civic leadership that are involved in assuring participation of SWAM businesses in government/private sector ventures
- Communicate early in the process to obtain input and feedback from those leadership groups in the development of the plan
- Perform an audit after a design and business case are completed for the new facility to identify SWAM businesses
- Meet with and encourage SWAM businesses to participate in the bid process where existing state guidelines related to the use of these businesses in government contracts are followed and ideally surpassed

#### **4.1.3 Government Benefits**

The Commonwealth of Virginia government will benefit from this initiative through positive examples of meeting their mission to provide and enhance quality services to the citizens in a fiscally responsible manner. The VCDC Initiative is a cornerstone public-private partnership relationship that enables more services, at lower cost, across a multitude of fronts.

The government will also benefit from the cost savings that this initiative will provide. This will result in significant dollars that can be budgeted and allocated to programs or investments in new solutions that further drive efficiencies and cost savings in state government. This will mean fewer hard choices of programs to cut or services to eliminate.

*4b. Identify any anticipated public support or opposition, as well as any anticipated government support or opposition, for the project.*

## **4.2 Public Support or Opposition**

### **4.2.1 Partnerships and the Public Good**

To the credit of government leaders and managers in thousands of jurisdictions, they have found creative ways to use the resources of the private sector to help meet the surging demands of their constituents. By

establishing public-private partnerships, government authorities have achieved goals that would otherwise go unmet because of budget limitations.

The trend to public-private partnerships is not without its share of controversy and criticism, however. One argument holds that private enterprise, motivated by the need to generate profits for shareholders, has objectives that are contrary to government's goal to protect the public's well-being. Individuals and organizations hostile to public-private partnerships say that, to generate profits, companies will seek to achieve cost savings at the expense of quality public service.

There are arguments, as well, that the involvement of private companies in public services will result in the loss of jobs in the public sector, increasing unemployment and creating a counterproductive relationship with public employee unions.

Yet, there are numerous public policy experts who argue that public-private partnerships are beneficial not only in a fiscal sense, but also in terms of improving quality of service and the quality of jobs. Said one expert:

*"Counties, states, provinces and communities have hit the 'tax wall,' meaning they have no more room to raise taxes. Doing so would either violate some constitutional or statutory limit, or send people and businesses packing for friendlier climes. In other cases, government simply has not kept pace with technology and productivity advances and must rely upon private enterprise to put its unique expertise to work. State and local governments have routinely experienced cost savings from 10 to 40 percent through privatization, and often with accompanying improvements in the way an asset is managed or a service is delivered."*

*—From: "For the Good of the People: Using Public-private Partnerships to Meet America's Essential Needs," a white paper from the National Council for Public-private Partnerships*

In arguing the merits of public-private partnerships, one point is abundantly clear. It is not necessary to argue these points on theoretical grounds. With thousands of public-private partnerships in place throughout the country providing a myriad of services to citizenry, there is an ample body of hard evidence available to evaluate the value and effectiveness of these partnerships and to assess the wisdom of governments in establishing them.

#### **4.2.2 Support and Partnership for the VCDC**

The VCDC Initiative will provide clear benefits for the Commonwealth's citizens, employees, and state agencies—benefits evident through more services and higher reliability—while at the same time reducing



costs to the state. Moving forward with the VCDC Initiative will require change, and with change will come both support and friction.

Valid individually and in part, these concerns need to be viewed relative to the risk mitigation and benefits the VCDC Initiative provides Virginia.

The Commonwealth Partners will appoint a senior team to meet proactively with the Cabinet secretaries, state legislators, and agency heads to discuss approach and benefits. The team will also meet regularly with VITA leadership to discuss impacts and listen to concerns. Direction and consensus from these interactions will support and provide content for our communications and workplans.

### **Government Support of Initiative**

Given the many benefits that the VCDC Initiative brings to Virginia, we believe, overall, there will be strong support for the program. The VCDC Initiative is a win-win scenario for all stakeholders because interests are aligned and capabilities are matched, enhancing the standard of living for citizens and increasing the wealth of the Commonwealth.

*4c. Explain the strategy and plan that will be carried out to involve and inform the general public, business community, local governments, and governmental agencies in areas affected by the project.*

## **4.3 Communications Plans**

The VCDC Initiative will allow the citizens of the Commonwealth to enjoy more services at significant savings to the state. Because of this, we anticipate that public support for the initiative will be high. We also anticipate that the change will create friction and that there will be points of resistance. We believe that resistance can best be addressed by focusing on the greater good for the Commonwealth, and by communicating and educating the stakeholders through our comprehensive communications program.

### **4.3.1 Communications and Public Relations Key Element of Plan**

The key to sustaining good relationships with affected stakeholders is to build their trust—both with the Commonwealth and with the Commonwealth Partners. The Commonwealth, VITA, and its partners have prepared a great deal of the groundwork to establish the trust needed to move forward with the VCDC. The Commonwealth Partners recognize their responsibility to build and maintain that trust, and to work very closely with the Commonwealth to maintain a good-neighbor stance at all times. To be a good neighbor will require our appreciation of local issues from the stakeholders' points of view. Using professionals from the region as a part of this team will greatly enhance our ability to understand the many concerns and issues the team will face.

The Commonwealth Partners' approach for addressing these issues includes the following communications elements:

- Presenting a unified message;
- Providing information to the public that is timely and accurate;
- Communicating clearly and quickly with stakeholders;
- Responding quickly and consistently to inquiries, requests, and complaints and, when possible, identifying and addressing issues proactively before they become concerns or complaints;
- Integrating outreach staff with the project's operational functions; and
- Delivering on commitments.

#### **4.3.2 Public Relations Community Outreach Approach**

Given the scope of benefits that the VCDC Initiative will bring to the Commonwealth of Virginia, we anticipate favorable public opinion for the initiative. We expect public support for the VCDC Initiative to remain strong for its duration; however, we will carefully monitor public relations issues. Our public relations approach will enable the Commonwealth and the Commonwealth Partners to work proactively to maintain positive stakeholder relationships, identify potential problems early, and respond to issues and emergencies quickly and thoroughly. Our team will implement a multifaceted public relations program that applies a variety of communications tools. These tools will supply stakeholders with real-time information.

##### **Public Information Plan**

- The Commonwealth Partners will develop a detailed public information plan (PIP) in close collaboration with the Commonwealth. The PIP will include goals and objectives, as well as performance measures, to gauge its success.

##### **Community Outreach Tools**

The Commonwealth Partners' communications methods will vary depending on stakeholders' individual needs. Our approach employs multimedia education techniques that will provide comprehensive coverage for stakeholders and the public at large, including:

- Project access line,
- Project web site,
- Collateral material,

- Briefings, meetings, and coordination, and
- Media relations.

*4d. Describe the compatibility of the project with local, regional, and state economic development efforts.*

## 4.4 Compatibility With Economic Development Efforts

### 4.4.1 Local and Regional Economic Development Compatibility

The VCDC Initiative is an extremely attractive economic development opportunity that strongly supports local and regional economic development efforts. Its features include the following:

- **Environmentally friendly.** A high-tech data center creates little demand on the environment—no more so than a modern office building. This project brings economic development without the cost of environmental impact or changes to the environment that would adversely affect tourism or the quality of life for the residents and sensitive wildlife in the region.
- **Increased electric sales to municipalities.** The data center will consume 1,000 to 2,000 kW per month, with a peak demand of 2,000 kW, providing electric sales revenue to municipality-owned electric suppliers.
- **Increased water sales to municipalities.** The data center will consume approximately 30,000 gallons of water a day.
- **Epicenter for high-tech growth and development.** Meeting the critical information technology support needs of the state is serious business. Demonstrating the ability of the local utility infrastructure and workforce to provide support can influence other businesses to decide to locate their mission-critical operations in the vicinity.
- **Compatibility with local economic development plans.** We anticipate no incompatibilities with local zoning needs and that many, if not all, facets of the VCDC Initiative will support and be fully compatible with local economic development plans. After a more specific site is selected, the Commonwealth Partners will provide more detailed analysis of how the VCDC Initiative dovetails with local development plans.

### 4.4.2 State Economic Development Efforts

In addition to the significant economic impacts enjoyed at the local and regional levels, the VCDC Initiative strongly aligns with and directly supports state-level economic development efforts.

The IT Strategic Plan for Virginia, 2002–2006, outlines several initiatives for which the VCDC Initiative will provide significant milestones of accomplishment, including:

- **Secretary’s Initiative 2: Consolidate IT infrastructure and provide centralized service.** The VCDC Initiative provides the platform, reliability, and availability of centralized services to help make this vision a reality.
- **Secretary’s Initiative 8: Promote technology-based economic development in Virginia.** For Virginia to compete, it must have a world-class capability. This is necessary because the competition is the global economy and the alternatives a global economy presents. The VCDC Initiative provides the platform capabilities that Virginia can use to demonstrate its commitments to and support for high-technology business and to help make Virginia the preferred option of choice for business.

In addition, Governor Warner’s economic development strategic plan, One Virginia—One Future, outlines several key tasks that the VCDC directly addresses, as discussed in the following paragraph.

**Goal 3: Strengthen Virginia’s traditional economic sectors and existing business.** As stated within this goal, “For those of Virginia’s traditional industries that are in a state of decline, evaluate the industries’ long-term competitiveness for determining future investments. For communities heavily affected by these declining industries, begin planning now for community development, worker re-training, and enhanced K–12 programs in vocational/technical education directed at new skills and growth industries.” The VCDC Initiative supports this goal for community development and retraining for new skills in growth industries.

**Goal 4: Support technology businesses and other emerging and developing sectors of the economy, which are of critical importance to the Commonwealth’s global competitiveness.** As stated within this goal, “Virginia’s continued ability to attract technology and emerging businesses rests in part with providing the infrastructure and environment necessary to support these businesses.” The VCDC Initiative directly enhances Virginia’s infrastructure and business environment to support new business.

*4e. Describe the compatibility with the local comprehensive plan, local infrastructure development plans, and any capital improvements budget or other government-spending plan.*

The requested information has been provided within our confidential volume.

## 5. Appendices

### 5.1 Appendix A – Requested Information

The requested information has been provided in our confidential volume.

### 5.2 Appendix B – Client References

Client references have been provided in our confidential volume.

### 5.3 Appendix C—Current State Details

In fiscal year 2002, the Commonwealth of Virginia spent \$448 million on information technology, as reported by the Commonwealth’s Due Diligence project.

### 5.4 Appendix D—VITA Overview

Virginia is charting new territory with the creation of VITA. While every state is considering new ways to manage information technology, Virginia is one of the few to radically change IT governance and operations. It is no wonder VITA’s approach is already receiving attention and accolades from around the country; the fact is, most states are facing very similar problems.

Since its inception, state government IT professionals have been developing the foundation of VITA through activities such as:

- Defining the values, vision, and operating principles of VITA and building a culture of positive growth and success.
- Delivering ongoing services to customer agencies at the same (or better) level as they are currently. VITA has a “do no harm” commitment to all state agencies.
- Building the enterprise-wide services, from desktop computing to web services, for all of state government.
- Developing a plan and sequence for service consolidation. VITA is in the initial stages of transitioning smaller agencies.
- Adopting a series of operating best practices.
- Identifying cost takeout opportunities and putting into place a strategy for achieving them. By consolidating approximately \$450 million in annual spending on IT, the state will generate

millions in savings by eliminating redundant activities and leveraging the purchasing power of the state.

The vision for transforming information technology in Virginia is to establish the Commonwealth as a global leader in the use of technology in government. VITA's vision is to transition from the legacy stovepiped service delivery model to a highly effective, consolidated, and centralized model headed by an enterprise Chief Information Officer. Now that VITA has been created, the challenge to transition state agencies to a centralized statewide management of IT resources and expenditures is under way.

Virginia's Chief Information Officer, George Newstrom, understands these challenges and is determined to maintain momentum and implement the VITA vision by working with Secretariats and agencies to achieve the efficiencies that are evident.

*"We cannot afford to move forward without a coherent vision for how we manage technology in our government, economy, and daily lives."*

*—Governor Mark Warner*

The VCDC Initiative is necessary to reach the desired state. As a recognized partner working by the Commonwealth's side on this transition since mid-2002, BearingPoint understands this challenge. Together, including the other members of the Commonwealth Partners, we will implement a solution based on VITA's vision that enables:

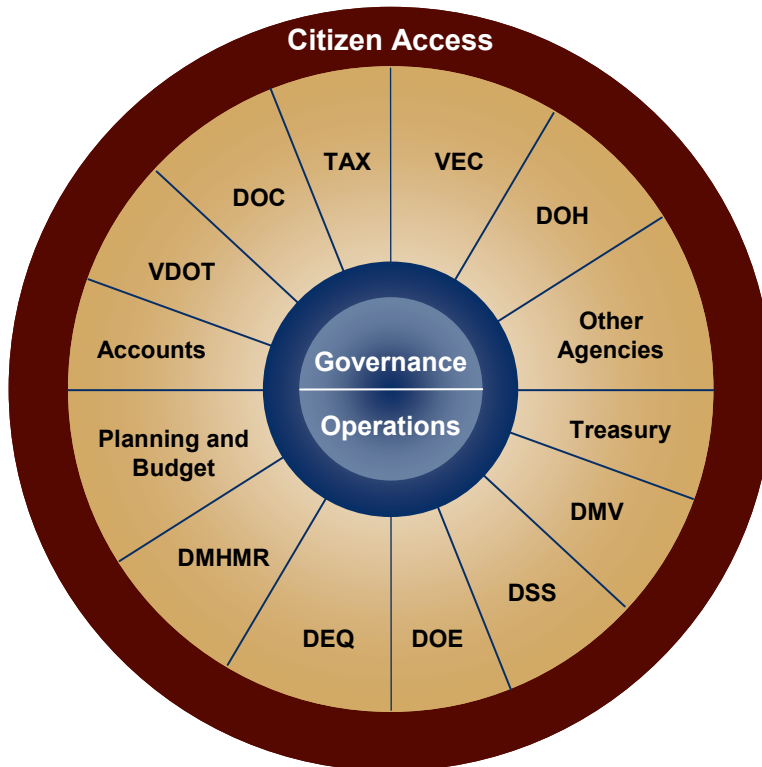
- Autonomy within the enterprise framework
- Enterprise-wide portfolio management
- Common architecture and standards
- Reusable components
- Integration producing timely, meaningful information
- Economies of scale

The Virginia Legislature created the opportunity to move forward on this vision by empowering VITA to manage IT for the enterprise as a whole. VITA's objectives, guiding principles, and strategic initiatives can be summarized as being centered around three key goals:

- Efficient operations
- Improved customer service
- Citizen-centered government

Now VITA has a desired state vision to enable the enterprise to move forward and meet these goals (see Exhibit D-1).

**Exhibit D-1**  
The VITA Vision: Citizen Access



## 5.5 Appendix E – Building Specifications

The building specifications have been provided in our confidential volume.

## 5.6 Appendix F – Preliminary Schedule

A preliminary schedule has been provided in our confidential volume.