

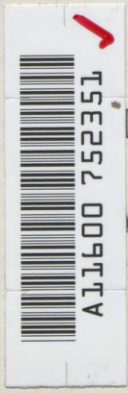
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HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
PUBLIC BUILDINGS AND GROUNDS  
OF THE  
COMMITTEE ON PUBLIC WORKS  
UNITED STATES SENATE  
NINETY-FIRST CONGRESS

FIRST SESSION

ON

H.R. 11249

AN ACT TO AMEND THE JOHN F. KENNEDY CENTER ACT  
TO AUTHORIZE ADDITIONAL FUNDS FOR SUCH CENTER

JULY 14, 1969

Serial No. 91-17

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## JOHN F. KENNEDY CENTER

MONDAY, JULY 14, 1969

U.S. SENATE,  
SUBCOMMITTEE ON PUBLIC BUILDINGS AND  
GROUNDS OF THE COMMITTEE ON PUBLIC WORKS,  
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 6202, New Senate Office Building, Senator B. Everett Jordan (chairman of the subcommittee) presiding.

Present: Senator Jordan.

Staff present: Richard B. Royce, chief clerk and staff director; and J. B. Huyett, Jr., assistant chief clerk and staff director.

Senator JORDAN. The subcommittee will please come to order.

Good morning, ladies and gentlemen.

The purpose of this hearing is to consider H.R. 11249, a bill to amend the John F. Kennedy Center Act to authorize additional funds for the Center.

In 1964, the 88th Congress enacted Public Law 88-260, which, among other things, authorized to be appropriated a sum not to exceed \$15,500,000, to be used for the matching of gifts for the construction of the John F. Kennedy Center for the Performing Arts. The act also authorized the Board of Trustees of the Center to issue bonds for the purpose of borrowing, from the U.S. Treasury, \$15,400,000, for the construction of parking facilities. It now appears that the original estimates for the construction of the Center were too low and there are now insufficient funds available for its completion. The bill before us today would increase the appropriating authority by \$7,500,000 and the borrowing authority by \$5 million.

At this point in the record I will ask that the bill be inserted.

(The bill appears as follows:)

[H.R. 11249, 91st Cong., first sess.]

AN ACT To amend the John F. Kennedy Center Act to authorize additional funds for such Center

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) section 8 of the John F. Kennedy Center Act (Public Laws 85-874, 88-260) is amended by striking out "\$15,500,000" and inserting in lieu thereof "\$23,000,000".

(b) Section 9 of the John F. Kennedy Center Act is amended by striking out "\$15,400,000" each of the two places it appears and inserting in lieu thereof in each such place "\$20,400,000".

Passed the House of Representatives July 8, 1969.

Attest:

W. PAT JENNINGS, Clerk.

Senator JORDAN. The first witness this morning is the Honorable Kenneth J. Gray, Member of Congress, a good friend of mine and a great friend of this Center. Congressman Gray, we are delighted to have you with us. You may proceed as you wish.

**STATEMENT OF HON. KENNETH J. GRAY, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF ILLINOIS**

Mr. GRAY. Thank you very much, Mr. Chairman and members of the committee.

Let me first thank you, Mr. Chairman, for scheduling H.R. 11249 for hearings this morning. We deeply appreciate the opportunity of appearing before your committee. It is always an extreme pleasure.

Mr. Chairman, I do not have a prepared statement, but I will try to be brief.

H.R. 11249 passed the House of Representatives on last Tuesday by a majority vote and we are here this morning asking your committee to take favorable action.

Our Subcommittee on Public Buildings and Grounds and the full Committee on Public Works held extensive hearings on this matter. We feel that the legislation is of the utmost importance if we are going to see this project, the John F. Kennedy Center for the Performing Arts, completed. It is now 50 percent complete.

For the record, Mr. Chairman, I would like to briefly recite a little bit of the history of how this legislation initially came about. In 1958 the late President Eisenhower asked that the Nation's Capital be provided with a national cultural center. In 1958 the National Cultural Center Act was passed.

This envisioned using all private contributions for the construction of a national cultural center. And then, after the death of the late President Kennedy in 1963, the Congress felt that we could fulfill two very primary objectives by passing additional legislation. One would be to see this Center completed on schedule. And, secondly, that we could use public funds to match the private contributions on a dollar for dollar basis and have this as the sole memorial to the late President Kennedy.

So in 1964 the Congress did pass such legislation authorizing \$15.5 million to be matched dollar for dollar with private contributions.

Mr. Chairman, I am very proud of the John F. Kennedy Center board of trustees, because they not only have matched this dollar for dollar with \$15.5 million, but in cash and in kind they have raised \$24 million.

Mr. Stevens and Mr. Becker I understand, are going to follow me, and I would like for the record to show that these gentlemen without any remuneration have gone out for a number of years and raised this \$24 million. I think we should all take our hats off to these gentlemen and their coworkers on the Center Board of Trustees.

Mr. Chairman, the cost of construction during the 11-year interim period between 1958 and 1969 has seen all public building costs rise in this country. Our committee and your committee have seen millions of dollars in overruns on public buildings all over this country, so it is not unusual for the Center Board of Trustees to point out that this project is costing more than originally estimated.

Secondly, there were a number of job changes, as you know, with the advent of all jet service at National Airport, the Center being right in the glide path of the jets, it required the architects to go back and to redesign the facility for heavier steel and to soundproof the three auditoriums in order that people can go there when this is finished and enjoy the performances without being disturbed by jet noise.

So all of these factors have caused a rise in cost.

The Board of Trustees approached our committee and asked us to provide an additional \$15 million, which is primarily the overrun, and we cut that in half. So the legislation before you and the legislation as passed by the House only asks for \$7½ million in direct appropriations which is one half of what we were requested to provide. It also provides \$5 million additional bonding authority for the parking facility which will all be repaid.

Now, Mr. Chairman, as I pointed out, our committee held extensive hearings on this matter. We asked the board point blank: can you raise the additional money required? The public has contributed \$15½ million. Some believe this is enough.

The answer from the trustees was unequivocally, no, that we have raised \$24 million, that we will have to raise additional money for the operation of this center when it is built and we feel that we have gone as far as we can go.

So we are faced with the dilemma of not taking any action; and seeing this project lie dormant on the banks of the Potomac River as a national disgrace. We can study history, and in fact I am sorry I did not bring to the committee room this morning pictures I have of the George Washington Monument as it was allowed to lie dormant and uncompleted for 26 years. I think when anyone sees the picture of this partially completed Washington Monument we can agree that we certainly would not want a repetition of this here on the banks of the Potomac River.

So we came to the conclusion that this was a must bill, the \$7½ million would be half of what they requested, that they would still have to go out and raise more to match it. But they believe this is within their capability. With the legislation pending before you, Mr. Chairman, we can see the completion of this Center in the next 15 or 24 months.

I know there is no use for me to sit here and explain all the benefits of a national cultural center. I also know that there is a stigma attached to this type of legislation when you mention the word "cultural", knowing that we are fighting in Vietnam and that there are a number of priorities, better housing and public works, and many other things required, some people say this is something that could be put off.

But I think, Mr. Chairman, if we would refer to this Center as an "auditorium" instead of a "cultural center," refer to it as a place where our constituents, yours and mine, can come and display their talents, whether they play a violin or whether they perform ballet or whatever their arts might be, I think that the people would buy this Center much more than they have in the past. But I think without question if people realize that it is nothing more than three large auditoriums, a place where people can come and perform—I think this is why we are fighting in Vietnam in order that we would have a free America—where our children and our adults can come and show to the whole

world why we have a free country, are able to come and display our talents, I think this \$7½ million will be infinitesimal compared to what the true benefits are going to be from this Center.

So I would come this morning urging expeditious handling of this legislation by the committee, feeling that it is the only way we are going to see this Center completed. It is the only way we are going to see a national monument to the late President Kennedy.

I might point out that we are still haggling as to an appropriate monument for the great and beloved President Franklin D. Roosevelt. They have never built a monument in the Nation's Capital to him.

I attended a meeting 3 weeks ago where we are trying to find some suitable place of build a memorial to Woodrow Wilson. And so here we have all of these great people that have contributed so much to this country—and no national monument. Here is a real opportunity to solve once and for all the sole national memorial to the late President John F. Kennedy.

I am reminded of those words that "Greater love hath no man than this, than he who is willing to lay down his life for his friends."

John F. Kennedy gave his life for the service of this country. And I feel that this is a very fitting memorial, because it will be a living monument, not a mass of steel or stone, but a living memorial where the vibrant youth and the active people of this country can come and perform. They can come and lecture. They can come and display their great talents.

Mr. Chairman, I want to point out this very emphatically for the record, if we put off this legislation and do not pass it, we allow the project to lie dormant, and we dismiss all of the people working down there who are experts in their fields. The General Services Administration has testified that this report will cost \$10 million more 6 months or a year from now or whenever the project should be resumed if this bill does not pass.

No one could vote "no" on this legislation and go back home and say they did it on the grounds of an economy vote. Because we already have \$15½ million of the taxpayers' money invested. There is no way we can walk off and say "forget it". They cannot raise the difference. This is the only way we can complete the project. It will cost \$7½ million plus \$10 million more. So I do not call that economy in any sense of the word.

We explained this in the House, and it passed the House, I think, on those grounds. It is unfortunate that we have to ask for more money, but in order to save our investment and to complete this project, we have no other alternative but to spend \$7½ million now instead of \$17½ million a little bit later.

With that in mind, I would strongly urge the committee to take prompt action in passing it out of the committee, passing it out of the Senate, and getting it to the White House. It is in the President's budget, so I know the President will sign this legislation. We can get on with the job of seeing this beautiful facility completed, fill a national need, and at the same time save the taxpayers money.

Thank you very much for the opportunity of appearing before your committee.

Senator JORDAN. Thank you very much. I appreciate your being here. That was very fine testimony.

I know of your great interest in this project, because you introduced the original legislation.

I think the designers were very wise in coming back and revising their construction for soundproofing the building because at the time the architects drew the plans they did not know jets would be operating so much at National Airport.

Mr. GRAY. That is true, Mr. Chairman. If anyone doubts the necessity of it, have them go down to the Watergate on the Potomac to one of the concerts that is now going on and you will see that about every 30 seconds you are interrupted with the jet noise.

Senator JORDAN. I have done just exactly that. I have been around the Kennedy Center watching their progress and driving through, when a jet comes over. All you hear is the jet. It would be a useless building in my opinion, or almost useless, if you could not hear what was going on. Not only that, but as I understand the arrangement of this building now, you have three auditoriums, and you could have three different concerts, or whatever else you wanted, going on at the same time.

Mr. GRAY. Simultaneously, with approximately 2,500 people in each one.

One thing I missed, Mr. Chairman, you reminded me of it when you mentioned the three auditoriums. We also intend to have an Eisenhower Theater as a memory to the late President Eisenhower. One of the theaters will be named the Eisenhower Theater. This is truly a bipartisan measure all the way through.

Senator JORDAN. Of course part of the money here is to finish the parking facilities. Without that, you might as well not have a center.

Mr. GRAY. No question about it.

Senator JORDAN. Because parking is a must in anything we have today.

Mr. GRAY. As a jet pilot, I apologize for the noise.

Senator JORDAN. You did not make all of it, you just made a little bit of it.

Thank you very much. We appreciate your being with us.

Mr. GRAY. Thank you, Mr. Chairman.

Senator JORDAN. Mr. Roger Stevens, chairman of the board of the John F. Kennedy Center. Mr. Stevens, I understand you have Mr. Becker with you and Mr. Foster.

You may present your testimony as you wish, in anyway you wish.

**STATEMENT OF ROGER L. STEVENS, CHAIRMAN, BOARD OF TRUSTEES, JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS, ACCOMPANIED BY RALPH E. BECKER, TRUSTEE AND GENERAL COUNSEL, JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS; ROBERT B. FOSTER, JR., DEPUTY COMMISSIONER, PUBLIC BUILDINGS SERVICE**

Mr. STEVENS. I do have Mr. Becker and Mr. Foster with me. I will read a short statement here, Mr. Chairman.

First, I would like to compliment Congressman Gray on his brilliant presentation. As I listened to his presentation, I felt that all of the hard work involved in the raising of funds was almost worthwhile.

Senator JORDAN. Mr. Stevens, if you do not want to read your entire statement, it will go in the record.

Mr. STEVENS. I was going to say that in the interest of time, sir, I would request that I be permitted to file a short statement which has been transmitted to the committee.

Senator JORDAN. I have it.

(The statement referred to follows:)

STATEMENT OF ROGER L. STEVENS, CHAIRMAN, BOARD OF TRUSTEES, JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

Mr. Chairman, I am Roger L. Stevens, Chairman of the Board of Trustees of the JFK Center for the Performing Arts. Present with me are Mr. Ralph E. Becker, Trustee and General Counsel of the Center, and Mr. Robert B. Foster, Jr., Deputy Commissioner, Public Buildings Service. In the interest of time I request that I be permitted to file a short statement which has been transmitted to the Committee. Because the General Services Administration is the Center's agent for design and construction, Mr. Foster has an extended statement. I would suggest that the Committee hear from him, after which he, Mr. Becker, and I will be available for any questions the Committee may have. I suggest that questions be deferred until Mr. Foster has made his statement because I believe he may anticipate in it many questions that otherwise might arise.

The John F. Kennedy Center was established as the National Cultural Center by P.L. 85-784, signed into law by President Eisenhower on September 2, 1958. The original Act, adopted with strong bipartisan support in both houses, provided for a government-owned site, upon which was to be constructed a Center financed by voluntary contributions. The Center was designated as the sole national memorial to the late President, and renamed the John F. Kennedy Center for the Performing Arts in P.L. 88-260, approved by President Johnson on January 23, 1964. This legislation had almost unanimous support of both parties, and had bipartisan sponsorship. Construction of the building began with ground breaking ceremonies at which President Johnson turned the first spade of earth on December 2, 1964. Completion of the facility is projected for late 1970 or early 1971.

The Center, a bureau of the Smithsonian Institution, is governed by a Board of Trustees, originally thirty but presently numbering forty-five. Of these, nine serve ex officio, three are appointed by the Speaker of the House of Representatives, three by the President of the Senate, and thirty by the President of the United States. Nine of the present Trustees are among those originally appointed by President Eisenhower. One vacancy exists pending the appointment of an Assistant Secretary of State for Educational and Cultural Affairs. A complete list of Officers and Trustees is attached. The officers are elected annually by the Board.

The first Chairman of the Board was Secretary Arthur S. Fleming, who was succeeded by Ambassador L. Corrin Strong, and most recently by Roger L. Stevens.

Edward Durell Stone, chosen as Architect by the Trustees in 1959, has prepared two different conceptualizations of the Center. The first was a domed structure, which by the use of galleries separated the three major auditoria planned into separate areas. When the first concept was presented to President Kennedy in 1961, he decided that this concept was not only too costly, but that the building should not be as high as the Lincoln Memorial. The present concept, a flat-topped building, lower than the Lincoln Memorial, with all three facilities under a single roof was approved in late 1962 both by President Kennedy and by General Eisenhower.

Section 8 of the Kennedy Center Act, P.L. 88-260, appropriated \$15,500,000 to match gifts and pledges converted to money or other assets held by the Trustees. As of June 30, 1965, \$16,300,000 (an excess of \$800,000 over the appropriation) was certified as available to match the appropriation. An additional \$4,800,000 of private funds has become available since June 30, 1965, making a total of \$5,600,000 of private funds in excess of that matched under the appropriation. A vigorous fund-raising drive is being conducted by a distinguished development

committee, under the Chairmanship of Robert O. Anderson, Vice Chairman of the Board. It is anticipated that this drive will be productive of sufficient funds in addition to the \$5,600,000 already available in excess of that already matched with the previous appropriations that the proposed additional matching appropriation can be utilized without a delay in completion of the Center.

Section 9 of the John F. Kennedy Center Act authorized the Center to borrow from the Treasury the amount of \$15.4 million. The federal contribution to construction of the Center designated as the sole national memorial to the late President Kennedy to this point totals \$30.9 million. Private funds and other assets presently available for construction approximate \$20,000,000. At the present time all administration expenses of the Center organization are paid from income earned by investment of private funds.

The overall construction of the Kennedy Center is more than 50 per cent complete. The exterior marble panels have been erected on the three exterior walls of the Concert Hall, completely enclosing the southern-most third of the building. The exterior marble has also been erected on the river side of the Opera. It is planned to complete the exterior marble panels for the entire building by the fall of this year.

Concrete work has been completed in the Concert Hall area, in practically all of the garage area, and is well under way in the Opera. Unfortunately, a carpenters' strike commenced on the first day of May, and this stopped all further work of pouring concrete. About 30 per cent of the total concrete remains to be put in place.

A large amount of masonry, plumbing, air conditioning, elevator, and electrical work has been accomplished. The Concert Hall, the Hall of Nations, the Grand Foyer, the River Terrace, and the Entrance Plaza are all taking shape and their ultimate appearance, insofar as form is concerned, can be readily visualized.

Major work still to be contracted includes tile, terrazzo, wood floors, interior glass, approaches, landscaping, interior painting, and the finishing of administrative and rehearsal spaces. A program for procurement of all furnishings, furniture, landscaping, and sound equipment will have to be initiated in the immediate future in order to be coordinated with the completion of the building.

The delaying effects of the carpenter strike are beginning to be felt. The duration of the strike is, of course, indeterminable. Completion of construction will necessarily be delayed by approximately the length of time this strike lasts.

Currently, the estimated cost of completion totals \$66,200,000. The funding requirement for completion of construction is, therefore, approximately \$15,500,000.

H.R. 11249, introduced by Mr. Gray of Illinois, was favorably reported by the House of Representatives (Report No. 91-309) and passed the House of Representatives on July 8, 1969. This bill provides for amendment of the John F. Kennedy Center Act to authorize appropriation of an additional \$7.5 million to be matched by an equal amount of private funds and gifts raised by the Center. The bill also authorizes the Center to borrow an additional \$5 million from the Treasury.

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Mr. STEVENS. The General Services Administration is the Center's agent for design and construction. Mr. Foster has an extended statement. I would suggest that the committee hear from him, and then Mr. Becker and I would be glad to answer any questions.

Senator JORDAN. We have copies of your statement. You may proceed, sir.

**STATEMENT OF ROBERT B. FOSTER, JR., DEPUTY COMMISSIONER,  
PUBLIC BUILDINGS SERVICE**

Mr. FOSTER. Thank you, Mr. Chairman.

I am Robert B. Foster, Jr., Deputy Commissioner, Public Buildings Service, General Services Administration. It is a distinct pleasure for me to have this opportunity to appear before you today in the company of the distinguished representatives of the Board of Trustees of the John F. Kennedy Center for the Performing Arts and recommend your favorable consideration of the bill, H.R. 11249, which would authorize additional funding for completion and opening of the Center. As you know, the General Services Administration is the design and construction agent for the Center and this responsibility rests with the Public Buildings Service of GSA.

As Mr. Gray stated, H.R. 11249 would increase the authority for direct appropriation by \$7.5 million provided privately subscribed funds or gifts of equal amount are obtained by the trustees. The bill would also authorize an increase of the proceeds from bonds of \$5 million. These increases apply to the authorization granted in Public Law 88-260, approved January 23, 1964, which named the former National Cultural Center the John F. Kennedy Center for the Performing Arts.

This act authorized the appropriation of up to \$15.5 million providing the amount was matched by private gifts. The act also authorized the issuance of \$15.4 million of revenue bonds, the proceeds of

which would pay for the parking facility. Thus the Congress, in providing Federal funding for the former non-Federal project, was acting on the premise that the Center could be built for an amount of \$46.4 million. This is the project total which H.R. 11249 would increase by \$20 million.

This is the figure that requires explanation and, in order to do so, I must briefly review the design and construction history of the project.

With your permission, Mr. Chairman, I will skip over some of the history because Mr. Gray gave it more succinctly and better, possibly, than I could.

Senator JORDAN. Your entire statement will be carried in the record. (The complete statement by Mr. Foster follows:)

STATEMENT OF ROBERT B. FOSTER, JR., DEPUTY COMMISSIONER, PUBLIC BUILDINGS SERVICE

Mr. Chairman and Members of the Committee, I am Robert B. Foster, Jr., Deputy Commissioner of the Public Buildings Service, General Services Administration. It is a distinct pleasure for me to have this opportunity to appear before you today in the company of the distinguished representatives of the Board of Trustees of the John F. Kennedy Center for the Performing Arts and recommend your favorable consideration of the Bill, H.R. 11249, which would authorize additional funding for completion and opening of the Center. As you know, the General Services Administration is the design and construction agent for the Center and this responsibility rests with the Public Buildings Service of GSA.

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The architect, E. D. Stone, was first retained by the Trustees in June 1959 for preliminary site investigation.

Contacts and consultation by the Trustees with GSA beginning in 1963 led to our involvement in 1963-64 in discussions with Stone on design matters and on details of a definitive professional services contract. In July-August 1964, we signed an agreement with the Trustees under which we became agent for the Trustees in supervising design and construction and a professional services design contract with Edward Durell Stone was signed by the Chairman of the Board of Trustees.

Milestone dates in development of the drawings and specifications were:

- Program development, 1962-63.
- Preliminary drawings, November 1963
- Tentative drawings, October 1964.
- Intermediate drawings, February 1965.
- Final drawings, November 1965.
- Program review and changes, February 1966.
- Revised Finals, July 1966.
- Completed working drawings, September 1966.

Although it is the usual practice of GSA to award construction contracts on a lump-sum basis after open competitive bidding, and it was earlier intended to do so award the Kennedy Center contract, there are projects where exceptions are

necessary and allowable under procurement regulations and the Federal Property and Administrative Services Act of 1949. The Kennedy Center is such a project. Among its distinctive features is the fact that it has received approximately \$3 million in gifts of equipment, materials, and fittings; many have been received since construction started; others may still be received. It is easier to allow for such gifts in a cost-plus-fixed-fee construction contract. Accordingly, in February 1966, with the concurrence of the Comptroller General it was decided to perform construction under a cost-plus-fixed-fee contract with competition as to the fee amount.

A selected list of nine qualified general contractors was asked to submit fee proposals and these were privately opened on July 20, 1966. After brief negotiation, the contract was awarded to John McShain, Inc., on August 1, 1966, for a fixed fee of \$249,000.

McShain's proposal indicated his intention to perform foundations and concrete work, as well as certain minor items, with his own forces. All other elements of the project were to be done by subcontract. It was decided these would be competitively bid on a lump-sum basis with bids privately opened and subject to negotiation. A detailed procedure for review of subcontract proposals by a team representing McShain, the Trustees, and GSA which would then recommend action to the Contracting Officer was worked out and implemented.

Under this procedure, the first proposals solicited were for three major items: structural steel, electrical work, and mechanical work. On October 27, 1966, proposals for electrical work were opened. The lowest was \$6.6 million compared to our estimate of \$5.9 million. The next day, October 28th, proposals on structural steel were even further above our estimate. The lowest proposal was \$7.7 million as opposed to our estimate of \$5.0 million. Moreover, the steel proposals were based on 17,100 to 17,500 tons of structural steel while GSA had estimated 12,800 tons and the AE had estimated 12,400 tons. Thus, there was at least a 33 percent increase in estimated steel tonnage and a unit cost increase of \$60 per ton, the latter going from \$390 per ton in the estimate to \$450 per ton in the low bid.

Mechanical work proposals were returned to the bidders unopened.

After consultation between the Trustees and GSA, it was decided to withhold award of any subcontracts until an outside estimating firm could provide us with a new, independent estimate of cost of the project. This was accomplished by mid-January 1967 and, on February 7, 1967, a contract for structural steel was awarded. Contracts for electrical and mechanical work were awarded by McShain in April and May 1967 respectively and others have been awarded progressively since then. The overall construction project is now about 52 percent complete.

With this general history as a frame of reference, we turn now to the large cost increase and the reasons for that increase.

During the early days of the National Cultural Center, estimates were very rough and varied widely as changes in concept were adopted. For instance, in February 1960 the architect estimated the project would cost \$61 million. Ironically, this is close to the cost estimate now but in 1960 it was for a very different structure.

In January 1963, after the structure had been sketched in its approximate final form, Stone estimated it might cost \$38 million.

As I said earlier, when Congress enacted PL 88-260 in January 1964, it was considered that \$46.4 million would cover costs of design and construction. From that point there has been a more-or-less steady increase in estimated costs.

At the time the AE contract was awarded in August 1964, the estimate was \$45.5 million.

When the construction contract was awarded, we were estimating the project cost at \$47.6 million but this omitted about \$1.4 million in furnishings and fittings designated as "unfunded".

The unexpected overruns in electrical and structural steel proposals resulted in a decision to have an independent construction cost estimate made. This was received in January 1967. It indicated a total project cost of \$58.3 million or over \$9 million more than had been estimated at the time of construction contract award.

The Board of Trustees faced up to the hard facts of this larger estimate and, in late February 1967, approved a recommendation of its Building Committee to proceed with the project after deferring approximately \$4 million of specific items of work which, occurring later in the construction sequence, could be postponed.

By the end of 1967 the total estimated cost was \$60.3 million.

By the end of 1968 it was \$61.9 million and on March 31 of this year was \$62.2 million.

That essentially, is where we are today. If all remaining work could be placed under contract today; if there were to be no further changes in requirements or increases in cost from whatever source; if there were to be no further unforeseen events; then for about \$62.2 million we believe we could complete the facility. But this will not be the case. Between now and physical completion of the project we must expect further increases and I believe these will total about \$4 million. Thus the gross cost will be about \$66.2 million. This is almost \$20 million above the January 1964 estimate, \$15.8 million to date and \$4.0 million anticipated. And to insure that the cost is held within that amount will require constant and concerted review by GSA, the contractor, and the Trustees.

The reasons for the growth of the project cost and the resultant need for additional funding are not clear-cut and unanimously agreed. Some of the increase is due to error on our part and on the part of the architect. Some is due to changes in the program of requirements after work had started. Some is due to inefficient sequencing of subcontract awards. Some is due to strikes and other acts beyond our control. And some—a sizeable amount—is due to the meteoric rise in construction costs.

Between the month of January 1964, when the Congress accepted an estimate of \$46.4 million and January 1969, the cost of building construction increased almost 30 percent. Thus up to \$14 million of the increase could be charged to cost escalation. However, since some of the work was accomplished before this total increase was experienced, we estimate conservatively that about \$9 million of the increase is due solely to escalation.

Careful control of the timing of subcontract awards to avoid over-commitment of funds has probably added about \$1.5 million to the cost of the work. Not all awards could be made when prudent construction practice dictated.

There has been \$1.2 million added to the cost of work by approved change orders. Most of these were due to job conditions, though about one-third of the amount is due to changes by the owners and about \$200,000 by design corrections.

Acts beyond our control include a strike of longshoremen which prevented timely receipt of marble from Italy and the advent of jet aircraft at Washington National Airport. The latter increased costs of glazing and insulation of the Center so as to insure jet noise attenuation. These sorts of problems added \$600,000.

The remainder of the \$15.8 million increase in cost since January 1964 is due to underestimating. This has principally involved structural steel and concrete form work. I have already noted that the tonnage of structural steel was underestimated by about one-third. The cost of concrete form work, although still not final, apparently will run about 20 percent over the original budget estimate. There have been, of course, other minor budget adjustments, some up, some down, but the total effect of estimating inaccuracies amounts to about \$3.5 million, or about five and one-half percent of the budget cost. \$2.7 million of this is due to structural steel alone.

One might conclude that it would have been wise to have deferred award of a construction contract until project plans could be finalized and thoroughly coordinated. Standing against this is the stark fact that construction costs were then increasing at a rate of about 6 percent annually. This increase now approaches 12 percent annually, or one percent a month, an alarming rate. The construction cost situation is now such that loss of time has become the most expensive element in a construction project and is to be avoided if at all possible. The recent carpenters' strike cost builders more than just the increase in carpenters' wages.

The question will be raised as to responsibility for the cost increase. I do not believe that responsibility can be placed solely on any one individual or organization. The architect, GSA, and the Trustees all share the responsibility. Any effort at this time to identify specific items of cost increase and assign individual responsibility would not alter the facts of the need for additional funding and might prejudice a position should any litigation ensue.

The John F. Kennedy Center for the Performing Arts cannot be completed without the additional funds which this bill would authorize. Any postponement would increase the cost of completion of the structure at a rate which now approximates 12 percent a year. The importance of the Center to the performing arts and the cultural life of this Capital City and the Nation is well recognized. This

being the case, we have no option but to urge your sympathetic consideration of the bill before you, and this I now do.

Mr. FOSTER. Suffice it to say the plans and specifications that were begun in 1962 were not completed until September 1966, and this has involved much changing and adjustment in the requirement for the Center, with the architect working with GSA and with the Board of Trustees Building Committee.

I will return to the statement now, sir.

Although it is the usual practice of GSA to award construction contracts on a lump-sum basis after open competitive bidding, and it was earlier intended to so award the Kennedy Center contract, there are projects where exceptions are necessary and allowable under procurement regulations and the Federal Property and Administrative Services Act of 1949. The Kennedy Center is such a project. Among its distinctive features is the fact that it has received approximately \$3 million in gifts of equipment, materials, and fittings; many have been received since construction started; others may still be received. It is easier to allow for such gifts in a cost-plus-fixed-fee construction contract, rather than lump-sum contract. Accordingly, in February 1966, with the concurrence of the Comptroller General, it was decided to perform construction under a cost-plus-fixed-fee contract with competition as to the fee amount.

A selected list of nine qualified general contractors was asked to submit fee proposals and these were privately opened on July 20, 1966. After brief negotiation, the contract was awarded to John McShain, Inc., on August 1, 1966, for a fixed fee of \$249,000.

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Mr. Chairman, this completes my prepared statement. I appreciate your patience and I will attempt to answer such questions as the committee may have.

Senator JORDAN. Thank you very much, Mr. Foster. I think you have given a very detailed account of the problems that have beset this project since its beginning. I know something about the things you are talking about, because I have been Chairman of the Joint Committee on Libraries a long time. We have been trying to build Madison Memorial over there, and we know how the cost of doing it increases the longer we have to wait. I know something about that and some other projects around Washington also. I can easily understand the problem that faces you on construction costs.

This recent carpenters' strike—well, I really do not understand how a contractor any more can give a fixed bid on anything and expect to stay solvent with the wages he has to pay and the uncertainty of what he is going to have to pay in the future.

Mr. FOSTER. That is very true, sir.

Senator JORDAN. And it is an alarming situation, but it is here, and we just have to face it.

I do not think that this contract can be under any better agency than it is right now, because the General Services Administration builds more buildings of this magnitude than anybody in the world, I suppose. I had a lot of occasions to deal with Lawson Knott over there over a long period and the new Administrator is an able man. I know something about the ability of your agency there. It is being handled just as well as it could be handled in my opinion.

Mr. STEVENS, do you have something you would like to add, sir?

Mr. STEVENS. No, sir. I think Mr. Foster and Congressman Gray gave the background and the problems very clearly, and I have not anything further to add other than the one point that the trustees have worked very hard on raising money. I think it is pretty well acknowledged that projects in Washington are about as difficult to fund as any place in the country, because you do not have the manufacturers and other businesses in this town that normally finance projects of this kind.

Senator JORDAN. Mr. Becker, do you have something you would like to put in the record?

Mr. BECKER. I just wanted to add my thanks for the consideration of you, Mr. Chairman, plus the Members of the Senate who have always been very helpful and have been the coauthors of the legislation back since 1957 when I first became identified with it.

Thank you, Mr. Chairman.

Senator JORDAN. Thank you for being here this morning, and for this testimony. I can assure you that the subcommittee—all of it sitting here this morning—will get it to the full committee as soon as possible.

Thank you very much.

Do you have any other witnesses this morning?

Mr. BECKER. No, we have not.

Mr. STEVENS. No, sir.

Senator JORDAN. Thank you very much. The subcommittee stands adjourned.

(Whereupon, at 10:45 a.m., the subcommittee adjourned.)

