STATEMENT OF

MARTHA JOHNSON
ADMINISTRATOR
U.S. GENERAL SERVICES ADMINISTRATION

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"GSA: OPPORTUNITIES TO CUT COSTS, IMPROVE ENERGY PERFORMANCE, AND ELIMINATE WASTE"

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Good morning Chairman Boxer, Ranking Member Inhofe, and Members of the Committee. I appreciate being invited here today to discuss how the U.S. General Services Administration, by making smart and sustainable real estate and acquisition decisions, can encourage a high-performing government that reduces waste, increases efficiency, and lowers costs, while fostering innovative new sectors of the economy that will help create jobs. Particularly in this fiscal climate, when the President, the Congress, and the American people are looking for ways to do more with less, we have to create a sustainable government that works better for taxpayers and is an efficient steward of resources.

GSA is an agency uniquely positioned to help drive sustainable agency decision-making. We are responsible for managing 370 million square feet of owned and leased space and help facilitate over $62 billion in acquisitions through our contracting vehicles. GSA acts as a link between government and industry. We touch many markets and wide portions of the supply chain. We provide clear business opportunities, encourage innovation, and support and invite good ideas.

The Federal government is the single largest purchaser of energy in the country. By centralizing many support functions for partner Federal agencies, we can eliminate waste in the supply chain and realize the benefits of consolidations, energy efficient buildings, and cloud solutions to provide greater efficiencies and lower costs. I have personally committed to ensuring that GSA itself leads as a model of cost-conscious sustainable decision-making.

As the next panel will highlight, the initiatives GSA is pursuing are about making the best decisions, environmental and economic, on behalf of the American taxpayer to ensure we spend each dollar as effectively as possible.

Sustainable Buildings

GSA is pursuing a variety of initiatives to make sustainable real estate decisions on behalf of the American taxpayer and is committed to maximizing the utilization of our inventory, realizing the benefits of new technologies, and aggressively pursuing the disposition of unneeded Federal real estate.

- *Increasing Building Utilization*

One of the central initiatives we are currently pursuing is working with other Federal agencies to use their existing space better. GSA pursues an array of strategies that Federal agencies can implement to support new ways of working, with the goal of

reducing physical space, increasing space utilization, reducing the cost of space, and improving the flexibility of space.

An essential part of this strategy includes GSA's initiatives in teleworking. GSA and the Office of Personnel Management (OPM) have been working together to lead the Federal workforce to increase teleworking and recognize the benefits of new technologies that allow workers to become mobile. Teleworking increases productivity, reduces commuter traffic, ensures that services can still be provided to the public during extreme weather or other crisis events, and decreases the total space needs of an agency. GSA, in coordination with OPM, is providing Federal managers with the tools necessary to build a mobile workforce. GSA is committed to leading the government and private industry in telework initiatives and is striving for 60 percent of all GSA employees to telework at least two days per pay period.

With modest upfront costs for interior work and technological solutions, the Government can realize significant savings in both real estate and operating costs in the long run. GSA's Public Buildings Service has begun working closely with our customers to incorporate these practices into space acquisition and management decisions.

For instance, GSA partnered with the Office of the Chief Administrative Officer for the Department of Homeland Security who had recently reduced their space 30,839 useable square feet (USF) to 14,871 USF through the implementation of a flexible workplace pilot program, to find ways to more effectively utilize their space and to do so without incurring major construction costs. By working with the customer to understand their work styles and the ideal work environment to support their mission, GSA was able to help provide the lessons learned. In this instance, GSA and DHS saved almost $1 million annually in rent. GSA and DHS will continue their working relationship to develop additional flexible work place strategies in support of cost savings opportunities in the National Capital Region.

Often, opportunities also arise for major reconfigurations of space during renovations. Leading by example, I am intent on making the ongoing renovation of GSA Headquarters at 1800 F Street, NW a model for the Federal government to follow. By rethinking how we use space, GSA plans to renovate a space that previously housed 2,600 employees and make it accommodate over 6,000. This will present opportunities to enable Federal agencies to move from leased space into federally owned space.

- *High-Performance Green Buildings*

GSA has undertaken an effort to transform our inventory into high-performance green buildings, realizing the benefits of new technologies that make our buildings more efficient, allowing for more sophisticated measurement and decision-making, and reducing costs in our facilities. In some cases, we realize these benefits with no upfront appropriated funding through the use of innovative long-term contracting authorities.

In our new construction and major modernization projects, GSA now requires a Leadership in Energy & Environmental Design (LEED) Gold rating. To achieve this standard, we must install the latest proven technologies in our buildings.

For instance, GSA is installing geothermal heating and cooling systems in our inventory in places where they can have the most impact. Geothermal energy is heat from within the earth that can be recovered and used to heat buildings or generate electricity. While the upfront capital costs of these projects can be high, they are life-cycle cost effective, providing energy efficient and environmentally clean upgrades to our buildings.

In the Federal Building on 244 Needy Road in Martinsburg, West Virginia, the geothermal system will heat and cool the building during normal conditions, ranging in temperature from 10 to 105 degrees Fahrenheit. The existing boilers and chillers only come online for additional capacity if the temperature drops below or exceeds this range. This system will provide 4,656,000 Btu of cooling and 3,981,900 Btu of heating.

We are also leveraging the significant advancements made recently in lighting technology, including lighting controls, measurements, and fluorescent and LED lights. Lighting accounts for a significant portion of energy use in office buildings. The installation of high-performance lighting has the potential to reduce this load significantly.

In the Warren B. Rudman Courthouse and James C. Cleveland Federal Building in Concord, New Hampshire, for instance, we are relighting 85 percent of the courthouse space, including offices, parking structures, the exterior site, and outdoor parking. New lighting will include the latest fluorescent lamps and LEDs for signage and exterior spaces. GSA will retrofit the office spaces with high performance ceiling fixtures with digital controls that will provide lower ambient lighting but stronger work area lighting. The anticipated energy use, once all relighting is complete, is .8 watts per square foot, compared to a current baseline of 1.6 watts per square foot.

Our Smart Buildings program is a prime example of how GSA is developing methods to obtain more specific and timely energy use data in our buildings to help make better energy decisions and save taxpayers money. With this program, we intend to utilize advanced metering equipment and flexible lighting and heating, ventilation, and air conditioning controls in a subset of our owned inventory to monitor the use of these facilities by feeding real-time information into a centralized database for review by our facilities managers. GSA intends to begin with the largest buildings in our inventory that could realize the greatest benefit and eventually expand to others in our portfolio. These investments will result in substantial savings throughout GSA's inventory.

These various initiatives require building operators who can maintain effective use of these high-performance systems. GSA's Office of Federal High-Performance Green Buildings, in coordination with Department of Energy, is proud to be leading the effort under the Federal Buildings Personnel Training Act (FBPTA), signed into law earlier this year, to develop and implement a program to train and certify Federal building personnel to run these high-performance buildings. GSA held a kick-off event to outline this initiative with partner Federal agencies earlier this month; we look forward to leading this effort and helping create a highly skilled workforce in the building operations field. As your committee noted in the passage of FBPTA, organizations reported an average return of $3.95 for every $1 invested in facility management training, according to the International Facilities Manager Association.

Through a combination of these and other technologies and practices, GSA is striving to be first in the country to transform an historic building into a net-zero energy use facility during the modernization of the 92 year-old Wayne Aspinall Federal Building and Courthouse in Grand Junction, Colorado. GSA is aiming for a LEED Platinum rating, installing a geothermal system and a solar panel array that is projected to generate enough energy to balance out the electrical demand of the building. The building will also feature state-of-the-art fluorescent light fixtures with wireless controls to adjust lighting to respond to natural light levels and storm windows with solar control film to reduce demand on heating and cooling.

GSA is always looking for ways to do more with less. Through the use of Energy Savings Performance Contracts (ESPCs) and Utility Energy Savings Contracts (UESCs), we realize the benefits of new technologies and lowered operating costs. In an ESPC or UESC, GSA works with either a pre-qualified Energy Service Company or a Public Utility to contract for energy efficiency improvements. The energy company funds the investment in energy improvements and guarantees performance, and GSA agrees to repay the company over the contract period from the savings achieved. As a

stipulation of the contract, GSA's payments on an annual basis cannot exceed the amount of the guaranteed energy savings from the efficiency improvements.

In the last two years, GSA has used this alternative financing to fund energy efficient improvements in 75 buildings. Of these projects, GSA executed a number of improvements with renewable technologies, including thirteen photovoltaic systems, two solar thermal systems, and one wind turbine.

These investments are helping us to achieve the goals under the Energy Independence and Security Act and Executive Orders 13423 and 13514, which require agencies to reduce energy intensity by 3 percent per year for a total 30 percent reduction by 2015 compared to a baseline of 2003 and reduce water consumption by 2 percent per year to achieve a 16 percent reduction by 2015 compared to a 2007 baseline. In 2010, GSA had already achieved a 16 percent decrease in energy intensity in goal subject facilities compared to the 2003 baseline and a 9 percent decrease in potable water intensity compared to FY 2007 water consumption.

To meet these goals, we also are working with the private sector to find the most cutting-edge and innovative technologies and test their effectiveness. Through GSA's new Green Proving Ground program, GSA has committed to evaluating innovative technologies or practices based on the programmatic needs in our inventory. By trying new ideas and technologies, then evaluating and publicizing our results, GSA is working to drive innovation in environmental performance in partnership with industry.

Part of being a responsive, sustainable, and high-performing government is ensuring that we are measuring results and following what works. We have evaluated the performance of many of our sustainably designed buildings and we are focused on making the most impactful improvements to increase efficiency and drive down costs.

- *Disposing of Unneeded Federal Real Estate*

Finally, GSA is making sustainable and smart real estate decisions by working with the Office of Management and Budget (OMB) to lead the President's initiative to dispose of unneeded Federal real estate. In the President's FY2012 budget proposal, the Administration announced an effort to accelerate the disposal and consolidation of the Federal Government's properties. The Administration is proposing a civilian property realignment initiative that will be led by a board composed of respected figures from the private and public sectors. This initiative will enable us to move currently excess and surplus properties out of the inventory of the major Federal landholding agencies, including GSA, and thus realize a financial return, the improvement of the government's

sustainability, and the benefit of no longer having to keep the properties up. The effort will also help to implement large-scale consolidations across common assets and among agencies.

By reducing and more effectively utilizing the space the Federal government currently occupies, installing and operating existing and emerging energy-efficient technologies, and working to remove the barriers to disposing of unneeded Federal property, GSA is doing more with less in real estate for the Federal government.

Sustainable Purchasing

In addition to the initiatives we are pursuing with our Federal buildings, we are excited for the possibilities to strategically utilize the capacity of existing servers and data centers under the Administration's cloud computing initiative, remove waste from the Federal supply chain, and utilize more green products and services, from vehicles to office supplies. By leveraging economies of scale in the government's purchasing, we can realize cost reductions and savings. GSA is also reviewing many of its Multiple Award Schedules to determine if an acceptable green standard exists and, if sufficient market availability of green products/services exists within the specific categories, adding requirements that all future additions must meet the green standard.

- *Cloud Computing*

GSA is proud to take a lead role in the Administration's efforts to transform the Federal government's IT infrastructure by virtualizing and consolidating data centers and helping agencies move to a cloud-first business model. In Fiscal Year 2010, roughly thirty cents of every dollar invested in Federal IT was spent on data center infrastructure. Cloud computing offers agencies a cost-effective and scalable alternative to the current unsustainable levels of investment in legacy data centers.

To date, the primary concern with cloud computing has been security. As such, GSA and its Federal partners have focused considerable effort on developing the Federal Risk and Authorization Management Program (FedRAMP). FedRAMP establishes a standardized approach to the security Assessment and Authorization of cloud computing services and products. With the help of senior security experts from the Department of Defense, The Department of Homeland Security, and GSA, FedRAMP will approve security approval packages for cloud products and services that any agency can leverage.

Additionally, GSA provides sustainable, centralized acquisition solutions for government-wide purchase of cost-effective cloud services. Examples include our Infrastructure as a Service Blanket Purchase Agreement (BPA), which will offer agencies authorized infrastructure products and services from twelve providers. This offering will be available government-wide before the end of Fiscal Year 2011.

Our Email as a Service solicitation will be released for response within the next month, and once awarded, will provide agencies with a wide range of pre-competed, commoditized cloud email and collaboration services via a BPA.

The potential for cost savings when implementing data center consolidation and cloud computing across government are immense. GSA's cloud email implementation will save roughly 50 percent over the next five years compared to the legacy email solution currently in place. By using cloud computing services, the Government can reduce its data center infrastructure expenditure by approximately 30 percent, a key driver of the estimated $20 billion of the total $80 billion in IT spending that could be migrated to cloud solutions.[1]

- *Reducing Waste in the Supply Chain*

I am pleased to be joined here today by one of the participants in GSA's Small Business Pilot for our GreenGov Supply Chain Partnership program. The GreenGov Supply Chain Partnership is a joint initiative by the White House Council on Environmental Quality and GSA to work collaboratively with vendors and contractors to reduce Greenhouse Gas (GHG) emissions and help build a clean energy economy. GHG emissions reductions are achieved concurrently with cost, energy and risk, as well as increasing the efficiency of individual companies and thereby the overall Federal supply chain. The Partnership provides an opportunity for us to hear from companies that are reducing their GHG emissions and have already benefited from energy savings, operational efficiencies, waste reduction, and the resultant cost savings, and learn how best to use GHG emissions and other sustainability considerations in Federal procurements. Through the Small Business Pilot program, we are working to ensure that we can assist small businesses in creating an inventory and reducing their GHG emissions, as well as making sure that their experiences inform how we move forward. We want to ensure that we proceed with best practices learned from the private sector in an inclusive and deliberate manner.

[1] Federal Cloud Computing Strategy, Federal CIO Council, February 8, 2011, page 1.

- *Federal Strategic Sourcing Initiative*

GSA's Federal Acquisition Service (FAS) is also working to utilize more energy-efficient and sustainable products and services that save taxpayers money through the Federal Strategic Sourcing Initiative (FSSI). FSSI was created to address government-wide opportunities to strategically source commonly purchased goods and services to lower costs and eliminate duplication of efforts across agencies. Through FSSI, GSA is improving demand management by encouraging volume purchasing, promoting the availability of green products, and helping agencies track green purchases for assessing their progress in achieving statutory and Administration goals.

We have two solutions in our contracting vehicles for agencies to purchase Office Supplies and Domestic Delivery Service (shipping), and are actively working to launch a third with Print Management. Through higher order minimums and promotion of green products, our Office Supplies initiative will save millions of dollars annually. By allowing bulk purchasing and supporting vendors with sustainable operations, our Domestic Delivery Service will also save millions of dollars annually off retail rates.

- *Energy Efficient Fleet*

Finally, GSA continues to green the Federal fleet. GSA provides agencies with vehicle choices that will reduce our dependence on foreign oil and mitigate the impact that the Federal fleet makes on our environment. As an example of the impact energy-efficient vehicles can have, consider the impact of a one mile per gallon increase in fuel economy to an annual procurement of over 65,000 vehicles annually. This increase in fuel economy would save nearly 1 million gallons of gas, 9,000 metric tons of GHGs, and, at $3 per gallon, $3 million annually. By leveraging the purchasing power of the Federal government, GSA is also able to negotiate significant discounts off of the dealer price invoice. Currently, the GSA fleet is comprised of over 210,000 vehicles, of which 49 percent are alternative fuel vehicles (AFVs) and 7,300 are hybrids. The GSA-managed fleet has almost 3,500 more E85 flex fuel vehicles than it does conventionally fueled gasoline vehicles. GSA is always looking for innovative new technologies in AFVs and would like to initiate a pilot to lease 100 plug-in electric vehicles in five major cities across the U.S. The President's FY 12 budget proposes language that would allow GSA to acquire motor vehicles that operate on emerging, clean-burning technologies currently impeded by the Statutory Price Limitation clause of 31 U.S.C. 1343. If this authority were granted, GSA would use it to test new technology motor vehicles and prove their technical and economic viability before expanding their use in the Federal fleet.

By utilizing cutting edge IT technology, thoughtfully analyzing ways to track and reduce waste in the Federal supply chain, promoting green products and services, and encouraging an energy-efficient Federal fleet, GSA can help to encourage efficiency and reduce waste government-wide.

Conclusion

These are just some of the initiatives that GSA is pursuing on behalf of this Administration to drive agency decision-making that will encourage a sustainable government that reduces waste, increases efficiency, lowers costs, and foster emerging sectors of the economy. The President has made operational excellence in government a key goal, and GSA is proud to be a central part of this effort.

I welcome the opportunity to be here today, I look forward to hearing from the next panel on their experiences both working with GSA and pursuing similar initiatives, and I would be happy to answer any questions you have.