



U.S. General Services Administration

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Regional Commissioner

Southeast Sunbelt Region

Public Buildings Service

Committee on Oversight and Government Reform
Subcommittee on Government Operations

“NASA disposals at Cape Canaveral”

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Introduction

Good morning Chairman Mica and members of the Subcommittee. My name is John Smith, and I am GSA's regional commissioner for the Public Buildings Service in the Southeast Sunbelt Region.

Thank you for the opportunity to join you today at the Kennedy Space Center to discuss GSA's ongoing efforts to assist the National Aeronautic and Space Administration (NASA) in the disposal of its unneeded real estate.

GSA is focused on its mission of delivering the best value in real estate, acquisition, and technology services to government and the American people. To meet this mission, GSA is working with our partner federal agencies across government to improve utilization and reduce space requirements by effectively managing our assets and pursuing innovative real property proposals that will deliver better space to Federal agencies.

Better Utilizing Federal Real Estate

The Administration has moved aggressively to ensure that Federal agencies better utilize their real estate. In 2010, President Obama established an \$8 billion goal, made up of a combination of \$3 billion in general governmentwide real estate savings and \$5 billion in BRAC-related savings. In 2011, President Obama transmitted a proposal to Congress to create a Civilian Property Realignment Board.

Since that time, the Administration has continued its emphasis on improving the management of Federal space by implementing its Freeze the Footprint initiative, requiring that agencies halt office or warehouse space growth. Agencies must offset any increase in total square footage within their civilian real estate through consolidation, co-location, or disposal of space. Agencies are also required to create long-term real estate plans and institute stricter internal controls to encourage greater coordination across agency components.

These initiatives improve the Federal Government's management of real estate, ensure that agencies make cost-effective decisions, and save taxpayers' money.

GSA's Asset Management

As one of more than two-dozen major Federal landholding agencies, GSA directly manages only about 375 million of the nearly 3.3 billion square feet of space under the government's control. However, we have the statutory authority to acquire, manage, utilize, and dispose of real property for most federal agencies.

In GSA's capacity, we supply office space to other Federal agencies in support of their missions. We have a robust asset management program to track the utilization of our inventory, strategically invest in our assets as needed, and aggressively dispose of unneeded assets. When we identify vacant space in areas where a continuing Federal need exists, GSA works aggressively to reuse the asset, renovating as necessary, to achieve greater utilization. As a result of our efforts, our vacancy and utilization rates lead the market average.

Within our own inventory, we have disposed of 102 GSA-managed properties nationwide and received \$166.6 million in receipts for the Federal Buildings Fund since 2008, while avoiding more than \$171 million in liability costs. Here in the Southeast Sunbelt Region, we have disposed of eight buildings since 2008. Of those, we sold three properties at public auction to generate approximately \$17 million in sales proceeds.

GSA as the Government's Disposal Agent

In addition to managing our own inventory, GSA is the primary real property disposal agent for the federal government. We long have worked aggressively to identify and target unneeded assets for disposal within our authority to dispose of most Federal real property government-wide.

GSA provides strategic direction to agencies and oversees the development of programs related to the utilization and disposal of federal excess and surplus real property government-wide. We have specialized skills to assist agencies by developing tailored disposal strategies specific to an asset's characteristics, environmental issues, community interests, market conditions, and other factors that influence 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, when applicable, 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 a property is excess to its needs.

In the last 5 years, GSA has disposed of 713 Federal assets on behalf of GSA and other Federal agencies. GSA managed and conducted the majority of these disposal actions through public sales on www.realestatesales.gov, which provides a cost-effective way to reach the widest possible developmental interests and maximize the return for taxpayers. Most of these properties were not assets under GSA's jurisdiction, custody, or control.

GSA's work for NASA

In Cape Canaveral, the Southeast Sunbelt Region is assisting NASA in developing asset management, utilization, and disposal strategies for unneeded facilities within the John F. Kennedy Space Center.

Upon the closure of the space shuttle program in July 2011, NASA began exploring ways to balance a reduction of the agency's real estate footprint and operations and maintenance costs while assuring that they retain facilities that may be needed to support future missions. While NASA is an agency with land-holding authorities, it utilizes the Property Act authority to dispose of real property. To that end, NASA has engaged GSA to help develop strategies for disposition of its facilities at this site.

Thus far, GSA has provided appraisal and appraisal review services on a reimbursable basis to assist with asset management planning for a wide range of facilities here and at the Cape Canaveral Air Force Station.

Additionally, we have received reports of excess for the following four facilities: the Storage Building and Blockhouse; the Concrete Storage Basin; the Paint Storage Building associated with Hangar L; and the Pressure Proof Test Cell Storage Building. Together, these four facilities account for approximately 54,000 square feet of space. Air Force transferred each of these buildings to NASA between 1965 and 1982.

GSA is now reviewing NASA's reports of excess and will begin the disposal process for them. Our next step is screening each facility for potential federal needs. In the case of these four properties, we understand that the Air Force may express interest in acquiring the properties.

If NASA reports additional facilities as excess, we will assist in collecting due diligence and run the properties through the disposal process. If there is no expression of federal need for any of the facilities, GSA will conduct screenings for the homeless under the McKinney-Vento Homeless Assistance Act¹ and available public benefit conveyance program, and, depending on the outcome of that review, market the properties and identify potential buyers.

Conclusion

GSA is committed to carrying out its mission of delivering the best value in real estate, acquisition, and technology services to our federal partner agencies. We will continue to aggressively manage our own assets, while also pursuing innovative new processes to better utilize the Government's inventory.

The Southeast Sunbelt Region is pleased to assist with these efforts, and we will continue to work with NASA to provide effective management and disposition of its unneeded real estate assets at Cape Canaveral and across the country. We look forward to working with this Committee as this effort continues.

On behalf of GSA's Public Buildings Service and the Southeast Sunbelt Region, thank you for the opportunity to be here. I am happy to answer any questions.

¹ 42 U.S.C. 11411.