

Madam Chair, Members of this Subcommittee, my name is Dawud Abdur-Rahman. I serve as development director in the U.S. General Services Administration (GSA), National Capital Region, and am working on the preparation of a master plan for the new Department of Homeland Security (DHS) headquarters complex at St. Elizabeths West Campus. I am pleased to have the opportunity to appear before you today to supplement the remarks made by Commissioner Winstead regarding the economic benefits that our project will have for Washington, DC and the Ward 8 neighborhood.

GSA is currently preparing a master plan for this project. We propose to develop up to 4.5 million square feet of space and up to 1.8 million square feet of structured parking on the 176-acre St. Elizabeths West Campus. This development will include new construction, along with the restoration and modernization of the majority of the existing campus comprised of 1.2 million square feet of historic buildings. When completed, the facility will house up to 14,000 employees.

In my remarks today, I would like to summarize the actions GSA has taken, and will take, to make St. Elizabeths West Campus a valuable and important neighbor in Ward 8.

First, we stopped the rampant and progressive deterioration of this National Historic Landmark. When GSA assumed custody and control of the West Campus in 2004, the buildings and landscape were in deplorable condition. For example, the grounds were overgrown to such an extent that most fire hydrants were obscured by weeds and tall grass. There was no readily apparent evidence of a footpath leading from the ball field to the West Campus Cemetery. Many of the buildings were still full of trash left from previous occupancy. Holes in roofs had to be patched. The most historic building on campus, the Center Building, and the beautiful, Beaux Arts style Hitchcock Hall, had both suffered extensive damage from leaks in the steam distribution system. All of the floors had collapsed in one wing of the Center building.

Anticipating the ultimate redevelopment of the campus, GSA invested \$13 million in a stabilization program. This work, most of which was done by Section 8(a) small business contractors, includes construction, landscaping, security services, and building management. A total of 40% of all contracts issued since late 2004 have been awarded to DC-based firms, and 60% of the \$4 million of work currently under way is being performed by DC-based firms.

Now we are preparing a master plan for the phased development of the headquarters facility. Congress has already appropriated funding for preparation of this document, the design of the first phase of the project, a headquarters building for the U.S. Coast Guard, and initiating the repair and replacement of the infrastructure for the entire site. This fiscal year 2008, the Administration is requesting \$346 million to fund GSA construction of the Coast Guard headquarters building and further infrastructure, as well as to begin design work for Phase 2. Phase 2 includes further new construction, and the restoration of many of the historic buildings and landscaping to their original appearance.

The construction of the DHS headquarters complex will convey considerable economic benefits to the local community. Construction costs alone are expected to exceed \$3 billion and that means a lot of construction jobs and construction site support services. Federal acquisition regulations require all federal agencies to create as many opportunities as possible for small businesses to compete as prime contractors on federal projects, and for large contractors on federal projects to establish sub-contracting goals for small businesses. In Fiscal Year 2007, GSA's Public Buildings Service entered into \$240 million in contracts in this region with small businesses. We also encourage our construction contractors to participate in an approved apprenticeship program, so that residents of Ward 8 and other parts of the District will have the opportunity to be trained for careers in the construction trades.

Once the campus is occupied, local firms will have the opportunity to seek contracts to provide various related services for employees located there. With up to 14,000 employees on site, there is a sizable potential market for businesses located nearby. In addition, contractors doing business with DHS will be tempted to locate in office space within a short distance of the campus, to facilitate frequent contacts with their client.

In an effort to calculate the potential economic benefits that this project will generate, GSA utilized a computer model called the Regional Input-Output Multiplier System II (RIMS II), developed by the Bureau of Economic Analysis. This model utilizes such concepts as economic multipliers and the interrelationships of different sectors of the regional economy to calculate the kinds of benefits a given project can produce. It is used extensively by both the public and private sectors for such projects as estimating the impacts of military base closures, airport construction, and the development of shopping malls and sports stadiums.

Using this model, GSA projects that development of St. Elizabeths West Campus will generate 26,000 jobs and \$931 million in payroll during construction alone. It is also expected to produce \$18 million per year in sales and use taxes after occupancy occurs.

Some of these benefits are regional in scope. Commissioner Winstead has already described the significant role that the District of Columbia Government can, and must, play if this project will generate maximum benefits for the immediate neighborhood. GSA is working closely with the District government, and with the neighborhood, to push such a coordinated approach forward.

In September, we worked closely with you, Madame Chair, and the Anacostia Economic Development Corporation, to conduct a business opportunities forum at Matthews Memorial Baptist Church to explain opportunities that could be generated by our development. We are already using Ward 8 firms to provide services for these events.

In November, we briefed Deputy Mayor for Planning & Economic Development Neil Albert and Planning Director Harriet Tregoning on our project, and later that month we provided a tour of the site for Deputy Mayor Albert and City Administrator Dan Tangherlini. We discussed ways that the St. Elizabeths East Campus can be developed to take advantage of the opportunities posed by the development of West Campus.

This past Monday, December 10th, we met with James Bunn, executive director of the Ward 8 Business Council in Councilman Barry's constituent office, to explore how our project can generate business opportunities for the community.

These are but the most recent examples of the scores of meetings GSA has had in the Anacostia and Congress Heights neighborhoods. We are encouraged by the neighborhood's support for our project, and we look forward to continuing to work with them.

In closing, I want to emphasize how beneficial the redevelopment of St. Elizabeths West Campus can be for Ward 8. That Ward, which is now just beginning to participate in the economic revival that has been occurring in this city for the past decade, has the potential to become a major center of economic development in Washington. Think of the prestige that will be conveyed by having the headquarters of the largest civilian Cabinet agency in the Government located there.

GSA stands ready to continue working with you, Madame Chair, with the District government, and with the Ward 8 community, to make this project a success.

Thank you.