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# SAVING TAXPAYER DOLLARS BY REDUCING FEDERAL OFFICE SPACE COSTS

**(114–36)**

## HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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**Committee on Transportation and Infrastructure**
**U.S. House of Representatives**

Bill Shuster
Chairman

Washington, DC 20515

Peter A. DeFazio
Ranking Member

February 26, 2015

**SUMMARY OF SUBJECT MATTER**

| | |
|---|---|
| **TO:** | Members, Subcommittee on Economic Development, Public Buildings and Emergency Management |
| **FROM:** | Staff, Subcommittee on Economic Development, Public Buildings and Emergency Management |
| **RE:** | Subcommittee Hearing on "Saving Taxpayer Dollars by Reducing Federal Office Space Costs" |

## PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will hold a hearing on Tuesday, March 1, 2016, at 10:30 a.m., in 2167 Rayburn House Office Building to examine and conduct oversight of major General Services Administration (GSA) construction projects funded or proposed to be funded from the GSA Federal Buildings Fund (FBF), other major projects planned, and GSA's authorities to carry out real estate transactions for the federal government. The Subcommittee will also explore options for reducing federal office space costs and saving taxpayer dollars by reviewing major GSA projects, including the Federal Bureau of Investigation (FBI) Headquarters Consolidation, and the Federal Courthouse Construction Program.

## BACKGROUND

*GSA's Public Buildings Service*

GSA's Public Buildings Service (PBS) acts as the landlord for the federal government and owns or leases over 377 million square feet of space in 9,600 buildings nationwide. More than half of GSA's inventory is in commercially leased space. In federally-owned buildings, GSA charges a commercially-equivalent rent to the tenant agencies which is deposited in the FBF to fund new construction and acquisitions, ongoing repairs and alterations of the existing building inventory, and PBS's administrative costs.

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Pursuant to law[1], large real estate acquisitions and projects, including new construction, purchases, commercial leases, and repairs and alterations, costing over $2.85 million annually must be authorized by the House Committee on Transportation and Infrastructure (T&I Committee) and the Senate Environment and Public Works Committee (Senate EPW). This is often referred to as the "prospectus process."

In addition to Committee authorization, funds deposited into the FBF are subject to appropriation. Given the requirement for both the authorizing and appropriating committees to act, the Administration submits, along with its annual budget, GSA's Capital Investment and Leasing Program (CILP) each year. The CILP provides more detailed prospectuses for each project proposed. The T&I Committee and Senate EPW authorize proposed projects submitted in the prospectuses through a committee resolution.

For Fiscal Year (FY) 2017, the Administration has requested $10.18 billion in appropriations from the FBF, a .2% decrease from FY 2016.

*Federal Bureau of Investigation (FBI) Headquarters Consolidation*

The FBI Headquarters Building, named the J. Edgar Hoover Building (Hoover Building), is located on Pennsylvania Avenue in Northwest Washington, D.C. and occupies over a full city block of prime real estate. In 2011, a new consolidated FBI headquarters was proposed. At that time, elements of the FBI headquarters functions in the National Capital Region occupied more than three million square feet of space, costing $168 million annually, dispersed over 21 separate locations, including in commercially-leased space. Since 2011, the FBI has taken steps to reduce its space and number of locations. Currently, the FBI headquarters functions are in 14 locations, totaling 2.9 million square feet.

In July of 2011, Senate EPW passed a resolution directing GSA to investigate the feasibility and need to construct or acquire a replacement consolidated headquarters campus for the FBI. The FBI commissioned its own study and in August of 2011, it submitted to Senate EPW and the T&I Committee the results of its commissioned report. In October of 2011, the GSA submitted its proposed response to the Senate EPW request. The GSA's proposal included a full consolidation of FBI's scattered headquarters functions in the region and a reduction of overall space to two million square feet. The FBI estimated a consolidated headquarters campus could save the FBI approximately $50 million annually. At the time, the FBI recommended a Public-Private Partnership (P3) approach and GSA recommended a fully appropriated, new federal construction approach. The Senate EPW approved the FBI P3 approach.

In 2013, GSA announced that it would use its exchange authorities to fund construction of the new consolidated FBI headquarters campus– leveraging the value of the Hoover Building to pay a private developer to construct the new facility. Despite the estimated cost of a new facility ranging from $2 to $3 billion and doubts about whether there was enough value in the Hoover Building to fund a fully consolidated headquarters or whether such a strategy would devalue the Hoover site, GSA pursued this strategy.

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[1] 40 U.S.C. § 3307

During this time, GSA ran a competition to identify potential locations for the new headquarters and, in 2014, announced a shortlist of three sites: Greenbelt, MD, Landover, MD, and Springfield, VA. Only Springfield, VA is owned by the federal government. All three sites have associated costs if selected for the FBI consolidation.

In late 2015, GSA determined there is not enough value in the Hoover Building to fund a new consolidated FBI headquarters and alerted congressional committees it would be seeking appropriations for federal construction. However, GSA indicated that it would still use the Hoover Building in exchange for covering a portion of the cost.

FBI Headquarters Funding

In Fiscal Year 2016, initial funds were appropriated for the project, including $315 million in the FBI's budget for design and preconstruction activities and $75 million in GSA's FBF for construction management and oversight.

For Fiscal Year 2017, $1.4 billion is requested for the project, split between the FBI and GSA. The Administration's budget request includes $759 million for GSA's FBF and $646 million for the FBI. In addition, as required law[2], GSA submitted to the T&I Committee and Senate EPW a prospectus for the FBI Headquarters Consolidation requesting authorization for the $759 million requested in the FY2017 Budget. While the prospectus identifies the funding sources for the project, including the FY2016 funding for the FBI and GSA, the requested amounts for FY2017, and the value for the Hoover Building, it does not include the estimated total project cost as is customary in prospectuses.

*Federal Courthouse Construction Program*

The Committee, on a bi-partisan basis, has conducted ongoing oversight over the years on the federal courthouse construction program. In 2005, Chairman Shuster and Ranking Member Norton as the then-Chairman and Ranking Member of the Subcommittee on Economic Development, Public Buildings, and Emergency Management, requested that the Judicial Conference of the United States study the Judiciary's courtroom usage and report back to the Committee.

In 2008, the Judiciary submitted to the Committee a final report on courtroom usage completed by the Federal Judicial Center (FJC), the education and research agency for the U.S. Courts. The FJC study showed that, on average, a courtroom is *scheduled* to be used 4.1 hours a day for active district judge courtrooms, 2 hours a day for senior judge courtrooms, and 2.6 hours a day for magistrate judge courtrooms.[3] In addition, only half of the scheduled courtroom time is actually spent on case-related proceedings. In light of this study, the Committee requested the Government Accountability Office (GAO) review federal courthouse planning and construction.

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[2] *Id.*

[3] *Report on the Usage of Federal District Court Courtrooms*, Judicial Conference of the United States, September 16, 2003. *See also, Federal Courthouse Construction: Better Planning, Oversight, and Courtroom Sharing Needed to Address Future Costs*, GAO-10-417, June 2010.

In 2010, the GAO completed a study entitled, *Federal Courthouse Construction: Better Planning, Oversight, and Courtroom Sharing Needed to Address Future Costs.*[4] Specifically, the GAO examined 33 courthouses that were constructed during the ten-year period from 2000 to 2010. The GAO found that 3.56 million square feet of *extra* space was built because of the following reasons: (1) the Judiciary overestimated its 10-year projection of future judges assigned to courthouses; (2) new courthouses did not incorporate courtroom sharing; and (3) GSA constructed courthouses above the congressionally-approved size.

Following the GAO study issued in 2010, the Subcommittee on Economic Development, Public Buildings, and Emergency Management submitted a bipartisan letter to President Obama highlighting the concerns raised by the GAO report and indicating that the Committee planned to withhold authorizing new federal courthouse construction until the Committee was satisfied that appropriate reforms to the program were in place. The Committee subsequently requested that the GAO review the Judiciary's 5-Year Plan[5], which was the focus of a hearing held in 2013.

At the hearing in April of 2013, the GAO released its report on the Judiciary's updated process (Asset Management Planning (AMP) process) for identifying new courthouse construction projects for its 5-Year Plan.[6] The GAO concluded that the AMP process was an improvement from the Judiciary's previous methodology; however, the GAO recommended that the AMP process could be better aligned with leading capital planning practices. The GAO also highlighted that only two of the 12 projects on the 5-Year Plan at that time had been evaluated using the AMP process and suggested that there be a moratorium on those projects until they were reassessed using the AMP process. As a result of this, the Committee requested the Judiciary apply the AMP process to the courthouses on the 5-Year Plan. The Judiciary agreed and reevaluated the courthouses in the 5-Year Plan using the AMP process and, in September 2015, submitted a revised 5-Year Plan to the Committee.

The Judiciary has taken significant steps to address the GAO recommendations and improve its space utilization to reduce costs to the taxpayer. The Judiciary has adopted courtroom sharing policies for its magistrate, senior and bankruptcy judges; developed the AMP process to better evaluate the need for a new courthouse; recommended less costly repair and alteration projects in lieu of new courthouses; and has taken additional steps to reduce its overall footprint.

Congress included in GSA's Fiscal Year 2016 FBF appropriation $948 million for new courthouse construction projects as prioritized in the updated 5-Year Plan. The appropriations committees also required GSA to submit a spending plan to Congress which is due in April of 2016. As required by law[7], GSA must submit prospectuses to the T&I Committee and Senate EPW for approval for the new courthouses. The only prospectus received for a courthouse on the updated 5-Year Plan is for a new courthouse in Nashville, Tennessee.

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[4] GAO-10-417.

[5] Each year, the Judiciary submits to the Committee a 5-year Courthouse Project Plan approved by the Judicial Conference of the United States. The plan reflects the Judiciary's official list of priority projects over a 5-year period.

[6] GAO-13-523T

[7] 40 U.S.C.§ 3307

*GSA Authorities*

Exchange Authority

In recent years, GSA has proposed using its "exchange" authorities to carry out traditional federal construction projects. There are a number of provisions in the *Public Buildings Act* that provide GSA with limited authority to exchange existing federal properties for another property. However, exchanging an existing federal property for construction services is unprecedented particularly on the scale proposed by GSA. Historically, GSA has used its exchange authorities to exchange an existing federal asset with an existing private sector asset – for example, if the private sector asset was in a preferred location for federal purposes. Only once in recent history was the authority used for new construction and that project was for a relatively small parking garage. In addition, GSA maintains that no congressional authorization is required when using its exchange authority even when it is proposing to construct a new building, like the FBI headquarters, valued at $2 billion. H.R. 4487, the Public Buildings Reform and Savings Act of 2016 authored by Subcommittee Chairman Barletta and Ranking Member Carson, would clarify the requirement for congressional authorization of such projects.

In 2012, GSA issued a Request for Information to redevelop the Federal Triangle South property that houses the Department of Energy (DOE). Replacing the existing DOE Headquarters and selling and allowing for the redevelopment of the site are concepts that have been supported in various bipartisan pieces of legislation. However, instead of proceeding with the redevelopment of the entire site as originally proposed, in 2014, GSA issued a Request for Qualifications to exchange GSA's Regional Office Building and the Cotton Annex building in Federal Triangle South for services to renovate GSA's Headquarters Building and up to three historic buildings at the St. Elizabeths campus – the current site of the new DHS Headquarters.

More recently, GSA issued a Notice of Intent to exchange the current Department of Labor headquarters for a site that could accommodate up to 1.4 million square feet and a new headquarters building for the Department of Labor in Washington, D.C.

Court Ruling Related to Committee's Approval Process

In November of 2015, the U.S. Court of Federal Claims issued a ruling in the case of *Springfield Parcel C, LLC v. United States*. The case was brought as a post-award bid protest from a request for lease proposals (RLP) awarded by GSA for a new headquarters for the Transportation Security Administration (TSA). The lease was awarded to Eisenhower Real Estate Holdings, LLC (Eisenhower) and Springfield Parcel C, LLC sought a permanent injunction of the award to Eisenhower.

Among the issues the Court addressed was whether GSA violated the law by exceeding the square footage authorized by the Committee when it approved the proposed TSA lease. In concluding that GSA had exceeded its authority, the Court also squarely addressed the issue of whether the prospectus process is constitutional. The Court concluded that the Committee's approval process did not run afoul of the Constitution explaining that the Executive Branch has

no authority to expend funds for public buildings without an authorization.[8] The Court further explained that the "congressional committees' approvals precede, not follow, the pertinent appropriation, and any conditions stated in the committees' approving resolutions flow through to the appropriation."[9] The Court noted that because GSA violated the law, there was no appropriation available for the lease and therefore concluded the lease violated the Anti-Deficiency Act (ADA). As a result, the Court ruled the lease was void *ab initio* (from the beginning).

The *Springfield Parcel C, LLC* ruling made it clear that GSA must obtain committee authorization for projects exceeding the threshold in the law[10]. Absent authorization, GSA has no authority to obligate funds for these projects. In addition, the case made clear that the parameters typically included in the committee resolutions approving GSA projects, such as limitations on square footage and costs, are binding on GSA.

## CONCLUSION

The hearing will focus on GSA's major projects planned in the near term, including major construction projects, the use of GSA's exchange authorities and other oversight issues.

## WITNESS LIST

The Honorable Steny Hoyer (D-MD)
Democratic Whip
Member of Congress

The Honorable D. Brooks Smith
Chair, Committee on Space and Facilities
Judicial Conference of the United States

Mr. Norman Dong
Commissioner
Public Buildings Service
U.S. General Services Administration

Mr. Richard L. Haley II
Chief Financial Officer/Assistant Director, Facilities and Logistics Services Division
Federal Bureau of Investigation

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[8] *Springfield Parcel C, LLC v. United States*, No. 15-1069C, Fed. Cl. (2015), Letter to the Honorable Silvio O. Conte, B-196854, 1984 WL 262173 (Comp. Gen. Mar. 19, 1984)
[9] *Springfield Parcel C, LLC v. United States*, No. 15-1069C, Fed. Cl. (2015), page 25, footnote 23.
[10] 40 USC § 3307

# SAVING TAXPAYER DOLLARS BY REDUCING FEDERAL OFFICE SPACE COSTS

**TUESDAY, MARCH 1, 2016**

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10 a.m., in room 2167, Rayburn House Office Building, Hon. Lou Barletta (Chairman of the subcommittee) presiding.

Mr. BARLETTA. The committee will come to order.

I ask unanimous consent that Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing, offer testimony and ask questions.

The purpose of today's hearing is to review major construction projects planned or proposed by the General Services Administration and examine GSA's use of its authority to carry out real estate transactions for the Federal Government.

I want to welcome Representative Hoyer. I look forward to his testimony on the FBI [Federal Bureau of Investigation] Headquarters.

There are two significant construction programs we will examine today: the construction of a new consolidated headquarters for the FBI, and the judiciary's courthouse construction program. These two programs alone total more than $3 billion.

That is why I want to thank Judge Smith, Chair of the Committee on Space and Facilities for the Judicial Conference of the United States; Mr. Haley, CFO [chief financial officer] of the FBI; and Public Buildings Service Commissioner, Mr. Dong, for being here today.

For fiscal year 2016, nearly $1 billion was appropriated for new courthouses. This committee has worked closely with the judiciary on improving its courthouse program. And, I want to thank the judiciary and the work of Judge Smith to reduce the costs to the taxpayer in courthouse projects.

Steps the judiciary has taken include improving the evaluation process for new courthouses; adopting courtroom sharing policies; recommending less costly alternatives to new construction when appropriate; and reducing the judiciary's overall space footprint.

Now we must continue to work together to ensure new courthouse projects stay on schedule and within budget. I look forward to hearing today from GSA and the judiciary on the strategies they will put into place to ensure we stay on track with these projects.

The FBI Headquarters consolidation is another significant construction project. The new headquarters is proposed to include 2.1 million square feet of space. The project is intended to consolidate scattered FBI Headquarters functions into one location, reduce the FBI's footprint by 30 percent, and reduce the costs to the taxpayer.

I have three major criteria with respect to the FBI project. First, the project needs to be a good deal for the taxpayer. Two, it needs to meet the FBI's security and financial requirements. And three, the process has to be fair for the three jurisdictions involved.

In the fiscal year 2017 budget, the administration has requested a total of $1.4 billion, split between GSA and the FBI. This committee has also received a GSA prospectus to authorize a portion of the funding.

As we review this proposal, there are many unanswered questions. For example, the prospectus does not include a total estimated project cost for the FBI Headquarters, something that is required by law to be included in GSA prospectuses.

Understanding what the total cost is to the taxpayer will be important for Congress to effectively evaluate the proposal before us.

GSA previously proposed constructing a new FBI Headquarters using its exchange authority. Members of this committee expressed concerns regarding the use of this authority to construct a $2 billion headquarters without any congressional authorization.

Now GSA is proposing the project be funded with a combination of direct appropriations and the exchange of the Hoover Building.

While we now have a prospectus for the FBI project because of the appropriations request, GSA has planned other major projects using its exchange authority for which no authorization has been sought. The committee has encouraged GSA to better utilize all of its authorities, particularly related to the public-private partnerships.

However, we also expect there to be proper congressional oversight, particularly of projects with billion-dollar price tags. That is why we included in H.R. 4487, the Public Buildings Reform and Savings Act, a bill I introduced along with Ranking Member Carson, a number of provisions that would clarify and strengthen congressional oversight over these projects.

Finally, there are a number of other topics I hope we can discuss today. Last November, for example, the U.S. Court of Federal Claims voided the lease award for the TSA [Transportation Security Administration] Headquarters. What is the current plan to get this project back on track?

And how does GSA interpret the ruling as it relates to its authority to acquire properties?

I hope we can get answers to these and other questions today. I look forward to hearing from our witnesses today.

And thank you.

I now call on the ranking member of the subcommittee, Mr. Carson, for his opening statement.

Mr. CARSON. Thank you, Chairman.

Welcome to today's hearing. I am very pleased to have my good friend, Minority Whip Hoyer, as a witness testifying on behalf of his great constituents in Maryland.

As the Federal Government's landlord, GSA has the responsibility to work with other Federal agencies to make decisions that will reflect both the will of the administration and Congress. This committee has worked diligently, to the chairman's remarks, with GSA and tenant agencies to identify opportunities to improve their space utilization.

This can save taxpayer dollars, help agencies spend less on real estate, and improve their ability to provide their core services to those who need them.

We have held roundtables across the Nation, and we have secured commitments from leaders of various agencies and secured the approval in many ways of people from the respective municipalities.

I commend GSA for the efforts and fully expect them to continue their efforts. It is just as critically important in these times of fiscal cuts and austerity measures to use space efficiently as it is to ensure that existing building stock is properly maintained. Proactive maintenance and repair is almost always more cost efficient than reactive maintenance.

This is why I am pleased to see that the administration has committed to over $2 billion in construction, repair, and maintenance projects in their fiscal year 2017 budget. These projects range from major repair jobs to the exchange contemplated by GSA to provide a new consolidated FBI Headquarters.

Now, many of these projects represent Federal agencies significantly downsizing their current real estate footprint. There is a real opportunity to achieve long-term savings for taxpayers by effectively managing real estate.

Included in the fiscal year 2017 request is $10.7 million for long overdue repair and alteration projects to undertake structural upgrades of the parking lot garage, for example, in my district, of the Minton-Capehart Federal Building, which will stimulate economic activity in Indianapolis.

Finally, I look forward to hearing from the Administrative Office of the U.S. Courts. For many years this subcommittee has worked collaboratively with the Federal judiciary to better understand their space needs and to determine where savings can be found.

The committee held multiple hearings, initiated several GAO [Government Accountability Office] reports, and ultimately requested a moratorium in 2010 on the administration constructing new courthouses.

After much discussion, the Federal judiciary has committed to judges sharing courtrooms, a close adherence to the "U.S. Courts Design Guide," and eliminating the use of judgeship projections in determining courthouse construction needs.

As a result of the Federal judiciary adopting these reforms and adopting a new capital planning process developed in tandem with the subcommittee, Congress appropriated nearly $1 billion for new courthouses in fiscal year 2016, and today the chairman and I hope to hear from the Federal judiciary about how they plan to spend and prioritize their request for the authorization of funds appropriated in fiscal year 2016.

Thank you, Chairman, and thank you, Whip Hoyer, and I look forward to hearing from the witnesses today.

I yield back, Mr. Chairman.

Mr. BARLETTA. Thank you, Ranking Member Carson.

On our first panel today we have the Honorable Steny Hoyer. I ask unanimous consent that our witness' full statement be included for the record.

Without objection, so ordered.

Representative Hoyer, you are now recognized for 5 minutes.

**TESTIMONY OF HON. STENY H. HOYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND**

Mr. HOYER. Chairman Barletta, thank you very much for giving me this opportunity to testify. I want to say how pleased I am to be here with your ranking member as well, Mr. Carson, my dear friend; Mr. Sires, and Ms. Frankel, and particularly, of course, Donna Edwards, my colleague from Maryland. She and I represent two of the three sites in Prince George's County that are being viewed and have been asked to be the subjects of proposal.

Mr. Crawford, good to be here with you. Mrs. Comstock is not in the room right now, but it is good to be with her as well. I thank you for this opportunity.

Also, you are going to be hearing from Mr. Haley.

Let me say that my office has been working on this project for over 6 years. We believe it is one of the most important projects for Americans, not just for Maryland or Virginia, but for Americans generally to make more efficient and effective the agency on which we rely so heavily not only to keep us safe from those who commit crimes, but those who would terrorize our country from abroad.

Mr. Haley will be testifying also.

Lisa Jackson of Prince George's County is also here. Lisa, who works for our county executive in Prince George's County, is very strongly in favor of this, and as you know, Governor O'Malley already put up money for transportation around one of the sites so that we are looking forward to being very competitive on this.

But the bottom line is the FBI needs a new facility. I appreciate this opportunity to testify about an issue of great consequence both to our homeland security and to growth and development in Maryland's Fifth Congressional District. The administration's fiscal year 2017 budget submission, as you pointed out, included requests for $1.4 billion.

As you know, last year we put $390 million in the budget. So that is close to $1.8 billion. The balance is obviously contemplated by an in-kind transfer of the existing FBI Building, and of course, one of the questions is what would the valuation of that property be.

A new FBI Headquarters will improve Bureau capabilities, reduce facilities cost, and ultimately reduce the amount of space, as you pointed out as well, Mr. Chairman, that the FBI Headquarters will need.

As you are aware, the GSA is considering three locations to house the new FBI Headquarters, two of which are in Maryland's Prince George's County, as I say, represented by Donna Edwards and by myself.

Consolidating the FBI Headquarters would offer the FBI an extraordinary set of advantages, as would selecting a site in Prince

George's County. First, consolidating the FBI Headquarters would enhance the Bureau's effectiveness at responding to emergencies by improving communications between divisions and departments currently housed separately in 13 separate facilities around the city.

Currently, roughly half of the FBI Headquarters staff work out of leased space around the region in 13 additional locations as a result of insufficient space at the current J. Edgar Hoover Building.

According to the Weapons of Mass Destruction Commission report in 2005, the FBI had difficulty sharing information even within its own organization before 9/11, a challenge that was exacerbated by not having a consolidated headquarters.

We talk a lot about the synergy of coalescing divisions. I know I represent Pax River and the synergy of putting together both administration and research, development, test, and evaluation has paid off big dividends since we did that in the 1990s.

Consolidating the headquarters will contribute to efforts already underway to improve FBI emergency response, crisis management and terrorism prevention.

Director Comey testified last week, and I quote, "A key challenge inhibiting our ability to address these threats is the lack of a headquarters facility that fully fosters collaboration, intelligence sharing, and is dynamic, enabling special agents, intelligence analysts, and other professional staff to combat evolving threats as they arise."

He went on to say the building occupied by the FBI since 1974, over 40 years ago, is obsolete, inefficient, and faces a number of security vulnerabilities, a very important issue in terms of required setbacks, Mr. Chairman, as you so well know.

Now, Mr. Comey went on to say currently the facility only houses half of the headquarters workforce, requiring personnel to be disbursed in multiple locations within the National Capital region. He went on to say this makes it extremely difficult to adapt to rapidly developing threats and collaborate across divisions and programs.

Secondly, Mr. Chairman and members of the committee, Prince George's County offers the FBI's workforce a range of convenient and efficient transportation options for access to area airports. We have the Baltimore-Washington International Airport, National and Dulles, but just as importantly, Andrews Air Force Base is some 20 minutes away in terms of foreign deployment of Air Force aircraft; Metro, Amtrak and major highways next to one of the sites that is being considered and 1 mile from another site that is being considered.

Twenty-five percent of the region's Federal workforce currently lives in Prince George's County, and Maryland is already home to many of the FBI employees.

Third, the sites being considered in Prince George's County offer close proximity to some of our Nation's most important national security and cybersecurity agencies as well, as world-class research institutions.

Director Comey has identified cybersecurity as one of the FBI's priorities, and Maryland is home to the U.S. Cyber Command at Fort Meade, the National Security Agency, the Defense Information Systems Agency, the National Cybersecurity Center of Excellence Headquarters at the National Institute of Standards and Tech-

nology, the University of Maryland University College's cybersecurity program, which is approximately 2½ miles from this site, and the Department of Defense's Cyber Crime Center, DC3, as they call it.

Prince George's County is also home to private-sector companies and contractors in the cybersecurity field.

Fourth, according to a 2011 report, Mr. Chairman, by the FBI, consolidating the headquarters would save taxpayers at least $44 million per year due to the elimination of inefficiencies from housing its divisions in multiple locations.

Consolidating the FBI, Mr. Chairman, is one of the most important homeland security initiatives in years, and selecting a site in Prince George's County will best achieve—in my view and in the view of our Governor, Larry Hogan, a Republican Governor—the goals of such consolidation. This is a bipartisan effort in our State, and we are dedicating resources and the Governor has money in his budget this year to facilitate the selection of one of these sites.

Mr. Chairman, I thank the committee for this opportunity to share my views, and I hope Members will fully support the GSA's efforts with regard to the FBI consolidation.

I might add, Mr. Chairman, just for your consideration I have been a strong proponent of building this building on a lease-to-own basis because I thought (a) that was from a fiscal standpoint an easier way to get from where we are to where we want to be.

The administration and GSA have chosen not to go that route, but I would hope the committee would keep that in mind as an option. I thank you, Mr. Chairman. I would be glad to answer any questions.

Mr. Curbelo, good to see you, sir.

Mr. BARLETTA. Thank you for your testimony, Representative Hoyer.

It has been our policy that we will refrain from any questions because we know you have a busy schedule, and I want to thank you for your being here today.

The lease-to-own idea you talked about is actually in our bill, something that we also feel is a tool that we should use, and I think we all agree that the case for a new headquarters is perfectly clear.

Our challenge is to make sure that it will be built in a cost-effective manner to better serve our country. As you said, this is a national issue very important to our country. Your testimony will help inform the subcommittee as we review this important project.

Mr. HOYER. Thank you, Mr. Chairman and Members.

Mr. BARLETTA. Thank you for being here.

Mr. HOYER. Thank you, Mr. Carson.

Mr. BARLETTA. For our second panel today, we will have the Honorable D. Brooks Smith, Chair, Committee on Space and Facilities, Judicial Conference of the United States.

Mr. Norman Dong, Commissioner, Public Buildings Services, General Services Administration.

And Mr. Richard L. Haley II, Assistant Director, Facilities and Finance Division of the Federal Bureau of Investigation.

I ask unanimous consent that our witnesses' full statements be included in the record.

Without objection, so ordered.

Each of you is now recognized for 5 minutes, and, Judge Smith, if you are ready, you may proceed.

**TESTIMONY OF HON. D. BROOKS SMITH, CHAIR, COMMITTEE ON SPACE AND FACILITIES, JUDICIAL CONFERENCE OF THE UNITED STATES; NORMAN DONG, COMMISSIONER, PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES ADMINISTRATION; AND RICHARD L. HALEY II, ASSISTANT DIRECTOR, FACILITIES AND FINANCE DIVISION, FEDERAL BUREAU OF INVESTIGATION**

Judge SMITH. Chairman Barletta, Ranking Member Carson, and members of the subcommittee, I am D. Brooks Smith, a judge of the U.S. Court of Appeals for the Third Circuit, and I Chair the Judicial Conference Committee on Space and Facilities. Thank you for the invitation to testify.

As this subcommittee pursues the topic of saving taxpayer dollars by reducing Federal office space costs, I can assure all of you that the Federal judiciary has been actively engaged in accomplishing that very objective.

As the third branch performs its paramount constitutional duties, we are focused on being good stewards of the resources Congress has provided, while also meeting the needs of the public and ensuring that security and safety concerns are met.

To this end, the judiciary has implemented a number of plans, policies and procedures which shape the way we think about how to plan and use space. While my written testimony provides greater detail on these topics, I want to use the time you have generously provided me to briefly discuss three points.

First, the Federal judiciary has adopted a number of initiatives to manage the space it currently occupies.

Second, we have reformed our courthouse construction program to ensure that as we plan for future space requirements each project will satisfy the housing needs of the particular court in the most cost-efficient manner possible.

Third, the judiciary in cooperation with the General Services Administration is mindful of its stewardship responsibility. The courts are committed to managing our resources in a responsible manner and spending appropriated funds in the most cost-effective way we can.

First, the Federal judiciary currently uses a number of tools to manage existing space, including our space reduction program, circuitwide policies to assure no net new space growth, the integrated workplace initiative and courtroom sharing policies. The space reduction program alone has already generated an annual cost avoidance of $11.8 million, as we have released nearly one-half million usable square feet back to GSA. We are on track for additional space reductions, which will accomplish further savings.

Second, over the past 10 years, the Judicial Conference has made a number of changes to its courthouse construction program in an effort to reduce costs, increase efficiencies and prioritize requirements on the basis of urgency of need. Many of those changes were in response to GAO recommendations and guidance from Congress,

specifically from this subcommittee and the full Committee on Transportation and Infrastructure.

Reforms the third branch has undertaken in regard to our courthouse construction program include adoption of the asset management planning process, known as AMP; reprioritization of all construction projects according to the results of the AMP process; and modification of the old 5-year plan now designated the Federal judiciary Courthouse Project Priorities plan, CPP.

With these reforms, the Judicial Conference is now able to submit a planning document to Congress that provides a combination of both flexibility and reasonable predictability.

Third, while we are carefully managing our existing space and prudently planning our future requirements, the judiciary is working closely with GSA to manage funded construction projects in an efficient and fiscally responsible manner.

Recognizing that there are courts that for too long have been housed in aging facilities with serious space, security, and operational deficiencies, Congress provided $948 million for courthouse construction. After congressional authorization this money will fully fund the top eight projects on the CPP and partially fund the ninth project on the plan. GSA and the AO [Administrative Office of the U.S. Courts] are preparing the spending plan which must be submitted to the Appropriations Committees by mid-April 2016.

Because the spend plan is still under development, I am not yet able to comment with specificity on the contents of that plan, but I can describe some of the actions we are taking.

That effort includes implementing a portfolio management strategy; refreshing program requirements; reviewing design guide exceptions; developing plans and coordinating actions necessary for the successful execution of the courthouse projects funded in the fiscal year 2016 Appropriations Act.

I have personally emphasized to each court that each project should stay at or below its budget planning number.

We in the third branch are appreciative of the commitment Congress has made to the courthouse construction program. We look forward to working with this subcommittee and the full committee as the projects come to you for authorization.

We are also well aware of the concerns raised over past construction efforts. We have responded to those concerns and will continue to do so. The judiciary is committed to managing our current space, to planning for future space in a responsible and economical manner, and to exercising good stewardship over our resources consistent with our constitutionally mandated duties to deliver justice.

Thank you very much, Mr. Chairman, Mr. Ranking Member.

Mr. BARLETTA. Thank you for your testimony, Judge Smith.

Commissioner Dong, welcome, and you may proceed.

Mr. DONG. Good morning, Chairman Barletta, Ranking Member Carson, and members of this committee. My name is Norman Dong, and I am the Commissioner of the Public Buildings Service at GSA. Thank you for inviting me to testify this morning.

There is a simple way of thinking about our work at GSA. We support our Federal tenants in meeting their space requirements, but we must do so in the most fiscally responsible way. That means balancing our commitment to our tenants with our commitment to

the taxpayer, and our mandate is to help our Federal tenants spend less on rent so they can devote more of their limited resources on agency mission.

At GSA, we are focusing on four key priorities:

First, reducing the Federal footprint;

Second, promoting greater competition in our leasing activity;

Third, disposing of underutilized properties far more aggressively than we have in the past; and

Four, delivering capital projects to consolidate agencies into federally owned facilities.

In recent years, GSA has supported the governmentwide effort to reduce the Federal footprint. Since 2012, the inventory of office and warehouse space has declined by nearly 25 million square feet. As leases expire in the coming years, we see even more opportunity for agencies to co-locate, consolidate and reduce their rent spending.

The consolidation activities program is an important part of our effort to improve agency space utilization. The funding that Congress has provided over the past 2 years will reduce the Federal footprint by more than 1 million square feet and save taxpayers more than $76 million in lease cost savings each year.

As we consider the size of the Federal footprint, we also must consider the cost of this footprint, and that is why our approach to leasing is so important. While we emphasize the importance of federally owned space, we will continue to see a significant amount of leased activity in our portfolio. Therefore, we need to get the most competitive lease rates for our tenants and for the taxpayer.

In previous hearings, we discussed how GSA is promoting greater competition in our leasing process. To do this we are starting our planning work much earlier in the process. We are broadening delineated areas, and when it makes sense to do so, we are promoting longer lease terms in order to get lower rates.

GSA has been working with each of our regional offices to examine the pipeline of expiring leases to secure agency space requirements and to promote greater competition for those follow-on transactions. As a result of this improved long-term planning, your committee will be receiving more lease prospectuses earlier on in the process as GSA works to avoid costly holdovers and extensions.

We are also doing more to get rid of our underutilized assets and for good reason. We face significant operating costs in maintaining properties that we no longer need, and these underutilized buildings have a significant backlog of unmet maintenance and repair needs which we will never be able to afford in this current budget environment.

Finally, we see significant opportunity to tap into the value of our underutilized assets that no longer have utility to the Federal Government, but reflect far more value to the private sector.

Our efforts are making a difference. Over the past 2 years, GSA has disposed of more than 500 assets, which has generated close to $100 million in sales proceeds. But there is more that needs to be done. That is why for the first time GSA has developed a multiyear pipeline that provides greater transparency and accountability for us to get rid of those assets that we have identified for potential disposal, exchange or out-lease.

Finally, I want to discuss how we are delivering capital projects to consolidate agencies into federally owned facilities. There are significant economic benefits of moving out of expensive leases and consolidating into federally owned buildings.

In addition, co-locating agency components also enhances mission effectiveness through increased collaboration and coordination.

We appreciate the support that this committee has provided in our efforts to develop federally owned headquarters facilities for our major tenants. One major example is the consolidation of DHS [Department of Homeland Security] at the St. Elizabeths campus. The St. Elizabeths project will consolidate millions of square feet of space that we are currently leasing into one federally owned campus.

The consolidation at St. Elizabeths will also enhance DHS mission effectiveness while redeveloping an underutilized asset that is already in our portfolio. And I am pleased to report that we are on track with this project.

GSA has also committed to delivering a new headquarters facility for the FBI. This new facility will consolidate FBI employees from 13 different locations across the National Capital region to a modern and secure facility that enhances FBI's national security, intelligence, and law enforcement missions and saves millions of dollars in leasing costs each year.

Thank you for providing me the opportunity to speak with you on our progress at GSA. I look forward to working with this committee to improve how we manage real property in the Federal Government.

Mr. BARLETTA. Thank you for your testimony, Commissioner Dong.

Mr. Haley, thank you for being here, and you may proceed.

Mr. HALEY. Chairman Barletta, Ranking Member Carson, committee and I also want to thank your staff. They have been terrific in asking questions and dealing with this.

On behalf of Director Comey, the FBI family, thank you for letting us be part of this hearing to talk about what is obviously a huge endeavor and opportunity.

I also want to thank you first though beyond headquarters and what that iconic symbol is and operational. There are 400 or so locations across the country, many of those in your jurisdictions, and that is the tip of the spear for us, those field offices and resident agencies where the work gets done.

And really just to take a short period of time to talk about two aspects of that, and one is the operational aspect in that coordination and collaboration, what has, since 9/11, both for the field and headquarters, changed the way the FBI has done things.

The Director talked about that with our Appropriations Committee where we came just last week, being a reactive organization with not much IT or technology to an organization today where we have over 6,000 State and local task force members. We have foreign law enforcement intelligence organizations working in our facilities, and that technology and how that works, if a building is at its best, it is invisible to that operational user. Unfortunately, especially at headquarters, our building is not invisible to the users and to the agents and intelligence analysts and professional staff,

and has a lot of problems in terms of us being able to just get collaboration there.

It was a police precinct when it was built, a national police precinct, poured concrete for efficiency and cost at the time. That same efficiency that was built back in the 1960s and 1970s is today inhibiting where we can actually make the appropriate space, run wiring and cabling throughout the building. Projects take way too long.

We can talk about obviously the footprint. We are looking at over 800,000 square feet, being able to reduce in our headquarters facility with this consolidation. That has obviously, as mentioned before, a lot of cost savings.

The security footprint is obviously another area with the setbacks at that downtown location compared to our other intelligence partners, but it is really that operational piece that I think is most important to us.

The other piece that I think the Director would want us to mention is that aspect of full consolidation, that this project in any way it is done and wherever it is located, being able to consolidate all of those pieces. The organization historically, cases were done in the field. Headquarters are more of an administrative burden to the field.

Today, which started in our counterterrorism side but has expanded across all of our national security cases, as well as our criminal and cyber cases, is that national global coordination center over all of those things that are happening in the field. The Director has mentioned before that Bonnie and Clyde may have robbed on a good day two or three banks in one small area. You now have cyberhackers and attacks going on where $80 million, $90 million can be stolen from all across the country, and how that coordination occurs has a lot to do with how we bring those different skill sets and those different capabilities together, and that right now is an inhibitor for us.

So I look forward to answering you questions today, and on that good deal and meets security at least on the first two you mentioned earlier, good deal and meets security and financial piece, as CFO and steward for all of our facilities and logistics, I agree with you. Whatever happens in this project, however it is funded, it needs to meet that, and the Director would want me to convey to you that he believes strongly in that as well.

Mr. BARLETTA. Thank you for your testimony, Mr. Haley, and I would like to thank all of you for your statements.

I will now begin the first round of questions, limited to 5 minutes for each Member. If there are any additional questions following the first round, we will have additional rounds of questions as needed.

Before I begin the first round of questions, I want to recognize Judge Smith for your hard work to bring some much needed reforms to the courthouse program. I know it has not been easy, and I appreciate how much progress that you have made. And I do hope that the next Chair will continue your good work.

Judge SMITH. Thank you. That is very kind of you, Mr. Chairman. I appreciate that, and I am looking forward to there being a new Chair. Thank you.

[Laughter.]

Mr. BARLETTA. Mr. Dong and Judge Smith, you have a limited amount of funds, and there are a lot of projects on the 5-year plan, and we want to fund as many of them as possible. That means every new courthouse project must be planned, designed and managed in a way to ensure that they are on schedule and under budget.

What steps are you taking to ensure that this happens?

Who wants to start? Either one.

Judge SMITH. Mr. Chairman, what we have undertaken is a very collaborative effort from the start in the wake of the appropriations bill. We, of course, have been very grateful to have now $948 million for purposes of building new courthouses and/or annexes to existing courthouses.

But we recognized at the outset that what we had to do was to undertake steps to assure that we, as responsibly as is humanly possible and as efficiently as we could, spend that money to see that facilities were provided for the judiciary that allowed us to do the job that we could do.

The collaborative effort I have referred to has involved the entire court family and all those who have courts and venues that will eventually have new courthouse construction.

I, at the end of January, convened a phone call of all the constituents involved and made sure that I reached out to them and emphasized the need to stay within costs. These are projects that have been waiting for a long time, many of them, and not all of the data is up to date. It needs to be refreshed. We are in that process now.

But the word has gone out, and we have engaged not only the court but our friends at GSA as well who have worked with us in numerous meetings since then and in phone conferences, and I know that Commissioner Dong can speak to that level of cooperation as well.

Mr. DONG. Chairman Barletta, I am extremely pleased with the strength of the partnership and the quality of the collaboration that we have seen between GSA and the courts, and our objective is the same, and that is to maximize the impact of the funds that have been appropriated for the courthouse program.

Every day we are coming together to work through specific issues at specific courthouses, and we are really seeing some terrific progress here, but I think it really comes back to that commitment to collaboration to make sure that we are able to deliver on the program for these courthouses.

Mr. BARLETTA. As you know, the Harrisburg Courthouse is number 9 on the list. There is funding currently available for eight and partially some for nine. You know, I want to make sure that we stay on or under budget so that the partial funding for the Harrisburg Courthouse remains there and does not get used up on the top eight and the Harrisburg Courthouse would fall further back.

Judge SMITH. We are certainly keeping an eye with a view toward Harrisburg. As you know, Mr. Chairman, Harrisburg is almost in my backyard. I am very familiar with the existing courthouse. I am very familiar with the court, and I have seen the court numerous times.

I am in conversations with the chief judge, Chief Judge Connor of that district, and we are taking every step possible to make sure that there are sufficient monies after one through eight on the construction list to address at least the beginning of the courthouse project in Harrisburg.

Mr. BARLETTA. Thank you.

Mr. Dong, currently we only have one prospectus for a courthouse on the judiciary's 5-year plan. When can we expect the others, including the prospectus for the Harrisburg Courthouse?

Mr. DONG. We were talking about the terrific planning work that we see between the courts and GSA, and right now we are going through courthouse by courthouse to make sure that we have got detailed program requirements that will meet the space needs for each project.

And as we complete those requirements, we will be submitting prospectuses to the Congress.

Mr. BARLETTA. Thank you.

The Chair now recognizes Ranking Member Carson for his questions.

Mr. CARSON. Thank you, Chairman.

Mr. Haley, as the FBI continues to move forward with this consolidation, have you considered your ability to retain employees if you leave the center of the region?

Mr. HALEY. Thank you, sir.

We have. Obviously at the core of this project is the human capital. That is what we are about, 36,000 people within the FBI. This building right now, the Hoover Building, holds about 5,500 of our downtown personnel and the rest of them are scattered.

We have looked at it in two ways. One is depending on where the site gets located, how that affects current employees from an agent's standpoint, agents tend for the most part to move around. So as the project gets identified and moves closer to completion, we believe that the agent population will migrate to wherever that location is.

It is more in terms of the current population of that professional staff which is rooted in communities around the area. We have looked at the transportation routes. We have looked at the quality of everything from schools to all of that.

So it is something we are very much involved in, and we have workforce planning. We have two initiatives right now, one looking at workforce planning and the other one looking at how the future FBI employees will operate, what type of space, what type of interaction will they do. So all of that is being looked at.

We think that for all three sites we are obviously agnostic to which site. We are the tenants of GSA, and they get to make that decision ultimately, but we believe all three sites can meet that requirement going forward. But it will be something we will have to work at. It is not something that is just going to naturally get us there.

I will say one other thing on the recruiting piece. One of the things that we are seeing more and more in terms of the new generation of employees, when they come to work we are somewhat stifled by all of the TV shows and movies on the FBI and what is expected of an organization that has national law enforcement and

domestic intelligence responsibilities. When they get there it is an understatement to say they are somewhat underwhelmed by what they are getting.

So from that standpoint, we think that a headquarters operation that meets our operational requirements will help facilitate that recruitment effort in the future.

Mr. CARSON. We have not even covered the reconstruction of Quantico, but that is another subject.

Judge, how does the judiciary plan to proceed with adding more projects to the capital courthouse projects priority plan?

And does GSA in your mind have enough feasibility plans in the pipeline so that the courts can effectively put together a new capital priorities plan in the near future?

Judge SMITH. First of all, the projects that are currently on the list have all undergone feasibility studies and must undergo a feasibility study before they are able to be placed on the list. So we are prepared in that regard to deal with those eight projects that have been generally referenced here today.

What we must do and where the real work is being done right now both by the courts and the Administrative Office and Commissioner Dong's people, are to refresh the programming requirements for each of those eight as well as the Harrisburg project, and that is consuming a considerable amount of our time right now.

But I am very pleased with the progress that has been made. I have been very pleased with the attitude that has been demonstrated by our court family, and the relationship that has developed between the Public Buildings Service and the courts in recent years has allowed us to really negotiate our way through some old data in an effort to get ourselves into a position where we can, first of all, develop a spend plan, which we must have completed by mid-April, and then be able to submit to the Congress and with GSA developing the necessary prospectuses that each project will require.

Mr. CARSON. Yes, sir. Commissioner Dong, lastly, is it possible to even build a new FBI Headquarters without exchanging the current FBI Headquarters?

And would redeveloping the Pennsylvania Avenue site into a new Federal complex make financial sense for GSA?

Mr. DONG. We think the exchange is an important part of the process of delivering a new headquarters facility for the FBI because it really allows us to tap into the value of the Hoover Building.

We see significant development interests on that site, and it is an important element of our larger funding strategy and our larger commitment to developing a new consolidated headquarters facility for that agency.

Mr. CARSON. Yes, sir. Thank you.

I yield back, Mr. Chairman.

Mr. BARLETTA. The Chair now recognizes Representative Crawford for 5 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman.

I thank you, gentlemen, for being here today.

Mr. Haley, real quickly, how much do you think you have saved? What is the estimate on saving construction costs when the consolidated headquarters is built?

Mr. HALEY. Sir, are you talking about the actual building or what we are saving right now in terms of rents and that?

Mr. CRAWFORD. What is a new consolidated headquarters?

Mr. HALEY. The part that I can talk to is the 13 lease sites around the Washington, DC, area plus the Hoover Building.

We are spending about $130 million in lease costs and utilities today, and that does not even count the fact that each one of those facilities requires security. They each have their own IT apparatuses in those facilities.

So as we look at those costs and consider the options of that all being on a campus where we are not securing multiple facilities, we are not paying rent, we are not paying for air conditioning and utilities on off-hours that we are having to do across these different locations, we think it is considerable.

Since the 2011 study that was cited previously, that number I think was mentioned at about $40 million. We have not done an updated study until we get closer to kind of seeing where the final location will be, and that is kind of in GSA's lane, but we do know it will be tens of millions of dollars. I think there is another——

Mr. CRAWFORD. You are going to save tens of millions of dollars with this consolidation?

Mr. HALEY. On an annual basis.

Mr. CRAWFORD. Let me ask you this just while the time is clicking here. During our last hearing, the FBI testified the need was for 1.9 million square feet for the headquarters. Today the request is 2.1 million square feet. Why the change?

Mr. HALEY. The number has not changed. The current footprint is about 2.9 million square feet. That 2.1 million square feet, I think, is the gross square footage. I think the actual space that people would occupy is the 1.9 million square feet.

Those two numbers get kind of bantered back and forth. It is about 2 million square feet. It is about 1 million square feet less than we have today.

Mr. CRAWFORD. OK. Mr. Dong, as new Federal courthouses are built, what is GSA doing to ensure that vacant courthouses are reused, sold, or otherwise redeveloped in a timely manner?

Mr. DONG. It comes back to what we were talking about before in terms of looking at our portfolio, including our vacant courthouses and being much more aggressive in terms of identifying opportunities to either dispose of those courthouses or exchange those courthouses or look for out-lease opportunities.

And we recognize that we cannot afford to keep these properties on the books. So we are moving far more aggressively than we have in the past.

Mr. CRAWFORD. Let me go back to Mr. Haley. I understand that the funds requested for the FBI are intended to be out of GSA's funds to complete the basic construction of what is called a "warm lit shell," but additional funds will be needed for FBI's buildout.

Is that correct? And how much would the FBI's buildout costs be and where would the funds come from?

Mr. HALEY. Yes, sir. So the resources that have been identified that were appropriated in 2016 and that are in the President's budget for 2017 are for the overall building cost. Those have been split between GSA and the FBI.

In addition to that, like any of our field offices or resident agencies, the headquarters building, those above standard costs would be an additional amount that we would be working with our appropriators and OMB [Office of Management and Budget] to identify.

Some of those we have made a commitment because of the importance of this project that we would be identifying those within our own resources. That is things like information technology, above standard security requirements, furniture and that type of stuff.

Mr. CRAWFORD. I yield back.

Mr. BARLETTA. The Chair recognizes Ms. Frankel for 5 minutes.

Ms. FRANKEL. Thank you, Mr. Chairman, and I thank you and the ranking member for accommodating my request to sit in today and thank the witnesses for being here and for your service.

I specifically wanted to come here today because I represent the south Florida area that is served by the United States District Court for the Southern District of Florida, and I am assuming that some of you are familiar with that situation.

The district is one of the largest Federal judicial districts in the country. It spreads across 15,000 square miles, reaching from Vero Beach in the north to Key West in the south, its jurisdiction over Federal civil and criminal issues arising in south Florida, serving 6.3 million people from nine counties. In 2013, 8,000 civil cases were filed, making it one of the busiest jurisdictions in the country.

Its central courthouse and the only one in Broward County is located in Fort Lauderdale, and that is the one I want to talk about.

It was built 40 years ago, obviously before 9/11, and so it has quite a few security issues. It also has the plague of south Florida mold, roof leaks, flooding and so forth.

In 2015, the Judicial Conference of the United States, which I am sure Judge Smith knows, named Fort Lauderdale Federal Courthouse as most in need of replacement in the country and urged a feasibility report.

Our committee, the Committee on Transportation and Infrastructure, did pass a resolution, and we asked that we receive a feasibility report by September, but we have not received it yet.

We have a preliminary. We do not have the final. I am just wondering where it is.

Mr. DONG. GSA is committed to addressing the space needs of the courts in Fort Lauderdale. As part of our process over the past few months we have actually conducted a detailed feasibility study to get a more detailed estimate of the cost associated with various options.

We have finished up that process, and we will be submitting the 11(b) report to the Hill in the coming weeks.

Ms. FRANKEL. OK. Thank you.

If I could maybe ask both of you, I do not know what your report is going to say, but just for these purposes, I assume it will have a conclusion similar to the preliminary which was a recommenda-

tion of a new facility, but let's say that is the recommendation, not to put words in your mouth.

Where would Fort Lauderdale then be in the priority of this process? How many more courthouses are out there that need to be funded? Could you give me an idea?

Judge SMITH. Congresswoman Frankel, first of all, let me ascribe to everything that you have said relative to the current condition of the courthouse in Fort Lauderdale. Our committee actually visited there a number of years ago when we held a meeting nearby, and I personally visited the courthouse just a year ago and walked through it to observe its continuing deterioration. Fort Lauderdale needs a new courthouse.

And as Commissioner Dong has indicated, the full-scale feasibility study should be completed sometime in the near future, at which point it will come to the attention of the Space and Facilities Committee.

We will need to assess that specific project based not only on the feasibility study but our AMP process, which requires us to take into account the urgency evaluation that Fort Lauderdale receives as part of that very objective process.

As Chair, as a member of the committee, I cannot, of course, commit to what the committee will do, but I can assure you that the committee is well aware of the need, will receive the feasibility study, will look very seriously and discuss how we should place and rank Fort Lauderdale.

Because our CPP process that I referred to in my statement is new, it has only been in effect since last September's approval by the Judicial Conference, we have yet to deal with the addition of anything new on our list, but I can assure you it will receive very serious attention at our June meeting.

Ms. FRANKEL. Do all the courthouses that have been recommended or that are on your plan but have not yet been funded, will they be ahead of Fort Lauderdale or does Fort Lauderdale if they get a feasibility study that recommends a courthouse, will they all be considered equally?

Judge SMITH. Under the former 5-year plan, a new courthouse that is a venue that had received a feasibility study would have been placed at the bottom in the queue. That, however, is not required under the new process.

Because we have not yet had to add and because the committee has yet to develop a specific policy or protocol, I cannot tell you how that will be resolved, but one of the reasons we adopted the new plan was so that we were not fixed with the previous process of simply adding someone to a new list.

We will be studying all alternatives, but I want to make it very clear the seriousness with which we regard Fort Lauderdale. I have seen the leaks. I have smelled the mold.

Ms. FRANKEL. Yes.

Judge SMITH. I have seen the hurricane damage. You need a new courthouse.

Ms. FRANKEL. Thank you, sir. Thank you.

I yield back.

Mr. BARLETTA. The Chair recognizes Mrs. Comstock for 5 minutes.

Mrs. COMSTOCK. Thank you, Mr. Chairman.

And I know we had my colleague Mr. Hoyer here earlier. Being from Virginia, obviously I have a little different view on the FBI Building. So I wanted to highlight obviously I do believe that Virginia has the best site and the best proximity to the Bureau's employees.

A study released last year concluded that FBI employees would save between 3 to 4 hours, on average, each month commuting to the Virginia site over the two Maryland sites. So obviously that is a greener footprint. Obviously for the congestion issues in our Washington metropolitan area that would also be an improvement.

And the site is closer to a number of the other national security agencies, including the Marine base at Quantico, CIA [Central Intelligence Agency] which is in my district, the Pentagon, the National Counterterrorism Center, and the Office of the Director of National Intelligence.

So I certainly hope that the GSA keeps this process running smoothly and keeps those important notes in mind, and I know my colleagues and I in Virginia, you have a lot of our information that we have provided over the months that predates me with my predecessor, Congressman Wolf also, and so I certainly would like to associate myself with all of that.

I will be submitting some additional questions for the record on that front, but I did want to turn to another matter that had been highlighted for us and ask Commissioner Dong a couple of questions about a lease that was brought to my attention with the International Trade Commission.

They apparently started working with you in 2014 toward a long-term solution that includes a reduction in footprint, even though they do not have to technically comply with the Freeze the Footprint administrative order.

So to make a somewhat long, complicated story short, in 2015 ITC's [International Trade Commission's] current landlord submitted an informal proposal to GSA for their current location and included a significant reduction in rent.

Both GSA and OMB officially approved a succeeding lease prospectus in August of 2015 and would allow ITC to stay at the current location. I do believe that this is, you know, a good idea, and I know there have been deadlines that have come and gone here, and now there is sort of a different direction going here.

So I know you are now proposing a replacement lease, and you know, given they are significantly reducing their costs and right now we are in some very sensitive trade issues going on back and forth that we are all familiar with, I wanted to just ask a few questions on that front in terms of kind of having this type of major disruption that we would have to have if they were moved.

So why exactly did the GSA sort of backtrack on this original agreement?

Mr. DONG. Whether we are talking about the ITC lease or whether we are talking about any other expiring lease, when we talk about our commitment to competition at GSA, we are serious about it, and we want to make sure that for any transaction where you have a lease that is expiring that we embrace competition in a meaningful way, and that is what we are trying to do with the ITC

lease, and that is what we are trying to do with all of our expiring leases that we see.

Mrs. COMSTOCK. OK. But as you are looking at this now in a competitive sense, the fact that they have been able to get that reduction there and would not have to move, are all of those costs and all of that disruption going to be taken into account?

Mr. DONG. Whether we are talking about the ITC lease or any other expiring lease, one of the things that we will consider is move and replication costs. But, again, we want to make sure that we go through the discipline of the process to have some healthy competition in the process to make sure that we are getting the best leasing rates for our tenant agencies and for the taxpayer.

Mrs. COMSTOCK. OK. Well, I do have some followup questions that will also be submitting on that, but I did want to highlight that because particularly given the sensitive trade negotiations going on right now, and their very demanding schedule and role, I hope that all of that would be considered and the entire cost, too, to make sure that that is all included.

Thank you, Mr. Chairman.

Mr. BARLETTA. The Chair recognizes Mr. Perry for 5 minutes.

Mr. PERRY. Thank you, Mr. Chairman.

Gentlemen, thank you for being here.

I guess I will start with Judge Smith here, just following up on Mr. Barletta, the chairman's question regarding the Harrisburg courthouse when you said "the beginning."

Can I ask you what "the beginning" includes when you said we are going to look at the beginning of that? Certainly after the eight courthouses in front of it are addressed, we are going to be looking at, and those are your words, "the beginning."

What does that mean?

Judge SMITH. Well, first of all, we are encouraging every court that is on our list, and that includes Harrisburg, to take into account not only the prospect of a new building, but also the prospect of an annex, something short of a complete new courthouse.

So that is a factor that is going to have to be considered by the court family itself in the Middle District of Pennsylvania.

But what I meant by "the beginning" is, and as was noted by Chairman Barletta in his introduction and his question to me, was an acknowledgment that the funding that has been provided has not been funding that contemplates a complete build of a courthouse.

It is our responsibility, that is, the responsibility of the courts and the responsibility of the courts working with GSA, to see to it that the eight projects that have been contemplated be completed in such a fiscally responsible way that there is a sufficient amount of money remaining for Harrisburg to get a start on the process.

Mr. PERRY. So does that mean design? When you talk about an annex, does that mean acquisition of land or a study regarding the size?

What does that mean in a tangible sense? I do not know if I am not getting it or what, but I do not know what that means in the sense that somebody can say there is something tangible here at the beginning. What does that mean?

Judge SMITH. We do not know yet what it means, Representative Perry, in the sense that we do not know exactly what Harrisburg will need, nor have they, as a court, indicated to us finally what will be suitable for them.

As you well know, as the chairman knows, the discussion over the years has been for a complete new build of a courthouse. We have in more recent years, as fiscal realities have taken place as they rightfully should, that we should look at alternatives to new builds.

But this is a project that has been on the list for many, many years.

Mr. PERRY. Right.

Judge SMITH. And the data that we have needs to be refreshed. We do not have that refreshing yet.

Mr. PERRY. OK. I just want to brief you back and you confirm that I got this right because I have got to go talk to these constituents, right? They are my bosses.

So the beginning means that, as you said, a refreshing of exactly what Harrisburg thinks it needs and kind of a validation of what it needs.

Judge SMITH. That is the very beginning, sir, but we are certainly hopeful that we will be making even more progress than that depending upon how much money of the $948 million that has been appropriated remains after the spend plan for the other eight has been approved.

Mr. PERRY. Do you have a date? Is there a timeline? Is there a suspense date with getting that information from Harrisburg? Is there something associated with that?

Judge SMITH. Well, the spend plan that we are required to submit is due in mid-April. After that, there will be prospectuses provided by GSA, prepared by GSA and provided with respect to all projects.

With respect to Harrisburg, we anticipate prospectus development to follow at some point after that mid-April date.

Mr. PERRY. All right. Thank you.

Mr. Dong, I am going to turn to you regarding the FBI, I think more than Mr. Haley. I am dealing with this, as the chairman of the Subcommittee on Oversight and Management Efficiency of the Committee on Homeland Security, St. Elizabeths, the new site for the Department of Homeland Security. It was supposed to be done by 2015. It is over $1 billion over budget.

I am just wondering as I read the narrative here that the new FBI is somewhere between $2 billion and $3 billion. That is the narrative that I have here. I do not know where that came from, but, you know, that is a 30-percent difference, right? I would think we would be able to bracket it a little more closely than $2 billion to $3 billion.

I do not see exactly what the cost is. I see that $75 million has been allocated to GSA's Federal Buildings Fund. I see the $315 million in the FBI's budget for design, yet we do not have a site yet.

Is there a timeline associated? Is that $315 million that still remains since we do not have a site? Is the $75 million in GSA's FBF

[Federal Buildings Fund] for construction, management and oversight? Does that still remain?

Because there has not been any construction, right? There might have been some design, but it is really hard to do any meaningful design without a site, right? And you are down to three, but you have not selected one.

And then finally, we do not know right now the value of the Hoover Building, right? GSA has backed off their exchange program because I guess the value was not there, but what is the current projected value so that we can see how that fits into the $75 million, the $315 million, and the $1.4 billion requested?

Can you make some sense of that for me?

Mr. DONG. Sure. First off, let me say that we appreciate the funding that the Congress provided in fiscal year 2016 to support the full consolidation of the FBI Headquarters. We want to make sure that we are being fully transparent as we talk about project costs. We are committed to following up with committee staff after this hearing to provide additional details on the project costs.

You asked about the value of the Hoover Building. Ultimately that is for the market to decide, and we will have a far better sense as the bidders submit their proposals at the end of June.

Mr. PERRY. So you have no appraisal? Do you have an appraisal?

You might not want to divulge it, and I understand that, but do you have an appraisal?

Mr. DONG. There have been appraisals conducted for that site.

Mr. PERRY. All right. Is that information available to Members of Congress?

Mr. DONG. We can provide additional information to Members of Congress and the staff after this hearing in terms of project costs.

Mr. PERRY. All right. What about the $75 million and the $315 million that have already been allocated for preconstruction and design activities?

You do not have a site. Is that money still sitting there or has it been spent or a portion of it spent? And if so, what on?

Mr. DONG. We have not yet obligated the dollars that were provided in fiscal year 2016. Our expectation is that we will be able to make a contract award by the end of this calendar year where we would be able to obligate those funds.

Mr. PERRY. So all of those funds still remain as they were, $75 million and $315 million complete?

Mr. DONG. We have not yet obligated the funding for fiscal year 2016.

Mr. PERRY. Thank you, Mr. Chairman. I yield.

Mr. BARLETTA. The Chair now recognizes Mr. Mica for 5 minutes.

Mr. MICA. Thank you, Mr. Chairman.

It is good to be back with the old subcommittee and some of the leaders here.

Mr. Dong, a couple of quick questions. First, thank you for your work on a number of projects that have languished and you have helped move some of them forward. I appreciate that very much.

Just a quick real snapshot at the Trump project, the Old Post Office. Our first hearing of this subcommittee when I became chair was at the Old Post Office in the annex. It was 32 degrees outside.

We held it inside. It was empty at 38 degrees. You were not there for that, but we made some great progress.

I hear it is on schedule and within budget. Can you tell us about the Old Post Office-Trump project?

Mr. DONG. My understanding is the same as yours, is that that project is on track for completion later this year.

Mr. MICA. OK. And we are losing about $6 million a year. I think the deal is close to one-quarter of a million dollars a month in revenue. You got a pretty good deal for revenue as opposed to the loss, do you not?

Mr. DONG. Through this out-lease, we are now turning a money-losing project into a revenue-generating project.

Mr. MICA. That sounds like a pretty good recipe for success for the future.

Let's go now to Miami-Dade. We have a Federal courthouse in Miami. We did two hearings down there on that vacant courthouse. It is vacant now 6, 7 years, something like that, costing us $1 million or more a year vacant.

We are very close. There is one sticking issue about the renovations. I believe the renovations should be subject to any laws that the State of Florida has. The State of Florida is taking it over, and we are leasing that facility to them.

What do you think? Are there any improvements in the building?

Mr. DONG. We are working through the remaining issues right now with Miami-Dade College.

Mr. MICA. That is the only one I am told is pending.

Mr. DONG. I believe that is correct. We see that as an issue. We do not see it as a deal breaker. We are committed to working in partnership with Miami-Dade College to resolve this and to complete the transaction.

Mr. MICA. Well, I think we should look at letting the State when they take over these properties do what they want. I just transferred. I have got on the President's desk transferring an empty 120-bed nursing home to the State of Florida, and I think they will be able to make those changes there. We should be able to do it with other property at the most reasonable cost to the taxpayers and under the current requirements of the State.

So hope you will look at that.

Thank you.

I will go to FTC. Thank you for your work on that. Any report? This is the Federal Trade Commission Building. They tried to consolidate them.

I read your statement, a very good statement, about reducing the footprint. Everything you put in your statement is what we are trying to do for the National Gallery, reduce their footprint, get them into the FTC Building and move the FTC into the Department of Commerce.

When do you think you will be able to come back with a report we talked about on that move?

Mr. DONG. As you know, we have been having some good conversations that really focus on evaluating the different options for meeting the housing requirement for the FTC, but also looking at that current site and really asking the question of highest and best use.

So we recognize that that conversation is still ongoing, and we look forward to following up with your office.

Mr. MICA. I will meet with Ms. Norton and tell her the latest and the ranking member that they have an excellent location. They have a space available at the Department of Commerce. They are renovating that building. They will be adjacent to the White House. You cannot get much closer or better view for all the Commissioners, and we will save a lot of money.

But Mr. Dong is doing great work on that, and I think it will be a solution everybody will be happy with.

And then finally, the Cotton Annex. We held a hearing in the empty Cotton Annex. That has been part of the deal you tried to broker with the FBI Building and I think also the Hoover Building, the more you put into the equation, and I understand some of that has collapsed last week, the more difficult it is to do a deal to get that done.

What is your latest take on how we can possibly separate those and get the deal done?

Mr. DONG. We had originally proposed to exchange the Cotton Annex along with the regional office building for renovation work to complete the modernization of our headquarters at F Street. Unfortunately that deal did not materialize.

But what we have decided to do with the Cotton Annex is to move forward with a disposal.

Mr. MICA. Good.

Mr. DONG. And by doing so we will actually be able to dispose of that property 2 years earlier than planned.

Mr. MICA. OK. You win my praises. We have got to move these things. You went down a path. It did not work. I commend you on all of the above.

He is doing a good job, Mr. Chairman. I yield back the balance of my time.

Mr. BARLETTA. Thank you.

The Chair now recognizes Ms. Norton for 5 minutes.

Ms. NORTON. Thank you very much, Mr. Chairman, for this hearing and for this opportunity to clear up some issues that are pending.

Mr. Dong, I have worked with the other side on language in H.R. 4487. That is a bill that will be marked up tomorrow to finally get the GSA to develop the very valuable property facing Independence Avenue, essentially Mall property. It would house the entire Department of Energy site with a smaller footprint.

It would be consistent with the ongoing Southwest Ecodistrict Plan.

Mr. Dong, given the delays that have been involved, the false starts here, can the agency commit to completing the program requirements for the Department of Energy by June?

Mr. DONG. Absolutely. Our plan, right now we are working with the Department of Energy to develop their program of requirements for their headquarters for the future, and our expectation is that that will be complete by the summer.

Ms. NORTON. Now, you just discussed disposal of the Cotton Annex. First of all, I want to commend the agency for trying out some of the strategies that are commonly used in real estate, such

as exchanges. That is what you tried out in order to get development elsewhere, disposal of the Cotton Annex and the regional office building nearby in exchange for construction services, for example, at 1800 F Street.

Here we have a huge office building half done, and you are trying, and I commend you for trying, to get that completed.

But I do not understand the strategy going forward. You just said that you are going to dispose of the Cotton Annex. That is in the regular process.

What are you going to do about 1800 F Street and that half-finished building which you were trying to get done?

And what happened that you had to essentially throw up your hands after the process that was underway for the exchange in order to get 1800 F Street, the GSA Building, completed and not left here as a kind of ruin waiting for something to happen?

What happened? Who underestimated what? Why were you not able to get the value out of the exchange? Did you not know that in advance?

Is that really rocket science?

Mr. DONG. What we observed with the Federal Triangle South project is that as you introduce more complexity and risk into the transaction, that gets factored in in terms of the valuation and how the market looks at the value of our assets.

Ms. NORTON. That is complexity that you did not foresee?

Mr. DONG. I think part of it is that we saw that what we were trying to do here was to renovate an historic building, 1800 F Street, that currently had tenants in it. We have come to recognize that that type of work has a lot of unknowns to the developers, and through this process, we are learning from that experience and applying it to how we approach exchanges as we go forward.

Ms. NORTON. Well, I certainly hope you do not cease to do exchanges, but what is going to happen to 1800 F Street?

You talk about disposal of Cotton Annex, and of course, this committee has been at pains to ask for disposal especially in this most valuable of sites. But that just leaves you with the ordinary process and 1800 F Street with no strategy for moving forward?

Mr. DONG. We recognize that we have got to complete the modernization of 1800 F Street. The building has only been half renovated, but as we look at that question, we are also looking at our larger portfolio of federally owned buildings across the Nation. So we have got to make some tough choices in terms of we have got significant need across the portfolio as the portfolio ages.

And we recognize that there are some tradeoffs in this tight budget environment, which is why we have asked for full access to the Federal Buildings Fund because we feel that it is important to take the dollars that we collect from our tenant agencies and to reinvest them back into our Federal building.

Ms. NORTON. So if you could use those funds from the Federal Buildings Fund, which I thought were for purposes such as that, you could get that building completed?

Mr. DONG. I think an important element here is to make sure that every dollar that we collect in rent we are able to reinvest back into the Federal portfolio. We appreciate funding that we got in fiscal year 2016. We think that goes a long way to helping ad-

dress the backlog of repairs and modernization needs that we see in the portfolio.

But if you look at earlier years, previous years, that was not always the case.

Ms. NORTON. Mr. Chairman, I have more questions, but if I have reached the end of my time, is there a second round?

Mr. BARLETTA. Yes, we are going to do a second round.

The Chair recognizes Mr. Meadows for 5 minutes.

Mr. MEADOWS. Thank you, Mr. Chairman.

Mr. Dong, I am going to follow up on the gentlewoman's questioning because you equivocated. You are not answering her question, and that is: specifically, are you going to reinvest the money in that particular project and get it done? Yes or no?

Because you talk about what we have not done in the past. I mean, she wants to know if it is done, and let me tell you the reason why it is like nails on a chalkboard when I hear you.

This is about our fourth hearing as we start to look at excess inventory, decisions made by GSA, and as a previous real estate guy, it really just bothers me to no end to see the way that we are managing our Federal portfolio.

And so we have given a free pass a number of times, whether it is here or in the Committee on Oversight and Government Reform, and I guess what I am asking you today is: can we start to look at a real plan from GSA?

And I know you have got new leadership, and I am looking forward to working with the new leadership.

Can we look at a real plan where you report back to this committee on a plan to look at how we manage our portfolio, whether it is excess, whether it is courthouses, or finishing this particular project?

Mr. DONG. Absolutely. I talked earlier about our commitment to moving far more aggressively to identify our underutilized assets and to move them off the books, whether we——

Mr. MEADOWS. So when will we see a plan? Because far more aggressive, the last aggressive plan that we had actually took over 40 years to get rid of the excess inventory that we heard from GSA.

So more aggressive could mean 30 years, and I guess the chairman and the ranking member, I think, want to see something that is more aggressive than that.

So at what point will you provide this committee a plan on how we are going to look at properly managing the Federal portfolio?

Mr. DONG. As I mentioned in my opening testimony, for the first time GSA has developed a multiyear pipeline of potential properties that we are going to either dispose of or exchange or seek out-leases for. We are happy to share that with the committee as a followup to this hearing.

Mr. MEADOWS. So we are looking at that. So let me ask this specific question then. With this for the first time ever, this pipeline, how many years will it take to get rid of the excess inventory that is on your list?

I know you work with OMB and others as it relates to that, but how many years are we looking at?

Mr. DONG. I think it comes back to having a stronger project management discipline as we look at those assets one by one to

make sure that we have got a plan and that we have got a schedule for each one.

Mr. MEADOWS. So what would you consider a reasonable estimate to get rid of 90—let us back it out—75 percent of the backlog in terms of excess inventory?

What is a reasonable timeframe to get rid of that?

Mr. DONG. What we will show as we follow up and provide additional information to members of this committee is for those assets we will have a sense of timing for each one.

Mr. MEADOWS. That is a great answer to a question I did not ask. How many years would be reasonable? Ten years, fifteen years?

I mean, obviously it is in your purview. You have looked at this. What is reasonable at this point?

Mr. DONG. I do not have that answer today, but again, in the information that we will share, we will be much more transparent in terms of the time it will take asset by asset.

Mr. MEADOWS. All right. So let me ask you. Are you willing to commit here today that within the next 30 days that you get this committee a timeframe of which you are going to liquidate those assets? A timeframe.

Mr. DONG. Absolutely.

Mr. MEADOWS. All right. Thank you.

Let me go on a little bit further. The U.S. Court of Federal Claims obviously put forth a ruling as it relates to the TSA lease. And where are you in the process of procuring another lease?

Mr. DONG. With regard to that transaction, we chose not to appeal the decision that was made on the protest. Instead what we did was we recognized the problem. We addressed the problem, and we are continuing down the path of a competitive process for that follow-on, for that expiring lease.

Mr. MEADOWS. Well, the ruling was very clear in terms of the role of GSA, and it was very explicit in terms of what you can and cannot do, and it said the executive branch does not have the ability.

I think they were very exact in their ruling with regards to being able to spend public funds without authorization.

Would you agree with that?

Mr. DONG. I think the larger point is well taken in terms of we are committed to being fully transparent in the process. We are committed to abiding by the terms that we spell out in the prospectus, as well as the terms that we spell out in our requests for proposals.

Mr. MEADOWS. All right. So are you willing to commit then? So let me follow up with that. Are you willing to commit to this committee to give us a full briefing of the interpretation of that ruling?

Mr. DONG. Yes, we can follow up on that.

Mr. MEADOWS. All right, and you will further go ahead and allow those whether the new prospectus would be submitted to the chairman of this committee as well?

Mr. DONG. I am sorry?

Mr. MEADOWS. In terms of review of projects, future projects, are you willing to submit those? Under that ruling it would actually

have to come to this committee so that they could approve those particular projects.

Mr. DONG. I think it comes back to what we were talking about before in terms of as we submit prospectuses, we lay out the terms of each transaction, and we are committed to abiding by those terms and being transparent with the committee.

Mr. MEADOWS. And you are willing to deliver those to this committee?

Mr. DONG. Yes.

Mr. MEADOWS. All right. I yield back. Thank you.

Mr. BARLETTA. Thank you, Mr. Meadows.

I now recognize each Member for 5 minutes for any additional questions they may have, and I will begin.

Mr. Dong, last week GSA did announce that it is canceling a planned exchange involving the vacant Cotton Annex for construction services, as you quoted again today. In the article you said that as you introduced more complexity into the equation, you are introducing more risk.

The FBI project is significantly more complex than swapping a vacant building to renovate the GSA Headquarters.

My question would be then: why commingle the Hoover Building in the transaction rather than sell the Hoover Building outright to the highest bidder to maximize the return?

Mr. DONG. We see some distinct differences between what we are proposing to do for the FBI project versus what we saw with Federal Triangle South, and with the FBI project, there is far less complexity and risk than what we saw with Federal Triangle South in a couple of important ways.

One, as I mentioned before, with the Federal Triangle South transaction, we were proposing major renovation of an historic building that had tenants in it. With the FBI we are looking at new construction.

Secondly, we think that there is far more development potential with the Hoover site than with the sites that we are proposing with Federal Triangle South.

And the third element comes back to our funding strategy. With the FBI the exchange is just one component of a larger funding strategy. We appreciate the funding that Congress has appropriated for the FBI project last year and the amount that we have requested in the fiscal year 2017 budget will fully address the needs for that consolidation.

Mr. BARLETTA. In the prospectus submitted to the committee for the FBI project, there is no total estimated project cost, effectively giving GSA a blank check. Section 3307 of title 40 clearly requires prospectuses include an estimate of the maximum cost to the Government of the facility.

How does the FBI prospectus comply with the law?

Mr. DONG. We recognize the importance of proper oversight, and we recognize the importance of being fully transparent in this process. We are committed to following up with the staff of the committee to provide additional details on total project costs.

Mr. BARLETTA. Thank you.

With that I will recognize Ranking Member Carson for any additional questions.

Mr. CARSON. Thank you, Chairman.

Commissioner Dong, GSA was appropriated over $2 billion in fiscal year 2016 for the construction and major repair and for alteration projects. Sir, how does GSA approach encouraging use of small businesses in awards for construction and alteration projects?

And did the Public Buildings Service meet all of its small business goals in fiscal year 2015?

Mr. DONG. Absolutely. We have a strong organizational commitment to our small business goals, and if you look at our track record in recent years, we have been hitting it out of the park.

Last year, we exceeded by a significant margin our targets in all categories.

Mr. CARSON. What can GSA do to exceed the goals for 2016 moving forward?

Mr. DONG. I think it really kind of comes back to looking for every opportunity within our award pipeline to ask that question: is there an opportunity to support small business in this process?

And we have got a very disciplined process within our organization to do exactly that.

Mr. CARSON. Thank you.

I yield back, Mr. Chairman. Thank you, sir.

Mr. BARLETTA. The Chair recognizes Ms. Norton for 5 minutes.

Ms. NORTON. Thank you very much, Mr. Chairman.

Mr. Dong, I have written you a letter. It is a fairly complicated issue, but it is an important issue.

Working with the other side, I was in the minority. If you want to speak about disposal of property, perhaps the largest property was the Southeast Federal Center located right on the river, and we were able to work together on a bill that created a master developer. The Senate passed this bill as soon as the House had gotten it done. This subcommittee actually went to the site to see the site involved and to understand its value.

All matter of development is ongoing there. It is probably 20 years of really wonderful development.

The question has arisen concerning office space because both homes and, of course, offices, Federal offices, may be developed there. We are often in need of Federal office space.

With homes, the ground comes with the home, but when it comes to office space, we continue to own the ground, and the master developer has to pay for ground rent.

Now, the master developer, it seems to me, has a legitimate question and wants to know whether or not being obligated to pay ground rent, how may it compete if it wants to compete in a GSA competition for office space? The master developer does office space and other developers do office space.

They argue that at the very least, the reversionary interest in the property would be accelerated if they were allowed to compete. I want to make sure that the competitive process is truly competitive, and that this question is cleared up because it does not seem to me to be fair to leave it wide open. It should have been cleared up by now.

And I have asked for a response to a letter because I thought it was sufficiently complicated that it should be laid out in writing

within 30 days, but since you are here and it was early February when I sent my letter, I would like to hear your take on that issue.

Mr. DONG. We share your commitment to the competitive process. We also share your commitment to the redevelopment of that neighborhood, and I am glad that you brought this issue to my attention, and quite frankly, what we are doing right now is we are taking an honest look at that question.

I look forward to following up with you in terms of how we have evaluated that and our process going forward.

Ms. NORTON. I have a question on the Secret Service Building. You see the interest in this committee in disposing of properties that everybody agrees should be disposed of, and of course some are more complicated than others.

Webster School comes up every time we meet. It is one of the most underutilized properties. Of course, it also happens to be in the middle of town, which makes it very valuable if the Government were to dispose of it.

GSA released an RFI [request for information] on the site in October. Of course, the Secret Service is a neighbor, and I commend you on getting an RFI so we could try to figure this out.

Can you now provide us an update on where we stand on this long outstanding, underutilized property which would bring the Government so much in return were we able to dispose of it?

Mr. DONG. Absolutely. I think everybody recognizes that the Webster School has been vacant for decades, and if you actually go into that building you can see the impact of years of neglect, and what we recognized was that, OK, time is up. It is now time for action.

And what we have done through this RFI process is to see that there is significant development potential here, and we recognize that there is a way to do this that meets the expectations of the Secret Service.

Ms. NORTON. Well, that was in October. When can we expect——

Mr. DONG. We are moving forward with disposal of this building.

Ms. NORTON. But you have no idea what the timeframe is?

Mr. DONG. I have asked my team and the National Capital region to just move this now.

Ms. NORTON. Please give this some priority.

Mr. DONG. Absolutely.

Ms. NORTON. That is a lot of money on the table.

Finally, could I ask a question about an amendment? Actually I filed it as a bill. I am ultimately going to ask the chairman who has worked, it seems to me, so well with us on other amendments if he would consider this if there is a manager's amendment. I will call it my motherhood amendment.

I learned that there were not lactation spaces for Federal employees after somebody wrote me to indicate that in the Smithsonian there were lactation spaces in only one building.

I immediately contacted the Smithsonian. They acted immediately. Then I thought about how this city is a tourist mecca, and about how the Federal Government has given priority through several administrations to encourage breast feeding. We are still not getting enough of it, but it is one of the best ways to protect an infant.

It is seldom that somebody would be visiting a Federal office site or, for that matter, a Federal employee would need lactation spaces, but this amendment that I will offer tomorrow if it is not included in the manager's amendment would say that the Federal agencies should set aside existing space, no new space, that could be available in the event that someone visiting the building needed lactation space or a Federal employee needs it.

We have a very low birth rate in this country. That is why I do not see why we would need a whole room that nobody could use, but I wonder if you can identify whether or not you see any cost implications if all we are doing is saying use this room, but continue to use it for other purposes.

If a mother happened to visit at this time, then of course this is a room that you will be prepared to leave for a half hour to allow lactation to take place.

Do you see any cost implications to setting aside existing space in office buildings that we own or rent?

Mr. DONG. We recognize the importance of this requirement, and we are committed to finding a solution to make it work in our Federal buildings.

Ms. NORTON. And you have not as yet found any cost implication if I am talking about current space?

Mr. DONG. If it is current space, we should be able to find a way to make it work.

Ms. NORTON. Thank you very much.

And thank you, Mr. Chairman.

Mr. BARLETTA. Thank you. Thank you.

The FBI project is obviously a very important project, and it is also important that we get it right. You know, large projects have a history of running over costs and sometimes run out of money halfway through, and we need to be careful that a project as important and as big as this does not follow past history.

You know, as we said at the onset of the hearing, it is important that this project meets the needs of the FBI, and it also a good deal for the taxpayers.

I would like to thank all of you for your testimony here today. Your comments have been very helpful in today's discussion.

If there are no further questions, I would ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing, and unanimous consent that the record remain open for 15 days for any addition comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

I would like to thank our witnesses again for their testimony today.

If no other Members have anything to add, this subcommittee stands adjourned.

[Whereupon, at 12:14 p.m., the subcommittee was adjourned.]

STENY H. HOYER
DEMOCRATIC WHIP
5TH DISTRICT, MARYLAND

# Congress of the United States
## House of Representatives
## Washington, DC 20515–6502

**March 1, 2016**

**Testimony by Congressman Steny H. Hoyer (MD-05) before the House Transportation & Infrastructure Subcommittee on Economic Development, Public Buildings, & Emergency Management on the FBI Consolidated Headquarters**

Thank you, Chairman Barletta and Ranking Member Carson. I appreciate this opportunity to testify about an issue of great consequence both to our homeland security and to growth and development in Maryland's Fifth Congressional District.

The Administration's FY2017 budget submission included a request for $1.4 billion toward a new consolidated FBI headquarters. A new FBI headquarters will improve Bureau capabilities, reduce facilities costs, and ultimately reduce the amount of space that the FBI headquarters requires.

As you are aware, the GSA is considering three locations to house the new FBI headquarters – two of which are in Maryland's Prince George's County. Consolidating the FBI headquarters would offer the FBI an extraordinary set of advantages, as would selecting a site in Prince George's County.

First, consolidating the FBI headquarters would enhance the Bureau's effectiveness at responding to emergencies by improving communication between divisions and departments currently housed separately. Currently, roughly half of the FBI headquarters staff work out of leased space around the region in thirteen additional locations as a result of insufficient space at the J. Edgar Hoover Building.

According to the Weapons of Mass Destruction Commission Report in 2005, the FBI had difficulty sharing information "even within its own organization" before 9/11, a challenge that was exacerbated by not having a consolidated headquarters. Consolidating the headquarters will contribute to efforts already underway to improve FBI emergency response, crisis management, and terrorism prevention.

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Director Comey testified last week: "A *key challenge inhibiting our ability to address these threats is the lack of a headquarters facility that fully fosters collaboration, intelligence sharing, and is dynamic, enabling special agents, intelligence analysts, and other professional staff to combat evolving threats as they arise. The building occupied by the FBI since 1974 is obsolete, inefficient and faces a number of security vulnerabilities. Currently, the facility only houses half of the headquarters workforce, requiring personnel to be dispersed in multiple locations within the national capital region. This makes it extremely difficult to adapt to rapidly developing threats and collaborate across divisions and programs.*"

Second, Prince George's County offers the FBI's workforce a range of convenient and efficient transportation options for access to area airports, metro, Amtrak, and major highways. Twenty-five percent of the region's federal workforce currently lives in Prince George's County, and Maryland is already home to many of the FBI's employees.

Third, the sites being considered in Prince George's County offer close proximity to some of our nation's most important national security and cybersecurity agencies, as well as world-class research institutions. Director Comey has identified cybersecurity as one of the FBI's priorities, and Maryland is home to the U.S. Cyber Command at Fort Meade, the National Security Agency, the Defense Information Systems Agency, the National Cyber Security Center of Excellence Headquarters at the National Institute of Standards and Technology (NIST), University of Maryland University College's cybersecurity program, and the Department of Defense's Cyber Crime Center (DC3). Prince George's County is also home to private sector companies and contractors in the cybersecurity field.

Fourth, according to a 2011 report by the FBI, consolidating the headquarters would save taxpayers at least $44 million in annual appropriations due to the elimination of inefficiencies from housing its divisions in multiple locations.

Consolidating the FBI headquarters is one of the most important homeland security initiatives in years, and selecting a site in Prince George's County will best achieve the goals of such consolidation. I thank the Committee for this opportunity to share my views, and I hope members will fully support the GSA's efforts with regard to FBI consolidation.

**STATEMENT OF HONORABLE D. BROOKS SMITH**
**JUDGE, U.S. COURT OF APPEALS FOR THE THIRD CIRCUIT**
**CHAIR, COMMITTEE ON SPACE AND FACILITIES,**
**JUDICIAL CONFERENCE OF THE UNITED STATES**

**BEFORE THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,**
**PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT**
**OF THE**
**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE OF THE**
**UNITED STATES HOUSE OF REPRESENTATIVES**

**March 1, 2016**

Chairman Barletta, Ranking Member Carson, and members of the subcommittee, I am D. Brooks Smith, a Judge of the U.S. Court of Appeals for the Third Circuit and Chair of the Judicial Conference Committee on Space and Facilities. I thank you for your invitation to appear today.

Before discussing the federal courthouse construction program, I would like to emphasize that the federal judiciary has listened to Congress. We have responded to expressions of concern from this Committee. And as you examine the topic of "Saving Taxpayer Dollars by Reducing Federal Office Space Costs," I can assure you that the federal judiciary is pursuing that very objective. We have implemented an unprecedented space reduction plan. We have adopted circuit-wide policies to make sure that each circuit realizes no net new space growth. And we have established procedures to ensure that construction projects are prudently developed and implemented. In short, as the federal judiciary performs its paramount constitutional duties, we are doing so by being good stewards of the resources Congress has provided, while meeting the needs of the public and ensuring that security and safety concerns are met.

At the same time, we must recognize that there are courts that for too long have been housed in aging facilities that have serious space, security and operational deficiencies.

Accordingly, Congress provided $948 million in lump-sum funding to the General Services Administration (GSA) in the Consolidated Appropriations Act of 2016 for the construction of courthouses. This appropriation will be used to build courthouses, or annexes in some locales, as prioritized by the current *Federal Judiciary Courthouse Project Priorities* (*CPP*) plan, formerly known as the *Five-Year Courthouse Project Plan*. It is our intention that, by working together with the relevant courts and GSA, this money will fully fund the top eight projects on the *CPP*: Nashville, Tennessee; Toledo, Ohio; Charlotte, North Carolina; Des Moines, Iowa; Greenville, South Carolina; Anniston, Alabama; Savannah, Georgia; and San Antonio, Texas. We also anticipate that this money will partially fund the ninth project on the plan, Harrisburg, Pennsylvania. And to put the issue of need in perspective, the majority of the funded projects have been on the Judiciary's construction priority list for over 15 years.

The FY 2016 omnibus appropriations bill also provided $53 million to GSA for new construction and acquisition of federal buildings that jointly house U.S. courthouses and other federal agencies in Greenville, Mississippi and Rutland, Vermont. The Judiciary Capital Security program received $20 million in funding.

In receiving this badly-needed funding, we recognize our responsibilities. The Third Branch is committed to being careful stewards of the taxpayers' dollars. Let me highlight two major efforts that illustrate that commitment. First, I will outline the recent changes that the Judicial Conference has made to the federal courthouse construction program to ensure that each project satisfies the housing needs of each court in the most cost-efficient manner possible. Second, I will address the steps being taken by the individual courts, the Administrative Office of the U.S. Courts (AO), the Judicial Conference, and GSA to manage these projects and spend appropriated funds in the most cost effective manner.

**Recent Changes Made to the Federal Courthouse Construction Program**

Over the past 10 years, the Judicial Conference has made a number of changes to its courthouse construction program in an effort to reduce costs, increase efficiencies, and prioritize requirements on the basis of urgency of need. Some of these changes were made in an effort to modernize our facility planning processes and take advantage of best practices in industry and government. As part of these changes, we responded to recommendations made by the Government Accountability Office (GAO) and incorporated guidance from Congress, specifically this subcommittee and the full Committee on Transportation and Infrastructure. These changes have provided cost savings and/or cost avoidance for all new courthouse construction needs for the Judiciary.

To provide an appropriate context for the changes made, I must begin with the Judicial Conference's adoption of the Asset Management Planning (AMP) process in 2008. The AMP process is used to identify and prioritize, on an objective basis, the space and facilities needs of the federal judiciary. The AMP process is a "good government" measure that was developed to: (1) achieve cost-containment goals; and (2) provide an objective and consistently applied methodology for identification of space needs, prioritization of those needs, and development of solutions. By applying this methodology, we ensure that only the most urgent project recommendations are approved by the Judicial Conference for inclusion on the *CPP* plan.

To enhance long-range facilities planning, the AMP process integrates costs, space needs, and functionality. AMP analysis is more detailed and robust than was the previous long-range facilities planning process – a process that was criticized by GAO and Congress. The AMP process assesses facilities in a holistic and objective manner. It identifies space alternatives and strategies, considers the costs and benefits of space housing strategies, and thereby determines

the best strategy to meet the current and future needs of the court. Under the AMP process, each district and circuit adopts a long-range facilities plan which entails an evaluation of each courthouse location for urgency of space needs. As part of this process, facility benefit assessments are conducted on each courthouse to determine how well the existing facility supports the needs and operations of the court. AMP evaluates the building condition and its security needs. An Urgency Evaluation Results List is then developed each year, placing each courthouse location in rank order. This objective ranking reflects the urgency of the Judiciary's space needs.

Another significant change to the program began in 2008, when the Judicial Conference, in response to a request made by this subcommittee, adopted the first of three separate courtroom sharing policies. Currently, courtroom sharing is required in all new construction projects for senior, magistrate, and bankruptcy judges. The Judiciary also requires sharing policies to be followed when a court needs to build out additional space in an existing facility as a result of a newly authorized judgeship or because a judge has taken senior status. Additionally, in response to direction given by both this subcommittee and recommendations from GAO, the Judicial Conference eliminated the inclusion of projected new judgeship space needs from the project requirements for new construction. These policies balance the Judiciary's obligation to be good stewards of taxpayers' funds along with our duty under the Constitution to provide access to justice and ensure that cases are handled in a fair and expeditious manner.

In 2013, the Judicial Conference adopted a policy to reduce its national space footprint by 3 percent by the end of Fiscal Year (FY) 2018. This goal was prorated among the circuits and based off of the square footage of total space holdings within each circuit as of the beginning of FY 2013. The Judiciary has already accomplished over 50 percent of its goal, releasing 445,796

usable square feet (USF) back to GSA. This reduced space represents an annual cost avoidance of $11.8 million. In addition, space reduction projects currently underway will yield another 355,137 USF, equal to 40 percent of the national goal. At the same time the Judicial Conference adopted the space reduction target, it also established a "No Net New" policy whereby any increase in square footage within a circuit must be offset by an equivalent reduction identified within the same fiscal year. While the space reduction program will conclude at the end of FY 2018, the "No Net New" policy will continue.

These two policies shape the way the Third Branch now thinks about how to plan and use space. Courts are now assessing their existing footprints and evaluating varied approaches, not only for meeting their reduction goals, but for building a stronger foundation upon which to base efficient growth. In short, I am confident that we have reached a new era in space usage – one characterized primarily by a recognition of budgetary limitations and the need for watchful fiscal discipline.

An important component of the Judiciary's new era in space usage is the Integrated Workplace Initiative (IWI). Founded in 2011, this program strives to identify innovative management, technology, and space planning techniques; optimize space utilization; and reduce rent costs. Since its inception, alternative workplace strategies have been developed and incorporated into the *U.S. Courts Design Guide* (*Design Guide*). The *Design Guide* identifies key components of an efficiently designed office environment that supports mobile work, encourages collaboration, and leverages modern technology. Use of alternative workplace strategies for court projects is not mandatory, because individual court operations, security concerns, building conditions, and project costs can affect the degree to which any of these strategies are feasible. But while not mandatory, these projects are a key component of the

Judiciary's ongoing space reduction program. Currently, there are 16 different IWI projects nationwide at various stages of development and construction. Among those projects is a National Demonstration IWI project that will serve the Facilities and Security Office at the AO, allowing judges and court executives to visit Washington, D.C. to witness just how this innovative approach to space usage works.

Finally, our courthouse construction program has undergone a major transition. In 2014, all construction projects were reprioritized according to the results of the AMP process. In undertaking this major reassessment, the Committee I chair and the Judicial Conference acted in accord with what we considered were the wishes of the full House Transportation and Infrastructure Committee. When the Judicial Conference originally adopted the AMP process, it grandfathered the projects on the then-existing *Five-Year Plan* that had already received some amount of funding from Congress. But these projects had not initially been subjected to the AMP process, and their respective rankings were maintained. In August 2013, however, the Committee recommended to the Judicial Conference that all districts with a project on the *Five-Year Plan* undergo an AMP evaluation. This recommendation was made in response to a GAO study and subsequent hearing before this committee in April 2013. In September 2014, the Judicial Conference adopted a *Five-Year Plan* which incorporated the results of the AMP evaluations and, with the exception of Nashville, projects were prioritized solely on the basis of Urgency Evaluation (UE) scores. Reprioritizing the remaining projects by UE scores ensured that all current and future projects will be judged by the same objective evaluation methodology.

We retained Nashville as the number one priority because we considered it the fiscally responsible thing to do. Significant investment had already been made in the project. At the

time of our reprioritization, the site had already been acquired, and $25.1 million of the $26.1 million appropriated by Congress up to that point had been obligated.

Considering this reprioritization, the Judicial Conference recognized that the then-*Five-Year Plan* may not reflect an accurate funding timeline or the relative urgency-of-need for projects on the plan, particularly for those on the out-years of the plan. Accordingly, in an effort to better manage stakeholder expectations, to provide GSA with sufficient certainty for proceeding with capital planning processes, and to respond to congressional concerns and GAO recommendations, the Judicial Conference, in September 2015, approved a change in the name, format, and methodology of the courthouse construction plan. It is now designated the *Federal Judiciary Courthouse Project Priorities* (*CPP*) plan. The Judicial Conference is now able to submit a planning document to Congress that improves on the old *Five-Year Plan* by providing a combination of both flexibility and reasonable predictability.

Under the new format, Part I of the *CPP* consists of current-year courthouse construction priorities that are included in the Judiciary's annual budget submission. The priority of projects on Part I is maintained until a project is fully funded and removed from the plan. Part II of the *CPP* identifies out-year courthouse construction priorities. These are projects which have been assessed under the AMP process and prioritized based on the project's UE score, but are not part of the current-year courthouse construction priorities that are included in the Judiciary's annual budget submission. Each project in Part II will have its UE score refreshed annually, thus the prioritization of Part II projects may change from year to year.

**Management and Execution of Fiscal Year 2016 Courthouse Construction Funding**

Turning to the FY 2016 appropriation for courthouse construction, the Third Branch and the GSA are committed to working closely together to responsibly manage the funded projects. Our top priority in this effort is to ensure that all of the projects receive the funding that Congress intended. Working with GSA, our goal is to build appropriate facilities that satisfy the housing and security needs of the individual courts, in an innovative and cost-efficient manner, applying the same fiscal discipline we have exhibited in the cost containment strategies and initiatives I have previously discussed.

For projects funded under the heading of "new construction projects of the Federal Judiciary" in the Consolidated Appropriations Act of 2016, GSA, in consultation with the AO, is required to submit a spending plan and description for each project to be undertaken to the Committees on Appropriations of the House of Representatives and the Senate. By mid-April 2016 that plan will be submitted, detailing how the $948 million will be allocated. Because the individual projects and the spending plan are still under development, I am unable to comment with specificity on the contents of that plan. I can assure you that steps that are being taken by the Judiciary and GSA to manage this funding in a fiscally prudent way.

We also recognize the essential role of this Subcommittee and the full Committee. As each project prospectus is developed by GSA, we look forward to working with you throughout the authorization process.

Since the FY 2016 omnibus appropriations bill was enacted, the AO and GSA have been in constant communication to implement a management strategy, develop plans, and coordinate actions necessary for the successful execution of the courthouse projects funded in the FY 2016 appropriations act. Rather than manage each project separately, the AO and GSA are working

together to manage this effort at a portfolio level to ensure not only that courts' housing needs are met, but that the money is allocated in a manner consistent with congressional intent. To this end, I convened a conference call in late January with the eight courts that anticipate full project funding from this appropriation. During this call, I, along with AO staff, informed each court of the steps that must be taken to refresh program requirements, develop the spend plan, and receive congressional authorization.

To ensure success, it is our goal that each project stays at or below the budget planning number provided to the particular court. I personally emphasized that point during the conference call. Throughout the design and development process of each project, we intend for this number to remain firm and all stakeholders acknowledge that tradeoffs may be necessary so that each project can be delivered in a cost-effective manner.

Successful management, development, and execution will require each court to carefully evaluate its housing needs and requests. At the outset, we are asking each court to explore options, such as a renovation or an annex strategy, before considering construction of a new courthouse. Already, two projects on the *CPP* – Toledo, OH and Charlotte, NC – have agreed to pursue an annex instead of a new courthouse. In these two locations, the courts will be able to maintain their presence in notably historic buildings, while at the same time building out additional space intended to meet their modern day housing and security needs.

GSA is required to develop a backfill strategy for any property that is vacated as a result of new courthouse construction. The Judiciary is committed to assisting GSA in this effort. A renovation and annex strategy may not be possible for each location, but we have made all courts aware of the Judiciary's commitment to cooperate with GSA and to perform due diligence in helping to develop a backfill strategy for vacated courthouses.

Over the past two months, each court, in conjunction with the AO, has been reviewing its programming requirements to ensure they reflect the current needs of that court. Because the vast majority of projects have been waiting for funding for over 15 years, there have been many changes to the programming requirements of each court since these projects were first added to the Judiciary's courthouse construction priority list. Some courts have reduced the number of courtrooms and chambers needed for their projects, applying the Judicial Conference courtroom sharing policies for senior district judges, magistrate judges, and bankruptcy judges. All projected judgeships are eliminated from the housing requirements. Additionally, as a result of a decline in staffing, square footage requirements for district and bankruptcy clerks' offices and probation and pretrial offices are being reduced. Courts are working to make these projects as trim as possible, advancing only those needs that are essential to each court's operation. And in keeping with our ongoing effort to employ the Integrated Workplace Initiative where appropriate, we are asking courts to explore incorporating an IWI concept to improve space utilization rates and reduce construction and rent costs.

In this same vein, courts are being asked to carefully consider whether they will be requesting exceptions to the *Design Guide*. Only a few of the projects have asked for exceptions to the *Design Guide*. We have emphasized that requested exceptions must be narrow and essential to the mission of the court. We have explained to courts that any exception will likely increase the cost of their projects and require the approval of both the Space and Facilities Committee and the Judicial Conference. Given those realities, only those exceptions that are critical to the mission of an individual court will proceed. I can assure you that as the Space and Facilities Committee reviews each request, we will be especially mindful of the justification and the budget impact of each exception.

Upon passage of the Consolidated Appropriations Act, we recognized the need to fully and promptly engage affected courts in the process of managing each project. Beginning February 17, and on every day last week, the AO hosted a series of focused meetings, individually with each court. Staff from the AO, GSA headquarters, and GSA regional offices participated in these meetings which allowed stakeholders to identify any outstanding issues that require resolution. These meetings allowed us to gain consensus on how to proceed toward project execution promptly and within the budget constraints for each project. This has been a thoroughly collaborative process, and, I am confident we can ensure that each project is developed in a way that not only stays within budget, but also delivers the housing and security solutions that these courts have been waiting so many years for.

We in the Third Branch are appreciative of the commitment Congress has made to jump-starting the courthouse construction program. Again, we look forward to working with this Subcommittee and full Committee as the projects come to you for authorization. We are also well aware of the concerns raised over past construction efforts. We have responded to those concerns and will continue do so. The Judiciary has conducted a comprehensive review of our program in recent years and made changes necessary to transform our program for the future to assure that we are making the optimum, efficient use of our space inventory, consistent with our constitutionally mandated duties to deliver justice. In the spirit of good stewardship, we will be working hard to deliver results that will meet all of the individual courts' needs. We will do so in an effective, cost-efficient manner befitting the trust that Congress has placed in us by appropriating these needed funds.

Chairman Barletta and Ranking Member Carson, thank you again for the opportunity to appear today to discuss the federal courthouse construction program. I would be happy to answer any questions the Subcommittee may have.

**STATEMENT OF**
**MR. NORMAN DONG**
**COMMISSIONER, PUBLIC BUILDINGS SERVICE**
**U.S. GENERAL SERVICES ADMINISTRATION**

**BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE**
**SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT**

**"SAVING TAXPAYER DOLLARS BY REDUCING FEDERAL OFFICE SPACE COSTS"**

**March 1, 2016**

## Introduction

Good morning Chairman Barletta, Ranking Member Carson, and Members of the Committee. My name is Norman Dong, and I am the Commissioner of Public Buildings for the U.S. General Services Administration (GSA). Thank you for inviting me to testify on GSA's work to save taxpayer dollars by reducing federal office space costs.

There is a simple way of thinking about our real estate work at GSA. We support our federal tenants in meeting their space requirements, and we must do so in a fiscally responsible way. This means balancing our commitment to our tenants with our commitment to the taxpayer. At GSA, we recognize that excess spending on real estate comes at the expense of deficit reduction as well as mission critical activities at the agency level. Our challenge, and our responsibility, is to help our tenants reduce their footprint and spend less on rent so they can focus their limited resources on the agency's mission.

To execute this strategy, GSA is focusing on four key priorities:

- Supporting our federal tenants in their efforts to not just freeze, but actually reduce their footprint;
- Promoting far greater competition in our leasing activity;
- Taking a more aggressive approach to managing our underutilized assets; and
- Delivering capital construction projects that promote agency consolidation into federally owned facilities.

**Reducing the Federal Footprint**

There is broad recognition across the federal government that excess spending on real estate comes at the expense of more mission critical activities. Over the past few years, GSA has supported OMB in the government-wide effort not just to freeze, but now reduce the federal footprint. Since FY2012, we have seen the federal footprint for office and warehouse space decline by 24.7 million square feet. As current leases expire over the next few years, we see much more opportunity for agencies to collocate, consolidate, shrink their footprint, and reduce their rent spending.

The Consolidation Activities Program is an important part of GSA's efforts to improve agency space utilization by reconfiguring and renovating government-owned and leased buildings. GSA appreciates the support that Congress has provided through funding for the Consolidation Program, and there are many examples of how agencies are reducing their footprint and realizing significant rent savings through this program.

For example, using $1.5 million of consolidation funding, the Equal Employment Opportunity Commission (EEOC), which currently occupies 22,834 usable square feet of leased space, will be able to move into the Fallon Federal Building in Baltimore, Maryland. The consolidation will reduce the EEOC's footprint by approximately 7,743 usable square feet, save the GSA $763,000 in annual private sector lease costs, and reduce taxpayer costs and EEOC's annual rent by $322,000. The project will also reduce the office utilization rate by 42 percent, from 208 to 121 USF per person.

GSA is also working in partnership with the Administrative Office of the U.S. Courts to execute consolidation projects. Using $2.2 million of consolidation funds, the U.S. Probation Office, which occupied 54,000 usable square feet of leased space, completed its move to the John C. Kluczynski Federal Building in Chicago. This relocation eliminated the lease, along with $2.4 million in annual private sector lease costs, and saves U.S. Probation approximately $1.2 million in annual rent. The project also helps meet the Court's space reduction effort through reducing the office utilization rate by 59 percent, from 418 to 172 usable square feet per person.

Funding provided over the past few years is supporting dozens of agency consolidation projects that will reduce the federal footprint by more than 1 million square feet and save agencies more than $76 million in lease cost savings each year. The President's budget requests $75 million to support additional consolidation projects in FY17, and we will continue to see strong agency demand to implement future projects with compelling payback periods and significant footprint reductions.

**Promoting Far Greater Competition in our Leasing Activity**

Our focus on the federal footprint considers not just the size of the footprint, but also the cost of the footprint, which is why our approach to leasing is so important. While GSA is continuing to emphasize the importance of federally owned space, we will always have a significant amount of leased activity in the federal portfolio. To get the best rates for our tenants and for the taxpayer, we need to maximize the amount competition in our leasing activity.

In previous hearings, we discussed how GSA is working to promote greater competition in the leasing process. Today, GSA continues to improve upfront planning in order to reduce our dependency on holdovers, extensions, and other stay in place strategies that compromise our ability to capitalize on favorable rates that we still see in many markets. To get the best deal for federal agencies and the American taxpayer, GSA is

- Broadening the delineated area for leases in order to increase competition in our lease procurements;
- Extending lease terms to 10 years or longer, whenever feasible, because longer terms typically mean lower annual costs;
- Simplifying space requirements to allow for greater competition and more favorable rates; and
- Beginning the lease acquisition process at least 36 months before the expiration date to ensure a fully competitive procurement while avoiding costly holdovers and extensions.

Over the past year, GSA has been taking a far more aggressive approach in working with each of our regional offices to examine the pipeline of expiring leases, to secure agency space requirements early on, and to promote greater competition for these follow-on transactions. As a result of this better longer term planning, your committee over the next couple of years will be receiving many more lease prospectuses as GSA works earlier in the process to avoid costly holdovers and extensions.

These efforts are making a difference. During FY15, the number of holdovers across the GSA inventory declined 25 percent compared to the prior year. Since 2010, the number of short-term extensions has decreased by 32 percent. And last year, GSA negotiated lease contracts for a national net present value of 13.7 percent below market rate.

**Managing our Underutilized Assets More Aggressively**

GSA is taking a far more aggressive stance to shed our underutilized assets. We face significant operating costs associated with maintaining properties that are no longer serving a valid mission requirement. We also see a significant backlog of capital repair requirements in these underutilized buildings – repairs that we will not be able to address in the current budget environment. We recognize that many assets that no longer have utility to the federal government may reflect far more value to the private sector.

There are many great examples of how we are identifying more productive uses for our underutilized assets:

- GSA is currently in the process of finalizing the sale of the Metro West facility in west Baltimore. The Metro West facility, occupying about 11 acres, will offer an opportunity to revive an important link between west Baltimore and downtown.
- Also in Baltimore, GSA auctioned off the Appraisers Store, an underutilized eight-story masonry and brick building located blocks from the Inner Harbor, for $8.2 million.
- The Seattle Federal Reserve building was built in 1950 and was home to the Seattle Reserve until 2008. The bank then moved to a new facility, leaving the 90,000 square foot, four-story building vacant. The property was successfully sold through a public online auction for $16,000,000, and will likely be renovated and used for a 30 story office building.
- In Cambridge, MA, GSA is working in partnership with the U.S. Department of Transportation to exchange a portion of the 14 acre Volpe National Transportation Systems Center campus for a new headquarters building on that same site. GSA has established a list of qualified respondents pursuant to a Request for Qualifications, and we are gearing toward releasing a Request for Proposals to the qualified respondents in the near term.

Over the past year, GSA reduced the federal inventory by 3 million square feet. Partnering with other federal agencies, in FY 2015, PBS disposed of 173 assets by sale or transfer, which generated $56 million in sales proceeds.

While we recognize some recent successes, we also see significant opportunity on the horizon. Working through our regional offices, GSA is developing a disposal pipeline that now allows us to be far more transparent about those assets that we have identified

for potential disposal, exchange, or outlease. By establishing greater discipline within GSA to identify and plan for specific properties that should be excessed, we are fostering greater accountability within GSA for meeting the project milestones required to move these properties off the books.

**Delivering Capital Construction Projects that Leverage Federally Owned Facilities**

GSA recognizes the significant benefits to promoting the use of federal assets in addressing the space requirements of our federal tenants. There are significant economic benefits of reducing our reliance on expensive leases and consolidating into federally owned buildings. In addition, co-locating agency components that are distributed across multiple locations into a single federal facility can also improve the execution of agency mission through increased collaboration and coordination across agency components.

For example, the Consolidated Department of Homeland Security (DHS) Headquarters at St. Elizabeths remains one of GSA's highest real estate priorities. The St. Elizabeths project will consolidate more than 50 individual DHS leases and millions of square feet of leased space to one federally owned campus. At the same time, consolidating headquarters functions at St. Elizabeths will enhance the effectiveness of the DHS mission while redeveloping an underutilized asset that is already in the federal government real estate portfolio.

In FY 2016, GSA and DHS released the Enhanced Plan for St. Elizabeths, which eliminates more than $800 million in construction costs, significantly increases utilization of the historic campus, shortens the project timeline by five years, and saves taxpayers more than $1 billion. We very much appreciate Congressional support for GSA's FY16 request for St. Elizabeths. If Congress provides the $267 million requested in the President's FY 2017 Budget Request, the project will be 80 percent complete, and GSA will only have two more years of funding requests, with project completion by FY 2021.

GSA is also working to support the construction of a new Federal Bureau of Investigation (FBI) Headquarters in the National Capital Region. The President's Budget Request for FY 2017 for GSA included $759 million for the FBI Headquarters. This new facility will consolidate FBI employees from 13 locations across the National Capital Region within a new, modern, and secure facility that is designed to enhance FBI's national security, intelligence, and law enforcement missions.

GSA's FY17 request for the FBI Headquarters, paired with $646 million in the FBI's FY 2017 construction budget, as well as the value of the J. Edgar Hoover Building, the FY

2016 appropriation, and the prior year resources, will allow GSA to award a contract for design and construction of a new FBI headquarters by the end of this calendar year. This funding will build on what was provided to GSA and FBI in the FY 2016 Omnibus.

The new FBI Headquarters facility will be located in one of three previously announced sites: Greenbelt, Maryland; Landover, Maryland; or Springfield, Virginia. The proposed facility will support information sharing, collaboration, and integration of strategic priorities, and will allow the FBI to realize significant mission synergies as a result of co-location. The facility will accommodate approximately 11,000 personnel and include state-of-the-art IT infrastructure that is key to FBI's national security mission.

**Conclusion**

Thank you for providing this opportunity to speak on our progress at GSA. I look forward to working with Members of this committee and your staff to improve the federal government's management of its real property and save taxpayer dollars. I am happy to answer any questions you might have.

**QUESTIONS FOR THE RECORD**
**FOR**
**MR. NORMAN DONG**
**COMMISSIONER, PUBLIC BUILDINGS SERVICE**
**U.S. GENERAL SERVICES ADMINISTRATION**

**HOUSE COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT**
**"SAVING TAXPAYER DOLLARS BY REDUCING FEDERAL OFFICE SPACE COSTS"**
**HEARING ON MARCH 1, 2016**

**Questions Submitted by the Subcommittee on Economic Development, Public Buildings, and Emergency Management on behalf of Representative Barbara Comstock (R-VA-10):**

**SUBJECT 1: International Trade Commission building lease:**

**1) What analysis was carried out by GSA Central Office that resulted in GSA reversing its August 2015 approval of the U.S. International Trade Commission's (ITC) succeeding lease prospectus? What specifically changed between the approval of the succeeding lease prospectus in late August 2015 and the reversal of approval in early October 2015? Can GSA provide any memos or emails that relate to the decision to reverse?**

In fulfilling agency space requirements, the Competition in Contracting Act (CICA) requires GSA to seek full and open competition unless an exception can be justified. Under the General Services Acquisition Regulation, there are leasing exceptions that allow an agency to stay in place. See GSAR Subpart 570. However, at the time that a prospectus is developed, GSA cannot know for certain whether an exception to CICA can be justified and approved. For these reasons, GSA lease prospectuses for other than lease extensions will no longer specify the lease type, such as succeeding, superceeding, replacement or new. This change will allow GSA to determine the most appropriate transaction type based on market response.

GSA's leasing regulation requires GSA to assume that competition is in the Government's best interest until GSA establishes otherwise. For a succeeding lease, GSA must first issue an advertisement seeking expressions of interest from the market. After placing an advertisement, GSA can negotiate on a sole source basis with the incumbent when GSA receives no other expressions of interest. In addition, GSA may negotiate a succeeding lease when a cost benefit analysis shows that move and replication costs will not be recovered through a competitive procurement. The cost-benefit analysis must compare the rent rates quoted from the market through expressions of interest and the costs of relocation and duplication of tenant improvement against the incumbent's quoted rent rate. Regardless of whether it will ultimately pursue a full and open competition or a succeeding lease, GSA does not typically release an advertisement until after submitting a prospectus to the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works for consideration.

**2) You stated during the March 1st hearing that GSA wants competition for the ITC just like any other agency. In making this statement, might GSA be overlooking the specific and unique factors associated with the ITC's lease situation? These include the facts that: (1) they have received no appropriation for the renovations associated with the move; (2) they have received an informal proposal from the current landlord that includes a proposed rent reduction of 20%; (3) they will be able to save rent from this proposal during the current lease term; (4) they are not subject to the "reduce the footprint" requirements; (5) they have unique space requirements related to their need for a courtroom complex; and (6) there will be massive disruption to the agency during an extremely active point in time with regard to U.S. trade policy. How is GSA's approach in the best interest of the U.S. taxpayer when every analysis to-date of the ITC's lease situation indicates that the greatest cost savings to the taxpayer will be achieved via a succeeding lease at a reduced rate?**

GSA will take into consideration the relocation and duplication costs in a cost benefit analysis to determine whether to seek to enter into a succeeding lease or to move forward with a full and open procurement. If in response to the advertisement, it appears that moving to a new location may cost less than staying in place, then GSA would run a full and open competition. Even in a full and open competition, because GSA wants to capture the true costs to the Government, GSA routinely evaluates the costs of relocation and replication of tenant improvements, when applicable, as would be the case for ITC.

**3) During the March 1st hearing, you stated a commitment to take into account the disruption costs to the commission in estimating the cost of moving and replicating new space for the ITC. What factors specifically will GSA consider in estimating the disruption cost to the ITC? Will GSA commit to quantifying those costs? Will GSA commit to incorporating the ITC's estimate of those costs?**

GSA collaborated with the ITC in developing its estimate of move and replication costs, which will be accounted for in the cost benefit analysis or price evaluation as discussed above.

**4) Will GSA commit to including, as a part of the estimate of the cost of moving and replicating the ITC's space, the lost savings that could be realized by the ITC if GSA had pursued a renegotiation of its current lease as offered by its current landlord?**

GSA will fully consider any proposal offered by the current landlord, including any cost savings, as part of its cost-benefit analysis, as discussed above.

**5) In a January 2016 report, GAO found that federal leasing costs increase when tenants finance needed improvements to newly leased space over time (GAO-16-188). In a number of examples, GAO noted that agencies lacked sufficient upfront capital and thus incurred significant interest fees, increasing overall costs of the lease. Given that the ITC received zero appropriated funds for a move and that GSA has no budget authority to fund those costs through its Federal Buildings Fund, what guarantee is in place that the ITC would realize the rent savings that would otherwise be realized under a succeeding lease prospectus?**

The costs associated with building out new space along with any other cost or rent savings proposed by any offerors in response to the advertisement discussed above will be included and evaluated in the cost benefit analysis. Any lessor who is not the incumbent would need to fully fund and include the move and replication costs as part of the proposed rental rate, as ITC does not have any funding for these expenses. If the result of that analysis shows that the Government cannot expect to recover relocation costs and duplication of costs through competition, GSA will seek approval of a justification for other than full and open competition to enter into a succeeding lease negotiation directly with the incumbent lessor.

**6) Currently, the ITC has mission-critical special space in the form of three courtrooms and a main hearing room. The third courtroom was only recently finished in 2012 at a cost of $3 million to the U.S. taxpayer. The funds for this new courtroom were specifically appropriated by Congress in order to enable the ITC to expedite the adjudication of its intellectual property cases. Will GSA commit to including this cost in the cost of moving and replicating the ITC's space given that the useful life of the new courtroom extends many years into the future?**

GSA intends to consider all replication costs, including the cost to replicate the third courtroom, as part of the cost-benefit analysis, or, if appropriate, in its price evaluation of a full and open competition.

**7) How can the ITC be certain that a new landlord will spend the amount of money necessary to properly build out the space given that the ITC received no appropriation to move and replicate its space? Will GSA commit to including certain specifications or requirements as requested by the ITC in the lease prospectus, the solicitation, and the request for proposal?**

GSA will ensure that all of the ITC's requirements are included in the Request for Lease Proposals (RLP). This is true whether GSA pursues a succeeding lease or a full and open competition. The successful offeror, whether or not it is the incumbent, will be contractually bound to meet the requirements of the RLP and the resulting lease. If the successful offeror later failed to perform, it would be in breach of the lease and GSA would have remedies to either compel performance or to undertake the work and offset associated costs through a deduction from rent paid.

**8) What level of savings does GSA consider necessary to justify moving ITC from its current space? Please take into account, among other costs, the cost of disruption to the agency, the loss in rent savings under ITC's current lease, and the $3 million recently spent to renovate its current space to add a third courtroom. Is the level of savings that GSA considers necessary to justify moving an agency reflected in a written policy or memorandum? If so, will you provide a copy of such policy or memorandum? Is the level of savings considered necessary by GSA to justify moving an agency the same or similar across agencies? If not, why do they differ? Since it is the ITC that is financially responsible for the rent, will GSA commit to taking into account the ITC's view on whether the potential savings justify the cost of moving?**

GSA has not established a minimum threshold of savings that must be reached or a standard level of savings that would be necessary to justify moving a tenant. As discussed above, the underlying question is whether, after receiving actual market data to support an analysis, the government can expect to recover relocation costs and duplication costs through competition. Please refer to:

a. The General Services Administration Acquisition Manual (GSAAM) Subpart 570.402, available at https://www.acquisition.gov/?q=browsegsam.
b. The Leasing Desk Guide Chapter 5, Succeeding Lease, Superseding Lease, available at http://www.gsa.gov/portal/content/163635.

**9) The ITC's current lease expires in less than 18 months. If GSA forces ITC to move, it is highly unlikely that a new building could be remodeled to fit the ITC's specifications before the current lease expires. Therefore, does GSA acknowledge that the ITC would likely be forced into a lease holdover or extension if they are forced to move?**

If GSA cannot support a sole source procurement and the successful proposal after full and open competition is not the one submitted by the incumbent lessor, an extension could be necessary to provide continued housing for the ITC until the new space is constructed according to the requirements contained in the RLP.

**SUBJECT 2: Relocation and Consolidation of FBI headquarters:**
***With regard to the infrastructure surrounding each proposed site:***

***1) What infrastructure changes would need to be made at the Franconia-Springfield site in order to accommodate the FBI headquarters?***

See Draft EIS -- Appendix E, available at www.gsa.gov/fbihqconsolidation (see NEPA tab).

***2) What infrastructure changes would need to be made at the Greenbelt site in order to accommodate the FBI headquarters?***

See Draft EIS -- Appendix C.

***3) What infrastructure changes would need to be made at the Landover site in order to accommodate the FBI headquarters?***

See Draft EIS -- Appendix D.

***4) What are the strategic benefits associated with relocating the FBI headquarters to the Franconia-Springfield Site?***

The sites are now being considered in the context of developer proposal submissions in accordance with the Request for Proposals GSA issued in January of 2016.

***It is my understanding that GSA has prescribed dollar figures to each potential site which bidders must use as a "baseline" cost when calculating their bid proposals. It is also my understanding that the base number for the Franconia-Springfield site is significantly larger than that of the other two proposed sites.***

***5) What factors were used to arrive at this base figure?***

For the Franconia-Springfield site, the base figure represents the cost to relocate the current tenants.

***6) Is there any flexibility to this base figure associated with the Franconia-Springfield site?***

GSA amended the base figure April 9, 2016, and GSA informed the short-listed offerors of this amended base figure.

***7) If the state and local governments offer financial assistance with infrastructure or other***
***needs, can this base figure not be modified?***

State and local governments may offer financial assistance for infrastructure improvements and Offerors can include this assistance in proposals to provide the most favorable offer to the Federal Government.

**SUBJECT 3: Social Security Administration headquarters:**
"In March 2014, the Social Security Administration (SSA) Inspector General (IG) identified a significant amount of unused space both at the SSA headquarters as well as other leased buildings nearby (buildings that were not fully occupied). The IG recommended that SSA look to terminate the costly outlying leases and instead consolidate into a building known as Security West adjacent to the headquarters building in Baltimore.

But rather than heed this advice and pursue a long term lease at Security West—which would have locked in a very reasonable rate for square footage—it is my understanding GSA has issued a prospectus for a different space with a square footage rate that doubles that at Security West."

**1) Is this a case of the administration adhering to its goal of reducing the footprint?**

The prospectus submission implements GSA's priorities of actually reducing the federal footprint and promoting greater competition in the leasing program.

SSA and GSA have aggressively reduced SSA's footprint in the Woodlawn real estate market. Since 2013, GSA has terminated 10 leases in coordination with SSA. These terminations have

resulted in an annual rental savings of $9,250,000 and represent a square footage reduction of 625,000 RSF.

**2) Is it acceptable to reduce the footprint even in cases in which doing so will lead to higher costs?**

The contemplated housing plan for the Security West Replacement project implements a reduction of about 362,203 rentable square feet (RSF), which represents a 41% square foot reduction of the current lease. The all-in utilization rate will dramatically improve from 297 to 163 square feet per person. The current lease will expire on October 31, 2018 and GSA has determined to seek full and open competition for the replacement action. In addition to Competition in Contracting Act's requirement for full and open competition, GSA will realize better results for SSA and the taxpayer if these long term requirements (20 years) including updated codes and lease standards are competed.

# Department of Justice

STATEMENT OF

RICHARD L. HALEY II
ASSISTANT DIRECTOR
FACILITIES AND FINANCE DIVISION
FEDERAL BUREAU OF INVESTIGATION

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

FOR A HEARING ENTITLED

SAVING TAXPAYER DOLLARS BY REDUCING FEDERAL OFFICE SPACE COSTS

PRESENTED

MARCH 1, 2016

**Statement of Richard L. Haley II**
**Assistant Director, Facilities and Finance Division**
**Federal Bureau of Investigation**
**Before the United States House of Representatives**
**Committee on Transportation and Infrastructure**
**Subcommittee on Economic Development, Public Buildings, and Emergency Management**
**March 1, 2016**

Good morning Chairman Barletta, Ranking Member Carson, and Members of the Subcommittee. Thank you for the opportunity to appear before you today to discuss the need for a new consolidated Federal Bureau of Investigation (FBI) Headquarters building in the Washington, D.C. area. I am pleased to appear before the Subcommittee with my colleagues from the General Services Administration and the Administrative Office of the U.S. Courts.

As the Committee is aware, the FBI has occupied the J. Edgar Hoover building since 1974. Since that time, the mission of the FBI has evolved, but the building itself has not kept pace. More than half of the FBI headquarters workforce is dispersed in 13 leased locations across the National Capital Region because the current facility cannot accommodate the volume of personnel or the technical capability required to sustain operations. This makes it extremely difficult to address rapidly developing threats and collaborate across divisions and programs. Our Nation continues to face a multitude of serious and evolving threats ranging from homegrown violent extremists to hostile foreign intelligence services and operatives; from sophisticated cyber-based attacks to internet facilitated sexual exploitation of children; from violent gangs and criminal organizations to public corruption and corporate fraud. As an organization, we must be able to stay current with constantly changing and new technologies that make our jobs both easier and harder. Our adversaries – terrorists, foreign intelligence services, and criminals – take advantage of modern technology, including the Internet and social media, to facilitate illegal activities, recruit followers, encourage terrorist attacks and other illicit actions, and to disperse information on building improvised explosive devices and other means to attack the U.S. Keeping pace with these threats is a significant challenge for the FBI. The breadth of these threats and challenges are as complex now as at any time in our history and the consequences of not responding to and countering threats and challenges have never been greater. Fighting the current threat, and preparing for the future wave of threats, requires cutting edge technology and the foundation for intelligence to flow in and out of the FBI seamlessly. A key challenge inhibiting our ability to address current and future threats is the lack of a headquarters facility that fully fosters collaboration, intelligence sharing, and is dynamic, enabling Special Agents, Intelligence Analyst, and other Professional Staff to combat evolving threats as they arise. Simply put, the J. Edgar Hoover building is obsolete, inefficient, and faces a number of security vulnerabilities.

Aside from the operational shortfalls in the current facility, we also face infrastructure limitations. Because of the manner in which the building was constructed, it cannot be retrofitted to meet mission needs – walls cannot simply be deconstructed or erected, as the infrastructure cannot support such changes. In addition, key components of the building's infrastructure have reached the end of their useful life. It is estimated that it would cost several

hundred million dollars to repair or replace these components as well as renovate key aspects of the current facility. Security also remains a key challenge. The J. Edgar Hoover building does not meet Interagency Security Committee standards for an Intelligence Community-grade building. The building also lacks the resiliency necessary should a minor or catastrophic event occur.

The FBI understands the increasing costs of Federal office space, as it leases more than 350 locations nationwide for its field and satellite offices (through GSA). However, the FBI has made concerted efforts to reduce space requirements by consolidating case files and evidence storage in centralized locations in lower cost areas and minimizing personal workspace and common areas. In addition, the FBI is in the process of moving and consolidating its data centers from costly leased locations in downtown areas to owned facilities in locations that have significantly lower costs of power and infrastructure. In the new headquarters effort alone, we anticipate reducing the total square footage by 800,000 rentable square feet. In addition, simply by consolidating the leased locations in the National Capital Region and the J. Edgar Hoover Building into a new headquarters building, the Government will save tens of millions in annual lease payments.

In summary, the J. Edgar Hoover building is incompatible with what the United States expects of the FBI. To protect this nation from the rapidly developing, evolving threats we face today, the FBI needs an environment in which its highly trained, skilled workforce can collaborate across divisions and programs to fashion solutions that mitigate today's threats. Our goal is to have built a fully consolidated, secure, resilient intelligence community-worthy facility. But even more than that, what we need is a facility capable of meeting the increased demands of the Nation's premier Intelligence and Law Enforcement organization for the future of the FBI. This building will address the way we will work for the next 50 or more years. In doing so, we are building the security and safety of this nation by creating an environment where the men and women of the FBI can use their significant skills and abilities to live up to the sacred trust placed in us by the American people: to protect them from harm, and uphold the Constitution of the United States.

Chairman Barletta, Ranking Member Carson, and Committee Members, I thank you for this opportunity to testify on the new FBI headquarters project. We appreciate your interest and support. I am happy to answer any questions you might have.

**Questions for the Record**
**"Saving Taxpayer Dollars by Reducing Federal Office Space Costs"**
**Subcommittee on Economic Development, Public Buildings, and Emergency Management**
**Committee on Transportation and Infrastructure**
**U.S. House of Represenatives**
**March 1, 2016**

**Questions posed by Representative Barbara Comstock**

**Relocation and Consolidation of FBI headquarters**

1. **With regard to the infrastructure surrounding each proposed site:**
    a. **What infrastructure changes would need to be made at the Franconia-Springfield site in order to accommodate the FBI headquarters?**

**Response:**

While Appendix D of the Draft Environmental Impact Study (DEIS), released in November 2015 and located at http://www.gsa.gov/portal/content/192223, details all infrastructure improvements required at each site, the below list identifies a few key infrastructure improvements necessary for the Franconia-Springfield site to be capable of accommodating the new Federal Bureau of Investigation (FBI) headquarters building:

- Relocation of multiple government agencies from the current site to include planning, design and construction of replacement facilities;
- Demolition of the existing facilities;
- Multiple transportation improvements;[1] and
- Minor utility improvements.

2. **What infrastructure changes would need to be made at the Greenbelt site in order to accommodate the FBI headquarters?**

**Response:**

While Appendix D of the Draft Environmental Impact Study (DEIS), released in November 2015 and located at http://www.gsa.gov/portal/content/192223, details all infrastructure improvements required, the below list identifies a few key infrastructure improvements necessary for the Greenbelt site to be capable of accommodating the new FBI headquarters building:

- Construction of new Washington Metropolitan Area Transit Authority (WMATA) facilities to include: parking garage, bus station, Kiss-N-Ride;

- Construction of new Federal Highway ramps and demolition of the existing I-95 exit ramp;
- Multiple transportation improvements;[1] and
- Multiple utility improvements.

**3. What infrastructure changes would need to be made at the Landover site in order to accommodate the FBI headquarters?**

While Appendix D of the Draft Environmental Impact Study (DEIS), released in November 2015 and located at http://www.gsa.gov/portal/content/192223, details all infrastructure improvements required, the below list identifies a few key infrastructure improvements necessary for the Landover site to be capable of accommodating the new FBI headquarters building:

- Multiple transportation improvements;[1] and
- Multiple utility improvements.

**4. What are the strategic benefits associated with relocating the FBI headquarters to the Franconia-Springfield Site?**

The FBI will realize significant mission and operational benefits from a consolidated headquarters. Each site has its own unique attributes which secured its place as a site finalist. The current acquisition strategy will enable the short-list of developers to submit proposals on any one or all three sites.

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[1] Initial transportation improvements were identified in the Draft Environmental Impact Study (DEIS) released on 11/6/2015; updated transportation demand models were developed and released on 4/8/2016.



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