



JULY 10, 2014

EXAMINING NEW EMBASSY CONSTRUCTION: ARE NEW ADMINISTRATION POLICIES PUTTING AMERICANS OVERSEAS IN DANGER?

U.S. HOUSE OF REPRESENTATIVES, COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

ONE HUNDRED THIRTEENTH CONGRESS, SECOND SESSION

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**TESTIMONY OF LYDIA MUNIZ
DIRECTOR, BUREAU OF OVERSEAS BUILDINGS OPERATIONS
UNITED STATES DEPARTMENT OF STATE**

**BEFORE THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

JULY 10, 2014

Chairman Issa, Ranking Member Cummings, and Members of the Committee – I appreciate the opportunity to appear before you today to discuss the State Department’s program to build safe and secure facilities for our U.S. government staff serving abroad.

The President’s policy and the Department’s fiscal year 2015 budget request of \$2.016 billion for the Bureau of Overseas Buildings Operations (OBO) was fully funded in the recent House Appropriations Committee mark at a higher level of \$2.063 billion with strong bi-partisan support. OBO’s mission reflects a strong commitment to safeguard our colleagues who serve our country’s foreign policy missions overseas, and to securing our facilities that support this mandate.

Like you, the State Department is deeply committed to the safety and security of our personnel serving overseas.

Therefore, every new design and construction project that OBO undertakes both must and will meet the security and life safety standards required by law and by our team of experts and professionals in the Bureau of Diplomatic Security and within OBO. We work with DS at all steps of the process to ensure security considerations are first and foremost in our operations.

Security is the cornerstone for new embassy and consulate construction. Our program is developed and our facilities are built on that foundation. And because we have an obligation to the American taxpayer to be efficient in building our facilities, the Department is committed to ensuring that our building program

neither compromises the speed at which we can deliver secure facilities nor incurs unjustified and unnecessary costs.

We *must* protect our staff serving abroad. And, using the lessons learned over decades, we *can* design and build embassies and consulates that serve our mission and colleagues, are a better value to the U.S. taxpayer, and make better use of scarce resources – in the short and long term.

We know at OBO that security, safety and excellence in diplomatic facilities are mutually reinforcing – not mutually exclusive - goals.

The Excellence Initiative at OBO deploys the lessons our professionals have learned over the years on how best to construct well-designed and well-built facilities that meet the requirements of our Missions abroad – most critically safety and security – but also durability, efficiency, flexibility, proximity for personnel and visitors, and a platform that serves the needs and mission of America abroad.

We can build facilities that meet all of these objectives – and we are committed to doing so at the same cost and on the same, or faster, timeline.

As this Committee knows, OBO is responsible for the facility needs of all U.S. government personnel serving abroad under Chief of Mission Authority. These facilities serve as the platform from which the U.S. communicates its values, promotes its interests, engages with counterparts and provides critical services. Our embassies and consulates provide access to visa and consular services, including American Citizen Services; promote American commercial interests; ensure food and product safety with trading partners; and implement programs critical to our foreign policy and national security interests. All of these functions are impacted by the location and functional design of our facilities.

OBO manages the worldwide design, construction, acquisition, sale, maintenance and use of overseas real property. OBO's portfolio includes: 275 missions in 190 countries; over \$7.5 billion in projects in design or construction; over 1,100 office spaces and over 14,000 residential units. This translates to over 34 million square feet of owned property and 35 million square feet of leased property.

Our portfolio includes historic embassies, consulates and residences; long-term purpose-built embassies and consulates; interim use facilities – that include everything from adaptive re-use of existing facilities to containerized housing and offices. The portfolio also comprises Chief of Mission and staff residences; Marine quarters and support facilities - which range from warehouses, vehicle maintenance and fueling facilities to airfields and emergency medical units.

With over 1,000 employees in Washington and serving abroad, OBO administers an annual capital security construction budget of \$2.2 billion and an operating budget of over \$700 million. To this base, Congress has added infusions of supplemental funding to support projects in Iraq, Afghanistan, Pakistan, Tripoli and beyond as well as facilities for new Marine Security Guard detachments.

In all cases, OBO's mission is the same – providing safe, secure and functional facilities that support the needs of our personnel serving abroad and the foreign policy objectives of the U.S. government.

In response to the 1998 bombings of our embassies in Nairobi and Dar es Salaam, Congress enacted the Secure Embassy Construction and Counterterrorism Act (SECCA). At that time, an Accountability Review Board estimated that at least 85% of our overseas facilities were vulnerable to terrorist attack.

In 2004, the Department proposed the Capital Security Cost Sharing (CSCS) Program to provide a critical and reliable source of funding to plan, design and build new embassies and consulates that meet all department security and life safety standards. In 2005, Congress funded the Program and has consistently supported it since its implementation.

Since the enactment of SECCA and the Capital Security Construction Program, OBO, with the support of Congress, has completed 76 new consulates and embassies, with 16 more under design and in construction. We have moved over 31,000 employees from all U.S. government agencies to safer, more secure facilities and plan to move another 14,000 within the next 5 years.

After 10 years of a successful building program, we have examined our work for lessons learned to determine how best to move forward in the years to come.

Our goal is and remains to develop the next generation of safe, secure, high performance embassies.

The goal of the Standard Embassy Design (SED), which was developed in 2002, was to design and build as many embassies as quickly as the funding provided allowed. It accomplished that by standardizing requirements and the way in which those requirements were met and by creating a discipline within OBO to deliver those facilities.

Using this approach, OBO came to better understand the common requirements of missions - from consular sections to specialized office space; what is needed to keep design and construction projects moving forward and on schedule - in spite of evolving needs and the not uncommon desire of missions to change requirements mid-project; and about establishing and keeping projects within budget.

OBO also learned that while embassies and consulates have a number of things in common, they also vary widely. The Department has missions from Antananarivo to Moscow - from London to Port Moresby to Ulaanbaatar; from developed countries and dense urban environments to suburban and rural areas, with little or no outside infrastructure, amenities, or support capacity. The Department has posts with as few as three staff to as many as twenty-five hundred; some have consular sections with just 1 window to serve the population; while others have more than 100.

Thus, while a one-size-fits-all approach to Embassy and Consulate design provided consistency, it did not always provide the right fit for the function of post. The SED required a minimum of ten acres on which to build, without regard to the location and the surroundings. The SED also envisioned that all embassies and consulates would have stand-alone warehouses and shops – and standard sized dining facilities, commissaries, mail rooms and medical units, among other elements, despite the size of the post; and that they would use similar building materials, though we build in climates and conditions that range from sea fronts to deserts to tropics; and from environments where temperatures are either well above 90 degrees or dip well below freezing for more than half of the year.

Over time we learned what the SED allowed us to do well, but we also learned that the SED did not always permit OBO to meet the varied needs of the mission of posts or to deploy taxpayers' dollars in the most cost-effective fashion.

Our successful experience with the SED taught us that we could improve by building on its best elements – while maintaining security. We learned that we could take into account the local conditions to design and build facilities that take advantage of what might be abundant in a particular location – for example, rain or sun; and to consider what is or isn't expensive in the long term - such as water and electricity to significantly reduce operating costs - saving millions of dollars every year and for as many years as the Department operates any given facility.

We learned that we should take into account local conditions and materials in order to use materials that will not only perform well in the long term, but that might be locally available and significantly less expensive to obtain and install. We also learned to consider not only first costs but long term operating costs. Savings on materials and equipment - whether building cladding, flooring or a boiler – is a sound investment if they need only be replaced every 30 years or more as opposed to in 5 or 10 years.

Finally, we recognized that our embassies and consulates do more than meet the functional requirements of our missions, including life safety and security – they represent the United States to the host nation.

Our embassies and consulates are the most of America that many who live around the globe will ever see. Our buildings are visited and experienced by many thousands of people - whether there on business, attending an event promoting American ideas or products or simply passing by on their way to another location. At a time when it is increasingly important that we provide for the security of our citizens at home through diplomacy and engagement with people around the globe – embassies and consulates that convey our values, culture, strength and know-how can be instrumental in that effort.

And all of this can and must be done meeting all of the Department's security standards – and without compromising on schedule or cost.

This is what Excellence in Diplomatic Facilities is about – building on the successes and lessons of the past, including the SED, to develop the next generation of secure, high performance embassies and consulates. It establishes an enduring process to deliver safe, secure, functional facilities for U.S. officials serving abroad.

I want to conclude by thanking Congress for being such an important partner in helping to ensure our staff abroad serves in more secure facilities. Congress has consistently supported the CSCS program – and, in FY 2013, provided increased funding to help the program keep pace of inflation. We will continue to live up to our commitments to place our staff in secure facilities and to build on the cost and schedule precedent set by the SED.

In these uncertain times we know that our facilities must keep our staff safe and secure; the Excellence Initiative – by building on years of accumulated knowledge, lessons learned and best industry practices and technology – will help ensure that. In an increasingly varied, complex and evolving world, we know that Excellence will continue to meet the needs of our foreign Missions. And in this constrained budget environment, we know excellence provides the best value for the American taxpayer.

Lydia Muniz
Director, Bureau of Overseas Buildings Operations

Lydia Muniz has served as the Acting Director and Director of the U.S. Department of State Bureau of Overseas Buildings Operations (OBO) since 2011. Prior to this appointment, she served the organization as Principal Deputy Director. OBO directs the worldwide overseas building program for the Department of State and serves as the real property manager for the U.S. government's diplomatic properties overseas.

Ms. Muniz was previously with New York University (NYU) from 2001 to 2009 where she served in a number of positions, most recently as Associate Vice President in the Office of Strategic International and Business Projects, advising the university on the development of international branch campuses; and Associate Vice President for the Division of Campus Planning, Design and Real Estate, providing leadership for the University in the areas of capital planning, space planning, design and real estate planning, acquisition and sales.

Prior federal service includes positions as Deputy Director of the Department of Media Affairs in the Organization for Security and Cooperation in Europe (OSCE), Mission to Bosnia and Herzegovina (BiH); Special Assistant for Policy in the Office of the Secretary of the Army; Legislative Assistant in the Office of Legislative Affairs of the Office of Management and Budget (OMB); and Office Manager for the Honorable Leon E. Panetta in the U.S. House of Representatives.

A graduate of the University of California at Berkeley, Ms. Muniz also holds a Masters degree in International Affairs from Columbia University, School of International and Public Affairs, with a concentration in Economic and Political Development.

**TESTIMONY OF CASEY JONES
DEPUTY DIRECTOR, BUREAU OF OVERSEAS BUILDINGS OPERATIONS
UNITED STATES DEPARTMENT OF STATE**

**BEFORE THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

JULY 10, 2014

Good morning Chairman Issa, Ranking Member Cummings and Members of the Committee. Thank you for the opportunity to appear before you today to discuss the U.S. Department of State's physical platform for the U.S. government's presence overseas and its role in protecting our employees.

I am the Deputy Director for the Project Development, Coordination, and Support, Directorate and the Construction, Facilities, and Security Management Directorate in the Bureau of Overseas Buildings Operations (OBO) at the U.S. Department of State, and have served in this position since October 2013.

The safety and security of the individuals who work for all the government agencies that come under Chief of Mission authority, and creating and maintaining safe and secure facilities in all parts of the world is critical to the Department. Although I have only been with the Department a short time, I know firsthand the reality of living in a high threat environment as part of a foreign mission.

My father was employed by the United States Agency for International Development, and served in India and Pakistan. I grew up in Pakistan at a time of civil unrest and through periods of martial law. In Lahore, we spent weeks restricted to our home with the sound of intermittent gunfire in the streets. In Islamabad we lived on the grounds of the embassy, returning to the United States just months before it was stormed in November 1979. Like all Americans, we were horrified by the images of the embassy compound overrun, billowing smoke

and enflamed; and we worried about the fate of our friends and neighbors. When the survivors returned, my father and I were among those who greeted the plane at Dulles airport. We comforted friends and invited them into our home. We listened to first-hand accounts of the terrifying situation they faced. This experience at a young age had a profound impact on me.

Security is our top priority, and during the last 16 years – since the August 1998 bombings of the American embassies in Dar es Salaam and Nairobi – OBO has successfully moved over 31,000 people into safer, more secure facilities and is on target to increase that number by over 14,000 in the next five years. I am proud of the important role that our organization has played in this effort.

Security is always at the top of our mind. It drives our commitment to build the best diplomatic facilities in the world. And this work has now been enhanced by our Excellence in Diplomatic Facilities initiative, which will help us build the next generation of safe and secure facilities.

Excellence in Diplomatic Facilities is a management initiative aimed at improving OBO's business processes and in so doing improving the buildings we build. We seek to utilize the best methods, technologies, and expertise to serve the interests of U.S. diplomacy and the U.S. taxpayer by building safer, more secure, and more cost effective buildings and do so in the most efficient and effective manner.

The development of the Excellence initiative was a highly participatory process that began in 2010 to ensure we were continuing to improve our work. Seven internal, multi-disciplinary working groups were tasked with reviewing every major aspect of OBO's building program. The working groups, representing all OBO disciplines, met frequently to discuss how to improve our policies, processes, and procedures.

Every office within OBO was involved. Real estate professionals, cost estimators, architects, engineers, project managers, construction executives, facilities

managers, generalists, budget and policy analysts, and security personnel took part in the process. Input from other Bureaus in the Department, including the Bureau of Diplomatic Security was sought and other federal agencies were consulted. Briefings on the proposed improvements were provided within OBO, the Department, to Congress, and the design, engineering, facilities management, and construction industry at large.

OBO originally adopted the term “design excellence” to describe the approach, but this designation failed to capture the breadth of the holistic effort to improve every aspect of our buildings: standard practices for real estate acquisition, security methods and technologies, cost management, construction management, and facilities management, in addition to the management of design. In 2013, the initiative was more accurately renamed “Excellence in Diplomatic Facilities.”

In the end, the Excellence initiative is about putting in place standard processes that ensure we build cost effective buildings that meet all of the requirements for our missions—safety and security chief among them. These requirements also include durability, efficiency, flexibility, and proximity to counterparts and users. The Excellence initiative aims to provide a diplomatic platform that represents America and demonstrates American know how and ingenuity.

I want to assure you that we will continue to provide safe and secure facilities under the Excellence initiative.

Security requirements and standards for the protection of U.S. government personnel and facilities abroad are established by law and the Overseas Security Policy Board (OSPB), which is chaired by the Bureau of Diplomatic Security (DS). These requirements and standards are clearly articulated in the Department’s Foreign Affairs Manual and Foreign Affairs Handbook. New embassy and consulate buildings constructed under the Excellence initiative will meet these requirements and standards.

In addition, OBO Fire and Life Safety Officers certify that our buildings fully comply with the National Fire Protection Association's Life Safety Code and the International Building Code before a certificate of occupancy is issued.

Both DS and OBO work collaboratively at every stage of the process: at site selection, through the design phase, on the construction site, and in the day-to-day operation of the facility. Weekly meetings with OBO and DS take place on both program and building-related issues, from the highest level of the Bureau to the staff that executes and manages embassy projects. These meetings ensure we facilitate a timely resolution to any security-related issues. Further, for new construction or major renovation projects that include the storage of classified material or activities, Diplomatic Security certifies the project's design and accredits the building facility prior to occupancy.

I also want to assure you that appropriate flexibility in the design of new embassy and consulate compounds does not lengthen delivery time.

OBO uses two primary delivery methods for its design and construction projects: Design/Build and Design/Bid/Build.

Delivery methods establish the project schedule and the delivery time. They have time, cost, risk and design control implications that must be evaluated relative to the needs of each project. The Department critical elements of each particular project must be evaluated in order to select the best delivery method for each circumstance.

Under Design/Build, a project is bid to a contractor to manage both the design and construction. Under Design/Bid/Build, an architect produces a fully developed design that is then bid to a construction contractor who builds the project. Both methods are common in the construction industry. Neither is better in every case. The choice of which to use depends on the unique conditions associated with the building project.

Because the delivery of OBO projects is driven by the year in which the construction contract is awarded, when there is sufficient planning and design time up front, OBO is inclined to utilize the Design/Bid/Build method.

Design/Bid/Build gives the owner more control over the quality of the finished construction, because there is no uncertainty as to what the construction contractor is being asked to build. Design/Bid/Build allows the construction contractor to finish the construction faster, once the contract has been awarded, because the design is complete.

When more limited planning and design time is available, OBO is inclined to use Design/Build.

OBO will utilize whichever method is most cost effective, most expedient, and reduces the most risk.

I also want to assure you that the Excellence initiative does not compromise project budgets. OBO establishes project budgets – whether for an Excellence project or a standard embassy design – that are fixed based on scope, local conditions, and prior year cost information for our buildings.

Having designed and constructed 76 new embassy and consulate compounds under a myriad of conditions over the last 16 years, OBO has a depth and a breadth of data that allows us to be very accurate in setting project budgets for new, safe and secure buildings. This will not change under the Excellence initiative.

Obviously OBO cannot anticipate every potential impact. Real world events affect our projects just as much as they do others in the design and construction industry. Our projects are not immune to unforeseen cost increases in construction materials or shortages, contractor performance, fuel shortages, disruption due to civil unrest, currency fluctuations, weather events, natural disasters, and the like.

We are also not immune to policy changes. If the U.S. government decides it is in the nation's best interests to significantly increase or decrease the size of a mission or change the functions located at a post, the cost of our projects are impacted, sometimes significantly.

An example, recently in the news, is the new Embassy compound in Port Moresby, Papua New Guinea. In 2011, OBO awarded a contract to build a standard, secure mini-embassy compound that was approximately 44,000 gross square feet with 41 desks for a "lock and leave post," meaning a diplomatic mission with very limited classified operations and no Marine Security guard protection.

In spring 2013, with construction underway, the U.S. government, responding to geo-political changes, made policy decisions that significantly changed the project, largely driven by the booming prospects for hydrocarbon extraction – and increased business activity – in the region. A U.S. Marine Security Guard detachment was added and the staff population was increased by almost 75% from 41 to 71 desks. Altogether more than approximately 38,000 gross square feet of building space, including classified space, was added to the project, about an 85% increase.

The additional requirements could not be absorbed without either putting the construction contract on hold or de-scoping it. OBO conducted a cost benefit analysis to determine the best option. The analysis concluded that keeping the construction contractor on site would still require a partial suspension of work and could cost \$24 million or more. As a result, OBO made the decision to de-scope the remaining work on the construction contract and re-compete the project with the additional scope, once the design of the additional requirements was completed.

This option maximizes the utilization of what has already been built on site, provides the best value, and yields the best end product.

Continuing with the contract as is to build a “lock and leave” post for 41 desks, would not have provided safer or more secure facilities any faster than the option we are moving forward with today. Post could not have been co-located onto the facility and there would not be a Marine Security Guard presence.

As Deputy Director at OBO I want to re-emphasize, that I take the responsibility to provide safe and secure facilities for the U.S. government overseas very seriously and that there has not been nor will there be a move away from that core and critical mission.

Diplomatic facilities are a critical function of our national interests. The individuals who represent the United States deserve safe and secure workplaces. As good stewards of taxpayer dollars, it is our goal to see that that those resources are invested efficiently and effectively.

Thank you.

Casey Jones

Deputy Director, Bureau of Overseas Buildings Operations

Casey Jones is Deputy Director of the Bureau of Overseas Building Operations (OBO) at the U. S. Department of State where he oversees the Program Development, Coordination and Support and Construction, Facilities and Security Management Directorates. Prior to this position, he was detailed to OBO, where he served as the Director of Excellence in Diplomatic Facilities, assisting the Department in launching its Excellence initiative.

Prior to joining the State Department, he served as the Director of Design Excellence at the U. S. General Services Administration, where he was responsible for fostering excellence in federally commissioned architecture for a range of federal agencies, most notably the Department of Homeland Security and the Administrative Office of the U.S. Courts.

Prior to federal service, Mr. Jones worked in the private sector assisting governmental, university and cultural institutions in crafting or strengthening their design and construction initiatives. He has worked in architectural firms and has taught courses on urban design at Columbia University, University of Michigan, and Parsons School of Design.

He has a Masters in Architecture from the University of Michigan and a Bachelor of Science in Architecture from the University of Virginia.