



U.S. General Services Administration

Robert A. Peck
Commissioner
Public Buildings Service

Committee on Transportation and Infrastructure
Subcommittee on Coast Guard and Maritime Transportation
“Review and Status of the Multi-Billion Dollar Department of Homeland
Security Relocation Project in Washington, D.C. and its Impacts on the
U.S. Coast Guard”
September 23, 2011

Good Morning Chairman LoBiondo, Ranking Member Larsen and Members of the Subcommittee. My name is Robert Peck, and I am the Commissioner of the U.S. General Services Administration's Public Buildings Service. I appreciate the opportunity to come here today to discuss the continuing progress in completing the facilities and infrastructure for the move of the Coast Guard to the consolidated Department of Homeland Security campus at St. Elizabeths.

The consolidation strategy was developed in 2006 and agreed upon by Congress, the U.S. Coast Guard, DHS, and GSA. The first facility scheduled to come online is a Coast Guard Headquarters worthy of their vital role, enhancing their ability to achieve their mission while providing a building customized to meet their specific requirements and security needs. The move from leased to owned space will save taxpayers money and provide critical revenue to reinvest into the nation's aging infrastructure.

The Need to Consolidate –

In 2006, GSA and DHS developed a long-term housing strategy for the nascent Department that looked to the completion of a consolidated headquarters at St. Elizabeths. A consolidated headquarters will facilitate an effective response during a national emergency, optimize internal coordination and communication, and foster a cohesive culture.

For the duration of its brief history, DHS' Headquarters functions have been scattered in more than 50 locations throughout the National Capital Region. This fragmentation has resulted in severe operational challenges for the agency. Moreover, many of the current leases housing DHS are not cost-effective in the long term and cannot offer the same degree of security or efficiency as a campus such as St. Elizabeths. Consolidation of the critical mission execution functions into one secure campus will facilitate communication, coordination, and cooperation across the agency and increase operational efficiency, while also providing a more cost-effective and safe way to house the agency for the long term.

Secure, Efficient, and State-of-the-Art Coast Guard Headquarters –

The first facility to come online, consistent with the 2006 plan, will be the new headquarters for the Coast Guard. Construction of the \$350 million, 1.2 million square foot building, built to the exact specifications of the Coast Guard, is on schedule and on budget. Upon completion scheduled for FY13, this building will provide a secure facility that will allow the agency to better achieve its mission. It also presents a significant

milestone in the project and the arrival of the first 3,600 employees of the total 14,000 who will eventually be housed on the campus.

In addition to completing the Coast Guard Headquarters building, GSA is in the process of renovating several campus buildings, constructing the security perimeter fence, gatehouses, and utility tunnels. This construction, coupled with the adaptive reuse of historic buildings on the campus, will provide secure space and sufficient amenities for the Coast Guard, while other components are constructed and development occurs in the surrounding community.

GSA recognizes that the House has effectively eliminated the GSA capital funding in FY 2012 by eliminating all funding from GSA's new construction allocation, the Senate mark includes \$65 million. The Senate mark also includes \$56 million in funding for DHS to complete their portion of the project for Coast Guard move-in.

Saving Taxpayers Money –

The consolidation of DHS, particularly at this time, presents a variety of opportunities to save taxpayers money and make good long-term housing decisions. This is the right time to invest in the nation's infrastructure and every year of delay presents real cost increases to taxpayers.

By pursuing construction in this current economic environment, taxpayers are benefitting from what is an unfortunate downturn in the construction market. GSA's contract awards have been lower than originally estimated, allowing us to achieve more with our current funding levels. Funding delays, however, result in construction cost escalations, which can have significant impacts on the total amount required to complete a project.

Additionally, the dozens of leases currently housing DHS, including the five leases for Coast Guard, are not cost-effective. The cost of long-term leasing instead of Federal ownership presents a long-term financial burden to taxpayers. The Government Accountability Office has long focused on the Federal government's over-reliance on leasing as a high-risk concern. By converting from leased to owned space, GSA will generate revenue for reinvestment needed for the nation's public buildings infrastructure rather than paying higher costs into private buildings. The Coast Guard Headquarters alone will represent the conversion of nearly one million square feet of space from leased to Federal ownership.

This conversion of leased to owned space also saves taxpayers money in the long term. Based on a net present value analysis, upon completion of the consolidated campus, taxpayers will save approximately \$500 million versus the cost of leasing the same amount of space over the next thirty years.

Conclusion –

The completion of the secure and customized Coast Guard Headquarters, the first facility scheduled to come online in the DHS Consolidation at St. Elizabeths, is on schedule and on budget. This state-of-the-art facility will allow the Coast Guard to enhance operational performance, while saving taxpayers money in the long term and providing a revenue stream for reinvestment in the nation's infrastructure.

GSA and DHS are proud to work together in delivering this essential campus in the most cost effective manner. While the timeline for the remainder of the DHS Headquarters consolidation project may have to shift due to funding limitations, both GSA and DHS, as well as this Administration, remain committed to the success and completion of this critical project in as short a time as possible and at the least cost.

Thank you for inviting me to testify today. I look forward to working with this committee moving forward and I welcome any questions you have.