

Statement of

Mr. Kenneth M. Grunley, President
Grunley Construction Company, Inc.

Rockville, Maryland

to the

**Subcommittee on Economic Development, Public Buildings
and Emergency Management**

Committee on Transportation and Infrastructure

U.S. House of Representatives

for a hearing on

**Making the GSA Lease and Construction Process Efficient,
Transparent, and User-friendly**

June 6, 2008



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My name is Kenneth Grunley and I am president of Grunley Construction Company, a Rockville, MD based firm providing general contracting, design-build and construction management services to both the public and private sectors of our economy. Grunley is a family-owned firm with 280 employees and annual revenues of approximately \$300 million. Grunley's predecessor firm was founded in 1955 by my father, Mr. Martin Grunley, and his partner, and in 1988 my dad and I formed Grunley Construction.

I have been working in the construction industry all my life. After graduating college in 1974, I began working my way up through the ranks of the company and in 1994 assumed the position of president of the company.

Since its inception back in 1955 our business has focused its principal activities on serving the public sector. In those days public procurements for general contracting services (whether they be at the local, state, or federal level) were all relatively simple – get the bidding documents from the Owner, put a price on it, turn the price and a bond guaranteeing performance in on time, and see if you were the low bidder. With few exceptions the low bid won. In some ways I still look back fondly at those times as simple and exciting. This process did not fundamentally change until the 1990s.

Today procurement of public buildings, both new construction and major renovations, is a much more complex and sophisticated process with the anticipated benefits being better quality designs and construction, lower first and life-cycle costs, more timely delivery of facilities, and attainment of other social, political and economic goals.

Experience with GSA

I am pleased to come before the Subcommittee today to share some of my thoughts and insights based on over 30 years of experience working for the U.S. General Services Administration (GSA) and its Public Buildings Service (PBS). Grunley is very proud of its long relationship with GSA/PBS and the many projects that we have been privileged to complete over the years. Today we are working on 9 contracts for GSA's National Capital Region (NCR) including the modernization and renovation of the Eisenhower Executive Office Building, the U.S. Department of Interior Headquarters Building, and the Mary E. Switzer Building. We are also constructing a new building at the George P. Shultz National Foreign Affairs Training Center. In fact approximately 50% of our company's work over the past 20 years has been for the GSA.

Included in this experience are traditional design-bid-build, design-build with bridging documents, and construction manager at risk procurements. All of these procurements since 1998

have followed the FAR procedures for best-value type procurements – that is, very few of these procurements were simple Invitations for Bids.

Grunley's experience with GSA is limited to a certain extent. We have performed almost all of our work for the NCR with only one project to date for another regional office, Region #3 in Philadelphia. We are familiar with the Region #3 programs and are looking forward to doing added work for them in the near future. We are looking at ways that we may deliver the knowledge that we have gained over the years in other parts of the country.

I should also add that we are performing construction services on a facility that is being improved under a GSA lease for use by an agency of the Federal Government. This is our first experience under the leasing program and the special nature of the project certainly does not qualify me to talk about the issues of efficiency, transparency and user-friendly processes related to the leasing program.

Changes in Construction Process

Over the years that I have been providing construction services to the GSA there are few milestones worth noting that have altered how we do business. These include the following:

Reduction of GSA in-house staffing assigned to manage and oversee construction process – This reality began in the 1990s when the size of the Government work force was under pressure to shrink and has continued for a variety of reasons that has led to our present situation where all projects are under the leadership of a GSA Project Executive and/or Project Manager, but the majority of staff involved in the day-to-day oversight of both the construction and the paper work are contract personnel – CM as Agent. GSA has managed this process well by employing qualified Contracting Officers and retaining CM as Agent firms that understand GSA's mission.

This approach is necessary in order to assure the Government that construction activities are being performed and documented in accordance with the contract requirements; however, what seems to have resulted from this approach is an increase in general contractor staffing necessary to be responsive to the CM staff assigned to the project. My sense is that we may have taken this approach to a point where there is a loss of efficiency and improvement can be made.

Movement to Best Value Procurement and Partnering – In the late 1990's GSA, and other agencies, recognized that the lowest price on bid day often did not result in the lowest price at the end of the job and in no way assured that the quality, timeliness, or other requirements and goals would be attained. GSA changed their procurement process to a best value approach. In adopting the best value approach, the general contractor was put in the position of competing as a construction professional and the GSA was able to select the firm that demonstrated the capabilities to best meet the requirements of the particular project. This approach, coupled with the use of Partnering and its goal of creating a more collegial relationship among the complete project team (i.e., architect, engineers, subcontractors, special consultants), had a significant positive impact on how we work and the product of our efforts. I believe this approach created a more open and transparent environment between the GSA, the contractor, and the design team. I

believe that this was the first formal step toward some of the more integrated approaches that we use today in the Government sector.

Application of Design-Build and CM at Risk – Although design-build and construction management at risk type services had been used in the private sector for many years, it was not until the late 1990s that design-build was allowed under the FAR and began to be embraced by U.S. Army Corps of Engineers (COE) and U.S. Naval Facilities Engineering Command (NAVFAC). CM at risk is still in its infancy within the Federal Government, but GSA is actually a front runner in using this approach. These methods of procuring and delivering building design and construction are founded on two related precepts – integrate the team and the earlier the better. Without getting into all of the pros and cons of design-build versus design-bid-build versus CM at risk, it is important to note that these added methods of delivery significantly alter the contractual relationships between the three key participants in the delivery process – the Owner, the A/E, and the Contractor.

In my opinion the GSA has taken the high road in the application of these processes to its procurements. GSA has put all of these methods, along with variations such as design-build with bridging documents, into its “tool box”. GSA makes its decisions to use traditional design-bid-build, design-build, and CM at risk on a project-by-project basis. This is in contrast to the COE and NAVFAC which have made design-build their default procurement method with “waivers” required in order to use alternative methods. In recognizing that the type, location, schedule, and other project specific requirements need to be assessed in order to determine the most advantageous delivery approach, GSA can realize the best value for the Government.

Other General Comments

I have been a member of the GSA Construction Excellence Peer program for 6 years. In this capacity I have had the opportunity to visit a dozen projects across the country and dig into a variety of construction issues being faced by other contractors. I believe that efforts, such as the Design and Construction Excellence Peer programs, serve GSA well and are effective in improving quality, timeliness and cost savings.

Conclusion

Grunley Construction works well with GSA and has found its overall approach to procurement and delivery of construction projects to be business like, easy to understand, and fair. We look forward to continued opportunities to serve GSA.

I thank the Subcommittee for this opportunity to provide this information and would be pleased to provide any additional information that you may desire.