

SITTING ON OUR ASSETS: THE VACANT FEDERAL COURTHOUSE IN MIAMI

(112-98)

FIELD HEARING
BEFORE THE
SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT
OF THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
SECOND SESSION

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AUGUST 6, 2012 (Miami, Florida)
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BRIEFING MEMORANDUM

TO: Members of the Subcommittee on Economic Development, Public Buildings and Emergency Management
FROM: Subcommittee on Economic Development, Public Buildings and Emergency Management Staff
SUBJECT: Oversight Hearing on “Sitting on Our Assets: The Vacant Federal Courthouse in Miami”

PURPOSE

The Subcommittee on Economic Development, Public Buildings and Emergency Management will meet on Monday, August 6, 2012, at 10:00 a.m., at the David W. Dyer Federal Building and U.S. Courthouse located at 300 NE 1st Avenue, Miami, Florida to receive testimony from the U.S. courts, the Government Accountability Office (GAO) and the General Services Administration (GSA). The hearing will focus on the costs to the taxpayer of underperforming or vacant assets and the overbuilding of federal courthouses.

BACKGROUND

Prior Committee Actions during the 112th Congress

To address the problem of vacant and underutilized space, H.R. 1734 was introduced and passed the House in February of this year. H.R. 1734 would create a civilian BRAC-like process to create savings by shrinking the Federal footprint and selling or redeveloping under-used buildings. In February, the Subcommittee held its second hearing at the vacant Old Post Office Annex to further highlight the problems of vacant and underutilized space. Shortly before the hearing, GSA finally announced its selection of a developer, the Trump Organization, to redevelop that building after more than a decade of losing taxpayer dollars. In addition, in March of this year, the Subcommittee held a hearing at the vacant Cotton Annex highlighting the continued problem of vacant federal buildings and underperforming assets. And, in June, the Subcommittee held a hearing at the Georgetown Heating Plant to ensure the process for

the planned sale of the Georgetown Heating Plant would result in the highest return to the taxpayer after the plant had sat vacant for more than 11 years.

General Services Administration

The Subcommittee has jurisdiction over all of GSA's real property activity through the Property Act of 1949, the Public Buildings Act of 1959, and the Cooperative Use Act of 1976. These three Acts are now codified as title 40 of the United States Code. The Public Buildings Service (PBS) is responsible for the construction, repair, maintenance, alteration, and operation of United States courthouses and public buildings of the Federal Government. Additionally, PBS leases privately owned space for Federal use. GSA owns or leases 9,600 assets and maintains an inventory of more than 362 million square feet of workspace. GSA acts as the "landlord" for the Federal government, obtaining and managing space to meet the space needs of other Federal agencies. GSA, however, is just one of nine¹ Federal agencies that, in total, own or manage 93% of Federal real property.

Property Management

Given the vast real estate holdings of the Federal Government, poor asset management and missed market opportunities cost taxpayers significant sums of money. For this reason, in 2003, the Government Accountability Office (GAO) placed real property management on its list of "high risk" government activities where it remains today. GAO conducts biennial reviews on high-risk areas within the Federal Government to bring focus to specific areas needing added attention and oversight. Areas are identified as "high" risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or areas that need broad-based transformation to address major economy, efficiency, or effectiveness challenges.

The key reasons the GAO identified Federal real property as high risk are:

- excess and underutilized real property,
- deteriorating and aging facilities,
- unreliable property data, and
- the over reliance on costly leasing.²

Unfortunately, despite executive orders and memoranda issued during two administrations and acts of Congress intended to improve the management of Federal real property, these problems persist.³ The high risk activities of Federal real property are

¹ The other major land-holding departments and agencies include the Department of Defense, Veterans Affairs, Department of Energy, Department of Homeland Security, Department of the Interior, Department of State, National Aeronautics and Space Administration, and the U.S. Postal Service.

² See *High Risk Series: Federal Real Property*, U.S. General Accountability Office, GAO-03-122, January 2003.

³ See, for example, Executive Order 13327, Federal Real Property Asset Management, signed by President George W. Bush, February 4, 2004; Presidential Memorandum, Disposing of Unneeded Federal Real Estate, signed by President Barack Obama, June 10, 2010; Public Buildings Cooperative Use Act of 1976;

significant. Considerable amounts of vacant or underperforming assets can translate into significant costs associated with their operation, maintenance, and security. For example, in fiscal year 2010, the Federal Government spent \$1.7 billion in annual operating costs for under-utilized buildings.⁴

Federal Real Property Profile (FRPP)

In June 2012, GAO issued a report that calls into question the data collected by GSA and other federal agencies about the federal property inventory.⁵ The database is compiled through the Federal Real Property Council and managed by GSA. The GAO concluded that “sound data collection practices” have not been followed in the “designing and maintaining” of the FRPP database. As a result, the GAO report raises serious questions as to how useful the database is in describing the nature, use and extent of excess, vacant, and underutilized properties. As part of its review, GAO visited a sampling of buildings listed in the database and found inconsistencies and inaccuracies at 23 of the 26 locations visited. Indeed, at least, as of last year, the empty Dyer courthouse (the site of the hearing) was listed in the database as “mission critical” and “underutilized” but not excess or vacant.

The GAO report also noted that, based on questions of the accuracy of data in the FRPP, potential savings from efforts to reduce costs are unclear. For example, in June 2010 a Presidential Memorandum was issued to direct federal agencies to achieve \$3 billion in savings by the end of fiscal year 2012. During the June 19, 2012 Subcommittee hearing entitled “Sitting on Our Assets: The Georgetown Heating Plant,” GSA testified that the federal government will meet this goal and exceed it. GSA, while comprising only a portion of this goal, indicated at that hearing it had saved more than \$300 million as part of that goal. At the time of the GAO report, GSA had reported \$118 million in lease cost savings resulting from four new construction projects. However, GAO noted that GSA had yet to occupy those new buildings and get out of the leased space. Further, the GAO noted that GSA’s cost savings analysis projected that the savings would occur over a 30-year period – far beyond the timeframe of the memorandum, raising questions about the accuracy of the savings claimed.

Federal Courthouse Construction Program

The Subcommittee has also had ongoing oversight on the federal courthouse construction program. Last Congress, at the request of the Subcommittee, the GAO completed a study entitled, “*Federal Courthouse Construction: Better Planning, Oversight, and Courtroom Sharing Needed to Address Future Costs*”.⁶ The GAO provided testimony to the Subcommittee on May 25, 2010 on its findings. Specifically,

Public Law 108-447, Division H, Title IV, Section 412, December 8, 2004 (providing enhanced flexibility to GSA in real property management).

⁴ FY2010 Federal Real Property Report, Federal Real Property Council, p. 6.

⁵ Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property, GAO-12-645, June 2012.

⁶ GAO-10-417.

the GAO examined 33 courthouses that were constructed during the ten-year period from 2000 to 2010. The GAO found that 3.56 million square feet of *extra* space was built because of the following reasons:

- The Judiciary grossly over-estimated its 10-year projection of future judges assigned to courthouses;
- New courthouses did not incorporate courtroom sharing; and
- GSA constructed courthouses above the congressionally-approved size.

Over Estimating the Future Number of Judges

A primary reason for the overbuilding of recent courthouses has been the Judiciary's inaccurate 10-year projections for future judgeships. Because courthouses are designed to house judges and their staffs, the overall size of a courthouse is largely determined by the number of judges expected to be housed in the building and whether or not judges will share courtrooms. However, even as far back as 1993, the GAO questioned the basis on which the U.S. courts calculated their projections for new judges. In particular, at that time, the courts based their calculations on a caseload projection method. In 1993, GAO found that the courts' consistently over-projected the number of judges that Congress would authorize.⁷

The problem of over-projecting the number of judges has not been resolved. In the 2010 GAO report on courthouses, the GAO found:

- GSA constructed 887,000 extra square feet of space due to over-estimating the number of judges;
- 28 of the 33 courthouses had reached or passed their 10-year planning projection period and 24 of the 28 courthouses had fewer judges than estimated; and
- The Judiciary over-estimated the number of judges by 35% (342 actual judges vs. a total projected judge population of 461).

Lack of Courtroom Sharing

The lack of courtroom sharing has also been an ongoing issue. Using information provided in a study completed in 2008 issued by the Federal Judicial Center (FJC)⁸, the GAO created a model for courtroom sharing that showed significant amounts of unscheduled time in courtrooms for judges such that the sharing of courtrooms could be at significantly higher levels than were in practice.

Congress has consistently questioned the need for every judge to have a courtroom, particularly in the case of a large courthouse with 20 or more courtrooms.

⁷ *Federal Judiciary Space: Long-Range Planning Process Needs Revision* (GGD-93-132).

⁸ The FJC is the Judiciary's research and educational arm, which conducted an in-depth study involving six months' worth of daily scheduled and actual use for 602 courtrooms in 26 of the nation's 94 Federal district courts.

However, the courts have consistently requested a courtroom for every active judge. The Judicial Conference has adopted policies with respect to Senior Judges, Magistrate Judges and Bankruptcy Judges sharing courtrooms. However, there is no indication that these sharing policies are being applied in existing courthouses. In fact, no sharing is occurring in the Miami courthouse complex.

In addition, the 2010 GAO report shows that there could be significantly more sharing than proposed in the courts revised policies. Using information provided by the Administrative Office of the U.S. Courts (AOUSC) and FJC, GAO found that three district judges could share two courtrooms, three senior judges could share one courtroom, and two magistrate judges could share one courtroom, all while still providing approximately 20 percent of unused time.

Overall, in its report, GAO's analysis of courtroom usage indicates that if sharing had been required in all courthouses constructed since 2000 there would have been significant savings including:

- 946,000 extra square feet was constructed because of a lack of sharing;
- The number of courtrooms needed in 27 of the 33 courthouses would have been reduced by a total of 126 if sharing was done; and
- 40 percent of district and magistrate courtrooms constructed would not have been needed.

Construction Exceeded Authorized Limits

GAO estimated that the cost of constructing the 3.56 million square feet of extra space was \$835 million and that the estimated cost to rent, operate, and maintain the extra space was \$51 million annually.

More specifically, the GAO found that:

- 27 of the 33 courthouses completed since 2000 exceeded their congressionally-authorized size by 1.7 million square feet;
- 15 of the 33 courthouses exceeded their congressional authorization for square footage by 10 percent; and
- Three courthouses exceeded their authorized square footage by 50 percent.

The GAO criticized GSA's inability to ensure courthouse projects stayed within the authorized limits and noted that GSA consistently built courthouses that exceeded the scope of congressional authorizations.

Miami Courthouse Complex

The Miami courthouse complex consists of multiple buildings, including the new Wilkie D. Ferguson Jr. United States Courthouse, the James Lawrence King Federal Justice Building, and the C. Clyde Atkins Courthouse. In addition, three bankruptcy

judges are located in the Claude Pepper Federal Building. The David W. Dyer courthouse is now vacant.

The new Wilkie D. Ferguson Jr. United States Federal Courthouse was built in 2007. In 2000, when the new courthouse was proposed, the 10-year projection for judges was 33. There are currently 27 judges, including vacancies, four senior judges, and 12 magistrate judges.⁹ The Ferguson courthouse was specifically highlighted by the GAO as over built. According to GAO, the courthouse was overbuilt by 238,000 square feet at an excess cost of \$49 million plus \$3.8 million in annual costs related to maintenance and operations.¹⁰ It exceeded the authorized limit on construction by over 97,000 square feet.¹¹

In this case, not only was the new courthouse overbuilt, the new Miami courthouse was originally intended to supplement space in the existing David W. Dyer Federal Building and United States Courthouse, a historic building now abandoned by the U.S. courts. The square footage of overbuilding calculated by the GAO did not take into account the space in the historic courthouse no longer in use by the Judiciary. In addition, according to the Federal Real Property Profile database, the vacant Dyer building is costing the taxpayer \$1.2 million in annual operating costs.

Following the announcement of the Subcommittee hearing, GSA on August 1st issued a Request for Information (RFI) to solicit options for redeveloping the Dyer courthouse.

Conclusion

The hearing will focus on the problem of vacant and under-utilized properties and, in particular, the status of the vacant Dyer courthouse. The hearing will also examine the recent GAO report that raises questions about the accuracy of property data collected by the federal government and the measurement of savings used by GSA. In addition, the hearing will also highlight the continued problems with space utilization and overbuilding in federal courthouses.

⁹ Federal Courthouse Construction: Better Planning, Oversight, and Courtroom Sharing Needed to Address Future Costs, GAO-10-417, June 2010, p. 28; Information also reconfirmed with U.S. courts on August 1, 2012. Further, of the 12 magistrates, 3 are “recalled,” meaning they are retired but returned temporarily to assist in the caseload.

¹⁰ *Id.* at p. 11.

¹¹ *Id.* at p. 18.

WITNESSES

The Honorable Frank M. Hull
Circuit Judge
United States Court of Appeals for the Eleventh Circuit

Mr. David Wise
Director, Physical Infrastructure Team
U.S. Government Accountability Office

Mr. John Smith
Regional Commissioner
Public Buildings Service
General Services Administration

SITTING ON OUR ASSETS: THE VACANT FEDERAL COURTHOUSE IN MIAMI

MONDAY, AUGUST 6, 2012

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC
BUILDINGS, AND EMERGENCY MANAGEMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:06 a.m., in the David W. Dyer Federal Building and U.S. Courthouse, 300 N.E. 1st Avenue, Miami, Florida, Hon. John L. Mica (Chairman of the committee) presiding.

Present: Representatives Mica and Denham.

Also Present: Representative Diaz-Balart.

Mr. MICA. Good morning. I would like to welcome everyone and call to order the Subcommittee on Economic Development, Public Buildings, and Emergency Management.

I am Congressman John Mica. I am pleased to be able to chair the full Transportation and Infrastructure Committee of the House of Representatives. This is one of our subcommittees. I am pleased to be joined this morning by the chairman of the subcommittee, the gentleman from California, Mr. Denham. Within the portfolio of the committee and Mr. Denham's subcommittee, we do have the important responsibility of one of our three major areas of overseeing public buildings. These are not Department of Defense and they are not Post Office facilities, unless they are controlled by the General Services Administration, but all the balance of the properties.

The General Services Administration is the largest property owner in the world. It is trustee for all of the public properties and assets of the United States and our chief procurement agency.

We are pleased to be in Miami today as a continuance of some of the emphasis of the committee, some of our work, and I will explain that in just a second.

Let me again say welcome, Mr. Denham, and I also thank Mr. Diaz-Balart, a former distinguished member of the committee and subcommittee, a chair. We are very proud of his service on this committee. He went on to be a member of the Appropriations Committee of the House of Representatives, and I think it is very fitting that he join us today because while we authorize projects, he funds projects in that important role and responsibility.

So I would like to ask unanimous consent that Representative Diaz-Balart be permitted to sit with the committee at today's hearing, offer testimony and participate in questions. Without objection, so ordered.

So, pleased to have you this morning.

Mr. DIAZ-BALART. Thank you.

Mr. MICA. I know you welcomed Mr. Denham to Miami, Chairman Denham. We are pleased to have him come all the way from California and be with us today and assist not only with this hearing, but next week he will be chairing a hearing on the same subject in Los Angeles. Our committee is taking the issue of vacant or underutilized Federal properties from Washington, and we have done hearings there today, to Florida with this first one outside of the Nation's capital, and onto the west coast. So we are going to go from sea to shining sea.

We have, under the purview of the GSA, more than 9,000 buildings or properties. The Federal Government also has in the neighborhood of 14,000 properties, buildings that are vacant or properties that are underutilized. We have done three hearings in our Nation's capital while Congress is in session to focus on vacant buildings in the capital. This is not just some Johnny-Come-Lately type of an investigation or oversight but actually our committee, when Mr. Diaz-Balart was on the committee, before we became the majority about a year-and-a-half ago, we produced a report entitled, "Sitting on Our Assets: The Federal Government's Misuse of Taxpayer-Owned Assets," and within that, the very first category of abuses that were identified and targeted and actually have become the blueprint for this committee's work was the problems with GSA sitting on incredibly valuable assets, not only in Washington, DC, but across the United States, just like we will find out here in south Florida, and then on the other side of the continent, in Los Angeles next week.

Mr. Denham and I did three hearings, the first one in a vacant annex to the Old Post Office in Washington, vacant for 15 years, costing \$8 million a year, two blocks from the White House. We managed within a year to turn that around from a money-losing asset to now with the potential of a site employing 1,000 employees, and probably \$8 to \$10 million a year in revenue, and taking an unproductive Federal property and turning it around. I am very pleased with that effort.

Our committee then moved to a vacant building between the interstate and the Mall, a wide swath of property with, I believe, an 89,000-square-foot building, vacant for 5 years, the Cotton Annex that sat vacant. And then in our last hearing in the Nation's capital, we held a hearing in a vacant power building, a power station building behind the Ritz Carlton in Georgetown, Washington, some of the most expensive real estate on the entire east coast, 2.08 acres sitting vacant for 11 years.

Now, the good news is when Mr. Denham and I did our hearing, the day before—and maybe you can pull this up—the day before, we forced GSA to begin a marketing campaign. So they actually put up a "Coming Soon, For Sale" sign the day before our hearing, which is remarkable that GSA would not take an initiative to take a valuable piece of property and transform it into a performing asset.

So we have done three hearings in the Nation's capital. Today is our fourth. Mr. Denham and I use this little chart. We had 14,000

properties. Now we only have 13,996 to go. Next week we will get that down to 95.

The good news about this property, as unfortunately it has been vacant since 2007, and we have also inspired GSA to move in trying to come up with a better utilization plan. On Friday, they announced their plans to try to seek—it says, “GSA seeks ideas to develop Miami Courthouse.” So again, 180,000, maybe 178,000 square feet of prime office and court space facilities in the heart of Miami, probably one of the most robust cities not only in the State of Florida but in the United States, sitting idle.

So here we find ourselves in this courthouse this morning. This is the David Dyer Federal Courthouse, vacant since 2007. It has annual operating expenses that are lost to the taxpayers of \$1.2 million operating costs. If you multiply that by the years vacant, the dollars start to add up.

Incidentally, I brought for my colleagues—this was presented to me. We have done hearings on GSA. Of course, you have all seen the guy in the hot tub who thumbed his nose, and the expensive conferences they did, first in Las Vegas, and the guy thumbed his nose at the committee, the Congress and the taxpayers. Our most recent scandal is in our investigation to uncover waste to their conferences was a one-day, quarter-of-a-million-dollar fiasco. These are actually two of the \$20,000 drumsticks. I don’t know if you have ever seen \$20,000 drumsticks, but they paid \$20,000 for drumsticks for a Virginia conference, 1 day, \$104,000 to a consultant to put the 1-day conference together, and \$35,000 for picture frames. I don’t have one of the \$35,000 picture frames, but someone did present me—these are authentic, and actually they are engraved to commemorate the occasion of the conference that was held in Virginia.

That is the situation that we face with GSA. Unfortunately—well, fortunately for the taxpayers, the first level of abusers has been removed. The Administrator, the Public Buildings Commissioner, Mr. Neely, one of the regional administrators and one of the chief offenders, and a host of others have been removed. Last week we held a hearing in Washington, Mr. Denham and I, and we are on our second level of GSA officials involved in, again, these wasteful conferences, and we found, unfortunately, no one wanted to appear. They brought forward an employee who had only been in the position for about 3 months. The Administrator was on vacation and couldn’t be disturbed. A deputy did not choose to come because the deputy and some others are now involved in the second conference. So we have had difficulty in eliciting information, testimony, documentation, or even witnesses to our hearings.

So that is the situation that we find ourselves in this morning, and again a courthouse that has grown to be a huge burden on taxpayers, an agency that is mired in neutral on trying to dispose or better utilize these facilities.

I must add a caveat to my commentary and give GSA a little bit of a break in that Congress also holds responsibility because sometimes they do not cooperate with the agency in moving forward. However, there was an authorization for moving forward with this particular project some time ago. The administration—let me just check so I have the accurate figures. The stimulus provided GSA with \$5.9 billion 3 years ago, stimulus money to renovate buildings

like this. But again, GSA turned its back on the taxpayers, turned its back on this building to turn a money loser into a revenue gainer for the taxpayers.

Now we are up to an estimated cost of \$60 million. This has sat idle, and I think it has some mold and other issues. The new courthouse that was built next door, the Wilkie D. Ferguson, opened in 2007 when this closed, was overbuilt by 238,000 square feet, and had a cost overrun of \$49 million. It still has substantial vacant space. We will hear more about its potential for utilization as the hearing proceeds.

So with that, the order of business will be that I yield now to Chairman Denham. I thank him again for his undaunting leadership in pursuing these matters. I told him this morning on the way over, of all the freshmen, Mr. Diaz, all the new Members of Congress, I think he is by far the most outstanding performer. He has done a remarkable job, provided leadership. He had some experience as an elected official in the California legislature. But I couldn't be more pleased to have a leader on our committee, a new Member of Congress, just an absolutely incredible job again in pursuing this matter and other matters. He has a portfolio that has very broad jurisdiction.

So with that, Mr. Chairman, Chairman Denham, I would like to yield to you.

Mr. DENHAM. Well, thank you, Mr. Chairman, and good morning. Let me first start by saying I was able to pick up the ball and run with it because of your leadership. The document that you had put together on GSA sitting on its assets is something that has been a playbook that we have been able to run with ever since the beginning of the 112th Congress. This is something that has gone on for far too long.

You know, I have actually taken the position that the question that should really be asked is couldn't we do without GSA altogether? Can we actually abolish the agency and have private industry pick up that ball and run with it?

So I am proud to have Mr. Diaz-Balart here, who is on the Appropriations Committee that will oversee the funding of GSA.

I think one of the questions that we will be asking in the 113th Congress is what level of appropriation does GSA need? If GSA is not going to follow the President's memorandum, if they are not going to follow his Executive order on pay freezes, bonuses and overtime, if they are not going to follow the President's Executive order on excess properties, and if they are not going to follow the Vice President coming together with all of the department heads on the conferences and the wasteful spending, the question really is should we cut off their money altogether?

So I am proud to have Mr. Diaz-Balart here, who actually sat in this position under this subcommittee prior to going to the Appropriations. This will be a joint effort between Appropriations and the funding for GSA in the future, as well as this committee that oversees all of the public buildings altogether.

We are here in Miami for two reasons, to continue our investigation into the billions of dollars wasted on vacant buildings just like this one, and for the public to see the likely outcome if GSA builds a new \$340 million courthouse in Los Angeles, where we still have

two existing courthouses, one that is partially full, one that is just about vacant, and yet even with less judges, they want to continue to move forward to build a new courthouse.

This is a perfect example of how things should not be done. Here we have a beautiful, historic building that is sitting dilapidated, mold. You can see its historic and beauty here, and yet we are allowing it to fall apart because GSA is not focused on the best use for its assets.

I am also told that we have over 3 million square feet of leased space in the Miami area. So the question is why is a building like this sitting vacant? If it is not needed, let's sell it off. If we do need it, then let's relocate the individuals that are in other buildings around the area into this facility.

But we have a job to do for the taxpayers and making sure that their dollars are spent correctly. So seeing something that is not only sitting vacant but falling apart in the process and costing us millions of dollars is inappropriate.

I want to just highlight a few different properties. Fourteen thousand is a small number compared to the overall portfolio the GSA has. Those are the excess properties. Yet, properties like this, properties like the Old Post Office that sat vacant for over a decade, the Cotton Annex, many, many others that aren't even on that list. Again, we have a job to do, to sell off these properties, to relocate agencies that are in leased space, and we are going to hold GSA's feet to the fire because, as the chairman already said, these properties are not getting liquidated, they are not getting sold, they are not getting redeveloped or, in the case of Georgetown, even offered up to sale until we hold a hearing. So we will hold as many hearings as it takes to get the best outcome for the taxpayer.

We have a whole separate issue with these courthouses. I have toured many of them across the Nation. Up in New York, we have seen courtroom sharing as they are renovating the courtroom next door. I am told now that even though they have a new courthouse and an old courthouse that is being renovated, rather than utilizing that excess square footage for the huge amount of leased space that we have in the New York area, they are looking at taking a very successful courtroom-sharing model and expanding into space that they don't need.

Here we have seen the same thing with four courtrooms, four buildings, and yet not only overbuilding for excess square footage but this one sitting vacant. In L.A., we will go take a look again next week to see what GSA's plan is for that one. But again, wanting to build a new courtroom, a new huge office building when you have one that is sitting vacant, one that is sitting underutilized, is just a bad use of taxpayer dollars.

And with that, in conclusion, let me just say obviously I am very disappointed that you have an agency that continues to ignore the Commander in Chief. The President of this great Nation has issued an Executive order, two Executive orders and a memorandum on GSA on conferences, on buildings, on saving money for the taxpayer dollars, and yet we have an agency that continues to ignore that.

I am also disappointed today that the new acting director, who we continue to give every opportunity to show how things are being

changed, is not here today. I understand that he couldn't be here last week as well because of a personal family obligation. But let's be very clear, you have had several weeks—we have had several months now to notice not only this hearing but the one in Los Angeles, and this committee fully expects the new acting director, Dan Tangherlini, to be there.

With that, I yield back.

Mr. MICA. I thank the gentleman.

I am pleased now to recognize Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, let me first thank you for this hearing, but more importantly for what you have done for Florida, for Miami-Dade County, and for the Nation. I think very few people have been as effective in rooting out waste as you have, Mr. Chairman. It was one of the distinct honors of my years in public service to be able to serve under your leadership in your committee. When I went to the Appropriations Committee, then you upgraded by having a much better chairman than I clearly was or could have been.

And you, Mr. Chairman Denham, also for your steadfast leadership. You have been a real champion for the taxpayer. If the American people just were to spend a little time here today and they were to see, look at those windows and look at that painting and look at the ceiling, this could be the Biltmore Hotel in Coral Gables, but it is not. It is a vacant piece of property that is a national treasure.

It is vacant, so not only is it not being utilized, not only is it going into disrepair, but the taxpayers are paying to maintain this empty building. Then, of course, it was replaced by a building next door that, as the chairman said, was 20 percent overbuilt.

Now, I wish, we all wish that this was the exception to the rule, that this is a weird aberration and this just happens to be this weird building somehow that fell through the cracks. It isn't. This is everywhere throughout the country, including, as Chairman Mica and Chairman Denham just mentioned, including in the capital of the United States, where you have prime properties that sit vacant for years, one next to Georgetown, in Georgetown. But again, it is not an aberration.

I need to thank you gentlemen for the leadership that you are providing in trying to stop this throwing away—it is not even waste. It is beyond wasteful. It is really beyond wasteful, just throwing taxpayer money away while buildings like this sit vacant. Again, there is just no explanation.

Also, your staff, I want to thank your staff. I have had the privilege of working with your staff, and they are among the best on Capitol Hill.

So I am looking forward to listening to our expert witnesses today to see why is this not the exception, why is this almost the rule, and what steps, specific concrete steps are being taken to not only avoid this happening in the future but also to make sure that properties like this don't sit vacant, aren't costing the taxpayer money.

I am looking forward to their testimony. But I will tell you that this is among the most frustrating and infuriating things that one witnesses in the Federal Government, when you see buildings like

this vacant, when you see buildings that are overbuilt, when you see buildings where taxpayer money is just being thrown into and there is, frankly, no excuse for it, and then to have to hear—and I don't mean to be overcritical, but some of our colleagues even who are constantly saying that the Federal Government doesn't have enough money, that we need to raise taxes. Really?

Come here. Come look at this building. Come look at this empty, beautiful building in the heart of downtown Miami. Or go to the heart of Washington, DC, and see buildings like this that are sitting empty. As bad as the \$20,000 drumsticks are, and they are, and it is frankly unacceptable, immoral, even more money is being wasted every single day while buildings like this sit empty. And then we need to raise money, more money for the Federal Government? We have to raise taxes? For God's sake, get real.

I am so grateful to you, Chairman Mica and Chairman Denham, for the leadership that you are providing, for making sure that the American taxpayer's money stops being wasted and that buildings like this don't just sit empty year after year.

I saw, Chairman Mica, that GSA now has advertised that they are looking at ways, what to do with this building. How many years after this building has been sitting vacant? It is great to see that every time your committee and your subcommittee do a hearing, all of a sudden that building that you are highlighting becomes interesting, and all of a sudden people realize that it is even here.

But again, this is not the exception. This is not the exception. It is immoral. It is unacceptable. I cannot thank you enough for your leadership, and I look forward to the testimony of our distinguished panel. Thank you.

Mr. MICA. Well, thank you again, Mr. Diaz-Balart, for your service on our committee, your leadership as the former chair of this subcommittee, and also Mr. Denham, for taking time. Right now a lot of folks are away, but you are both actively involved in this project to highlight, as we are trying to do, some of the waste, inefficiency, and just lack of attention by a Federal agency.

In an effort to try to remedy this situation, it is nice to talk about things, but we also want a positive accomplishment. We have got to find out first how we got ourselves into this situation and then find out how we can better utilize taxpayer assets, and to do that we have assembled a panel before us today, and I am grateful for the three witnesses who have taken time and are appearing today. I will recognize them first. Let me introduce them.

We have first the Honorable Frank M. Hull, circuit judge of the United States Court of Appeals of the Eleventh Circuit. We have Mr. David Wise, director of the Physical Infrastructure team of the U.S. Government Accountability Office. Then we have Mr. John Smith, the Region 4 commissioner of the Public Buildings Service, General Services Administration. Those are our witnesses. I welcome you.

The custom before our committee is to present sort of a summary. You probably have some prepared remarks here. You are welcome to deviate from them and submit as much information to the committee as you wish. So what I will do is I will recognize you, then we will hear from all three, and then we will go through

a little series of questions from Members. That will be the order of business.

So again, welcome, and while I expected a gentleman, we have a very distinguished gentle lady and judge from the bench, the Federal bench. We are just delighted to have you come, I think, from Atlanta today and be with us.

I guess when you are in a Federal courthouse, you say, oh, I am not an attorney, but they always say, "May it please the court." Unfortunately, this situation doesn't please the court or the taxpayers, or the Congress. So we have got a little bit of a situation to deal with, but we are just very grateful that you would take time, Your Honor, to be with us and represent the court in this matter.

So I would like to recognize you and welcome you at this time.

TESTIMONY OF THE HONORABLE FRANK M. HULL, CIRCUIT JUDGE, UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT, AND MEMBER, COMMITTEE ON SPACE AND FACILITIES OF THE JUDICIAL CONFERENCE OF THE UNITED STATES; DAVID WISE, DIRECTOR, PHYSICAL INFRASTRUCTURE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; AND JOHN SMITH, REGIONAL COMMISSIONER, PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES ADMINISTRATION

Judge HULL. Thank you. Good morning, Chairman Mica, Chairman Denham, and Congressman Diaz-Balart. My name is Frank Hull. My mother is Frank, my grandmother is Frank, and my great-grandmother was Frank. I come by it honestly. My daughter is Molly.

[Laughter.]

Judge HULL. Named for my mother-in-law. I am a wise judge.

As you mentioned, I serve as a judge on the United States Court of Appeals for the Eleventh Circuit, which hears appeals from Georgia, Alabama and, of course, Florida. Florida is our largest jurisdiction and provides most of our caseload, although we do have a significant number of cases from the other two states on appeal.

However, today I actually am appearing in my capacity as one of the members of the Judicial Conference's Space and Facilities Committee. The Judicial Conference is the judiciary's national policymaking body.

At the outset, I appreciate the opportunity to appear, but I think it is important for me also to stress the Federal courts could not do their job without infrastructure, and we cannot do our jobs without the help of this committee. This committee has been very helpful in assuring that we do have adequate courthouses, adequate facilities to handle what has really been a tripling of the caseload in the Miami community.

So I think, particularly to Congressman Diaz-Balart, I want to express our appreciation for helping the judiciary be able to handle and plan for this growing Miami community caseload. It has tripled both in criminal cases and in civil cases, and without the infrastructure, we could not do our jobs. So I sincerely thank this committee at the outset.

Now, let's discuss what the issues are today, and I will start with the Dyer Building. The Dyer Building, as you know, was built in

1933. It served the Federal courts extremely well for many, many years. But as the caseload grew and we did get a lot of new judges in Miami, the Federal district court outgrew this building appreciably. But that wasn't just the main problem. The main problem was security.

The biggest problem for the district court in this building was that there is only one main corridor. Prisoners, the general public, and court staff all shared the same corridors. The U.S. Marshals Office rated it highly unsafe. There were serious problems. So the court outgrew the building, there were significant security problems, and so Ferguson was planned and built. And we moved—that is, the Federal courts moved into Ferguson, I believe approximately in 2008, Chairman Mica, although I don't think 1 year matters here or there. But the Federal court did move from Dyer into Ferguson in 2008.

The Federal court's position is that the decision with regard to the Dyer Building is GSA's decision. So I will spend my time primarily talking about the Ferguson Building.

The Ferguson Courthouse was planned back in the late 1990s and the early 2000 time period. The planning, design, and the construction process took approximately 8 years, and as I said, we moved into it in 2008.

Today, every courtroom and every chamber in the Ferguson building is being utilized except for one vacant courtroom and one vacant chamber. There is a judge vacancy on that court. This is an existing vacancy. It will be filled, and then that new replacement judge will be assigned that courtroom.

In addition, it is very important to point out that we have seven active district court judges in the Ferguson Courthouse who are eligible for senior status. They are like me. They are in their early 60s. They are eligible for senior status at age 65. So we are going to have seven new active judges within 3 to 5 years. I am not talking about new judgeships. I am talking about existing judgeships. So we are going to have to house, and we will house, the new seven active district court judges in Ferguson when those take senior status.

So what we are doing is we are taking this hearing at a point in time, 2012, 4 years after Ferguson has come online. Is it totally full? No, it is not totally full today. That is very correct. But what do we do? Don't we need to build for some excess capacity? We have built for excess capacity. The building came online in 2008, and I suggest to you well before 2018 they will not only be full in Ferguson but there will be significant courtroom sharing. We will look back, particularly in this day and time of critical lack of resources, and see that this has been good planning—to have Ferguson have some excess space which will be tomorrow's needed adequate space.

There are two other things. I want to be brief, and I am not going through my whole statement, so don't worry about that. I am going to be very brief. We have a lot more data in the statement. But there are two things that the judiciary has done to change its policies. As a result of the GAO report, we learned a lot. As a result of questions from this committee, we learned a lot. The examination and scrutiny of this committee has been extremely helpful

to the judiciary, and as a result we have changed some policies, and here is one key change.

When Ferguson was planned, there were no courtroom sharing policies. Today, the judiciary has courtroom sharing policies. We have adopted them in 2008 for senior judges, for magistrate judges, and now we have adopted them for bankruptcy judges. So that is a huge policy change and hopefully will make our planning better in the future.

The second big policy change for the judiciary, as a result of all of this, has been that we formerly used a caseload methodology. So what we did is we predicted Miami will grow. We predicted the caseload will grow. If you have a certain amount of new cases, you need a new judge. We figured out the number of new judges needed, and then we planned space for new judges.

We were good at predicting the growth in Miami. We were good at predicting the caseload growth. But what we were not good at predicting is how many new judges we would get. Congress has not created the new judgeships. That is a fact. So we are no longer planning for judgeships based on caseload and new judges because that has proven to not be workable—we have not gotten them. Right now, there is a request for three new judgeships for Miami, OK? So that was part of the planning for the Ferguson. But we are no longer planning for future judgeships. We are only planning for existing judgeships, with some small growth built into a building. Also, you don't want a building 100 percent full the day you open the building because it is going to have a 50-year life.

So I think it is very important that the judiciary has a good working relationship with this committee. We are interested, highly interested in the work of this committee. We are grateful for the work of this committee, and we have refined our planning policies.

Lastly, I want to talk about peaks and valleys, and I want to use two analogies. One is the power grid, and the other one is the fire department.

The judiciary has to be ready. When there are speedy trial demands, we have to have the courtrooms. We have to be prepared. We cannot plan for the power grid for spring when we don't need air conditioning. We have to plan the power grid for peak demands in August. We cannot afford to be overwhelmed. We have to have places and judges to try the cases.

So we plan for the peaks. We actually don't plan for the valleys because we have to be able to handle the August peak.

The fire department is another good analogy. It is not perfect. It can be attacked. But even if there is only one fire every week in Miami, we don't just have one fire station. You plan in case, on 1 day, there are two fires, and that is what happens with us. We are providing a valuable Government service. We cannot be overwhelmed. We have to be ready.

So has our planning been perfect? No, it has not been perfect. Have we learned a lot of lessons, and are we going forward with a better planning process? The answer is yes. I think it is highly appropriate that we build not only for today, which we have done in Ferguson, but that we have some growth space. The demographics are that Miami is going to grow 35 percent in the next 10 to 15 years. It is going to happen again. And as a result of the

work of this committee and the courts working together, we are going to be ready to handle that caseload.

So I thank you very much, and I am more than happy to answer any of your questions. We want to establish a good working relationship with the committee because we have the same interests. Thank you.

Mr. MICA. Thank you, Judge Hull.

We will turn now to Mr. David Wise, and he is the Director of the Physical Infrastructure team of U.S. GAO.

Welcome, and you are recognized, sir.

Mr. WISE. Thank you. Chairman Mica, Chairman Denham, and Congressman Diaz-Balart, I am pleased to be here today to discuss the Federal Government's efforts to collect data on its excess and underutilized real property assets and the need to better and more effectively manage these assets.

In 2004, the President issued an Executive order establishing the Federal Real Property Council, chaired by the Office of Management and Budget. The Executive order required the FRPC to work with the GSA to establish and maintain a single, comprehensive database describing the nature, use, and extent of all real property under the custody and control of executive branch agencies, except when otherwise required for reasons of national security.

The FRPC created the Federal Real Property Profile to meet the requirements and began data collection in 2005. In 2010, Federal agencies reported about 3.35 billion square feet of building space to the Federal database, which has a vast portfolio that the Federal Government faces substantial management challenges.

The courthouse where we are sitting today is an example of the large challenges facing the Federal Government in effectively managing its real property.

My statement today will make three main points. One, the Federal Government needs better data and a national strategy to improve Federal real property management. Two, potential cost savings achieved from efforts to improve property management are unclear. And three, agencies still face longstanding challenges to managing their real property portfolios.

The FRPC has not followed sound data collection practices in designing and maintaining the FRPP database, raising concerns that the database is not a useful tool for describing the nature, use, and extent of excess and underutilized Federal real property. The FRPC has not ensured that key data elements, including buildings' utilization, condition, annual operating costs, mission dependency, and value, are defined and reported consistently and accurately.

For example, we documented buildings reported to the FRPP as underutilized even though they were fully occupied. We also documented others that were vacant but reported as utilized. In addition, we observed severely dilapidated buildings that were reported as being in excellent condition. At 23 of the 26 locations we visited, we identified inconsistencies and inaccuracies related to these data elements. As a result, FRPC cannot ensure that FRPP data are sufficiently reliable to support sound management and decision-making about excess and underutilized property.

The Federal Government has sought ways to generate cost savings associated with improving management of excess and under-

utilized properties. However, the potential savings are unclear. For example, in response to requirements set forth in a June 2010 Presidential memorandum for agencies to achieve \$3 billion in savings by the end of fiscal year 2012, GSA reported approximately \$118 million in lease cost savings resulting from four new construction projects. However, the GSA has yet to occupy these buildings, and the agency's cost-savings analysis projected these savings would occur over a 30-year period, far beyond the timeframe of the Presidential memorandum.

Even though the cost savings achieved from efforts to improve property management are unclear, the Federal agencies that we reviewed have taken some actions to better manage excess and underutilized property, including using these properties to meet space needs by consolidating offices and reducing employee work space.

As we reported and testified in the past, Federal agencies still face longstanding challenges to managing these properties. These include the high cost of property disposal, legal requirements prior to disposal such as those related to preserving historical preservation and the environment, stakeholder resistance, and remote property locations that are difficult to sell or dispose.

To address these concerns, we recommended that OMB, in collaboration and consultation with FRPC member agencies, develop and publish a national strategy for managing Federal excess and underutilized real property. In addition, we also recommended that GSA, in collaboration and consultation with FRPC member agencies, develop and implement a plan to improve the FRPP consistent with sound data collection practices, so that the data collected are complete, accurate, and consistent.

This concludes my prepared statement. I would be happy to answer any questions from the committee.

Mr. MICA. Thank you, and we will hold questions until we have heard next from Mr. John Smith, who is Region 4 Commissioner of the Public Building Service of GSA.

Welcome, sir, and you are recognized.

Mr. SMITH. Thank you, Mr. Chairman. Good morning, Chairman Denham, Chairman Mica, Congressman Diaz-Balart. My name is John Smith. I am the Regional Commissioner for the GSA's Public Building Service in the Southeast Sunbelt Region. Thank you for the opportunity to join you here today at the David W. Dyer Federal Building and United States Courthouse, a property GSA will be repositioning and one that highlights the unique challenges of moving real property.

The administration has set aggressive goals to better utilize Federal real property, and GSA's Southeast Sunbelt Region is doing its part to help achieve savings on behalf of the American taxpayer.

In GSA's capacity as one of the many landholding agencies, we supply office space to other Federal agencies in support of their mission. GSA has a robust asset management program to track the utilization of our inventory, strategically invest in our assets, where needed, and aggressively dispose of unneeded assets.

Following the President's memorandum entitled, "Disposing of Unneeded Federal Real Estate," which charged civilian agencies to utilize space, reduce operating costs, and dispose of unneeded property more effectively to save \$3 billion by the end of 2012, GSA has

played a role in both generating savings from its own real estate, as well as helping other agencies to find savings. The administration recently announced that the Federal Government will not only meet but will exceed this \$3 billion goal.

While GSA has a large real estate portfolio to manage, the broader Federal Government portfolio is far more extensive. Of almost 900,000 buildings and structures reported in the fiscal year 2010 Federal Real Property Profile, GSA controls 9,400 of these assets. GSA's Southeast Sunbelt Region is responsible for 1,500 of these assets.

As a result of our efforts, GSA leads the market with our vacancy rates and utilization; 3 percent of our portfolio has been classified as an under or not utilized asset. In the Southeast Sunbelt Region, 2 percent of our portfolio is under or not utilized. Although we work diligently to identify unneeded assets for disposal, it is important to note that not all properties labeled as underutilized are available for sale. For example, some underutilized assets can be buildings under renovation. When we find underutilized space in areas where there is a continuing Federal need, GSA works aggressively to renovate and reuse the asset to achieve greater utilization.

In the Federal Real Property Profile, GSA identified 124 assets as excess to our own agency's needs and began the disposal process for these assets. Of those 124 assets, the Southeast Sunbelt Region had only 1.

Our low numbers of underutilized and excess assets are a testament to a major restructuring in our portfolio implemented over the past decade aimed at right-sizing our real estate portfolio. In the last 10 years, we have disposed of more than 280 GSA assets, valued at over \$260 million. Thirty-four of these assets were from the Southeast Sunbelt Region, generating almost \$25 million.

One example of a recent disposal in the Southeast Sunbelt Region is the James O. Eastland Federal Building and Courthouse in Jackson, Mississippi. The Eastland Federal Building, which has 115,000 gross square feet of office space and related space and is situated on 1.5 acres of land, was listed in the National Register of Historic Places in 1976 as a contributing property to the Smith Park Architectural District. The property was sold through an online auction for about \$1.4 million, and was conveyed to a local Jackson, Mississippi developer, David Watkins, on March 1, 2012, to be transformed into an institute for the arts.

Today, the committee has chosen to host a hearing at the historic Dyer Courthouse, a property for which we are actively exploring repositioning strategies. The Dyer Courthouse was constructed in 1933 and listed in the National Register of Historic Places in 1983. Until 2008, the building was substantially occupied by the courts and court-related activities.

In 2008, GSA completed construction of the new Wilkie D. Ferguson U.S. Courthouse, and tenants of the Dyer Building vacated to occupy the newly constructed courthouse. As part of GSA's efforts to right-size the portfolio, and in accordance with the direction provided by the administration on disposing of unneeded real estate, GSA intends to reposition this property in the near future.

On August 1, 2012, GSA issued a Request for Information seeking ideas from members of the development community interested in redeveloping and preserving this property. Developing a strategy to reposition the courthouse will not be without some unique challenges. The utility infrastructure, parking lot, courtyard and tunnels are shared with its adjacent property, the C. Clyde Atkins U.S. Courthouse, and the cost to separate connections and create two separate stand-alone operations is estimated to be in excess of \$10 million. GSA will look at all potential repositioning strategies and engage the private sector to find the strategy with the highest chance of success and the highest return to the taxpayer.

As one of many landholding agencies in the Federal Government, GSA continues to manage our inventory aggressively to dispose of unneeded properties and increase the utilization of our buildings. We continue to work in concert with the administration and other landholding agencies in the Government to utilize real estate more effectively.

The Southeast Sunbelt Region is pleased to be able to assist with these efforts. The Dyer Courthouse is one property that helps highlight the challenges of developing long-term asset strategies in changing fiscal times, and the unique characteristics of the property that can present hurdles to repositioning. GSA looks forward to finding the best strategy to reposition this property and working with the committee to continue our efforts to utilize Federal real estate more effectively.

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

Mr. MICA. Thank you, and I thank all three of our witnesses.

We will now turn to questions, and I am going to yield first to Mr. Denham, Chairman Denham.

Mr. DENHAM. Mr. Smith, why do you think we are having this hearing today?

Mr. SMITH. Sir, I believe we are attacking the problem of unneeded real estate.

Mr. DENHAM. I just heard your testimony. It sounds like we don't have a problem. I mean, if GSA is doing everything great, which this is the first time I have heard anybody in front of this committee that has taken that position, if you are actually going to hit at least \$3 billion and GSA is following each of the Executive orders that the President has laid out, it would appear that there would be no reason to have this hearing.

You talk about aggressively disposing of property. When did this property go up for evaluation?

Mr. SMITH. Sir, this property was vacated in 2008, and at the time we were looking for design money to relocate costly leases back into this facility.

Mr. DENHAM. OK, so 2008. It is 2012. Four years. Is that aggressively disposing of property?

Mr. SMITH. Sir, the region did aggressively request funding all the way through recovery because the idea of being able to take some of the 3 million square feet of lease space here and consolidate it into this facility still had applicability. We did not receive the funding for that. And after the Recovery Act, then we started to move to another disposition.

Mr. DENHAM. You received nearly \$6 billion in stimulus dollars. How much more money do you need beyond the \$6 billion?

Mr. SMITH. Sir, it wasn't enough to prioritize every building, and the Dyer did not receive the prioritization there.

Mr. DENHAM. OK. I am going to go through these really quickly here because my main questions were for Mr. Wise and Mrs. Hull.

The Old Post Office in Washington, DC, how long did that sit vacant?

Mr. SMITH. I don't have the information on that, sir. I believe—

Mr. DENHAM. Well over a decade. I will tell you, well over a decade. To me, that is not aggressively disposing of a property.

The old Cotton Annex in Washington, DC, which we held a hearing there as well, sat for over 5 years. That is not aggressively disposing of property. And the Georgetown power plant, which took us having a hearing in before they even put up a For Sale sign is not aggressively disposing of property. So let me ask you one last question before I switch.

Three billion dollars. You are going to hit a \$3 billion number, which was the President's goal. Where are you coming up with the \$3 billion number? Is that just in disposal costs in fiscal year 2012?

Mr. SMITH. Sir, GSA has its own number. We aren't making the \$3 billion. We are helping other agencies with that. I don't have all the details on exactly what costs were counted with that. I do know we have aggressively looked at every cost that we have and included specific costs within the facilities that we will be saving money on.

Mr. DENHAM. Is it money coming back into the Federal Government to reduce our debt, or is it cost avoidance?

Mr. SMITH. My understanding is that it is a combination of both.

Mr. DENHAM. And during that same time period, this year, 2012, did we also enter into a lease for \$500 million for the SEC, and now most recently a \$350 million lease for unneeded space up in New York?

Mr. SMITH. Sir, those are outside of my region, so I can't—

Mr. DENHAM. They are not outside of mine. This committee is looking at all of them. So I take great offense when somebody sits here in front of this committee and says things are going great, because they are not. The conference that was held this week, the 77 conferences that have happened since the President issued his Executive order, the \$1 million conference that happened in Las Vegas last week, and now to see an agency going around Congress and signing a \$350 million lease when it breaks three different laws within our Constitution, to me that is not aggressively disposing of property. To me, that is offensive as a committee chairman that an agency is not only going to ignore Congress and ignore this committee, but ignore the Commander in Chief.

So I don't believe the \$3 billion is a real number. In fact, I think that GSA is going backwards on a number of these different issues, doing illegal leases and doing leases that are putting the taxpayer on the hook for money we don't have.

Mr. Wise, the \$3 billion that is being talked about as being saved this year, is it a 2012 savings?

Mr. WISE. Well, Congressman, as I mentioned in my statement, the whole issue about savings is one that is very difficult to quan-

tify with certainty because, as we discussed in our Excess and Underutilized Property report, we found that agencies were counting many different things as savings. As you mentioned in your question, some of it had to do with cost avoidance, and as I mentioned in my statement, the GSA goal, nearly half of it has been quantified as saving money from leases for new buildings constructed that they haven't moved into.

Mr. DENHAM. Let me simplify my question. To me, a savings is I can take money and I can put it in the bank for a rainy day or I can pay off my loan. We have a huge debt right now. In fiscal year 2012, is there money that has been generated from liquidation of properties that can reduce our current debt by \$3 billion?

Mr. WISE. Well, we simply don't—we weren't able to tell from the information that we were able to gather from GSA. We only were able—

Mr. DENHAM. How many properties have been sold this year?

Mr. WISE. For GSA, I don't have that answer right now.

Mr. DENHAM. \$3 billion worth?

Mr. WISE. Well, it is impossible to know based on what they told us. We only have the figure that they gave us for the amount of money that they said they are saving relative to the Presidential memorandum, and they were not very forthcoming in trying to give us details about that information.

Mr. DENHAM. Mr. Wise, if you don't know, and Mr. Smith doesn't know, how can the President know that his Executive order was actually met, and how can he prove that to the taxpayer?

Mr. WISE. Well, that is why we stated in our report very clearly that the savings are questionable. We aren't really able to say with certainty whether they all add up. We just couldn't get the information, and there were many different agencies counting many different ways of savings in order to say that they were reaching this goal.

Mr. DENHAM. Thank you.

Ms. Hull, let me just address one last question before I turn it back over to the gentleman to my left. On this courthouse, I have huge concern about this courthouse because of what it means to me in my home State of California, seeing L.A. open a new courthouse or build a new courthouse when we have a similar situation of less judges now than we did 10 years ago, and having currently two courthouses, one sitting vacant and one that has excess room. I have some questions that are relative to this courthouse here.

I agree with you. I am a business owner. I look at a 5-, 10-year projection. You have had to deal with Congress and the amount of judges they said they were going to have. I understand that you have to build a suitable size for the future. So my question is not necessarily should they have built a building that is 20 percent vacant right now, or 20 percent beyond what was currently needed. I get that you have a plan for the future.

My question is, if they have 3 million square feet of leased space in the local area, just like in L.A. they have over 1 million square feet of leased space, why wouldn't we have filled that space for the last 4 years so that it is 100 percent occupied?

Judge HULL. Are you talking about space leased to the judiciary? I don't think that is leased to the judiciary.

Mr. DENHAM. No, no. It is not. I am saying that they overbuilt the—

Judge HULL. I can only speak for the judiciary space.

Mr. DENHAM. The question is could they have co-located the FBI or the bankruptcy court, or is there any other tenant out of the 3 million square feet that are in this local area that could have filled that?

Judge HULL. OK, I just wasn't understanding your question. That could have been placed where, Congressman?

Mr. DENHAM. In the 200—is it 238,000 square feet that is sitting vacant in the new building? How much vacant space is sitting in the new building?

Judge HULL. I would be happy to tour you through the building, but it has been filled out. It has chambers and courtrooms, and for future planning we have two shell courtrooms. So it is just the walls around the courtroom. That is one thing we have done with planning. Don't build up that courtroom until you have that judge. So it is—

Mr. DENHAM. It is a shell.

Judge HULL. It is a shell. Thank you. I appreciate all the help I can get.

Mr. DENHAM. This is the 10th floor of the Ferguson Building?

Judge HULL. Help me with the question. I am sorry. I am not trying to avoid it. I am trying to answer it. I am just not understanding it.

Mr. DENHAM. Well, my point is, if the 10th floor of the Ferguson Building, which has the possibility to build four new courtrooms, if it sat vacant, if it is just a shell for the last 4 years, why couldn't we have put office space in there and housed other employees from other agencies from around the area?

Judge HULL. I think it is just a cost-benefit analysis that has to be done, which is beyond my pay grade, frankly. If you are going to build an annex to have more courtrooms, and then you build out interiors for office space in the two shelled courtrooms, you will later have to deconstruct that and build the courtrooms again.

Also, I think there are security concerns. There is a high level of security in that courthouse. There are multidefendant trials here. I don't want to take a lot of your time documenting all that. But I am looking at the 10th floor. Judge Martinez is an active judge. He has a full caseload. He is on that floor. We do have two shell courtrooms. You are correct there, and that is a question, should you put another tenant there while you wait for it to be built out. I mean, that is a fair question.

But I believe the determination has been made that, in a cost-benefit analysis, that moving people in, moving people out and so forth, you would be destroying the space to then build a courtroom and chambers, and I think the building would have to be redesigned. You would want them to come in on the ground floor. If you were going to have tenants in a courthouse, you would want to put them on the first couple of floors, and then the court up above. You wouldn't want to put them right in the middle of the building.

Is that responsive?

Mr. DENHAM. Thank you.

Judge HULL. It may not be a good answer, but I want to be responsive.

Mr. DENHAM. It is an answer.

Judge HULL. I want to be responsive.

Mr. DENHAM. Thank you.

Mr. WISE, can you give us a brief response to that question?

Mr. WISE. Yes. First of all, I would like to thank John very much for making his staff available yesterday, on Sunday, so we got a very comprehensive look at the entire facility around here, the various courthouses, including Dyer and Wilkie Ferguson.

But relative to your question about Ferguson, in our view and as we testified in the past, Ferguson doesn't appear to be full. As the judge noted in her testimony, there are two shell courtrooms, plus there is one courtroom that is not being used, and there are also two senior judges that have a very limited amount of cases that they actually hear.

So from the perspective of current, notwithstanding what may happen in the future, it certainly doesn't appear to be full at this point.

Mr. DENHAM. I am out of time here, but I just wanted to clarify. There is excess space. There has been excess space for 4 years, and you do believe that some tenant, out of the 3 million square feet that is leased here in the greater Miami area, that some tenant we could have found to put in there for the last 4 years. Is that fair?

Mr. WISE. You are asking me?

Mr. DENHAM. Yes.

Mr. WISE. As far as what tenant could come in here, I can't speculate, but I can say that it doesn't appear that the Ferguson Courthouse is full.

Mr. DENHAM. Thank you.

I yield back.

Judge HULL. And I can only say it is going to be filled sooner rather than later. That is clear. There is one vacant courtroom there, but there is a vacancy on that court, and there is a replacement judge coming. Again, there is excess capacity there, Chairman Denham. We are not running away from it.

Mr. DENHAM. I understand.

Judge HULL. OK. It is for future growth.

Mr. DENHAM. I understand. We need to make good decisions as we are growing, and certainly as we are building. My greater concern is that this is not a Miami issue, that this is a GSA issue that goes countrywide. We are facing the same thing in L.A. and New York and many other big cities around the Nation.

So my concern, while it is still a concern to have that vacant space there for the last 4 years, obviously we are holding the hearing here because this is a problem. Much like in California and L.A., we have an empty building like this, and we have a newer courtroom that has levels of that facility that are sitting vacant, and GSA wants to go outside of Congress to build a brand new courthouse next door.

So the question goes way beyond the brand new courthouse that has levels that are sitting empty. The question is why aren't we selling off the older one, the historic building, or redeveloping it, or utilizing it for some type of benefit to the taxpayer, rather than

just letting this one sit and not only cost us over \$1 million a year but getting mold in the process? Let's build a community. Let's create jobs. And let's lower our debt in the process.

I yield back.

Mr. MICA. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

Let me thank the three of you for being here today and, Your Honor, for traveling here from outside. Thank you for your service to the country.

Let me thank Mr. Wise. I know that the GAO, sometimes you must feel that people aren't listening, but Congress is so appreciative, and these three members here are so grateful for the job that you do, and all your folks do, day in and day out.

And Mr. John Smith, again, thank you. As Mr. Wise has said, even for allowing your people to be around on Sunday. Again, thank you for being here.

Before I start my line of questioning, I am a little bit confused about the Ferguson Courthouse. Is there sharing, or is there not sharing? Mr. Wise, from what I hear from our side here, there is no sharing in the courthouse. Is that correct?

Mr. WISE. Yes. My understanding is there is currently no sharing.

Mr. DIAZ-BALART. Right, and that—

Judge HULL. Absolutely, that is correct.

Mr. DIAZ-BALART. OK.

Judge HULL. That is what I think I said in my statement, or I tried to.

Mr. DIAZ-BALART. All right. I just wanted to make sure I heard that right. Thank you.

Judge HULL. Yes. It wasn't planned at the time the judiciary had those policies. The first sharing policy was in 2008.

Mr. DIAZ-BALART. Mr. Chairman, why don't you—I will always yield to the chairman.

Mr. MICA. Well, I thought you had said that at the circuit level you were sharing?

Judge HULL. The circuit is in the King Building, Chairman Mica, and there is sharing. Because of the nature of a circuit court, we sit with judges 3 at a time, and we have only 1 courtroom in Miami, and all 17 judges share that one courtroom. But the work of the circuit court is vastly different.

Mr. MICA. OK. Thank you.

Judge HULL. But there is considerable sharing. All the circuit judges not only share that courtroom, but we share chambers.

Mr. MICA. But it is not possible to do it in—

Judge HULL. Not in the way the circuit court does. The district court operates totally different.

But let me be clear, we are committed going forward in our planning process to courtroom sharing, and I think Congressman Diaz-Balart makes a very good point. Right now in Ferguson, there is not sharing. We are going to have seven active judges take senior status. We are going to have continuing increases in caseloads. We have one vacancy. We are going to have a replacement judge for sure. Down the road for these buildings, I suggest it is not going to be long, before they are going to be over capacity.

But today, there is not sharing at this point in time.

Mr. MICA. I thank the gentleman for yielding.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

Judge HULL, you mentioned in your testimony that the Ferguson, the new courthouse, was constructed to replace this courthouse, the Dyer Courthouse. But in the prospectus submitted to this committee in 2001, it indicates that this building was going to be continued to be used. Specifically, that proposal for the Ferguson Courthouse asserted that the Dyer Building would house one district judge, one magistrate judge, four bankruptcy judges, the Public Defender's Office. So clearly at the time, it didn't sound like a replacement. It sounded like basically expanding this space.

Now, you mentioned, and it makes a lot of sense, obviously, about the security issue, and we all understand that. But if that is what was stated before in the prospectus, that those entities that I just mentioned were going to be housed here, then why did this building, why was it totally vacated when that is not what was stated as the justification for the new building?

Judge HULL. Well, I can directly answer that.

Mr. DIAZ-BALART. Good.

Judge HULL. The Federal district trial court moved to Ferguson because that is where you have all your major—well, all the criminal trials. And the plan at that time, as I understand it, not being involved in it but trying to study the record in preparation for this hearing, was that we were going to backfill Dyer. The backfill was going to require some renovation money, and the renovation money was requested in 2004 and in 2007, and it was not funded.

Now, whether that is right or wrong, I don't speak to that. But you are absolutely correct. The original plan was to backfill Dyer, to bring public defenders in here, to have very limited but I would say some trial space for a district court, and to bring the bankruptcy judges here, because they don't have the criminal security issues, and that has not happened.

The bankruptcy judges have stayed where they are. They haven't been moved. And as I understand it—I will have to check with my legislative counsel here to make sure I am correct—but I believe money was requested by GSA to backfill in 2004, in 2007, and now, because of courtroom sharing, we don't need to backfill here, OK?

So we have King and Atkins and Ferguson. Those are all very good facilities, and they will serve this community, I believe, well, thanks to your help in getting those facilities.

Mr. DIAZ-BALART. Great. And again, Your Honor, I understand that you are dealing with—

Judge HULL. And this is a moving target, and I am trying to be responsive.

Mr. DIAZ-BALART. Trust me, we understand that.

Judge HULL. OK.

Mr. DIAZ-BALART. So don't worry about that. We understand that.

Judge HULL. OK.

Mr. DIAZ-BALART. I think we understand where you are at.

Mr. Smith, the GSA's press release for the RFI boldly states, "GSA seeks ideas to develop the Miami Courthouse." That is now, after 5 years. I am assuming that is not the first time that was

done. Has GSA itself done evaluations as to what would be best for the taxpayer, number one? And number two is, when were other RFIs submitted, and how were they submitted, and did you not get a response for those or what? Or were they not submitted before?

Mr. SMITH. Sir, I believe this is the first RFI we have done for the Dyer Building. It is a—it is not a common practice, but it is used with disposal process throughout the Nation.

The other efforts and the reason we don't have RFIs coming out earlier is we had requests in for design money and construction money, and as the judge explained, there were previously plans to backfill this space. If we couldn't backfill it with judiciary or other courts, then we have enough lease space in the Miami area that we would have consolidated those into this area as well.

The problem with that is we did have some authorization for design. We didn't get appropriation for design. We also looked to our central office to fund several times into this building because we do have adequate space here, but it does require several million dollars to build it out for other tenants.

Mr. DIAZ-BALART. Mr. Smith, I have to admit to you that I thought I was throwing you a softball. I mean, I really did. I thought, well, obviously, there have been other RFIs before this, that this is not the first one, and I really thought that I was throwing you a softball. Now I will tell you that I am almost speechless, which is rare for me, that all of a sudden—

Mr. DENHAM. It is rare.

Mr. DIAZ-BALART. It is rare, as my colleagues will tell you. So the day that the hearing is here is when, all of a sudden, the RFI goes in. Now, we are finding that as we go across the country. I, frankly, am speechless. I am absolutely speechless.

Now, I keep hearing the fact that, well, there is an issue of funding. Look, it was fully authorized. How do I put this kindly? Six billion dollars is real money. GSA was given an additional—\$5.9. I stand corrected. GSA was given an additional \$5.9 billion with, frankly, a lot of flexibility. So it was authorized. Out of the blue, GSA is given an additional \$6 billion, additional. It is hard to keep hearing that, well, the money wasn't there.

And again, I have to tell you this, Mr. Chairman, both chairmen, when I saw this, I figured, OK, this is kind of a reminder of—the committee is here, so it is a reminder to GSA to do this RFI. Now when I hear that this is the first time this has been done since this building has been vacated is unbelievable.

Can you imagine if this was in private hands? I mean, this looks like the Biltmore. We could be in one of the ballrooms of the Biltmore, except for this furniture. And it took this long for the GSA to even move forward?

With all due respect, sir, I am almost speechless, I really am.

During the last 5 years, has GSA looked—are there any internal studies or reviews or evaluations completed by GSA in the last 5 years for either selling or re-using or developing this building?

Mr. SMITH. Yes, sir. The initial plan was to try and relocate leases into this building. When that fell through, we also tried to determine—the complexity of this is that the power plant for this building powers the Atkins Building. It is expensive, and I said in

my statement it is at least \$10 million to separate the utilities for these two pieces.

This is an historic building, it is a national treasure, and it needs to be preserved as well. One of the issues with the disposition of it is the security and the separating of the utilities, which makes it rather difficult.

Mr. DIAZ-BALART. I understand that. But again, the RFI was released whenever—I mean, this week? Last Friday. With all those technical issues that you are telling me about, this was done just last week, which is, frankly, crazy.

Going back to Chairman Denham's question, I guess there are Government agencies that lease properties here in south Florida, in the Miami area?

Mr. SMITH. Yes, sir. We have a little over 2.5 million square feet of lease space.

Mr. DIAZ-BALART. 2½ million square feet, which we are paying for, the taxpayers are paying for the leased property, when we have this vacant building.

How aggressive was the effort to try to relocate? If you tell me now that it is a lack of money, again I go back to the \$6 billion. That may not sound like a lot to the Federal Government, but \$6 billion of additional, over-the-top money just parachuted in, that is real money.

So can you explain to me how aggressive, what was done to try to get those other agencies that have properties that are being leased throughout the county to come here once you got the \$6 billion? What was the effort to try to get part of that \$6 billion to do that?

Mr. SMITH. Sir, GSA prefers to have its tenants in owned buildings, and we are very aggressive in moving toward that, and we have been for a number of years with our portfolio restructuring. It is the preferred avenue. It is cheaper for us, and we know in the long term it is better to own than to lease, unless there is a short-term requirement.

The recovery funds were prioritized throughout GSA, and we did a lot of great work with that \$5.9 billion. Dyer did not fall into the priority of that. But it is our effort and we had attempted—the region requested funding, and we fought hard for it at the central office for it to be prioritized in that manner. But there were a number of needs beyond just what we had here, and we didn't prioritize high enough on that list.

Mr. DIAZ-BALART. Judge Hull, let me ask you this. You mentioned in your testimony that the judiciary no longer occupies this building and it is up to GSA to determine what to do with it, and nobody is denying that. Do you know, does the court have a process to actively consider what is going to happen with the building that is being vacated, as opposed to just GSA is going to deal with it? What role does the court, if any, have in that, and should it be more involved in that, with once it vacates a building which, in essence, it occupied for a long time? Or is that, frankly, just basically no, folks, stay away, that is GSA's responsibility and we will deal with it? Do you know how that plays out?

Judge HULL. Well, I think the court does try to work hand in hand with GSA. They are our landlord. We are the tenant. We try to work together.

As I mentioned earlier, there was a plan. Yes, we do try to consider what we are going to do when we vacate something. Are we going to immediately turn it back over so it can be leased? That happens. Are we going to use part of it and lease part of it? That happens.

The plan here was to backfill it with some court usage, but then the funding did not occur. I don't know what else to say. Plus, we learned a lot about planning. We adopted courtroom sharing policies. So that has impacted everything. We have adopted a different methodology for planning.

So, yes, we try to work with GSA. We did for a few years work with them trying to get some money for remediation here, but we were not successful. So what I am saying at this point in time—not from the get-go, but this point in time—yes, it is now a decision of GSA. I hope that is helpful.

Mr. DIAZ-BALART. Thank you. Yes, absolutely.

Thank you, Mr. Chairman. You are being very generous in allowing me to ask this many questions.

Mr. Smith, the committee has identified a number of buildings during its investigation that are either vacant or underutilized, and yet, as the chairman said, that are not listed as such in GSA's database. The Cotton Annex in DC, it has been vacant for 5 years, but it is not listed. This vacant building has been listed as mission critical. Can you explain that?

Mr. SMITH. Sir, the Federal Real Property Profile, which these properties are listed in, is a snapshot in time. It is an annual report, and it may or may not be accurate from 1 year to the next because of dispositions that happen. I believe this would have been listed as mission critical with our efforts to consolidate leases into this facility because we had plans for it, and that is probably the cause for that listing.

Mr. DIAZ-BALART. Thank you.

I yield back, Mr. Chairman. Thank you very much.

Mr. MICA. Thank you.

A couple of questions. The first is to Mr. Smith.

It has actually been known since 2001 that this property would be vacated. It took several years to construct the building. Prior to 2007, I guess, it was finished, and they moved into the other building. Do we have a requirement that we have a utilization plan for buildings that are going to be vacated and we know far in advance?

Mr. SMITH. Sir, I believe the design funds had been requested prior to the courts moving out of this building.

Mr. MICA. So, actually, we go beyond the 5 years. We are probably looking at 7 years or more in which they had an opportunity to do something with this building. Is that right?

Mr. SMITH. I didn't have this portfolio then, sir, but we do ask for a—

Mr. MICA. Well, 5 plus 2 would be 7 at least.

Mr. SMITH. We do ask for funding prior to buildings being vacated.

Mr. MICA. And we heard that substantial funding, \$5.9 billion, with great discretion was made available to renovate buildings, and nothing was done with this building to get it ready to be utilized for leasing or whatever. Is that correct?

Mr. SMITH. It didn't fall high enough in the priority. A number of buildings that we had did not fall into those priorities.

Mr. MICA. Well, here again you testified—our staff says we have \$2.5 to \$3 million worth of leased property in south Florida, and then you just said a few minutes ago that it is your policy and it is better to own rather than lease. Does the Federal Government have title to this property?

Mr. SMITH. Yes, sir. And that—

Mr. MICA. Does that constitute ownership?

Mr. SMITH. Say again, sir?

Mr. MICA. Does that constitute ownership, if we have title to this property?

Mr. SMITH. Yes, it does.

Mr. MICA. Yes, that is pretty obvious. And we would save money if we could be utilizing this building, as opposed to paying some landlord since we own it, right?

Mr. SMITH. Sir, we can't just move people directly into a facility.

Mr. MICA. No, and you can't move people into this building. I mean, this is a very sad day for the taxpayers because this building has sat vacant for 5 years. It has also cost the taxpayers at least \$1.2 million a year. That is \$6 million. I started off and all the attention has been on a quarter-of-a-million-dollar conference, another one three-quarters-of-a-million, and that is huge waste, significant waste. But here, that totals \$1 million. We have wasted \$6 million in maintaining this building, and not maintaining it very well, because I know the day that people left here, the mold and the other conditions were not the way they are today. Is that correct?

Mr. SMITH. Sir, we put as much effort as we can to minimize the operational cost, and to preserve assets like this, and the Congress has been very supportive of us to do that.

Mr. MICA. This is an historic building and it has value. Actually, it is in a lot better shape. I was a developer. I could get this building leased and operational with some revenue. I mean, Miami is a very competitive—Florida is a very competitive market for commercial or professional space, and it has value, but it sat here vacant costing, again—this is \$6 million. Unfortunately, this is a repeated pattern from sea to shining sea. We will be in Los Angeles next week. We just did three in Washington, DC. We could do one a day probably for a month in Washington, DC.

So it is a very, very sad day. It has been a very sad 5 years that we would let an historic building further deteriorate to the condition of this building. And it is a beautiful historic building. I walked around it today and examined it, so I am very concerned.

Let me ask you a question. This might get a little personal. Did you get a bonus, any of the bonuses from GSA?

Mr. SMITH. Yes, sir.

Mr. MICA. You did. So you got a bonus. Can you tell the committee how much they gave you a bonus?

Mr. SMITH. I would have to get back to you, sir. I don't recall the exact amount.

Mr. MICA. A guesstimate? Is it \$5,000? \$10,000?

Mr. SMITH. It showed up in my paycheck. I don't really pay much attention to it. It is not what motivates me to do this job.

Mr. MICA. Well, again, someone else made the decision on you getting the bonus, in contravention to the Presidential edict. It is just like everything else with GSA. We have fought, Mr. Denham and I, from the week we took over a year-and-a-half ago, the very first hearing. We knew something was wrong when the administrative costs of GSA had ballooned 300 percent in a year, and we asked for information on what they were doing with the money. They gave us back single sheets and one-line answers. It took investigations from the Inspector General's Office, and finally, even after stonewalling time and time again, we finally got some information on one outrageous conference with the notorious Mr. Neely in his hot tub, thumbing his nose at the committee and the Congress. That took us, what, Mr. Denham, over a year, a year-and-a-half? Well, not a year-and-a-half. A year and 2 months.

So we are very frustrated. I am frustrated on the bonuses. We asked questions. Our investigators, some of them here today, asked questions about the bonuses that were given. They said \$10 million to our committee and our staff. Thank God for the press. They asked for a Freedom of Information request before ours about the same thing and found another \$33.5 million in bonuses, a total of \$43 million in bonuses, and you got one. It turns out GSA has 1 percent of the Federal employees. How many employees, staff, 12,000 or 15,000? Thirteen thousand, 1 percent of the Federal employees, and you all got 10 percent of all the bonuses, which were not even allowed by an edict of the President of the United States.

Now, you begin to wonder who is in charge when you see a magnificent structure like this sitting idle, people getting bonuses, and assets in the billions of dollars across the United States—and we are supposed to be trustees for the taxpayers—going to rot, or mold in this instance. And you told me, Mr. Smith, you told the committee—let me see. What was the amount you told the committee that you were talking about, what you disposed here? Thirty-four properties, \$25 million; is that right?

Mr. SMITH. I believe that is correct, sir.

Mr. MICA. In your region, that you see. Twenty-four million is nothing. It is astounding. They must have been pretty small parcels and not very good deals for the taxpayers.

But just on a regional basis, there are thousands in every one—how many regions are there?

Mr. SMITH. There are 11 regions.

Mr. MICA. Eleven regions. Well, then I am right, we are probably in the 1,000-plus properties. But don't worry, folks, we got rid of 34, and we brought in \$25 million for the taxpayer. Man, we are really on our way.

Thank you for highlighting this. It is astounding.

Mr. Denham, you know, we did this little thing at the power plant, the Power Building, a beautiful building in Georgetown. They put that sign up the day before. I have to congratulate GSA,

they are really moving forward in an expedited basis. When did this come out, sir? Friday?

Mr. SMITH. August 1st.

Mr. MICA. So at least it wasn't the day before. I guess that is a weekend and people don't work, so they got that done.

Well, it is totally frustrating. It has got to be frustrating for the American taxpayer.

Mr. Wise, is there something in the law we are missing that doesn't give GSA the discretion to do this? When we gave them the authorization, way back even before they testified, to do something about this property, there was \$5.9 billion given to GSA with great discretion by the administration, stimulus money, 3 years ago. It sounds like we could fit in enough money to make this property utilized, and that was 3 years ago, before the mold was probably in the back of the building.

We saw the mold in the back there. It is absolutely disgusting that a property would be allowed to deteriorate that is taxpayer—you know, we are in charge of this stuff. It is just three of us out of 435 in the House and 100 in the Senate, but we are in charge of this. The people are expecting us to do something responsible.

Mr. Wise, is there something we are missing that we didn't give discretion? Do I need to change the law? What do we need to do?

Mr. WISE. Well, Congressman, specifically referring to Dyer, we were looking at excess and underutilized property. In the work that we did, since Dyer is not classified as excess, it did not fit into our scope.

Mr. MICA. It's just sitting there.

Mr. WISE. But speaking in a more—

Mr. MICA. Sitting there deteriorating, sitting there molding.

Mr. WISE. Yes, that is pretty much what is happening.

Mr. MICA. And if we hadn't held this hearing today, this wouldn't even have been issued Friday. Is that right?

Why isn't it on the list? Well, again, it doesn't have to be on the list. It is an historic building. It could have utilization. I could answer a whole bunch of these questions, but my question is have we missed the mark as Congress? I know we have missed the mark in not having people aggressively go after this before Mr. Denham and I, and Mr. Diaz-Balart. Here is the report here that I made up for this year. "Sitting on Our Assets: The Federal Government's Misuse of Taxpayer-Owned Assets," October 2010. We were in the minority.

If you go to the first page, we just didn't make it up. GSA—the Dyer Building is in this report, too, I just told my staff.

So again, I come out of the private sector. None of this makes sense, but we have got to get a handle. What is really irritating me, and I told you, that you are an appropriator. Now, listen to what they have done. We have tried for 2 months to hold hearings. We finally held one last week. We couldn't get anyone to come in because they were on vacation. One of the principals who is involved in this in the second tier of GSA leadership took a medical leave. The Deputy Administrator wouldn't come in because she is on tape drumming at the conference.

Then we wanted someone—Mr. Denham and I are convinced that the private sector could do a better job. But what is absolutely in-

credible about this, and we have tried to get witnesses to come in, they will tell us off the record that they could do a better job and we could find a better model, but none of them will come in and testify because they have been so intimidated by GSA, which is the primary property holder in Washington and the country, that they will not testify.

So we find ourselves in an interesting situation here in Miami, one more example of incredible, wasteful spending, not just in the millions but this is the tip of a multibillion-dollar fiasco across the country.

I don't know what else to do but continue our hearings. We will do them week after week. We will work down the list of the structures. Something has to motivate these people. Now we have an acting administrator, we have the agency in disarray, and we have everybody being rewarded. One reason the guy didn't show up last week was he got, what, a \$50,000 bonus? And, no offense to Mr. Smith, he got a bonus. So I guess, I don't know, maybe we just continue paying more for getting less and poor performance. That may be a new formula.

I yield back to—let me yield time now to Mr. Denham, Chairman Denham.

Mr. DENHAM. I think the answer is we hold them accountable, from the top down, which is why I am glad that Mr. Diaz-Balart is here, because it is important that our two committees work together. We are going to continue to hold hearing after hearing across the Nation addressing each of these different issues, and ultimately if we are not going to be—if GSA is not going to reform, we will reform it through the appropriations process.

I understand that you feel like you haven't had enough money, but we are going to make sure you have even less if you can't reform what you are currently doing.

This is why it is important for the agency administrator to be here today, last week, next week, because what we are dealing with here is not just a regional problem. This is not one courthouse that is an issue. I understand that the \$6 billion in stimulus money may not have been prioritized correctly. I would not have spent money on border stations on the northern border that have a border crossing of 50 people or less, and we spent \$15 million. That would not have been my priority. I understand that is outside of your region as well.

But where my concern lies with these courthouses is, in this instance, GSA took all of its money and built a new courthouse, an oversized courthouse. Planning in the future, fine. Utilize not only that excess space but, more importantly, leave yourself enough money so that you can keep this building in nice shape so that you can move a new tenant in here.

Now, this is not just your problem or a regional problem. Right now, today in Billings, Montana, we have just completed a new courthouse within the last 2 years and leaving the other courthouse vacant. So we are replicating the same problem today that you have had to deal with for the last 4 years. At the same time, the hearing we are going to hold next week in Los Angeles even takes it much further. They are going to spend \$340 million that they don't have on a building that is too big and unneeded, without hav-

ing any redevelopment money for the historic courthouse that is going to sit vacant like this one.

GSA is not learning from past lessons, and that is what should have every taxpayer concerned. That is why we need the agency administrator here, because it is not just a regional problem, it is not just a Miami problem. This is an issue across the Nation with misspending money and then furthering the problem because you are leaving vacant courthouses empty.

Let me ask each of you a question. Actually, let me start with you, Mr. Smith. How many people work in the four buildings in this complex?

Mr. SMITH. I don't have that answer, sir.

Mr. DENHAM. Mr. Wise, how many people in the——

Mr. WISE. I don't know, Congressman.

Mr. DENHAM. Ms. Hull, do you——

Judge HULL. I am sorry. I have no idea.

Mr. DENHAM. So there are four buildings in this complex, and none of you know how many employees are in there.

We have about 1 million square feet of office space. If you have no idea of how many employees are in there, I bet you can't tell me what the utilization rate is.

Mr. Smith, what is the utilization rate of——

Mr. SMITH. Sir, we measure utilization rate by the number of occupancy agreements that we have in the facility.

Mr. DENHAM. So how many occupancy agreements do you have?

Mr. SMITH. Well, these buildings would be considered fully occupied. There are some vacancies——

Mr. DENHAM. Is this building fully occupied?

Mr. SMITH. This building is not.

Mr. DENHAM. Is the Ferguson Building fully occupied?

Mr. SMITH. It has a slight vacancy rate in it. It has the two shell courtrooms.

Mr. DENHAM. Mr. Wise, what is the utilization rate?

Mr. WISE. In the courts here? Again, Congressman, as I mentioned earlier, due to the way we scoped our assignment on excess and underutilized properties, we didn't do any courthouses because they weren't listed as excess. As a result, we do not know how they relate to the FRPP and the utilization rate and other factors that go into those data elements.

Mr. DENHAM. I understand this is a problem with the United States Government. I could give you a utilization rate of every single one of my warehouses because I make money based on the utilization rate of how quickly we are turning our pallets. I can tell you the utilization rate in my office space because before I go hire a new salesperson, or before I hire somebody in my operations, I know what my utilization rate is. My kids' college fund depends on it. What is the future of our kids as a Nation if we can't figure out how we are utilizing our properties?

Now, as a Congressman, I can tell you the utilization rate of every single one of my offices based on how many employees we have. When we get some interns in, we are really cramming some utilization rate.

I get it from a national perspective. It is a heavy task to do, especially when you have a great deal of reform that is needed. But you

can't tell me in your region, you can't even tell me what the utilization rate is between these four buildings. How can you ever justify putting this on the auction block or redeveloping it if you don't know what your utilization rate is on the other three buildings? That is a huge problem.

I yield to Mr. Diaz-Balart.

Mr. DIAZ-BALART. I am speechless.

Mr. DENHAM. Again?

Mr. DIAZ-BALART. Yes. It is just unbelievable. I am, frankly, just speechless.

Mr. Chairman, when that \$5.9 billion that was part of the stimulus landed on the laps of GSA, a lot of that funding was—the priority was to refit in order to make green buildings and more energy-efficient buildings. Now, we obviously all want to make sure that all buildings are as energy efficient as possible, and if they can be lead certified, that is wonderful.

But one of the things that I am having a hard time dealing with here is—and again, this is on the national level, but it filters all the way down. So you have here and elsewhere buildings that are empty that the taxpayer owns. You have, then—you are maintaining those buildings, and unfortunately not so well, because now this building has mold, which means that if and when another usage would be found or another tenant, you are going to have to now spend an additional probably in the millions of dollars to get rid of that mold. And yet, buildings, other buildings where taxpayer money was spent to make them more green, while these buildings are leaking green.

It is, frankly—and I have to tell you that when you were talking about you as a private-sector man, how you do know what your utilization is because that is how you make your decisions.

So I, frankly, probably for the first time in my entire public years of service, I am just—I don't know what to say. I don't know what to say, but I do know what to do. Mr. Chairman, it is so crucial, and I want to thank you and Chairman Mica for your leadership in this, to make sure that when the appropriations process takes place, clearly we are going to have to take some serious steps to make sure that those funds are prioritized, to make sure that if you look at the amount of money that can be saved—Mr. Wise, do you know how much GSA spends on maintaining vacant and underutilized buildings?

Mr. WISE. I do not have that information at hand, Congressman.

Mr. DENHAM. Annually?

Mr. DIAZ-BALART. Annually, yes. Do we know that?

Mr. DENHAM. It's about \$2 billion.

Mr. DIAZ-BALART. Governmentwide, it is about \$2 billion? We are emphasizing today GSA, but it is not the only issue out there. About \$2 billion.

So if you could utilize those buildings and not have to maintain empty buildings, and started getting lease money for it, rent money for it, imagine what you could do, imagine what you could do.

Mr. Chairman, I am, again, for the first time in many, many years of doing this, I am just totally—there are no words to describe my—Your Honor, you deal with difficult cases. So I don't know what you do when you have a case that is just really frus-

trating. You just have to contain yourself. But this is unbelievable. This is unbelievable, the attitude of—well, again, I do not mean this as disrespect to Mr. Smith because we don't know the circumstances. But when you have this kind of thing happening and then bonuses are given out, the question has to be asked what is the criteria for those bonuses? I don't know.

We obviously will continue to work on this, but I think it is so important, Mr. Chairman, to coordinate the appropriations process with the work that this subcommittee and this committee is doing, because we obviously have a serious, serious flaw.

Mr. Wise, lastly, Chairman Mica asked you about specific legislation. Is there something that we are missing? And I apologize. We are just—I can tell you that I am just in awe in a negative sense. Is there legislation that we could do to allow—are there obstacles to GSA being able to do some of these things to fix some of these problems?

Mr. WISE. Well, Congressman, as you may know, there is legislation that is in various stages of the legislative process. There are several proposals. The administration has a proposal, the Civilian Property Realignment Act. Congressman Denham had worked on and sponsored a House bill, 1734. We testified earlier that CPRA represents steps in a direction that would help work on some of the problems associated with real property management, getting at issues such as the stakeholder influences, and could result in some cost savings.

The Senate also has a proposal. I think these are steps that could work towards the direction of helping to improve the management of the Federal portfolio and rightsize through a BRAC-like process. We talked about that at the previous hearing, Congressman Denham.

So there is some movement in that direction that I think could be viewed as positive.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

Mr. DENHAM. Mr. Smith, we were talking about the Civilian Property Realignment Act. Do you think that would help your job in setting up a BRAC-like commission?

Mr. SMITH. Sir, we support the administration's position, and we also think that any—

Mr. DENHAM. What is the administration's position?

Mr. SMITH. The current legislation that is out there, and that if there is a civilian BRAC, that it needs to have some means of incentivizing agencies, taking care of stakeholder interest, and also cutting the cost of disposal upfront. As I believe Mr. Wise has discussed in his report, some type of force structure. BRAC has been pretty successful because they start with a force structure, and if the Federal Government were to have something similar to that, that would be extremely helpful.

Mr. DENHAM. Thank you.

Chairman Mica.

Mr. MICA. Thank you.

Mr. Smith, who made the decision to put this notice out Friday?

Mr. SMITH. Sir, that came between my office and the Office of Property Disposal in central office in Washington, DC.

Mr. MICA. Did you initiate it, or did Washington ask you to initiate it?

Mr. SMITH. It comes from our region. We initiate the activity in this region, and we talk to the Office of Property Disposal, which has a governmentwide mission. They not only dispose of governmentwide properties, but they dispose of all GSA properties. So it is a joint venture between us and that office.

Mr. MICA. But it basically was prompted because of the hearing?

Mr. SMITH. No, sir. It is part of our process.

Mr. MICA. So it just was accidental?

Mr. SMITH. It was coincidental. It was the decision of us to go forth. We are looking—this is actually the start of the marketing for this, and we are looking at any and all possibilities to—this is a complex property, it is an historic property we need to preserve.

Mr. MICA. I went to Miami Dade Community College. Is it still, or is it a State college? One of the campuses is across the street. It would probably make some great classrooms. But now we have incurred, I think with the deterioration of the building, even more cost. So we have paid \$6 million by simple calculation to keep it vacant and lost the opportunity to utilize this.

When I went to Miami Dade in the beginning, we had some converted chicken coops up on 95th Street or 102nd, before they moved over to the Opa-lacka to finish the base where they built the campus up on the north side. But we would have given our eye teeth for anything even near the quality of even the deteriorated structure we are in today.

Mr. Wise, again, if you could supply the committee—if there is anything you could supply the committee with, recommendations, maybe you could counsel with others who have looked at this situation, see if we are missing something as far as the law.

My purpose isn't to come here and just berate GSA, but this can't happen again. Of course, Mr. Denham and I and Mr. Diaz-Balart, we want to hold people responsible and accountable. But we also don't want this to happen again. We don't want this to continue to happen. I don't know if we can make it through 13,996 properties.

Mr. DENHAM. This is the new one that was just done with the stimulus dollars, and the L.A. Courthouse is the one that is proposed to be done. It is an ongoing issue. It does continue to happen.

Mr. MICA. I'm sorry. Mr. Diaz-Balart?

Mr. DIAZ-BALART. Mr. Chairman, that is exactly what I was about to bring up. Again, it is insanity that we are here in this empty building, and there are others around the country. But it is not only the problem that we already have from existing empty buildings. In L.A., there is a courthouse that GSA looks like it is moving forward to build, which means that there is going to be a 700,000-square-foot building that will be vacated. So it is not like, OK, these were mistakes that were made. It continues to happen.

Now, the GSA, Mr. Chairman, as you know, can stop that tomorrow and say let's not spend the money on a new courthouse and leave vacant another 700,000-square-foot building that they are going to have to maintain as well. Let's spend less money and maybe fix up the existing courthouse.

So this is not just—we are not talking about sins of the past. This continues to happen now as we speak. And that is why it is unbelievable, Mr. Chairman. Thank you for your—

Mr. MICA. Well, then again, we have seen the agency abuse their authority or not use their authority and then people being rewarded for it. I am not picking you out solely, Mr. Smith, but I would like you also to provide for our information, for the committee, the amount of your bonus.

And, staff, make that part of the record of this hearing. If he doesn't provide it, get it from GSA.

I want to thank Judge Hull for also participating. The courts have an important responsibility, and it is the responsibility of Congress to make certain that you have adequate infrastructure and housing accommodations and facilities to carry out your important work, some of the most important work, I might add, in our society. People have a refuge of justice in the United States, but we do need to look at how we provide those facilities.

I think you have provided us with some information about changing some of the database, the manner in which we in the past have calculated the use, the requirements, and the future needs that are so important, and you don't want to sell yourself short when you do build a new structure. But by the same token, you don't want to leave buildings behind, and we have done that time after time in this whole process.

Staff, I would also like to look at the 2.5 million square feet we have leased, see when some of those leases became due, just for the record, in the last 5 years. I am certain that there could have been some better utilization. The testimony we had here today by GSA was it is better to own than to lease, and here they violate their own premise and also stewardship of taxpayer dollars when we are letting this sit idle and paying to lease somewhere else. I am certain some of those opportunities became available.

And then working with the community. This is co-located with Miami Dade in the heart of downtown, and this can be better utilized. But the sad part is now we have remediation for mold. We have a building that sat idle for 5 years. It still probably has a great potential life. It is an absolutely gorgeous, historic structure, well built, and will be here probably longer than the Ferguson Building and some of the others.

I read, too, the history of it. I guess one of those up there is one of the architects or designers of the building. I think he was painted into that mural of the history. But it was built with poured concrete to withstand hurricanes. This is solid as a rock as they get in the State of Florida, an historic, beautiful building incorporating some of the native limestone and others. So it is on the National Historic Register, and I don't know if we can cite GSA for abuse of an historic property, but certainly misuse of taxpayers' dollars and the stewardship that they inherited.

So thank you, Judge Hull, for coming down. We will continue to work with you. You had an opportunity here, and in exchange our issues with authorizers, and I can't be more grateful for Mr. Diaz-Balart as an appropriator for being here, and also this is an unusual gathering because you have the former chair, chair, current chair of the full committee, and all three of us are determined to

do whatever we can to make certain that we improve this whole process.

Mr. Wise, thank you for your work. We continue to work with you, trying to root out some of the answers we seek to do a better job.

Mr. Smith, you can tell we are not happy campers with GSA. Sorry you had to take the brunt of this today, but we are expecting more out of an agency that plays a very important and vital role for the taxpayers and for the Congress and part of the United States Government.

So with that, without objection, I am going to leave the record open for 2 weeks. If you would like, you can submit additional testimony or your written testimony.

Without objection, so ordered.

And we will also be in that period addressing additional questions to the witnesses for the record.

There being no further business before the Subcommittee on Economic Development, Public Buildings and Emergency Management, and before the House Transportation and Infrastructure Committee, this meeting is adjourned.

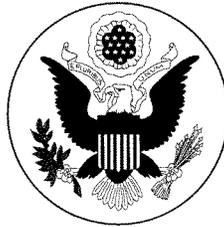
Thank you.

[Whereupon, at 12:01 p.m., the subcommittee was adjourned.]

JUDICIAL CONFERENCE OF THE UNITED STATES

STATEMENT OF

**JUDGE FRANK HULL
MEMBER, COMMITTEE ON SPACE AND FACILITIES**



BEFORE

**THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT**

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

UNITED STATES HOUSE OF REPRESENTATIVES

ON

**“SITTING ON OUR ASSETS:
THE VACANT FEDERAL COURTHOUSE IN MIAMI”**

**FIELD HEARING IN MIAMI, FLORIDA
AUGUST 6, 2012**

Good morning, Chairman Denham and members of the Subcommittee. My name is Frank Hull, and I am a Circuit Judge on the United States Court of Appeals for the Eleventh Circuit, resident in Atlanta, Georgia. I also serve as the representative from my circuit to the Judicial Conference's Space and Facilities Committee, and it is in my capacity as a committee member that I appear before you today.

I appreciate the opportunity to appear before the Subcommittee to discuss with you the federal Judiciary's court facilities in Miami, Florida. In light of the topic the Subcommittee assigned to this hearing, I wish to state at the outset that the decision of what to do with the vacant David D. Dyer Federal Building and United States Courthouse (the "Dyer Building") is one that rests with the General Services Administration (GSA). My statement will describe the current housing plan in Miami and why a new courthouse was needed and built there.

The Southern District of Florida has long been one of the busiest federal trial courts in the United States. For the past seven years, the average weighted case filings per authorized judgeship in the Southern District have been significantly higher than the national average. There are ninety-four federal judicial districts in the United States, and the Southern District ranks seventh nationwide in total case filings and sixteenth in case filings per authorized judgeship. The Miami Division, the headquarters location for the Southern District, receives almost twice as many civil and criminal filings as any other division in the Southern District. Further, the Southern District ranks third in the nation in number of multi-defendant cases involving six or more defendants.

The Miami Division is currently housed in four locations: (1) The Wilkie D. Ferguson, Jr. Courthouse (the "Ferguson Courthouse") is the newest facility and was occupied by the court in 2008. It houses all of the active district court judges and two senior district court judges in

Miami. (2) The James Lawrence King Federal Justice Building (the “King Building”) houses one senior district court judge, four court of appeals judges from the Eleventh Circuit, and four magistrate judges. (3) The C. Clyde Atkins U.S. Courthouse (the “Atkins Courthouse”) houses eight more magistrate judges and one senior district court judge. (4) The Claude Pepper Federal Building (the “Pepper Building”) houses the three judges on the bankruptcy court. A chart of all the judges in the Miami Division and the courtrooms they occupy was provided to the Subcommittee prior to the hearing, but is also attached again at the end of my statement for the record.

Need for the Ferguson Courthouse

The Ferguson Courthouse was constructed to largely replace the Dyer Building, which was built in 1933, and to consolidate the active district judges into one facility. Prior to the construction of the Ferguson Courthouse, two more buildings were added to the Dyer complex to accommodate the growing district court – the Atkins Courthouse in 1983 and the King Building in 1993. The bankruptcy court was also assigned a portion of the Pepper Building, which was built in 1963. The complex reached full capacity in 1995 and a new court facility was proposed for funding in fiscal year 1997. At that point in time, additional courtrooms and chambers were also needed for new judges who would be appointed to replace judges about to assume senior status and for two new judgeships which had been requested by the Judicial Conference of the United States for the Southern District of Florida.

At that same time, the Southern District led the nation in the number of criminal jury trials. Criminal and civil case filings nearly doubled during the 1990s. The Miami Division, in particular, was handling high-profile cases, such as the Noriega trial and had large multi-defendant drug trafficking trials, such as the Cali Cartel trial. Neither the Dyer Building nor the

other buildings could meet the growing space needs of the Miami Division or its increased security requirements.

Security was a major concern of the Miami Division, as the Dyer Building had no secure separate circulation patterns for prisoners, the general public and judicial officers. The U.S. Marshal led prisoners through the public corridors in shackles and in plain view of the public, potential jurors, witnesses and judges. Court security officers also had to escort judges to one of the courtrooms in order to ensure their safety. In a survey of prisoner handling facilities nationwide, the U.S. Marshals Service gave the Dyer Building a score well below the minimally acceptable security and safety standards.

It is my understanding that once the new Ferguson Courthouse was constructed, GSA initially planned to renovate and backfill the Dyer Building with the bankruptcy court, the court of appeals' mediation program, some senior district judges and other Executive Branch agencies. I also understand, however, that the appropriations requested by GSA in 2004 and in 2007 to fund the renovations necessary to accomplish the backfill were not approved by Congress. The Dyer Building, therefore, has been vacant since the district court moved to the new Ferguson Courthouse in 2008, and subsequently the Judiciary no longer paid rent on that building.

Use of Our Existing Courthouse Space

When the Ferguson Courthouse was constructed, fourteen courtrooms were completed in the new facility and two more courtrooms were shelled (or framed), to be built out when needed in the future. The building was designed to meet the space needs of the Miami Division for ten years. The court has now been in the Ferguson Courthouse for four years and the building is full, with the exception of one district judge's courtroom and the two shelled courtroom spaces.

The court is continuing to grow. Seven of the active district court judges in the Ferguson

Courthouse will become eligible for senior status within the next five years. While the senior judges will share courtrooms pursuant to Judicial Conference policy, the Ferguson Courthouse will then be filled by the new active judges appointed by Congress as their replacements. The senior judges, for the most part, will then be assigned to the King and Atkins Buildings in the court complex. There may also be a need to construct additional chambers in the complex to accommodate this growth. Finally, the Judicial Conference has approved a request to Congress to create three new judgeships for the Southern District of Florida and to make one temporary judgeship permanent. It is expected that at least one of these judgeships will go to the Miami Division. While these judgeships have not yet been approved by Congress, the need for these judgeships remains critical.

The Ferguson Courthouse, together with other existing facilities in Miami, was planned to accommodate both the current needs of the Miami Division and its future growth. When the construction funding for the new Ferguson Courthouse was approved in fiscal years 2001 and 2002, the Judiciary had only a limited courtroom sharing policy for senior judges, encouraging them to share where feasible and requiring it after ten years in senior status. The Judiciary's current mandatory courtroom sharing policies for senior judges, magistrate judges and bankruptcy judges were not yet in place. These sharing policies will, of course, be applied to all future growth in the court.

Utilization or Disposition of the Dyer Building

Decisions about the Dyer Building are strictly in the purview of GSA. However, I want to note for the Subcommittee and GSA that the Miami court has two concerns needing resolution if GSA decides to dispose of the Dyer Building.

- The Atkins Courthouse was constructed as an annex connected to the Dyer Building. Both buildings share one physical plant that provides all mechanical systems, including heating and air conditioning. GSA would have to use its funds, or seek additional funds, to separate the physical plant mechanical systems of the Dyer Building from the Atkins Courthouse. They would need to meet current code requirements, and the Green Building (LEED) initiatives of the government. In addition, all court operations must be able to remain open during this bifurcation process.
- Closing the Dyer Building would affect the perimeter security of the Atkins Courthouse since they share a courtyard on the east side of the building. Adjustments will have to be made to maintain the same level of perimeter security around the Atkins Courthouse.

The Judiciary is confident that we can work with GSA to ensure that these concerns are addressed.

Conclusion

Mr. Chairman and members of the Subcommittee, thank you again for the opportunity to provide background on the Judiciary's court facilities in Miami, the largest division in the Southern District of Florida and one of the busiest districts in the United States. When the Ferguson Courthouse was planned, it was designed to meet the 10-year needs of the court, one of the busiest in the nation and we expect that the work of the Miami court will only increase in the future. The population of Miami grew by nearly 20% over the last ten years, and it is projected to increase by another 35% over the next 15 years. This area is a center of international banking and trade. Unfortunately, it is also a final destination point for drug shipments and a smuggling corridor for drugs transported along the East Coast. These two factors increase even more the already large civil and criminal caseload of the Miami court.

The Space and Facilities Committee of the Judicial Conference takes very seriously its responsibility to provide secure places with adequate space to administer justice and ultimately,

to provide a valuable service to the public. The Judiciary has continued to improve and refine its space planning process to establish a systematic approach to space and facilities planning, mindful of costs. I will be happy to answer any questions that you may have about the subjects raised in this testimony to the best of my ability.

Federal Judges and Courtrooms in Miami, Florida
August 1, 2012

Wilkie D. Ferguson, Jr. Courthouse (2007), 400 North Miami Avenue

1.	District Judge Martinez	Courtroom 10-1
2.	Replacement Judge	Courtroom 10-2
3.	(shelled space) ¹	Courtroom 10-3
4.	(shelled space) ¹	Courtroom 10-4
5.	Senior District Judge Gold	Courtroom 11-1
6.	District Judge Cooke	Courtroom 11-2
7.	District Judge Williams	Courtroom 11-3
8.	District Judge Seitz	Courtroom 11-4
9.	District Judge Lenard	Courtroom 12-1
10.	District Judge Altonaga	Courtroom 12-2
11.	District Judge Scola	Courtroom 12-3
12.	District Judge Ungaro	Courtroom 12-4
13.	District Judge Moore	Courtroom 13-1
14.	Senior District Judge Huck	Courtroom 13-2
15.	Chief District Judge Moreno	Courtroom 13-3
16.	District Judge Graham	Courtroom 13-4

James Lawrence King Federal Justice Building (1992), 99 Northeast Fourth Street

1.	Magistrate Judge Palermo (recalled) ²	Courtroom 10A
2.	Magistrate Judge Torres	Courtroom 10B
3.	Magistrate Judge Garber (recalled) ²	Courtroom 10C
4.	Magistrate Judge Dubé (recalled) ²	Courtroom 11A
5.	Senior District Judge King	Courtroom 11B
6.	Visiting Judge ³	Courtroom 11
7.	Circuit Panel Courtroom ⁴	Courtroom 12A

C. Clyde Atkins Courthouse (1983), 301 North Miami Avenue

1.	Magistrate Judge White	Courtroom 3A
2.	Magistrate Judge Goodman	Courtroom 4A
3.	Magistrate Judge O'Sullivan	Courtroom 5A
4.	Magistrate Judge McAilley	Courtroom 6A
5.	Magistrate Judge Bandstra	Courtroom 7A
6.	Magistrate Judge Simonton	Courtroom 8A
7.	Senior District Judge Hoeveler	Courtroom 9A
8.	Magistrate Otazo-Reyes	Courtroom 10A
9.	Magistrate Judge Turnoff	Courtroom 11A

Claude Pepper Federal Building (1978), 51 Southwest First Avenue

1.	Bankruptcy Judge Mark	Courtroom 14A
2.	Bankruptcy Judge Isicoff	Courtroom 14B
3.	Bankruptcy Judge Cristol	Courtroom 14C

¹The spaces for these two courtrooms have not yet been built out. They will provide space in the future for replacement judges. Seven district judges are eligible to take senior status within the next five years.

²A recalled magistrate judge is a magistrate judge who has retired, but was called back by the court to assist with a heavy caseload.

³Judge Middlebrooks (resident in West Palm Beach) carries a 50% Miami criminal caseload and uses this courtroom while in Miami.

⁴Four resident Court of Appeals judges share this courtroom, as do all non-resident Eleventh Circuit Court of Appeals judges when they sit in Miami.

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Economic
Development, Public Buildings and Emergency
Management, Committee on Transportation
and Infrastructure, House of Representatives

For Release on Delivery
Expected at 10:00 a.m. EDT
Monday, August 6, 2012

FEDERAL REAL PROPERTY

Improved Data and a National Strategy Needed to Better Manage Excess and Underutilized Property

Statement of David Wise, Director
Physical Infrastructure



Chairman Denham, Ranking Member Norton, and Members of the Subcommittee:

I am pleased to be here today to discuss the federal government's efforts to collect data on its excess and underutilized real property assets and the need to better and more effectively manage these assets. In 2004, the President issued an executive order establishing the Federal Real Property Council (FRPC). The executive order required the FRPC to work with the General Services Administration (GSA) to establish and maintain a single, comprehensive database describing the nature, use, and extent of all real property under the custody and control of executive branch agencies, except when otherwise required for reasons of national security.¹ The FRPC created the Federal Real Property Profile (FRPP) to meet this requirement and began data collection in 2005. Following the implementation of the executive order and nation-wide data collection efforts, we have reported that agencies continue to face challenges with managing excess and underutilized properties.²

My statement draws on our June 2012 report that addressed the extent to which (1) the FRPP database describes the nature, use, and extent of excess and underutilized federal real property and (2) progress is being made toward more effectively managing these properties.³ My statement highlights the key findings and recommendations of our report. Our review focused on five civilian federal real property-holding agencies—GSA and the departments of Energy (DOE), the Interior (Interior), Veterans Affairs (VA), and Agriculture (USDA).⁴ On the basis of the available data, these five agencies report approximately two-thirds of the building square footage reported by civilian agencies. To learn about the

¹Federal Real Property Asset Management, Exec. Order No. 13327, 69 Fed. Reg. 5897 (Feb. 6, 2004).

²GAO, *Federal Real Property: Proposed Civilian Board Could Address Disposal of Unneeded Facilities*, GAO-11-704T, (Washington, D.C.: June 9, 2011).

³GAO, *Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property*, GAO-12-645 (Washington, D.C.: June 20, 2012).

⁴We chose GSA, DOE, Interior, and VA because these agencies contained the largest total building square footage of all civilian real property agencies that are required to submit data under the executive order. We added USDA to our list of selected agencies because USDA reported significantly more excess properties than the other civilian agencies in 2009, the most recent data we had available at the time.

processes by which data on such properties are collected and submitted to the FRPP database, we obtained and analyzed the fiscal years 2008, 2009, and 2010 FRPP submissions from these agencies and visited a nonprobability sample⁵ of approximately 180 buildings at 26 sites where excess or underutilized owned buildings had been reported by the five civilian agencies.⁶ In addition, we obtained answers to a set of questions about managing excess and underutilized properties that we posed to the senior real property officers of the selected agencies. We also interviewed Office of Management and Budget (OMB) staff because OMB chairs the FRPC, oversees the implementation of the executive order, and has set cost-savings goals related to excess and underutilized properties. We conducted our review from May 2011 through June 2012 in accordance with generally accepted government auditing standards. Additional information on our scope and methodology can be found in the June 2012 report.⁷

The Federal Government Needs Better Data and a National Strategy to Improve Federal Real Property Management

We found that the Federal Real Property Council (FRPC) has not followed sound data collection practices in designing and maintaining the Federal Real Property Profile (FRPP) database, raising concerns that the database is not a useful tool for describing the nature, use, and extent of excess and underutilized federal real property. The FRPC has not ensured that key data elements—including buildings' utilization, condition, annual operating costs, mission dependency, and value—are defined and reported consistently and accurately. For example, we documented buildings reported to the FRPP as underutilized even though they were fully occupied and we also documented others that were vacant but reported as utilized. We also saw severely dilapidated buildings that were reported as being in excellent condition. In fact, at 23 of the 26 locations visited, we identified inconsistencies and inaccuracies related to these

⁵Because this is a nonprobability sample, observations made at these site visits do not support generalizations about other properties described in the FRPP database or about the characteristics or limitations of other agencies' real property data. Rather, the observations made during the site visits provided specific, detailed examples of issues that were described in general terms by agency officials regarding the way FRPP data are collected and reported.

⁶In the case of VA, which did not categorize any of its buildings as "excess," we visited sites where buildings had been reported as "not utilized" or "underutilized."

⁷GAO-12-645.

data elements.⁸ As a result, FRPC cannot ensure that FRPP data are sufficiently reliable to support sound management and decision making about excess and underutilized property. In addition to problems with data consistency, we found problems with collaboration and reporting issues, among others. For example, OMB, as the Chair of the FRPC, has not collaborated effectively with the agencies that submit FRPP data and may be requiring agencies to spend resources on data collection that is not useful. The agencies we reviewed expressed concerns about the data collection process, including the amount of data collection required, the time they are given to implement new data requirements, and the ability to collect data, as required, accurately.

In addition to the various problems we found and documented with real property data, we also found that the federal government continues to face other challenges when managing excess and underutilized properties. The federal government has sought ways to generate cost savings associated with improving management of excess and underutilized properties. However, some of these efforts have been discontinued, and the potential savings for others are unclear. For example, in response to requirements set forth in a June 2010 presidential memorandum for agencies to achieve \$3 billion in savings by the end of fiscal year 2012, GSA reported approximately \$118 million in lease cost savings resulting from four new construction projects. However, GSA has yet to occupy any of these buildings, and the agency's cost-savings analysis projected these savings would occur over a 30-year period—far beyond the time frame of the presidential memorandum. Even though the cost savings achieved from efforts to improve property management are unclear, the five federal agencies that we reviewed have taken some actions to dispose of and better manage excess and underutilized property, including using these properties to meet space needs by consolidating offices and reducing employee work space to use space more efficiently. However, the agencies still face long-standing challenges to managing these properties, including the high cost of property disposal, legal requirements prior to disposal such as those related to preserving historical properties and the environment, stakeholder resistance, and remote property locations that are difficult to sell or dispose. A comprehensive, long-term national strategy would

⁸Additional examples of inconsistencies and inaccuracies are highlighted in our full report. See GAO-12-645.

support better management of excess and underutilized property by, among other things, defining the scope of the problem; defining goals to be achieved; addressing costs, resources, and investments needed; and outlining the roles and coordination mechanisms across agencies.

**GAO Recommended
That OMB and GSA
Take Action to
Improve Excess and
Underutilized
Property Data and
Management**

In our June 2012 report, we made two recommendations that would help the federal government improve excess and underutilized federal real property management.⁹ We recommended that:

- GSA, in collaboration and consultation with FRPC member agencies, develop and implement a plan to improve the FRPP consistent with sound data collection practices, so that the data collected are sufficiently complete, accurate, and consistent; and
- OMB, in collaboration and consultation with FRPC member agencies, develop and publish a national strategy for managing federal excess and underutilized real property.

In written comments on the report, GSA agreed with our recommendation and stated that the agency has taken specific actions to begin addressing this recommendation, including proposing reforms of the data collection process to FRPC. OMB agreed that real property challenges remain but did not directly state whether it agreed or disagreed with our recommendation. The details of OMB's and GSA's comments and those from other agencies we reviewed, as well as our response to these comments, are addressed in full in the report.¹⁰

Chairman Denham, Ranking Member Norton, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

**Contact and
Acknowledgments**

For further information regarding this testimony, please contact David Wise at (202) 512-5731 or wised@gao.gov. In addition, contact points for our Offices of Congressional Relations and Public Affairs may be found

⁹GAO-12-645.

¹⁰GAO-12-645.

on the last page of this statement. Individuals who made key contributions to this testimony are David Sausville (Assistant Director), Russell Burnett, Keith Cunningham, Kathleen Gilhooly, Raymond Griffith, Amy Higgins, and Amy Rosewarne.

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U.S. General Services
Administration

John Smith
Regional Commissioner
Southeast Sunbelt Region
Public Buildings Service

Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings, and
Emergency Management
"Dyer Courthouse"
August 6, 2012

Good morning Chairman Denham, Ranking Member Norton, and members of the Subcommittee. My name is John Smith, and I am the Regional Commissioner for the U.S. General Services Administration's (GSA) Public Buildings Service (PBS) in the Southeast Sunbelt Region. Thank you for the opportunity to join you here today at the David W. Dyer Federal Building and United States Courthouse, a property GSA will be repositioning and one that highlights the unique challenges of moving real property.

This Administration has set aggressive goals to better utilize Federal real property, and GSA's Southeast Sunbelt Region is doing its part to help achieve savings on behalf of the American taxpayer.

The Federal Real Property Portfolio –

While GSA has a large real estate portfolio to manage, the broader Federal Government portfolio is far more extensive. GSA manages the Federal Real Property Profile (FRPP), which is the Government's inventory database of federally owned and leased assets, including buildings, land, and structures. The FRPP is a comprehensive snapshot of the federal real property profile that collects important data each year to help understand federal assets.

Better Utilizing Federal Real Estate –

The Administration has moved aggressively to ensure that Federal agencies better utilize their 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 played a role both in generating savings from its own real estate, as well as helping other agencies to find savings, and the Administration recently announced that the Federal Government will not only meet, but also exceed, this \$3 billion goal.

To further save money on real estate, the President proposed a bill that would usher in a new approach to Federal real estate, the Civilian Property Realignment Act. Building upon the successful model established by the Defense Base Realignment and Closure Commission, the President's proposal would create an independent board of experts to identify opportunities to consolidate, reduce, and realign the Federal civilian real estate footprint, as well as expedite the disposal of properties.

This proposal would utilize bundled recommendations, a fast-track Congressional procedure, streamlined disposal and consolidation authorities, and a revolving fund replenished by sales proceeds to provide logistical and financial support to agencies in their disposal of high-value properties. It would be a comprehensive solution to key obstacles, such as red tape and competing stakeholder interests, that hinder the Federal Government's progress on improving real estate management decisions.

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.

All of 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 as Asset Manager –

Of the 893,381 buildings and structures reported in the FY 2010 FRPP, GSA controls 9,476 of these assets. GSA's Southeast Sunbelt Region is responsible for 1,566 of these assets.

In GSA's capacity as one of many landholding agencies, we supply office space to other Federal agencies in support of their mission. We have a robust asset management program to track the utilization of our inventory, strategically invest in our assets, where needed, and aggressively dispose of unneeded assets.

As a result of our efforts, we lead the market with our vacancy rates and utilization; 3% of our portfolio has been classified as an under- or not utilized asset. In the Southeast Sunbelt Region, 2% of our portfolio is under- or not utilized. Although we work diligently to identify unneeded assets for disposal, it is important to note that not all properties labeled as underutilized are available for sale. Underutilized assets, for example, can be buildings under renovation. In fact, the majority of GSA's properties labeled as underutilized in the FRPP are not candidates for disposal. When we find underutilized space in areas where there is a continuing Federal need, GSA works aggressively to renovate and reuse the asset to achieve greater utilization.

In the FRPP, GSA identified 124 assets as excess to our own agency's needs and began the disposal process for these assets. Of those 124 assets, the Southeast Sunbelt Region had only one.

Our low numbers of underutilized or excess assets are a testament to a major portfolio restructuring implemented over the past decade aimed at "right-sizing" our real estate portfolio. In the last 10 years, we have disposed of more than 280 GSA assets, valued at \$260.5 million. Thirty-four of these assets were from the Southeast Sunbelt Region, generating \$24.4 million.

GSA has saved more than \$300 million as part of the \$3 billion goal outlined in the June 2010 Presidential Memorandum, "Disposing of Unneeded Federal Real Estate," and the Southeast Sunbelt Region has contributed approximately \$16.6 million of this total.

These savings have come through a variety of actions, including disposals. One example of a recent disposal in the Southeast Sunbelt Region is the James O. Eastland Federal Building and Courthouse in Jackson, MS. The Eastland Federal Building, which has 115,829 gross square feet of office and related space and is situated on 1.5 acres of land, was listed in the National Register of Historic Places in 1976 as a contributing property to the Smith Park Architectural District. The property was sold through an on-line auction beginning on August 15, 2011, for \$1,400,009, and was conveyed to a local Jackson, MS developer, David Watkins, on March 1, 2012, to be transformed into an institute for the arts.

GSA as Disposal Agent for the Government –

In addition to managing our own inventory, GSA has authority to dispose of most federal real property governmentwide, particularly administrative assets. GSA provides strategic direction and oversees the development of programs related to the utilization and disposal of Federal excess and surplus real property governmentwide.

GSA's is widely recognized for our expertise in repositioning property. GSA develops tailored disposal strategies specific to an asset's characteristics, environmental issues, community interests, political concerns, market conditions, and other factors impacting the repositioning of the unneeded asset. Similarly, when preparing a property for public sale, GSA develops marketing plans that optimize the public offering. We use tools and techniques designed to reach very broad audiences and we target specific niche interests.

While GSA has the expertise to navigate properties through this disposal process successfully, each individual landholding agency is responsible for making its own asset management decisions as to whether an asset is excess to its needs. In the last 10 years, GSA has disposed of more than 2,600 governmentwide assets, realizing proceeds to the Government of \$4.2 billion. GSA's Southeast Sunbelt Region helped to dispose of 222 of these assets. The majority of these public sales were conducted on www.realestatesales.gov (previously known as www.auctionrp.com), which provides a cost-effective way to reach the widest possible developmental interests and maximize the return for taxpayers.

The Dyer Courthouse –

Today, the committee has chosen to host a hearing at the historic Dyer Courthouse, a property for which we are actively exploring repositioning strategies.

The Dyer Courthouse was constructed in 1933 and listed in the National Register of Historic Places in 1983. Until 2008, the building was substantially occupied by the courts and court-related activities. The courthouse has 160,238 rentable square feet of space.

In 2008, GSA completed construction of the new Wilkie D. Ferguson U.S. Courthouse, and tenants of the Dyer building vacated to occupy the newly constructed courthouse. Due to Dyer's several unique characteristics, including shared buildings systems with its sister property, the C. Clyde Atkins U.S. Courthouse, and the fact that GSA's leased portfolio in Miami amounts to nearly 3 million square feet, the original asset management strategy was to renovate and backfill Dyer for the purposes of lease cost avoidance and preservation of a historically significant asset.

This would have been in line with GSA's general strategy of favoring owned assets over continued long-term leasing. However, with the high cost of renovation (estimated at approximately \$60 million), the current limited GSA capital program, and other competing capital needs, there was not a clear timeline for being able to move forward with a renovation.

In light of that, as part of GSA's efforts to right-size the portfolio, and in accordance with the direction provided by the Administration on disposing of unneeded Federal real estate, GSA intends to reposition this property in the near future. On August 1, 2012, GSA issued a Request for Information seeking ideas from members of the development community interested in redeveloping and preserving the property.

Developing a strategy to reposition the courthouse will not be without some unique challenges. As mentioned, the utility infrastructure, parking, courtyard, and tunnels are shared between buildings, and the cost to separate the connections and create two separate stand-alone operations is estimated to be in excess of \$10 million. GSA will look at all potential repositioning strategies and engage the private sector to find the strategy with the highest chance of success and the highest return to the taxpayer.

Conclusion –

GSA is one of many landholding agencies in the Federal Government. We continue to manage our inventory aggressively to dispose of unneeded properties and increase the utilization of our buildings. We continue to work in concert with the Administration and other landholding agencies in the government to utilize real estate more effectively.

The Southeast Sunbelt Region is pleased to be able to assist with these efforts. The Dyer Courthouse is one property that helps to highlight the challenges of developing long-term asset strategies in changing fiscal times, and the unique characteristics of properties that can present hurdles to repositioning. GSA looks forward to finding the best strategy to reposition this property and working with the Committee to continue our efforts to utilize federal real estate more effectively.

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



Rosendo Caveiro, CPA
 Senior Director
 Multifamily Advisory Group
 Rosendo.caveiro@cushwake.com

August 16, 2012

**Subject: August 6, 2012 Congressional Hearing in Miami
 Subcommittee on Economic Development, Public Buildings and Emergency Management**

Dear Congressman Mica,

I am submitting this testimony at the behest of Douglas Dennison, National Sales Coordinator of Rowell Auctions, Inc. who was at this hearing. I was also present at the hearing and was "blown away" by the negative financial impact stemming from surplus and unused Federal properties. Doug has kept me informed through correspondence and his work as host of the "National Real Estate Auction Radio Show".

I support your efforts and those of Congressman Denham and others to sell some 14,000+/- government surplus properties. These vacant and underutilized properties are a huge burden to the American taxpayer. The sale proceeds from these properties could help reduce our growing Federal deficit, but more importantly, it would hopefully save billions of dollars in "carrying and holding costs" to the American Taxpayers.

Additionally, I hope you promote the use of the private sector (auction firms and real estate brokerage firms) in the sale of these properties. Not only do these experts maximize value when engaged, but this is their profession. We do not need additional government employees expanding our tax obligation and our debt.

From a personal and professional standpoint, over my 22 years in the real estate brokerage business I have sold many properties on behalf quasi-government entities such as the Resolution Trust Corporation, Freddie Mac, Fannie Mae, HUD and others. We closed these sales in a timely manner and at top-of-market prices by:

- Exposing the properties to a wide national and international pool of investors and users; and
- Creating a competitive bidding environment.

Also, from our experience, the more these 14,000+/- properties sit idle, the more they will depreciate and decline in value. This negligence does not even consider the detrimental impact to the surrounding neighborhood and the carrying cost to the American taxpayer.

I support your efforts in this important topic.

Sincerely yours,

Rosendo Caveiro



August 17, 2012

Congressional Hearing Title: Subcommittee on Economic Development, Public Buildings and Emergency Management/Field Hearing

Date of the Congressional Hearing: Monday, August 6, 2012, 10 AM/Miami, Florida

Name of the person submitting testimony: Douglas Dennison

Dear Congressman Mica,

It was a pleasure meeting you at the Miami Congressional Hearing and interviewing you as the **Host of the "National Real Estate Auction Radio Show"**.

I support your efforts and those of Congressman Denham & others to sell these 14,000 Government Surplus Properties. They are a huge burden to the American Taxpayer. The sale proceeds of these properties could go to help our growing National deficit, but more importantlywould hopefully save billions of dollars in "holding costs" to the American Taxpayers!!!

Additionally, I hope you promote the use of the private sector (Auction firms, real estate agents) in the sale of these properties. This is their profession & we do not need additional government employees to expand our tax obligation & our DEBT.

I have been following your work for more than a year. I have read your report re: "Sitting on our Assets". Your passion is needed. This is a "win-win" situation for Democrats, Republicans, the President, the local municipalities & most importantly.....the American Taxpayer!!!

Thank you for your hard work. I have sold more than 10,000 Government Surplus Properties as an Auction Project Manager. Please feel free to contact me if I can assist you in these important initiatives.

Sincerely,

Douglas G. Dennison
National Sales Coordinator

ROWELL AUCTIONS, INC.
1303 4TH STREET, S.W.
POST OFFICE BOX 3428
MOULTRIE, GA 31776-3428
(800) 323-8388
(229) 985-8388
(229) 890-9567 FAX
ROWELLAUCTIONS.COM



Colliers International
1100 Brickell Avenue
Miami, FL 33131
305.375.1234

Colliers International
1100 Brickell Avenue
Miami, FL 33131
305.375.1234



South Florida

Congressional Hearing Title: Subcommittee on Economic Development,
Public Buildings and Emergency Management/Field Hearing
Date of the Congressional Hearing: Monday, August 6, 2012, Miami, Florida
Name of the person submitting testimony: Michael Fay, Chairman- Founding Partner, Colliers
International South Florida, Miami, Florida

August 16, 2012

Dear Congressman Mica,

I am sending this testimony at the request of Douglas Dennison, National Sales Coordinator of Rowell Auctions, Inc, who was at the hearing held in Miami, Florida. He has kept me informed through correspondence and his work as Host of the "National Real Estate Auction Radio Show".

I support your efforts and those of Congressman Denham & others to sell these 14,000 Government Surplus Properties. They are a huge burden to the American Taxpayer. The sale proceeds of these properties could go to help our growing National deficit, but more importantly, would hopefully save billions of dollars in "holding costs" to the American Taxpayers!!!

Additionally, I hope you promote the use of the private sector (Auction firms, real estate agents) in the sale of these properties. This is their profession & we do not need additional government employees to expand our tax obligation & our debt.

I have personally sold properties for the U.S. Marshals Service, the Federal Deposit Insurance Corporation (FDIC), the Resolution Trust Corporation (RTC), the United States Bankruptcy Court and the Small Business Administration (SBA).

Recently I hired Doug to assist us on a successful United States Bankruptcy Auction of a \$21,000,000 Miami Shopping Center. We had more than 160 bids in the Courtroom! Auctions work with the assistance of qualified real estate professionals & they will work for these 14,000 Government Surplus Properties.

Thank you for your efforts in helping the American Taxpayer!

Sincerely,

COLLIERS INTERNATIONAL SOUTH FLORIDA

Michael T. Fay

Chairman- Founding Partner

Colliers International





Congressional Hearing Title: Subcommittee on Economic Development, Public Buildings and
Emergency

Management/Field Hearing

Date of the Congressional Hearing: Monday, August 6, 2012, 10 AM/Miami, Florida

Name of the person submitting testimony: Craig Haskell

Dear Congressman Mica,

I am submitting this testimony at the behest of Douglas Dennison, National Sales Coordinator of Rowell Auctions, Inc.....who was at this hearing. He has kept me informed through correspondence & his work as **Host of the "National Real Estate Auction Radio Show"**.

I support your efforts and those of Congressman Denham & others to sell these 14,000 Government Surplus Properties. They are a huge burden to the American Taxpayer. The sale proceeds of these properties could go to help our growing National deficit, but more importantlywould hopefully save billions of dollars in "holding costs" to the American Taxpayers!!!

Additionally, I hope you promote the use of the private sector (Auction firms, real estate agents) in the sale of these properties. This is their profession & we do not need additional government employees to expand our tax obligation & our DEBT.

We believe that abandoned properties hurt the local area by decreasing surrounding property values and increasing crimes and related community issues.

We are investors that are actively involved in repositioning communities by doing capital improvements, adding crime prevention programs, increasing family/community involvement, and "cleaning-up" our neighborhoods. With these properties sitting vacant, it offsets all of these efforts, for obviously reasons.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig Haskell".

Craig Haskell, CEO
Value Hound Academy

August 16, 2012

Congressional Hearing Title: Subcommittee on Economic Development, Public Buildings and Emergency Management/Field Hearing

Date of the Congressional Hearing: Monday, August 6, 2012, Miami, Florida

Name of the person submitting testimony: Gonzalo Herrera, District Sales Manager, Keyes Real Estate Company, Jupiter, Florida

Dear Congressman Mica,

At the request of Douglas Dennison, National Sales Coordinator of Rowell Auctions, Inc. who was at the hearing held in Miami, Florida. He has kept me up to date with the details.

I support and encourage you through your efforts and those of Congressman Denham and others to sell. It is time to start being more 'proactive' with respect to our economy and selling a vast amount of Real Estate properties that have been vacant is a win-win for the economy. Many people are affected in a positive way of income because of one sale: Real Estate salesperson, whether a Broker or auctioneer, title closing agent and their employees, mortgage broker and their processor, underwriter and employees, property appraiser, attorney, property inspector, insurance agent.....and that is only for the sales transaction. Post sale-contractors doing repairs, remodeling including tile floors, granite countertops bathrooms windows etc..

Now these people are able to go out to dinner, buy gifts, go on trips and more. We are all connected somehow and this is one of the amazing aspects of our nation where the fundamental is private business, big or small.

The quicker these properties can be removed from the market the quicker we can see movement in the local economy.

Allocate the properties to the professionals so they can perform and sell off these properties.

Selling these properties would reduce the outlay of government monies.

The firm I work for represents 1800 real estate professionals in South Florida.

Thank you in advance

Sincerely,



Gonzalo Herrera
District Sales Manager
Keyes Company Realtors
Jupiter/Tequesta

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Division of Enigma Solutions Inc.
P.O. Box 96 New Castle, NH. 03854-0096

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Walter H. Liff
President, Auctioneer

Lic. Auctioneer &
Real Estate Broker
New Hampshire & Maine

August 15, 2012

Congressional Hearing Title: Subcommittee on Economic Development, Public Buildings and Emergency Management/Field Hearing

Date of Congressional Hearing: Monday, August 6, 2012, 10:00 AM/Miami, Florida

Name of person submitting Testimony: Walter Liff

Dear Congressman Mica,

I am submitting this testimony at the behest of Douglas Dennison, National Sales Coordinator of Rowell Auctions, Inc.....who was at this hearing. He has kept me informed through correspondence & his work as **Host of the " National Real Estate Auction Radio Show"**.

I support your efforts and those of Congressman Denham & others to sell these 14,000 Government Surplus Properties. They are a huge burden to the American Taxpayer. The sale proceeds of these properties could go to help our growing National deficit, but more importantlywould hopefully save billions of dollars in "holding costs" to the American Taxpayer !

Additionally, I hope that you use the private sector (Auction firms, real estate agents) in the sale of these properties. This is their profession & we do not need additional government employees to expand our tax obligation & our DEBT.

Government properties pay no taxes, and therefore affect how much I and all other American Taxpayers pay each year.

A new private owner would buy new goods/services, hire new people, pay local, state and federal taxes. Further it would revitalize the area for other property owners/businesses.

Sincerely,


Walter Liff

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Real Estate & Liquidations
www.actionauctions.com





Michael I. Pappas, President
KEYES INTERNATIONAL CENTER
2121 SW 3rd Ave, Suite 601
Miami, FL 33129

Congressional Hearing Title: Subcommittee on Economic Development, Public Buildings and Emergency Management/Field Hearing

Date of the Congressional Hearing: Monday, August 6, 2012, 10 AM/Miami, Florida

Name of the person submitting testimony: Michael Pappas

August 17, 2012

Dear Congressman Mica,

I am submitting this testimony at the behest of Douglas Dennison, National Sales Coordinator of Rowell Auctions, Inc.....who was at this hearing. He has kept me informed through correspondence & his work as **Host of the "National Real Estate Auction Radio Show"**.

I support your efforts and those of Congressman Denham & others to sell these 14,000 Government Surplus Properties. They are a huge burden to the American Taxpayer. The sale proceeds of these properties could go to help our growing National deficit, but more importantlywould hopefully save billions of dollars in "holding costs" to the American Taxpayers!!!

Additionally, I hope you promote the use of the private sector (Auction firms, real estate agents) in the sale of these properties. This is their profession & we do not need additional government employees to expand our tax obligation & our DEBT.

As CEO of the Keyes Real Estate Company, we have 1800+ real estate professionals in the South Florida area. It is a family owned real estate firm that has been in business for 80+ years. We know the huge impact that abandoned properties have on the local areas. New private sector buyers would enhance the area in many different ways.

We have been part of many initiatives that have sold Government Surplus Properties (FDIC, RTC, U.S. Marshals Service, SBA & U.S. Bankruptcy Courts) with Mr. Dennison, either via Auction or by conventional sale methods.

Good luck in your efforts & those of Congressman Denham. Your passion to save the American Taxpayers billions of dollars.....is to be applauded. We appreciate it!

Sincerely,

Michael Pappas

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Sperry Van Ness.

Property Investment Advisors LLC

Congressman Mica

August 15, 2012

RE: Congressional Hearing Title: Subcommittee on Economic Development, Public Buildings and Emergency Management Field Hearing

Dear Congressman Mica,

I am sending this testimony at the request of Douglas Dennison, National Sales Coordinator of Rowell Auctions, Inc. who was at the hearing held in Miami, Florida. He has kept me informed through correspondence and his work as Host of the "National Real Estate Auction Radio Show".

I support your efforts and those of Congressman Denham and others to sell, what has grown to be over 14,000 Government Surplus Real Estate throughout the United States.

These unsold real estate assets are an enormous burden to the American Taxpayer. If properties were sold, proceeds of these properties could go to help reduce our rising National deficit; but most importantly it would save billions of dollars in "holding costs" to the American Taxpayers.

To efficiently dispose of these properties, I encourage you to support the use of private sector real estate professionals such as auction firms and real estate agency's to market and sell these properties. The real estate industry has the framework with the best knowledge and proficiently to sell these properties. As an added benefit, the federal Government would not need more Government employees who will expand our tax obligations.... and our DEBT.

Real estate firms, such as Sperry Van Ness, who focus their real estate practice on real estate services to governmental agencies will outperform public sector agencies because the private sector is known to be results oriented, driven, and highly motivated. For example, we performed an auction in the State of Michigan where we sold a 414 acre surplus property for the State of Michigan for \$31.5 million - giving substantial dollars back to the state, putting the property back on the tax rolls, relieving the state of \$500,000 per year in annual maintenance and security costs, provided the potential creation of 8500 construction and permanent jobs into the Michigan economy. Currently, for example, a large health care facility is being built by the University of Michigan on the site -- providing great benefit to the local community.

Dur Government held properties are not just costly to maintain, but they thwart revitalization of our communities. It is a disservice for the Government to hinder rebuilding our communities by holding abandoned properties that result in restricting community betterment. However, on top of it all is the tremendous costs to our citizens, amongst a whole lot of waste.

If you have any questions, please feel free to call.

Sincerely,

Sperry Van Ness/Property Investment Advisors

Robert J. Pliska, CRE, CPA, MBA, Managing Director

Congressional Hearing Title: Subcommittee on Economic Development, Public Buildings and
Emergency Management/Field Hearing
Date of the Congressional Hearing: Monday, August 6, 2012, Miami, Florida
Name of the person submitting testimony: Howard Steinholz, President. The Urban Group, Inc.
August 15, 2012

Dear Congressman Mica,

I am sending this testimony at the request of Douglas Dennison, National Sales Coordinator of Rowell Auctions, Inc. who was at the hearing held in Miami, Florida. He has kept me informed through correspondence and his work as **Host of the "National Real Estate Auction Radio Show"**.

I support your efforts and those of Congressman Denham and others to sell, what has grown to be over 14,000 Government Surplus Real Estate throughout the United States, many of which are in my home state of Florida. These unsold real estate assets are an enormous burden to the American Taxpayer. If properties were sold, proceeds of these properties could go to help reduce our rising National deficit; but most importantly it would save billions of dollars in "holding costs" to the American Taxpayers.

To efficiently dispose of these properties, I encourage you to support the use of private sector real estate professionals such as auction firms and real estate agency's to market and sell these properties. The real estate industry has the framework with the best knowledge and proficiently to sell these properties. As an added benefit, the federal Government would not need more Government employees who will expand our tax obligations.... and our DEBT.

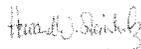
Real estate firms, such as The Urban Group, Inc. who focus their real estate practice on real estate services to governmental agencies will outperform public sector agencies because the private sector is known to be results oriented, driven, and highly motivated. For example, as the real estate asset manager for the U.S. Marshals Service in the Southern District of Florida, The Urban Group sold over \$22 million of forfeited real estate in South Florida during their service tenure. In comparison, as stated at the hearing in Miami, the GSA sold \$25 million in fiscal year 2011 for the entire Atlantic Regional Office.

The fact that the federal Government holds over 14,000 properties has a shattering effect on local and U.S. economies. Also at the hearing, you pointed out the toll that holding property has on federal finances. The Miami courthouse costs \$1.2 million a year to maintain, and it has maintained this unoccupied building for what will be seven years through 2012, equating to \$9 million in holding costs.

The Urban Group is works in community redevelopment projects throughout Florida, Our experience shows that abandoned properties, especially in downtown urban areas, are magnets for vagrants, foster criminal activities, stymie redevelopment, and burden tax payers who have to make up for lost tax revenue that could generate from properties purchased by public sector businesses and developers.

Our Government held properties are not just costly to maintain, but they thwart revitalization of our communities. It is a disservice for the Government to hinder rebuilding our communities by holding abandoned properties that result in restricting community betterment. However, on top of it all is the tremendous costs to our citizens, amongst a whole lot of waste.

Respectfully yours,
The Urban Group, Inc.



Howard W. Steinholz
President/Principal



1424 South Andrews Avenue • Suite 200 • Fort Lauderdale, Florida 33316
TELEPHONE 954-522-6226 • FAX 954-522-6422 www.theurbangroup.com

REAL ESTATE CONSULTANTS ®



Tate Enterprises

EXECUTIVE OFFICES

1175 N.E. 125th Street • Suite 102 • North Miami, Florida 33161
Phone (305) 891-1106 • Fax (305) 891-6750
E-mail: Stanley@TateEnterprises.com

August 17, 2012

Hon. John L. Mica

Congressional Hearing Title: Subcommittee on Economic Development,
Public Buildings and Emergency Management/Field Hearing

Date of the Congressional Hearing: Monday, August 6, 2012, 10:00 a.m., Miami, FL

Name of the person submitting testimony: Stanley G. Tate

Dear Congressman Mica:

I was kept informed as to what took place at the hearings you held in Miami concerning the approximately 14,000 properties owned by the U.S. Government which should be put into the "surplus category," since they are not being used and they are all vacant buildings and have become a major burden to the American tax payers.

There is no question in my mind that the implementation of a program on the part of the Government to sell these properties will raise a substantial amount of capital, but even more importantly, will save literally billions of dollars in the costs of maintaining the properties and the potential use of the capital upon the sale of these properties, which would amount to be in substantial numbers, will additionally save the government monies, once the properties are sold, since the properties will not have to be maintained once they will be no longer owned by the U.S. government.

Additionally, the sale of these properties will produce a substantial amount of income to the private sector, since these properties should be sold through real estate agents and/or auction firms, so that the highest and best price can be obtained by the Federal Government, based upon the properties being sold.

In my role as President of the Resolution Trust Corporation, and as Chairman of the Advisory Board of the RTC for many years, I am a firm believer in the sale of assets that produce no financial benefit to the current owner and, in fact, in this case, cost the government a substantial amount of money just to maintain the properties, especially when the numbers are as substantial as presently exist for properties in such huge numbers owned by the U.S. Government.

Hon. John L. Mica
August 17, 2012
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There is a large number of auction firms that, in my opinion, would do an outstanding job in helping the U.S. Government sell all of these properties in an above-board manner, when everyone who is interested can purchase and have an opportunity to bid in a business-like atmosphere, run by a competent auction company. As you know, we used auctions extensively in the RTC, to dispose of assets.

One of the individuals who attended your hearing was Douglas Dennison, who works with Rowell Auctions, Inc., who handled some auctions for the RTC when I was in Washington. In every case, the sales produced a greater sales price on a net basis than we might have anticipated receiving through a negotiated sales and purchase arrangement.

I strongly suggest that you implement your efforts to get Congress to allow these properties to be sold, since it will work to the benefit of everyone that may be involved.

If I can be of any help in this regard, I am always available, and allow me to use these means to wish you well and to advise you of my availability, if I can ever be of any assistance to you in this effort.

Cordially,



Stanley G. Tate

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