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Opening Statement Rep. Stephen F. Lynch, Ranking Member

Subcommittee on Federal Workforce, U.S. Postal Service & The Census Hearing on "Assessing Government's Use of Design-Build Contracts"

December 3, 2013

Thank you, Mr. Chairman. I'd like to thank you for holding this hearing to examine the use of "design-build" contracts by the federal government. I'd also like to thank our witnesses for helping this subcommittee with its work.

Just yesterday, the U.S. census bureau reported that total spending on public and private construction for October 2013 was on pace for an annual rate of \$908.4 billion - that's an increase of 5.3% over the estimate from the same reporting period last year. However, I would note that total annual construction spending is still approximately 25% less than in 2007, before the great recession and global financial crisis. These figures suggest that construction and architectural services industries are still slowly recovering. In addition, the construction and design sectors are bracing for a planned second round of sequestration in 2014 that will inevitably affect construction spending.

This hearing specifically seeks to address industry reports that agency implementation of design-build contracting is hindering competition and efficiency. As evidenced by today's witness testimony and the hearing held in the small business committee back in May, design-build stakeholders have expressed concern that smaller firms are regularly faced with the dilemma of whether to spend significant time, effort, and scarce resources to compete for a project that they may have little chance of winning or refrain from competing altogether.

This concern relates to the primary selection methods that are available for design-build contracting. Under the so-called "one-step" selection process, an agency will require all bidders to submit extensive proposals up front - this includes site plans, design calculations, code analysis, basis-of-design narratives, renderings, and detailed construction cost estimates. Alternatively, agencies may conduct a "two-step" selection process that includes a preliminary evaluation of team qualifications in order to narrow down, or shortlist, the field of those who will prepare detailed proposals. We are hearing from small design and construction firms that agencies are too often relying on "one-step" selection in awarding design-build contracts and

when they do use the “two-step” method, they are too often shortlisting more finalists than the usual five contemplated under current law.

In response to these concerns, chairman graves of the small business committee has introduced legislation, H.R. 2750, the *design-build efficiency and jobs act of 2013*, that seeks to revise the design-build contracting process. I look forward to discussing this proposal this morning.

Lastly, I would suggest that while we are examining how to reduce costs in federal construction contracting, we could also discuss the importance of project labor agreements in design-build projects. As an ironworker for 18 years and a general foreman on several large-scale construction projects, I can certainly attest to the value of P.L.A.S. in ensuring that a project employs highly-skilled workers, improves workplace safety, and provides fair wages. They help to make certain that projects come in on time, often ahead of schedule, and on budget. For that reason, in 2009, president Obama signed executive order 13502. The order encourages agencies to consider requiring the use of project labor agreements on large-scale construction and other projects in furtherance of government efficiency and the expeditious completion of federal construction contracts.

Thank you, Mr. Chairman. I yield the balance of my time.

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