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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.