

STATEMENT OF  
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U.S. GENERAL SERVICES ADMINISTRATION  
BEFORE THE  
HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
SUBCOMMITTEE ON GOVERNMENT OPERATIONS

Good morning Chairman Mica, Ranking Member Connolly, and members of this Subcommittee. My name is Michael Gelber, and I am the Deputy Commissioner of the U.S. General Services Administration's (GSA) Public Buildings Service (PBS).

GSA's mission is to deliver the best value in real estate, acquisition, and technology services to government and the American people. To meet this mission, GSA is working with agencies to reduce their space requirements, effectively managing our inventory, and pursuing innovative real property proposals that will increase space utilization, reduce costs, and deliver better space to partner Federal agencies. Additionally, as part of our efforts to serve our Federal partners, we are working with the Office of Management and Budget (OMB) and the Federal Real Property Council (FRPC) to improve the Federal government's inventory system of real property, as well as assisting agencies to dispose of their unneeded assets.

*GSA's Asset Management –*

GSA is one of more than two dozen major landholding agencies in the Federal government. Of the more than 871,127 buildings and structures reported by agencies in the FY2013 Federal Real Property Profile (FRPP), GSA manages just 9,002. This number accounts for approximately 427 million of the 3.3 billion square feet of space under the government's control, or slightly less than 13 percent.

GSA's mission is to provide space to partner Federal agencies at the best possible value. We do that in part by helping agencies to better understand how proper planning, use of shared space, and new work-space arrangements can help them to effectively fulfill their mission while improving their bottom line. This effort has required deliberate, upfront planning and coordination with agencies, and it has paid off with a number of successes that have helped reduce the government's long-term real estate costs. For example, the Administration requested \$100 million in Fiscal Year 2014 for GSA consolidation projects, with the goal of improving utilization by moving agencies out of costly leased space and into Federally-owned locations. Congress provided \$70 million of this request. Using these funds, GSA is executing 19 projects in 13 states across the country that will save

federal agencies \$17 million in rent payments annually, reduce the Federal footprint by 507,000 square feet, and reduce the government's leasing costs by \$38 million. In Fiscal Year 2015, the Administration is again requesting \$100 million in support of these worthwhile and cost effective consolidation efforts.

We also aggressively dispose of our unneeded assets. From 2005 to fiscal year end 2013, GSA has disposed of over 300 properties under our control, generating proceeds of close to \$300 million, and avoiding almost \$320 million in liability costs.

Additionally, GSA is using new tools to leverage the equity of underperforming buildings in our inventory to get new and highly efficient ones. We currently are pursuing several real property exchanges that stand to provide considerable savings to taxpayers.

For instance, we are undertaking an exchange involving the Federal Triangle South project, where GSA will leverage the value of several buildings in southwest DC to fund new, highly efficient space for the agencies currently housed there. On April 8, 2014, GSA issued a solicitation for the first in what will likely be a series of projects in this area of DC. This first project seeks to exchange the Cotton Annex and GSA's own Regional Office Building for services that would be used to help GSA consolidate about 1,500 regional staff from the Regional Office Building into the GSA headquarters located at 1800 F St., NW in Washington, DC.

Finally, these efforts include using tools to redevelop properties that no longer serve the Government's needs. For example, with direction from Congress, GSA used its authority under Section 111 of the National Historic Preservation Act to outlease the Old Post Office. We reached an agreement with the Trump Organization to restore this 114-year old building with \$200 million in private sector capital. This significant investment will convert the Old Post Office into a mixed-use development that will serve the local community and preserve the historic facility. We also will receive a base rent of \$250,000 per month, which escalates at the Consumer Price Index over the term of the 60-year lease. The funds that GSA receives from the Old Post Office lease can be used for repair and upkeep of historic federal buildings across GSA's inventory, saving additional taxpayer dollars.

Through these efforts, GSA will continue to fulfill our important mission, working with agencies to reduce their space needs, fully utilizing our inventory, disposing of our unneeded properties, and finding innovative ways to reposition our underperforming properties.

## *The Federal Real Property Portfolio –*

GSA also helps the Federal government in the management of real property by helping to aggregate data to better understand the Federal inventory. In concert with OMB and the FRPC, GSA manages the Federal Real Property Profile (FRPP). The FRPP is the "single, comprehensive, and descriptive database of all real property under the custody and control of all executive branch agencies, except when otherwise required for reasons of national security," in accordance with Executive Order 13327.

The diverse nature of agencies' real property portfolios requires that the data collected be broad and general in order to be met by all agencies government-wide. Additionally, the data in the FRPP is an annual report, not a living system, so the data is a snapshot taken at the end of each fiscal year. This means that it can be a useful tool for inventory, but, as GAO itself has noted, "the FRPP was not designed to be an active asset management system."<sup>1</sup>

Importantly, each individual agency is responsible for reporting information into the FRPP. Since the database's creation, GSA has worked to improve it by enhancing its technological capability, clarifying terminology, and meeting with agencies to help them better understand the technology and reporting requirements. We work consistently with the FRPC to clarify the data dictionary with additional detail that will help agencies better understand the data fields, tightening reporting requirements by removing optional data fields, and revising the data elements so that they can support better annual performance measures.

## *GSA's Role Government-Wide –*

GSA also works in concert with OMB and the FRPC to assist other landholding agencies with the property they are responsible for managing.

As part of the Administration's Freeze the Footprint initiative, GSA is helping landholding agencies develop plans to reduce the size of their inventory. We have also shared with other landholding agencies an array of strategies to support new ways of working, with the goal of reducing physical space, increasing space utilization, reducing the cost of space, and increasing its flexibility.

Additionally, with our government-wide disposal authority, GSA has been working to assist agencies in expeditiously disposing of their unneeded assets. GSA provides strategic

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<sup>1</sup> *Strategic Partnerships and Local Coordination Could Help Agencies Better Utilize Space*. GAO-12-779. Washington, DC: July 25, 2012.

direction and oversees the development of programs related to the utilization and disposal of Federal excess and surplus real property government-wide.

GSA develops tailored disposal strategies specific to each asset's characteristics, environmental issues, community interests, political concerns, market conditions and other factors impacting the repositioning of the unneeded asset. When preparing a property for public sale, GSA develops marketing plans that optimize the public offering. We use tools and techniques designed to reach very broad audiences and we target specific niche interests.

While GSA has the expertise to successfully navigate properties through this disposal process, each individual landholding agency is responsible for making their own asset management decisions on whether that asset is excess to their needs.

In fiscal year 2013, GSA sold or transferred 213 facilities across the country, generating \$97.7 million in sales. In fiscal year 2014, GSA has sold or transferred an additional 223 facilities across the country as of June 30, 2014, generating \$29.3 million in sales.

For instance, GSA sold the Moscow Federal Building in Idaho, a 30,000 square foot 5-story building with 107 parking spaces. The building was constructed in 1973 in downtown Moscow. Due to the relocation of several agencies the building was not fully utilized, providing an opportunity for GSA to dispose of the facility. The property was sold to Gritman Medical Center, a community hospital based in Moscow, for \$2.38 million. In addition to the sale proceeds, GSA avoided approximately \$4 million in repair and alterations costs. The building will be used by Gritman to provide additional medical services to its patients.

As GAO has noted, there are still a number of long-standing challenges to getting agencies to better utilize their current inventory and dispose of unneeded assets, "including the high cost of property disposal, legal requirements prior to disposal, stakeholder resistance, and remote property locations."<sup>2</sup> GSA is working diligently with agencies to overcome these hurdles, and the Administration's directives are assisting with those efforts.

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<sup>2</sup> *Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property*. GAO-12-645. Washington, DC: June 20, 2012.U.S.

*Conclusion –*

GSA is committed to carrying out its mission of delivering the best value in real estate, acquisition, and technology services to government and the American people. We are continuing our work to aggressively manage our own assets while also pursuing innovative new processes to better utilize our inventory.

Additionally, we are using our government-wide leverage, in partnership with OMB and the FRPC, to better serve our Federal partners by improving our data collection practices, assisting them with ideas for better space utilization, and disposing of their unneeded assets. These efforts will support the Administration's ongoing initiatives to promote efficient Federal spending.

Thank you for the opportunity to appear here today. I am happy to answer any questions you have.