STATEMENT OF

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BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

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Introduction

Good afternoon, Madam Chair, Ranking Member Diaz-Balart and members of this subcommittee. My name is Paul Prouty, and I am the Acting Administrator of General Services. Thank you for inviting me to appear before you today to discuss the General Services Administration's (GSA) contribution to our nation's economic recovery.

President Obama named me to this position on January 21, 2009. While I am new to the position of GSA Administrator, I am not new to GSA having served as the Acting Regional Administrator in the Rocky Mountain Region and as the PBS Assistant Regional Administrator (ARA) both in the Rocky Mountain Region and the New England Region.

With me today is Anthony Costa, Acting Commissioner, Public Buildings Service (PBS) and Kevin Kampschroer, Acting Director, Office of Federal High Performance Green Buildings. Both will be playing an active role in this nation's reinvestment in our public buildings.

GSA's Public Buildings Service is one of the largest and most diversified public real estate organizations in the world. Our inventory consists of over 8,600 assets with nearly 354 million square feet of rentable space across all 50 states, 6 territories and the District of Columbia. Our portfolio is comprised primarily of office buildings, courthouses, land ports of entry, and warehouses. GSA's and PBS' goal is to manage these assets responsibly while delivering and maintaining productive workplaces at best value to the taxpayer.

A Unique and Exciting Opportunity

Our nation's economy is in a crisis of a severity not seen since the Great Depression. In the face of this crisis, we at GSA look forward to being a part of the solution. By investing in our backlog of well-planned, worthy and needed infrastructure projects, we can help stimulate jobs in the construction and real estate sectors while stimulating long-term growth in energy efficient technologies, alternative energy solutions and green buildings. In other words, we can help stimulate the economy by getting money flowing to the building industries – to construction workers, electricians, plumbers, air conditioning mechanics, carpenters, architects, engineers, etc. We can help get people back to work.

And at the same time, we can make meaningful improvements in our portfolio that will ultimately yield a significant return in future energy and operational costs. We are ready to undertake this challenge and we look forward to carrying out our role in the American Recovery and Reinvestment Act.

Today, I would like to describe what we have done and what we are doing to promote economic recovery, create jobs, promote energy efficiency and improve our public buildings while remaining transparent to the public. I will focus on four areas: Project Identification, Energy/Green Buildings, Project Execution (Getting the work done), and Transparency and Reporting.

Project Identification

As part of our portfolio management work and in preparation for receiving reinvestment funding, we convened a team consisting of national office and regional office representatives to review projects that are good candidates for funding. Currently, each project is being evaluated on a number of criteria, the two most important being: how fast we can create jobs by getting shovels in the ground; and, how much added energy efficiency and sustainability we can gain from projects ready for construction award within 90-day, 1-year, and 2-year time frames.

The reinvestment funds also provide an unprecedented opportunity for GSA to improve the performance of our buildings. First, the money will help GSA reduce its energy consumption and improve the environmental performance of the inventory. Second, in large part, the funds will be invested in the existing infrastructure, which will help reduce our backlog of Repair and Alterations needs, thus increasing the assets' value, prolonging the assets' useful life and ultimately further conserving our country's resources. And third, the money will lessen our reliance on costly operating leases by providing some government owned solutions for long-term requirements of our customers.

We are evaluating each project to ensure a positive return for the Federal Buildings Fund and the American citizen. I want to assure you that our project list will be based upon sound asset management practices, following the Federal Real Property Council's Guiding Principles, and following the principles of high-performance green buildings as defined in the Energy Independence and Security Act of 2007.

In addition to projects identified and funded by GSA's reinvestment, we anticipate a significant influx of reimbursable work requests from customer agencies.

Energy/Green Building

As this Committee knows, the Energy Independence and Security Act of 2007 and other laws require GSA, among other things, to reduce its energy consumption by 30% by 2015; reduce fossil fuel-generated energy consumption in our new buildings by increasing amounts – from 55% in 2010 to 100% in 2030; and "green" a substantial portion of our inventory.

We are reviewing projects where we can start construction quickly while also identifying ways that existing designs can be improved. Many improvements are as simple as substituting more efficient equipment, integrating designs, or adding components to improve energy efficiency, reduce consumption, or generate electricity. Some examples we have already identified are:

- Adding thicker insulation than required by the newest energy codes
- Installing variable frequency drives to reduce energy and extend the life of mechanical equipment
- Converting parking structure lighting to LED (light-emitting diode), which dramatically lowers energy consumption, improves safety and visibility and reduces maintenance as LEDs can last two to three times as long as typical parking lot lights
- Retrofitting or replacing less efficient windows — this component is often eliminated from a building renovation because of the initial expense and long payback period.
- Specifying dual flush toilets and waterless or low water urinals to save water and reduce demand on aging city sewer systems

By using well-established contracting techniques, such as design-build contracts, we can start work quickly, and make simultaneous improvements to the existing designs. We are gathering and preparing standard scopes of work for many of these improvements, some of which are being provided by the national laboratories run by the Department of Energy (DoE). DOE's Federal Energy Management Program, in conjunction with the National Renewable Energy Laboratory, is providing specifications for the four most common types of solar installation. The Commercial Buildings Program at DoE and the Pacific Northwest National Laboratory are providing specifications for three classes of lighting and control strategies. We are also selecting standards from GSA's projects as models for this work.

In addition, we are identifying a number of larger projects that can rapidly be deployed in many buildings. I'll mention just three examples:

- Installing intelligent lighting systems that provide daylight and provide controls for occupants to adjust for ambient light versus task light.
- Replacing flat roofs with ENERGY STAR membranes; integrated photovoltaic panels bonded to the membrane; or planted roofs. These options offer benefits ranging from increasing the life of the roof, to producing energy and to reducing the "heat island" effect of a black roof.
- Accelerating the installation of advanced meters—required under the Energy Policy Act to be completed by 2012. Advanced meters enable us to better manage buildings by instantaneously providing information on a building's energy use and encouraging immediate operational changes.

In these three examples, we can make significant improvement to the energy performance of a building, and with lighting, also improve the working conditions for the people in them.

In short, we are looking for every opportunity to optimize our reinvestment funds by increasing building performance and reducing our dependence on fossil fuel.

Project Execution (Getting the Work Done)

Our role in the economic recovery presents a unique opportunity for us to explore new, faster ways of working. To manage the large influx of capital we are focusing on 3 areas: management, measurement, and tracking/reporting.

We recently established a national initiative to support regional program personnel with standard business processes, communication plans, updated policy and guidance, consistent lines of authority and consistent training plans. This disciplined approach was well underway prior to the current economic crisis and will serve as a tool and rallying point for implementing our national reinvestment initiative.

Given the complexity of project management, GSA will form a nationally managed, regionally executed Program Management Office (PMO) dedicated to managing reinvestment funded projects. It will be staffed with experts and as appropriate, will draw from resources across PBS and FAS. The PMO will maintain an aggressive schedule and will be supported and mirrored by teams in each region.

The GSA acquisition community is exploring a variety of tools that can be customized, standardized and consistently used to support the reinvestment initiative. For projects of a recurring nature, we expect to use existing tools such as Blanket Purchase Agreements (BPAs) and Indefinite Delivery Indefinite Quantity contracts (IDIQs) as appropriate. We may also modify these tools to allow for additional projects. Larger, complex and/or unique projects will be competed individually, using existing processes with expedited execution. To further promote streamlined delivery, approaches like design-build may be used more extensively. PBS and GSA's Federal Acquisition Service are working together to award national contracts against which regions can place task orders quickly.

In all cases, throughout the execution of proposed reinvestment related work, PBS will:

- Seek competition within the marketplace,
- Strive to maintain outreach and support to businesses within defined socio-economic categories,
- Place a priority on energy conservation/energy efficiency, and

- Seek consistency in national implementation.

While we anticipate hiring for key positions at GSA National Office and the regions to manage this work, we plan to use limited term "Industry Hires" extensively, to fill those roles that sunset with the expiration of the reinvestment initiative. This solution will fulfill our short-term need for a larger workforce without encumbering our long-term personnel goals. These Industry hires can also create jobs for those in the ailing design, construction, and construction management sectors.

GSA will also hire contractors to provide support to GSA personnel in such areas as data tracking and reporting, reviews of scope, schedule and budget, energy performance reviews, design services, construction contracting and project management.

A key component in managing the reinvestment initiative is measurement. GSA currently uses several performance measures to track the progress and budgets of our capital projects using earned value analyses. We also use internal schedule milestones and a Variance Tracking Report as a management tool to assess project performance and status. We will apply these measures to reinvestment projects as well.

To improve our execution efforts on reinvestment projects, we are currently developing a measure to track the design process and design schedule progress. We will also develop a measure focusing on energy performance results.

In the acquisition arena, we will be monitoring contract awards on such performance metrics as: number/percentage of contracts that were awarded competitively; our performance against national socio-economic targets; and timeframes in which the contracts were awarded.

Transparency and Reporting

Management of these precious reinvestment funds relies on accurate reporting and tracking. GSA already has business measures that are widely considered to be among the best in the industry.

We will build on those measures and develop new measures in the areas of energy and sustainable performance. We want to make sure that the buildings designed to perform better actually do perform better once they are renovated or built. As a result, we are developing the means to measure energy performance in all the buildings improved by the stimulus investment in greater detail than we can today. We will also be commissioning these buildings to ensure that the good designs are performing as they should. And we will periodically re-commission

the buildings to ensure that the performance persists. We already have solid baseline energy consumption numbers and will be able to detail both energy savings and cost avoidance.

GSA will be taking the lead to launch and manage Recovery.gov, the official website of the federal government that will report the ongoing progress on the reinvestment funding for the American public. We welcome this assignment. GSA is a leader throughout the federal community and has the management and technical expertise to make this a success.

We are ensuring that our financial systems will track information at the required level in order to meet the Recovery.gov requirements. In some cases, this is similar to work we have done in the past for circumstances such as emergency response scenarios, where we changed project code information in our payroll systems. We are also taking steps to ensure that we can measure the impact of each dollar spent. We want to ensure that we are using taxpayer dollars wisely.

Conclusion

Today, I have described the unprecedented and exciting opportunity that lies before us to contribute to our nation's economic recovery, address strategic energy goals, and reinvest in our public buildings. We know that this is not business as usual and we are ready to move forward with speed, tempered by careful consideration of our procurement responsibilities and our responsibilities and accountability to the American taxpayer. We look forward to working with you and members of this subcommittee as we engage in this important work.

Madam Chairman, Ranking Member Diaz-Balart, this concludes my prepared statement. I will be pleased to answer any questions that you or any other members of this subcommittee may have about GSA's role in the economic recovery.