



U.S. General Services Administration

Kevin Richards
Acting Regional Commissioner
Pacific Rim Region
Public Buildings Service

Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings, and
Emergency Management
“Los Angeles Courthouse”
August 17, 2012

Good morning Chairman Mica and Chairman Denham. My name is Kevin Richards, and I am the Acting Regional Commissioner for the U.S. General Services Administration's (GSA) Public Buildings Service (PBS) Pacific Rim Region.

I appreciate the opportunity to join you here today at the Los Angeles Courthouse complex where GSA, at Congress's direction and with existing appropriations, is moving forward to construct a Courthouse to meet the Courts' number one priority for new construction. This long-delayed project is proceeding in an efficient manner, with a significantly reduced scope from what was originally planned and at a size that meets the Courts' new sharing requirements for Judges.

At the same time, and in line with Administration goals to better utilize real estate, GSA intends to dispose of the outdated historic Courthouse at 312 North Spring Street. The plan is to do this through an exchange, and in return, receive a new and efficient Federal building that will save taxpayers money by eliminating costly leases.

The New Los Angeles Courthouse –

GSA is pursuing the construction of a new and efficient Courthouse in Los Angeles to meet the Courts' needs. Due to security deficiencies in the existing building and courtrooms that do not meet the Courts' space needs or functional requirements, the Los Angeles Courthouse is the Courts' number one priority for new construction. Between FY2001 – FY2005, the project received appropriations and was fully authorized, but for a variety of reasons, including scope and cost, was unable to move forward.

Congress made clear on several occasions during the life of the Los Angeles Courthouse project that GSA should work with the Courts to develop a viable solution for the project within the funding already appropriated. House report language accompanying the FY2009 Appropriations bill noted that "GSA is prohibited from using funds previously appropriated for the courthouse in Los Angeles for any other project. The GSA is further prohibited from using any proceeds from the sale of the land for this project, if one were to occur, on any other project." Congress has also relayed its concern about the lack of progress in constructing a new courthouse in Los Angeles as evidenced by the FY 2010 Senate Appropriations Committee report that directed GSA to work with the Judiciary in "developing a cost-effective design that would not require splitting of the District Court." Language in the FY 2011 Senate Committee report and the FY 2012 House markup further stressed the interest in the project. Support was also provided by 19 Members of the California delegation, who sent a letter to GSA in

October of 2011 urging GSA to “proceed immediately” with construction of a new Federal Courthouse to meet the Courts’ needs.

In November 2011, the Courts and GSA announced a plan to deliver this critical facility within the current appropriation and authorization, eliminating future projected judgeships from the requirements and incorporating courtroom sharing policies. Originally planned for 41 courtrooms and nearly 1 million gross square feet, the project has been down-sized to 24 courtrooms and between 600 and 650 thousand gross square feet.

Since that announcement, GSA has been proceeding with a two-phase solicitation to select a firm to design and construct the new Courthouse. On February 6, 2012, GSA issued a Request for Qualifications, which was used to establish a short list of four highly-qualified firms. These four firms have been asked to provide detailed design proposals as part of a Request for Proposals and an award is expected later this calendar year, with completion and occupancy in the second quarter of Fiscal Year 2016.

The project will allow a more effective use of space, consolidating the Court functions currently housed in 312 North Spring Street and the Roybal building to the new Courthouse. The District Court will fully occupy the new courthouse, as well as the District Clerk and the accompanying U. S. Marshals Service. A number of senior district judges, the magistrate judges, as well as Pretrial Services and Probation, will consolidate in the Roybal building with the Bankruptcy Court. These two buildings will meet the security needs and functional requirements of the Courts, while satisfying the updated court requirements.

This will allow GSA to improve the security of the Los Angeles Federal District Court and meet the functional needs of the Court, taking advantage of an unfortunate downturn in the market to deliver the project within the current appropriation.

Disposal of 312 North Spring Street –

The consolidation of the Judiciary in the new Courthouse and the Roybal Building, however, will result in a large vacancy at the historic Courthouse at 312 North Spring Street. This circa-1930s building does not meet current seismic, fire safety, or security requirements.

Given the Administration's strong push to aggressively dispose of unneeded property, on June 22, 2012, GSA announced we would begin pursuing an exchange of the property. In return for the 312 North Spring Street Courthouse, a private-sector partner will be asked to provide a new, highly efficient Federal building to accompany the new Courthouse at the site bounded by 1st Street, Hall, and Broadway. This new building would allow GSA to backfill Federal tenants into this newly constructed Federal building and out of costly leased space, saving taxpayers millions in annual rent payments per year.

Since the announcement of the exchange, GSA has been conducting due diligence on the property, and will begin the Section 106 historic consultation process shortly. This process will determine what a developer will be allowed to do with the property, thus affecting its value. We are already working with potential tenants to develop a program of requirements for the new Federal building and, after completing the required due diligence, will engage the private sector to solicit proposals.

Better Utilizing Federal Real Estate –

As noted, this disposal through exchange is consistent with the Administration's goals to better utilize real estate. In June 2010, the President issued a Memorandum entitled "Disposing of Unneeded Federal Real Estate," which charged civilian agencies to utilize space, reduce operating costs, and dispose of unneeded real property more effectively to save \$3 billion by the end of 2012. GSA has saved more than \$300 million as part of the \$3 billion goal outlined in the June 2010 Presidential Memorandum.

Most recently, Acting OMB Director Jeffrey Zients issued a May 11, 2012, memorandum, entitled "Promoting Efficient Spending to Support Agency Operations," which stated, among other things, that agencies may not increase the size of their civilian real estate inventory. Any increase in an agency's total square footage of civilian inventory must be offset through consolidation, co-location, or disposal of space.

These initiatives are improving the Federal Government's management of real estate, ensuring that agency decisions are made in a cost-effective way, and saving taxpayers money. GSA is doing its part to meet these goals. The disposal by exchange of 312 North Spring Street will ensure taxpayers do not pay for an unneeded building.

Conclusion –

GSA and the Courts are well underway in moving forward with the plan to complete the new Courthouse in Los Angeles within the current appropriation to help the Courts meet their mission needs, with an award expected later this year. Los Angeles will have a secure, state-of-the-art Courthouse, helping improve court functions and services, while keeping tenants and the visiting public safe. Additionally, we look forward to the disposal through exchange of the historic Courthouse at 312 North Spring Street, allowing for backfill of costly leases and avoidance of ongoing maintenance and renovation costs. Both actions will result in a more efficient real estate footprint in the Los Angeles area.

I welcome the opportunity to be here and I am happy to answer any questions.