

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

ON
GSA TENANT AGENCIES: CHALLENGES AND OPPORTUNITIES IN
REDUCING COSTS OF LEASED SPACE

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Thank you Chairman Barletta, Ranking Member Carson and Members of the Subcommittee for your invitation to discuss with you today the progress Department of Defense's (DoD) plans for managing and reducing DoD's leased space portfolio. My name is William E. Brazis. I am the Director of DoD's Washington Headquarters Services (WHS). The Department partners with the General Services Administration (GSA) to execute our leases. WHS is responsible for managing DoD space in the National Capital Region (NCR) and for planning and implementing DoD's ongoing efforts to reduce DoD's leased space portfolio and leased space costs in the NCR. This initiative comprises part of DoD's coordinated effort to achieve economies and efficiencies by reducing our headquarters and in managing the Department's facilities and leased space.

Recently, WHS, as part of DoD's overall streamlining efforts, was realigned under the Department's Deputy Chief Management Officer (DCMO). The move highlights DoD's commitment and focus on management and performance across the Department. The realignment combined WHS's primarily Headquarters-related efforts in the NCR with DCMO's broader Department-wide reach.

WHS is responsible for a broad spectrum of government owned facilities and leased space operations and management in the NCR. This portfolio includes the Pentagon Reservation, the Fort Belvoir Mark Center Complex, and leased space totaling approximately 6.6 million square feet secured by 103 leases in over 84 buildings. These owned and leased facilities house nearly 70,000 DoD personnel supporting the military

departments and defense agency missions. DoD works in direct partnership with GSA as the leasing authority to strategically utilize leased space to satisfy DoD's mission requirements.

As part of the overall planned drawdown and reductions across the DoD, the Secretary of Defense has directed that DoD components in the NCR achieve an overall 20% reduction in leased space over the next five years for headquarters operations. These are reductions in addition to those substantial reductions achieved from 2005-2012 under BRAC 2005. Thus, the Department is developing a business-based plan to reduce its footprint and costs. This plan is undergoing DoD leadership examination and approval as part of the Department's current Program Budget Review and FY16-20 Five Year Defense Plan (FYDP). The goal is to reduce our lease footprint in the NCR and also achieve efficiencies in our Government-owned DoD facilities.

The Department has long partnered with GSA to efficiently manage its space requirements in the NCR and continues to rely on that partnership in reshaping its lease portfolio. To do so, the Department plans on: 1) continuing to leverage GSA's experience as the federal government's leasing agent plus their leading-edge space management tools; 2) obtaining quality leases while transitioning from expiring leases; and 3) improving our utilization of our facility spaces.

- 1) **Continuing to leverage GSA's experience as the Federal government's premier leasing agent and its cutting-edge space management tools.** The Department relies on GSA's Public Buildings Service to solicit, acquire, and

help manage its leased space inventory in the NCR. This partnership provides the Department with tools and opportunities to achieve DoD's goals. DoD takes advantage of GSA's experience to enhance our planning process, as DoD did successfully in executing the BRAC 2005 recommendations.

- The BRAC 2005 recommendations significantly impacted DoD's leased space inventory. Combined with increases for warfighter support, the BRAC 2005 recommendations resulted in a net 3.4 million square foot reduction in NCR leased space.
- DoD looks forward to working with GSA to leverage GSA's emerging strategies including the use of shared work space and other work-space arrangements that can be applied to the Department of Defense's mission. This will help reduce physical space and associated costs while improving space utilization rates and flexibility.

2) **Obtaining quality leases while transitioning from expiring leases.** The Department's lease space inventory includes buildings that have been in service for decades and in many cases need major renovations. These lease spaces often do not provide a modern work environment for DoD personnel to execute their missions. As DoD works through lease transition with GSA, we consider the following themes:

- Modern spaces: New or renovated facilities allow us to adopt the use of shared space and other work-space arrangements to improve the utilization rate across our portfolio. These more energy efficient spaces not only

reduce operational costs but provide higher quality work places for personnel.

- Transportation: Whenever possible, the Department acquires leases in close proximity to mass transit to improve commuting options for DoD personnel and reduce the impact on the regional transportation network.
- IT: Investment in and upgrade of IT infrastructures is expensive yet critical to mission execution. New construction and major renovation provides the opportunity to install state of the art IT networks that serve as force multipliers for DoD personnel.
- AT/FP (Anti-terrorism/Force Protection): Providing appropriate secure and safe facilities for Department of Defense personnel remains a top priority.

3) **Improving space utilization.** The GSA is leading the effort to re-image and model the ways government agencies utilize office spaces, improving workplace quality while recognizing the changing work habits of an increasingly mobile Federal workforce. The Department intends to learn from GSA and other agencies and apply that experience as DoD updates its inventory.

Conclusion: DoD is committed to effectively and efficiently managing its leased space inventory while executing its national defense mission. Improved utilization of existing government owned space while minimizing its leased space inventory permit shifting of

resources to support the warfighter and reduce overhead costs. DoD anticipates making these improvements over the next few years in partnership with GSA.

On DoD's behalf, WHS's planning and analysis is geared toward achieving a 1.2 million SF space reduction, eliminating 12 buildings, consolidating into anchor buildings and reducing space in 40 other buildings. At this point, our analysis shows the potential net savings beginning in FY17, and significant annual savings from NCR leases beginning in 2020. DoD plans to address the investment needed to achieve this cost avoidance in the FY16 budget planning.

We are excited by the opportunity to achieve even more substantial efficiencies as DoD executes its plan.

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