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It is a great pleasure to be here today to discuss means of improving the GSA leasing and construction process. Through a rewarding Federal career, I've had a 37 year association with the GSA leasing program. My work with GSA has been in several GSA Regional offices and at GSA's Headquarters.

During that time, I witnessed and was part of many changes. And, most recently, since retiring from GSA's National Capital Region and joining the firm of Jones Lang LaSalle in its Government Investor Services practice group, I have acquired the added perspective of building owners in the GSA leasing process.

GSA's leased inventory is large by any measure. Most of the lease transactions which comprise it are undertaken with efficiency and

transparency and some degree of user friendliness. However, it has been my observation that among GSA leases which are larger, more valuable or complex this is often not the case.

Let me share with you the reasons why this is, how this is apparent in the private sector and what some solutions might be.

First, the GSA lease process has been expanded in recent years. Some examples of the added stages in the process are more rigorous acquisition planning, better formulated location decisions, various compliance checks and a new set of documents binding Federal agencies to their obligations under GSA leases. While these process additions represent laudable objectives, GSA has yet to minimize their impact on the procurement process, most notably the impact these additional layers of process have on procurement duration and project completion timelines.

Second, some years ago, GSA implemented new ideas in its organizational placement of leasing. Their goal was to achieve a greater degree of responsiveness to their client agencies' leased space requirements. An unintended consequence, though, was to lose clear lines of

knowledgeable, leasing accountability up to and through management levels in the leasing program as well as back down again into the leasing organization.

Third, GSA has been challenged in its ability to accurately ascertain their client agencies requirements early in the lease procurement process. By launching procurements without a complete picture of end needs, GSA has negatively impacted the perceived commercial reasonableness of GSA transactions in the marketplace and added to the perception of the Government as a challenging transactional partner. The lengthy budget cycle is clearly one reason for the occasional disconnect between GSA and their client agencies, but it is clear that greater attention is needed to smoothly manage transactions in a manner that will satisfy GSA users, provide the best price to the Government and encourage the continued participation of private sector partners.

Fourth, in staffing its leasing operations, GSA faces major resource constraints. In the personnel arena, a combination of factors have had significant impact including a long period of essentially no hiring of new personnel, a wave of retirements and the significant time and expertise

investment required to bring new hires up to a full level of leasing proficiency.

Fifth, the volume and scope of GSA's required lease documents significantly exceeds those for lease transactions in the private sector. Again, though often well-meaning, this added documentation adds to the perception of the Government as a difficult partner in private sector transactions.

Process additions, a lack of sufficiently trained personnel and inadequate communication between GSA and its client agencies have all served to complicate the GSA leasing process. These weaknesses have become readily apparent to the private sector and manifest themselves in many ways, including:

- Exceptionally high numbers of lease holdovers
- Increasingly frequent mention by GSA representatives of leasehold condemnations as negotiating leverage
- From the nationwide perspective of a service provider to the industry, each of GSA's eleven regions handles their real estate transactions differently and therefore, in practice, there are functionally eleven different ways GSA performs real estate transactions.

- More project “false starts” as a result of rescoping, prospectus shortfalls and reasonably foreseeable site deficiencies
- Significant rent arrearages and lease execution delays.

There are solutions to these issues. In fact, I am sure none of the issues I have raised come as a surprise to GSA. And, as I was leaving GSA I understood there were moves afoot to take corrective actions. Most importantly:

- A rigorous real estate oriented training program is needed for GSA leasing personnel
- A coherent, top down leasing management structure is needed to increase oversight, better manage transactions, and maintain an action bias
- GSA should take steps to simplify its process and undo or better adapt well-meaning but cumbersome procedural steps that increase organizational and transactional inefficiency
- A thorough review of the submissions, attestations and requirements of lease procurements should be undertaken by GSA with the goal of streamlining and simplification

This concludes my remarks. I will be pleased to address any questions or comments by the Chair or subcommittee members.