

PUBLIC BUILDINGS



REFORM & SAVINGS ACT OF 2016



THE HOUSE TRANSPORTATION & INFRASTRUCTURE COMMITTEE

PUBLIC BUILDINGS REFORM & SAVINGS ACT OF 2016



The Public Buildings Reform and Savings Act of 2016 is bipartisan legislation that provides reforms and improvements to both the agency that operates as the landlord for the civilian federal government, the General Services Administration, and the federal agency charged with providing security at thousands of public buildings and facilities, the Federal Protective Service.

The Public Buildings Reform and Savings Act reforms the General Services Administration's management of federal real estate assets and provides the agency with the necessary tools to negotiate the best lease deals possible on behalf of the taxpayers. Enabling the agency to better facilitate consolidations, reduce space, and take advantage of the current buyer's market has the potential to save billions of dollars. The bill also strengthens oversight of federal construction projects, and ensures that such projects remain on or under budget.

The Public Buildings Reform and Savings Act also improves public building security by establishing more accountability and oversight of the Federal Protective Service and its legal authorities.

GSA REFORM

SAVING TAXPAYERS MONEY

The General Services Administration (GSA) acquires space on behalf of the federal government through construction, purchase, leases, and other methods, and is responsible for managing, repairing, and maintaining federal properties across the country.

GSA currently owns or leases over 9,500 real estate assets and maintains an inventory of more than 370 million square feet of workspace for 1.1 million federal employees.

Currently, more than half of GSA's space inventory – 193 million square feet – is in commercially leased space. The annual cost to taxpayers in leased space payments is more than \$5.5 billion.

In just the next five years, more than half of GSA's commercially leased space will expire – the equivalent of 32 new World Trade Center buildings in New York. In most major real estate markets, including the National Capital Region where GSA has the largest space footprint, the market remains a buyer's market – high vacancy rates coupled with low rental and interest rates. However, that window will soon close.

The potential for significant savings is real. For example, recent efforts to consolidate and shrink the federal government's footprint by the Committee on Transportation and Infrastructure, which authorizes GSA proposed leases, have saved taxpayers \$2.9 billion in avoided lease costs and the elimination of unnecessary building projects.

Action is now required in order to achieve billions more in savings. Current administrative red tape slows GSA's potential ability to act in a timely way and get ahead of the coming wave of lease expirations. Streamlining the leasing process and providing GSA with additional tools to take advantage of this window of opportunity is critical to maximizing long-term savings.

These savings can be achieved by positioning GSA to:

- Negotiate good, long-term lease deals
- Avoid more costly short-term extensions or holdovers
- Lock in current low market rates over the long-term
- Allow GSA to negotiate even lower rates

New lease proposals will require significant time to develop and execute. The Public Buildings Reform and Savings Act of 2016 arms GSA in a timely manner with the necessary tools to negotiate good long-term deals. By ensuring that we do not allow a tremendous opportunity to pass, the legislation could result in a 20% reduction in lease costs and save taxpayers more than \$500 million annually – without even accounting for savings through reductions in space.

At the same time, while equipping GSA to take advantage of market conditions and dramatically improving the processes for leases it enters on behalf of the taxpayers, the Public Buildings Reform and Savings Act also strengthens accountability over the agency's construction program and helps ensure GSA federal building projects stay within budget.



PHOTO COURTESY OF THE GENERAL SERVICES ADMINISTRATION

FEDERAL PROTECTIVE SERVICE REFORM STRENGTHENING FEDERAL BUILDING SECURITY

The Federal Protective Service (FPS), which includes 1,300 law enforcement officers and nearly 14,000 contract guards, is charged with protecting over 9,000 federal buildings and facilities owned or leased by the General Services Administration (GSA) across the United States. The FPS plays a central role in protecting federal workers and visitors to federal buildings nationwide.

Since the Oklahoma City bombing in 1995 and the terrorist attacks of September 11, 2001, our country has taken steps to prevent and be better prepared for acts of terrorism and other threats. However, federal buildings remain targets for a number of reasons, including their symbolism and the number of federal employees and visitors that use these facilities, and the protection of these facilities can be improved.

The oversight of FPS contract guards and their training needs to be improved and, while armed, guards lack consistent training and clear direction in active shooter situations. At the same time, given the large number of facilities FPS is responsible for securing nationwide, mission creep can have a serious impact on the security of federal facilities. Over the years, to address security concerns, other agencies have been delegated FPS authorities to secure facilities; however, consistent oversight and accountability of those authorities has been lacking.

The FPS has been working to address these issues, and the Public Buildings Reform and Savings Act of 2016 builds upon these efforts to strengthen the agency by clarifying protection authorities related to federal buildings and ensuring that security personnel are appropriately trained, managed, and accountable.

The FPS plays a critical role in securing our Nation against threats, and it is important to help ensure effectiveness, professionalism, and confidence in the agency.

PUBLIC BUILDINGS REFORM & SAVINGS ACT OF 2016

This bipartisan legislation will yield billions of dollars in long-term lease savings by providing the General Services Administration (GSA) with the tools to get the best deals possible for the taxpayers. The legislation also improves building security through increased accountability and oversight of the Federal Protective Service.

Streamlined Leasing Program

With half of GSA's leased inventory expiring in the next five years, providing GSA with authorities to act expeditiously and take advantage of the current opportunity, while rental rates remain below their peaks in key markets, will result in significant savings to taxpayers.

Specifically, the legislation:

- Establishes a Streamlined Leasing Pilot Program that would reduce the administrative red tape on most GSA leases and allow for and encourage space consolidations.

Strengthening Accountability and Oversight of Public Buildings

Ensuring the acquisition and construction of new federal space is effectively overseen and managed is critical to ensuring taxpayer dollars are spent appropriately.

Specifically, the legislation:

- Clarifies congressional oversight of property exchanges, ensures federal construction projects remain within or under budget, and sets clear timeframes on authorized projects.

Improving Building Security

Public Buildings, unfortunately, have been proven targets of those wishing to do the Nation harm. Ensuring personnel responsible for protecting public buildings are appropriately trained, managed, and accountable is critical.

Specifically, the legislation:

- Clarifies protection authorities related to federal buildings and improves accountability and oversight of the use of such authorities.

PUBLIC BUILDINGS REFORM & SAVINGS ACT OF 2016

Section 1. Short Title

This section establishes the short title of this legislation as the Public Buildings Reform and Savings Act of 2016.

Section 2. Streamlined Leasing Pilot Program

This section establishes a pilot program through 2020 that simplifies the leasing process for smaller leases which account for 87% of all GSA leases and authorizes GSA to submit consolidated prospectuses for larger leases and other projects to the Committee for approval.

Section 3. Exchange Authority

This section clarifies approval and oversight of GSA's use of its authority to acquire property through exchange.

Section 4. Federal Protective Service

This section improves building security and oversight of relevant authorities by tightening and clarifying FPS authorities, clarifying training and oversight requirements, and ensuring accountability on the use of FPS authorities.

Section 5. Evaluation of the Federal Protective Service Personnel Needs

This section provides for an evaluation of the personnel requirements for the effective protection of federal facilities.

Section 6. Zero-Based Space Justification

This section requires GSA to justify any need for new or replacement space, including an explanation as to why such space could not be consolidated or co-located with other space and requires GSA to compare the costs of leasing versus constructing in evaluating the most cost-effective method of acquiring space.

Section 7. Eliminating Project Escalations.

This section requires GSA to notify the Committee if project costs and scope change by more than five percent.

Section 8. Limitation on Authorizations

This section sets a five-year expiration on Committee resolutions approving GSA prospectus-level (large) projects to ensure projects proceed in a timely manner and to minimize the use of outdated information in GSA projects.

Section 9. Department of Energy Headquarters Replacement

This section directs GSA to sell portions of the under-utilized federal properties in Federal Triangle South in Washington, D.C. to replace the current headquarters components of the Department of Energy with more efficient and more cost-effective space.

Section 10. Limitation on Discounted Purchase Options

This section clarifies that discounted purchase options contained in a lease agreement may be exercised only to the extent authorized.

Section 11. Energy Savings

This section encourages GSA to consider the direct bulk purchase of energy for leased facilities when cost-effective to do so.

Section 12. Simplified Reforms

This section clarifies requirements related to commercial leasing services.

Section 13. National Capital Region Rental Rates

This section requires GSA to report on the justification for using three lease rental caps in the National Capital Region.

Section 14. Reduction of Administrative Requirements on Certain Programs

This section reduces unnecessary administrative requirements on certain programs.