Written Statement of Elliot Doomes,
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of the U.S. General Services Administration
before the
Senate Committee on Environment and Public Works
Subcommittee on Transportation and Infrastructure
"*Oversight of the Public Buildings Service, General Services Administration*"
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Introduction:

Good morning Chair Kelly, Ranking Member Cramer, and distinguished Members of the Committee. My name is Elliot Doomes, and I am the Commissioner of the Public Buildings Service (PBS) at the U.S. General Services Administration (GSA). Thank you for allowing me the opportunity to appear before the Subcommittee today to discuss oversight of GSA's public buildings.

I have spent my career working to drive efficient government solutions in the public buildings sector—including many years as a congressional staffer. I now have the privilege of serving in the executive branch, and in my role as PBS Commissioner, I continue to look for ways to drive efficiency in the government's real estate portfolio—including by partnering with this Committee.

Today, I want to share updates on two of our agency's signature initiatives: 1) how GSA is working to maximize the impact of the resources GSA received in the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act, and 2) the significant opportunity to save taxpayer money through the optimization of the government's real estate portfolio.

Transformational Investments through BIL and IRA

Bipartisan Infrastructure Law

The passage of the BIL on November 15, 2021, created a historic investment in our Nation's infrastructure. GSA received $3.4 billion to modernize dozens of land ports of entry (LPOEs) along the northern and southern borders. Just like many of our real estate projects do, GSA's BIL investments are serving as a catalyst for economic growth

in communities, maintaining and modernizing key infrastructure, and enabling our agency partners to better carry out their missions in service of the American people. With LPOEs, there are additional benefits, as these modernizations improve our national security, facilitate commerce and trade, and better secure our borders.

For instance, in Douglas, Arizona, GSA is building a new commercial LPOE while modernizing the existing Raul Hector Castro LPOE to accommodate increasing traffic access between Douglas, Arizona, and Agua Prieta, Mexico. The dedicated new commercial port will assume commercial inspection operations from the Castro facility and facilitate the improved transport of goods and products. About 70% of the City of Douglas' retail tax revenue is derived from the millions of people who cross through the Castro port annually and collectively spend about $740 million. Nearly 4,000 of them are Agua Prieta residents who cross the port on their commute to work in Douglas and patronize local restaurants, stores, and other businesses. The new port will improve driver and pedestrian safety, directing all pedestrian traffic onto improved sidewalks while updating local conditions to avail additional streets downtown for commercial development. The new commercial port will have expanded security measures, including a pre-primary inspection area and lane segmentation to expand commercial vehicle inspection capacity and allow the processing of oversized mining equipment too large to use the Castro LPOE.

Inflation Reduction Act

The investments in the Inflation Reduction Act encompass the single largest investment in the Nation's history to tackle the climate crisis. As part of that legislation, GSA received over $3 billion to make our Federal buildings more sustainable, higher performing, and more cost efficient through next generation technologies and low-embodied carbon materials — accelerating efforts to achieve a net-zero Federal footprint, catalyzing American innovation and saving taxpayers millions in energy costs.

More than $2 billion of GSA's IRA funding was provided to purchase low-carbon construction materials. Last year, GSA announced that we would be investing these funds in more than 150 construction projects across 39 states, the District of Columbia, and the Commonwealth of Puerto Rico. These investments are expanding America's

industrial capacity for manufacturing sustainable and lower polluting goods and materials, creating good-paying jobs for American workers in communities across the country, and tackling the climate crisis. For example, in Topeka, Kansas, GSA is investing $25 million at the Frank Carlson Federal Building and Courthouse to replace the windows and doors at the facility with blast resistant aluminum frames and insulated low-embodied carbon glass that will reduce the building's energy use, improve safety, and extend the building's useful life. And in Dunseith, North Dakota, GSA just announced it is investing $98 million at the Dunseith LPOE Inspection Facility to provide a new main port building and inspection areas built with low-embodied carbon materials.

GSA is also using funding from the IRA to replace fossil fuel powered equipment with all-electric mechanical systems. By making Federal buildings more energy-efficient, these projects will reduce operating costs and save money for taxpayers over time. In total, GSA's IRA projects are expected to avoid $720 million in operating costs over the next 20 years. For example, using funds from BIL and IRA, GSA will be able to modernize the LPOE in San Luis, AZ and replace fossil fuel equipment, making it our first net-zero land port.

The Administration and GSA are committed to maximizing the impact of the generational investments Congress provided to the country through BIL and IRA. GSA continues to prudently make investments and is committed to effectively delivering on our projects.

Portfolio Optimization and the FY 2025 Budget Request:

While GSA is working to responsibly execute BIL and IRA, we also remain focused on optimizing the real estate portfolio: consolidating agencies out of costly leased space, modernizing workspaces to be more efficient and effective, and disposing of buildings we no longer need. The projects and legislative proposals in GSA's FY 2025 budget request are designed to help us get that done.

The Federal Buildings Fund was created by Congress to serve as a dedicated source of revenue to invest in the Nation's real estate portfolio. Unfortunately, since FY 2011, more than $13 billion in rental payments paid into the fund have been diverted for

purposes unrelated to Federal buildings. As a result, necessary repairs have been unfunded and have had to be resubmitted again. In FY 2024, 13 out of 17 Major Repairs and Alterations projects proposed were projects that had been resubmittals which had gone unfunded in previous budget cycles; collectively, the total costs for these projects in FY 2024 was $300 million higher than the aggregate projects cost when first submitted in prior fiscal years.

Resource constraints have also limited GSA's ability to consolidate agencies and achieve better asset utilization. Despite GSA's record of successfully reducing costs through consolidations, only 40 percent of the funding requested for the Consolidations Special Emphasis Program has been provided over the past 10 years. If GSA had received the full appropriation requested, we estimate that as many as 120 additional consolidation projects would have been completed, saving hundreds of millions of dollars for taxpayers.

GSA needs access to the full annual collections so that GSA may address necessary capital improvements in its portfolio of federally owned facilities. GSA's FY 2025 budget request addresses the growing backlog of critical building life-safety and infrastructure needs, enhances Federal facilities' climate posture and resiliency, while reducing costs to taxpayers. These investments allow for routine maintenance, facilitate the disposal of underperforming buildings, and reduce the Government's reliance on leased space.

The budget request also includes several legislative proposals that are key to right-sizing our Federal footprint faster while saving taxpayer dollars and supporting local economies with good paying jobs. The most important of these would help ensure that GSA has full access to the annual revenues and collections to the FBF. As mentioned earlier, the more than $13 billion diverted away from GSA investments in Federal buildings to fund activities has resulted in immediate deferred maintenance costs now exceeding $4.6 billion.

The President's FY 2025 budget request also includes a new Optimization Special Emphasis program designed specifically to allow for space consolidations. The requested $425 million investment is designed to support more space efficient tenant relocations to enable the disposal of underperforming and underutilized assets, while

obtaining cost savings through right-sized consolidations that drive agency rent cost savings in our owned assets. This initiative supports efforts to optimize space configuration and performance while delivering best value in real estate to our customer agencies across Government. At the same time it will allow GSA to accelerate our property disposition timelines. Projects for this funding request will be prioritized based on the following factors:

- The project should reduce agency costs, and avoid existing or future liabilities.
- The project can be completed in one phase without major sub-components or ancillary facility modifications.
- Occupant agencies able and willing to provide some of their own funding to effect these moves.
- The project requirements are well-defined, cost estimates are completed, and GSA is positioned to start design and construction activities.

One example of how this program could quickly create a significant impact is a consolidation project planned in Boston, Massachusetts. The project aims to reduce the real estate costs for taxpayers by disposing of the Captain John F. Williams Coast Guard Building and moving the majority of the building's occupants into the nearby John F. Kennedy Federal Building. GSA estimates that this $21 million consolidation project will avoid $29 million in repair liabilities and over $1 million in annual operation and maintenance costs. Additionally, this one project would yield over $10 million in avoided rent costs over a 20 year period. With full enactment of the President's FY 2025 proposal, these investments, including the conveyance systems replacements at the Kennedy Building, could be completed to reduce costs for taxpayers in order to ensure occupant agencies are housed in modernized, safe and optimized federally owned GSA buildings. There are many other opportunities for similar savings and avoided costs across GSA's building portfolio which we can share with the Committee, but we will only realize these if GSA has access to the necessary resources to make them a reality.

Taken together, these proposals, along with our proposal to increase the prospectus threshold, work to expedite project delivery, support improved building utilization rates, and provide better services to Federal agencies and the communities

they serve. These are the tools we need to deliver the best value in real estate to our partners across the Federal Government.

Conclusion:

GSA is fully committed to modernizing and optimizing the Federal real estate footprint. Through the investments made by BIL and IRA, GSA has been able to modernize many of our critical Land Ports of Entry and other Federal buildings. However, over the long term, ensuring that GSA has full access to its revenues and collections is essential to ensuring that the Federal Government's real property needs are met in the most cost-effective way. Congressional support for these proposals will allow GSA to continue to meet the mission needs of the Federal agencies we support and avoid billions in unnecessary real estate expenditures. Thank you for the opportunity to testify before you today, and I look forward to answering any questions the Committee may have at this time.