

indoor trades. More and more of the building construction dollar is going into mechanical, electrical, and plumbing components. This means that the work placement statistics may be weighted unfairly in favor of the indoor trades if the dollar increase is in the nature of sophisticated equipment rather than manpower for its installation.

IV. THE NEED FOR PUBLIC AGENCIES TO WATCH COSTS

The escalation in construction costs in recent years has become a major factor governing the award of buildings construction contracts. There is an increasing number of instances when our projects are subject to bids which exceed the amount of funds programed. Increasingly, low bids not only exceed funds programed for a project but also the amount by which those funds can be legally augmented. This remits GSA to a position of deferring such a project indefinitely or returning to the Congress for authority and funds sufficient to do the job. On certain occasions, delay in seeking such increased resources has resulted in a second series of bids proving to be too high. It is understood that similar problems are faced by other Federal agencies and by the private sector in both the indoor and outdoor type of project.

It is especially necessary, however, for public agencies to husband their resources most carefully to avoid worsening an already difficult fiscal situation. The present fiscal restraints under which Federal agencies are now operating are only a current manifestation of a need for extra economy which has been with us for several years.

This is cited simply to prove that we have been, for some time, seeking the best means of accommodating our projects to the labor and materials market. If we had found marked differences in the availability of building construction workers in winter as opposed to summer, we would have taken advantage of it through the means of our market survey technique.

V. THE MARKET SURVEY

In September 1966, GSA implemented a procedure for market surveying to determine the most advantageous time to commence construction. These surveys are required for projects estimated to cost in excess of \$200,000 and include an evaluation of the labor market, projects under construction in the neighborhood, and work contemplated within the area which might affect market conditions. Although the principal reason for establishing this survey procedure was to minimize cost to the Government, it also serves as a means for smoothing peaks and valleys in the construction work force within a particular locality. This is because the survey will usually indicate that the best time for construction is during a slack period for the local construction work force, and, conversely, higher costs can be expected when the work force is being more fully utilized. Our market surveys have resulted in postponing some projects and, where market conditions are found to be favorable, a decision to proceed immediately with award of the construction contract.

Again, let me emphasize that the principal purpose for which our market survey was developed was to help GSA in securing construction of a facility at the lowest possible cost. It is possible that this or a