



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

**Washington, DC 20515**

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**Dick J. Rahall, III**  
**Ranking Member**

March 4, 2011

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**BRIEFING MEMORANDUM**

**TO:** Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management  
**FROM:** Subcommittee on Economic Development, Public Buildings, and Emergency Management Staff  
**SUBJECT:** Oversight Hearing on "Cutting Spending and Consolidating Federal Office Space: GSA's Capital Investment and Leasing Program"

**PURPOSE**

The Subcommittee on Economic Development, Public Buildings and Emergency Management will meet on Thursday, March 10, 2011, at 10:00 a.m., in 2167 Rayburn House Office Building to receive testimony from the General Services Administration (GSA). The hearing will focus on GSA's Capital Investment and Leasing Program (CILP) including alteration, design, modernization, construction, leasing and building purchase activities.

**BACKGROUND**

*General Services Administration*

The Subcommittee has jurisdiction over all of GSA's real property activity through the Property Act of 1949, the Public Buildings Act of 1959, and the Cooperative Use Act of 1976. These three Acts are now codified as title 40 of the United States Code. The Public Buildings Service (PBS) is responsible for the construction, repair, maintenance, alteration, and operation of United States courthouses and public buildings of the Federal Government. Additionally, PBS leases privately owned space for Federal use. GSA owns or leases 9,600 assets and maintains an inventory of more than 362 million square feet of workspace. GSA acts as the "landlord" for the federal government, obtaining and managing space to meet the space needs of other federal agencies. GSA,

however, is just one of nine<sup>1</sup> federal agencies that, in total, own or manage 93% of federal real property.

### *Management Issues*

Given the vast real estate holdings of the federal government, poor asset management and missed market opportunities cost taxpayers significant sums of money. For this reason, in 2003, the Government Accountability Office (GAO) placed real property management on its list of “high risk” government activities where it remains today. GAO conducts biennial reviews on high-risk areas within the Federal government to bring focus to specific areas needing added attention and oversight. Areas are identified as “high” risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or areas that need broad-based transformation to address major economy, efficiency, or effectiveness challenges.

The key reasons the GAO identified federal real property as high risk are:

- excess and underutilized real property,
- deteriorating and aging facilities,
- unreliable property data, and
- the over reliance on costly leasing.<sup>2</sup>

Unfortunately, despite executive orders and memoranda issued during two administrations and acts of Congress intended to improve the management of federal real property, these problems persist.<sup>3</sup> The GAO noted recently in the 2011 High Risk report issued in February 2011 that some progress has been made in some of these areas but that “federal agencies continue to face long-standing problems, such as overreliance on leasing, excess property, and protecting federal facilities.”<sup>4</sup>

The high risk activities of Federal real property are significant. Considerable amounts of vacant or underperforming assets can translate into significant costs associated with their operation, maintenance, and security. For example, in fiscal year 2009, the federal government spent \$1.7 billion in annual operating costs for underutilized buildings and \$134 million, annually, for excess buildings.<sup>5</sup>

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<sup>1</sup> The other major land-holding departments and agencies include the Department of Defense, Veterans Affairs, Department of Energy, Department of Homeland Security, Department of the Interior, Department of State, National Aeronautics and Space Administration, and the U.S. Postal Service.

<sup>2</sup> See *High Risk Series: Federal Real Property*, U.S. General Accountability Office, GAO-03-122, January 2003.

<sup>3</sup> See, for example, Executive Order 13327, Federal Real Property Asset Management, signed by President George W. Bush, February 4, 2004; Presidential Memorandum, Disposing of Unneeded Federal Real Estate, signed by President Barack Obama, June 10, 2010; Public Buildings Cooperative Use Act of 1976; Public Law 108-447, Division H, Title IV, Section 412, December 8, 2004 (providing enhanced flexibility to GSA in real property management).

<sup>4</sup> *High Risk Series: Managing Federal Real Property*, U.S. General Accountability Office, GAO-11-278, February 2011, p. 58.

<sup>5</sup> FY2009 Federal Real Property Report, Federal Real Property Council, September 2010, p. 5.

## *GSA's Capital Investment and Leasing Program*

PBS activities are funded primarily through the Federal Building Fund (FBF), an intra-governmental fund into which agencies pay rent for the properties they occupy. Any excess funds generated by the rental system are used for building repairs and new construction. In 1975, the FBF replaced appropriations to GSA as the primary means of financing the operations and capital costs associated with the Federal space owned or leased by GSA. Each year, GSA submits to the House Committee on Transportation and Infrastructure and the Environment and the Senate Public Works Committee its Capital Investment and Leasing Program (CILP) for the subsequent fiscal year. The CILP submission includes what are known as prospectuses for each project, detailing the project scope, need, and estimated costs. The prospectus must be approved by the Office of Management and Budget, and must detail the particular project along with the cost, benefits, and plan for Federal occupancy. Those prospectuses are submitted as part of the CILP each year. For FY 2011, a prospectus is required for any project in excess of \$2.79 million.

Congress exercises control over the FBF through the annual appropriations process by setting limits on how much of the fund can be expended for various activities. Section 3307 of Title 40, United States Code, requires the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on the Environment and Public Works of the Senate to pass resolutions authorizing prospectuses for construction, repair, alteration, or leasing of space prior to an appropriation of funds.

In the FY 2011 CILP, GSA submitted prospectuses for 47 projects, including those for alteration, design, construction, and leasing. 26 prospectuses for leased space, most of which were submitted later in 2010, have not been acted on by the Committee through resolution and are still pending before the Committee. In addition, as of this Briefing Memorandum, GSA has failed to submit to the Committee its FY 2012 CILP, despite repeated requests in the past by the Committee to ensure their timely submission following the issuance of the President's budget which details the prospectus-level construction, repair and alteration projects the Administration proposes to fund.

In particular, the President's FY 2012 Budget requests authority to fund the following projects from the FBF (Some projects, such as those listed for St. Elizabeths, were previously authorized by the Committee in 2010):

### **CONSTRUCTION AND ACQUISITION**

#### **Executive Agencies:**

Washington, DC, St. Elizabeths Highway Interchange	\$55,400,000
Washington, DC, St. Elizabeths West Campus Infrastructure	\$41,906,000
Washington, DC, St. Elizabeths Activities	\$100,000,000
Washington, DC, St. Elizabeths East Campus Road Development	\$20,400,000
Lakewood, CO, Denver Federal Center Remediation	\$9,307,000

San Juan, PR, FBI Consolidation	\$145,506,000
Frederick County, VA, FBI Central Records Center	<u>\$97,060,000</u>
<b>Total:</b>	<b>\$469,579,000</b>

**Land Ports of Entry:**

Columbus, NM, U.S. LPOE	\$59,598,000
Alexandria Bay, NY, U.S. LPOE	\$173,565,000
Laredo, TX, Convent Street U.S. LPOE	\$74,947,000
Dunseith, ND, U.S. LPOE	\$35,863,000
Brownsville, TX, Gateway U.S. LPOE	<u>\$26,090,000</u>
<b>Total:</b>	<b>\$370,063,000</b>

**REPAIRS AND ALTERATIONS**

**Full Scope Repairs and Alterations:**

Washington, DC, Main Interior Building	\$50,400,000
Washington, DC, Harry S. Truman Building	\$54,700,000
Honolulu, HI, Prince J. Kuhio Kalaniana'ole Federal Building and Courthouse	\$198,650,000
San Francisco, CA, Phillip Burton FBI Consolidation	\$49,900,000
Overland, MO, Prevedel Federal Building	\$24,386,000
Washington, DC, EEOB Pennsylvania Avenue Screening Facility	<u>\$17,000,000</u>
<b>Total:</b>	<b>\$395,036,000</b>

**Major Repairs and Alterations Design Program:**

Los Angeles, CA, Federal Building (ICE)	\$9,478,000
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**Special Emphasis Programs:**

Energy and Water Retrofit and Conservation Measures	\$40,000,000
Fire Prevention Program	\$15,000,000
Wellness and Fitness Program	<u>\$7,000,000</u>
<b>Total:</b>	<b>\$62,000,000</b>

<b>Non-Prospectus-Level (Basic) Repairs and Alterations Program</b>	<b>\$402,388,000</b>
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The FY 2012 Budget requests a total of \$9.5 billion in new obligational authority (NOA) for the FBF to fund these projects.

**WITNESS**

Mr. Robert Peck  
Commissioner  
Public Buildings Service  
U.S. General Services Administration