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Transcript of Public Meeting

Date: January 28, 2025

Case: Public Buildings Reform Board - Public Meeting

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Public Buildings Reform Board

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Public Meeting

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14 Pursuant to agreement, before BRENNAN PLUMMER,

15 Notary Public in and for the District of Columbia.

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A P P E A R A N C E S

- Paul Walden - Executive Director, PBRB
- Talmage Hocker - Acting Chairman, PBRB
- Nick Rahall - Board Member, PBRB
- Jeffrey Gural - Board Member, PBRB
- Daniel Matthews - Board Member, PBRB
- David Winstead - Board Member, PBRB
- Mike Capuano - Board Member, PBRB
- Michael Peters - Public Buildings Service
Commissioner, GSA
- Anita Cozart - Director of the DC Office of
Planning (OP)
- Marcel Acosta - Executive Director, National
Planning Commission
- Joseph Ruocco - Principal, SOM (Skidmore,
Owings and Merrill)

1 P R O C E E D I N G S

2 MR. WALDEN: Welcome to our 10th public
3 hearing of the Public Buildings Reform Board. Today
4 the board will provide updates on its analysis of the
5 federal real estate portfolio and highlighting some
6 of the problems and solutions offered by the FASTA
7 legislation, the same legislation that created the
8 board, and describing our way forward.

9 I would first like to introduce our
10 esteemed board, starting on my left, our acting
11 Chairman, D. Talmage Hocker, President and CEO of
12 the Hocker Group in Louisville, Kentucky. And,
13 again, he's also the acting Chairman of our Board.
14 Then Mr. Nick Rahall, former Congressman from West
15 Virginia. Mr. Jeffrey Gural, Chairman of GFP Real
16 Estate in New York.

17 Dan Matthews, a former PBS commissioner,
18 and David Winstead, another former PBS Commissioner,
19 also on the Board. And Michael Capuano, a former
20 Congressman from Massachusetts. So again, welcome.
21 I'm delighted all of our Board could be here this
22 morning because they traveled from all over the

1 country to be here.

2 And now for our esteemed panelists, I'd
3 like to introduce Michael Peters, the recently
4 appointed Commissioner of the Public Buildings
5 Service at the General Service Administration. Anita
6 Cozart, director of planning for Washington, DC.
7 Joseph Ruocco, principal at SOM. Good morning.

8 And Marcel Acosta, the Executive Director
9 of the National Capital Planning Commission. And
10 finally, Mr. Anthony Williams, a former Mayor of
11 Washington, DC, and also the Executive Director of
12 the Federal City Council. Thank you all for being
13 here this morning.

14 A few logistics notes. We are recording
15 the session so we can prepare transcripts which will
16 be posted on our website. We have a very short time
17 frame this morning. We have a hard stop at noon. So
18 I'll be trying to keep the meeting moving and keep us
19 on schedule. And the agenda is on the screen -- will
20 be on the screen. Oh, there it is. Thank you.

21 The first section is an overview of the
22 Board's nationwide work and research in the state of

1 the portfolio. The second session will be a
2 discussion of the Board's work on -- specifically on
3 Washington, DC, followed by our esteemed panelists
4 who've join us on the stage. And then finally, we
5 will conclude with a public question and answer
6 period. And, now, I'd like to reintroduce Mr.
7 Hocker, our acting Chairman, to give us an overview
8 of the board's work.

9 MR. HOCKER: Thank you, Paul. I'd like to
10 thank all of you coming out today. It's, you know,
11 you -- you don't have great parking here and coming
12 through the -- coming through security is not the
13 easiest thing either. I know I had to go through
14 three separate times. Yeah, I think it -- yeah.

15 So the Public Buildings Reform Board was
16 created back in 2016, and the purpose was really to
17 bring best practices from the private sector to the
18 government. And -- and then our job is also to make
19 recommendations on the high valued assets. And we
20 recommend these properties to only be in Congress out
21 of the federal real property portfolio.

22 To date, the Board has recommended the

1 disposition of properties worth about \$775 million,
2 75 million sale proceeds. And we've been working
3 diligently for the past two years to come up with the
4 next set of recommendations, which we believe will
5 produce about \$19, \$20 billion in additional cost
6 savings and likely to bring in over \$1.8 billion in
7 sale proceeds. So we've been very busy.

8 The property -- some of the properties
9 we're looking at, super -- super valuable, super high
10 end, wonderful markets, include the Wilshire
11 Boulevard Federal Building out in Los Angeles, which
12 is at the intersection of the 405 and Wilshire
13 Boulevard, the Brickell Federal Building in Miami.
14 Everybody knows Miami's on fire. And the Peachtree
15 Summit Building in Atlanta.

16 The Board's also been working very hard to
17 understand the potentiality of this set of properties
18 in the Washington, DC market located around the
19 National Mall, which we'll describe a little bit
20 later.

21 The Board, we've analyzed hundreds --hundreds of
22 buildings. And -- but for the sake of

1 this discussion, we -- we've got 21 properties with
2 about 13.7 million usable square feet that house
3 56,000 assigned employees. The Board has visited
4 sites all over the country. We've held countless
5 meetings with local stakeholders. We've contacted
6 local tribes, municipalities. We've investigated
7 historic preservation processes.

8 It's really been -- it's -- if you enjoy
9 real estate, you'd really love what we've been
10 working on. And then, like I said, during our -- our
11 work, we've had countless discussions with the
12 federal property managers, local municipalities,
13 historic preservation, so on and so forth. So I'm
14 going to turn it over to Nick Rahall and let him tell
15 us about some of our work as well.

16 MR. RAHALL: Thank you, Talmage. Thank
17 you, Talmage and thank each of you for being here
18 today and showing your interest in our work and in
19 the interest of saving our taxpayers mucho money.
20 Let me say that to begin with, throughout our work,
21 we've noticed that some issues keep coming up time
22 and time and time and time and time and time again.

1 MR. HOCKER: How many times is that?

2 MR. RAHALL: Many times. I'm going to
3 make six points very quickly here. Number one, the
4 lights are on, but nobody's home. The federal
5 inventory of office space is open for employees, but,
6 as we all know, few employees are returning to work.
7 This means taxpayers are paying enormous sums of
8 money to provide the few who do come to work and work
9 in a place in which they feel secure and safe. The
10 board found nearly a 70 percent decrease, decrease in
11 occupancy in the study-selected properties in the
12 Washington, DC area in 2023.

13 The second point, American taxpayers are
14 paying a premium, premium market rate rent for
15 agencies to be housed in spaces that are definitely
16 not premium spaces. The federal buildings that the
17 PRB has toured are in poor repair, are in need of
18 extensive capital investment, and cannot possibly be
19 serving the best interests of the agencies that they
20 house.

21 Third point, the capital liability for all
22 the deferred maintenance is enormous, and it's

1 unquantified. Capital liabilities accrue to the
2 taxpayer. This means that although taxpayers are
3 paying market -- market rates for space, excuse me,
4 the market rates are not being spent to maintain and
5 adequately manage the spaces. The bottom line is
6 that the system is working against the American
7 taxpayer.

8 Fourth point, the maintenance backlog
9 translates into unhealthy and sometimes unsafe work
10 environments for federal employees. The board
11 learned about antiquated air handling systems from
12 the 1940s still being pressed into service, leaking
13 roofs, unavail -- usable, rather, elevators, and
14 flooding basements. Legionella disease has afflicted
15 federal buildings because of poor drinking water
16 quality.

17 Fifth point, Congress cannot appropriate
18 its way out of \$100 billion maintenance backlog.
19 This means that the inventory needs to shrink so that
20 tax dollars can be invested in properties where
21 employees are actually coming to work.

22 Last point, agencies are reluctant to act

1 due to lack of resources and political will. And
2 until this month, the GSA had weak authority to force
3 conclusions, and we'll go into that in just a minute
4 when we touch upon legislation recently passed.
5 We've also found that resourcing and budget practices
6 have strangled federal agencies for the past 50 years
7 leading to the current issues that I've just
8 outlined.

9 So I'll now turn it over to a fellow
10 colleague on the board, Mike Capuano, to highlight
11 the work that Congress has done in recently passed
12 legislation. I guess we got to pass this all the way
13 down.

14 MR. CAPUANO: Thank you. I'm presuming
15 that most people here actually know what we do and
16 what we've been doing, and what we're trying to do,
17 so I'm not going to go into it too much. But there
18 is something that people need to understand that --
19 I've only been on the board now for a couple of
20 years, and we've had so many fits and starts. It's
21 been very frustrating.

22 We get told people support what we do, and

1 then nothing changes. And we make suggestions. And
2 again, I'm not the real estate expert. That's not my
3 job here. We have several real estate experts on
4 this board that know how to do these things. They
5 make suggestions on how to dispose of property.
6 Nobody listens.

7 We sell property at what most people
8 consider to be far below market value. We currently
9 sit on -- well, we will soon sit on about \$400
10 million of proceeds from buildings that are supposed
11 to be used, that's set aside by Congress specifically
12 to be used to make it easy to dispose of the next
13 asset and to make it easier to get our federal
14 employees into better locations, more efficient
15 locations, to help communities. And we can't seem to
16 get that money used.

17 And by the way, we just sold a building.
18 We didn't. GSA just sold a building. We don't have
19 the authority to sell. For \$177 million. It took
20 five years after our recommendation. It wasn't just
21 our recommendation. It was a recommendation that was
22 approved and supported by both GSA and OMB.

1 Everybody agreed that the building should be sold.

2 And it still took five years.

3 And there's another building out there
4 worth several hundred million dollars that's still
5 not even up for sale, that was originally put on that
6 list and again approved by everybody. If people
7 don't see a problem with this process, then you're
8 not looking. And it's exactly why the PBRB was
9 created, to help the GSA get through the process that
10 has been created over 100 years.

11 Sometimes, I mean, it's nobody's fault.
12 It's just that's what happens in bureaucracies. They
13 get built up slowly, one thing at a time to make sure
14 that things get done right. And sometimes things get
15 kind of combobulated so you get in everybody's way.
16 One of our jobs is to try to help break through that,
17 to identify what the problems have been and to be a
18 partner with GSA and OMB, but mostly GSA, to help,
19 okay, let's get these things done.

20 FASTA was written for that purpose. They
21 were granted certain authorities under FASTA that
22 they don't have otherwise. And have thus far, for

1 all intents and purposes, refused to use those
2 authorities. I don't understand why, except, well,
3 that's not the way we've ever done it. I've been
4 involved in government all my life and I've heard
5 that a million times by a million different people in
6 a million different agencies and it's never a good
7 answer.

8 And I know that some people look at the
9 work we have right now, and if this last building
10 gets sold, we're going to have close to \$500 million
11 in an account sitting there that GSA has thus far
12 refused to try to access. And I know that that's not
13 a lot of money in Washington, but when you talk \$500
14 million and you pretend that's not a lot of money,
15 don't you ever dare tell a taxpayer that. And don't
16 you ever dare think that's true.

17 I know it's not much to some people who
18 deal with these things and that's all well and good,
19 but it's a lot of money no matter how you look at it.
20 And it's there to be done to save taxpayers even more
21 money, not for the -- I'm a liberal Democrat. I'm
22 not here to slash and burn. But liberal Democrats

1 don't believe in inefficiency. At least not smart
2 liberal Democrats. They believe in efficiency.

3 Now, we can argue about the savings, what
4 we should do with them. That's where my liberalism
5 comes in. But that's not the point. No one in their
6 right mind likes inefficiencies or wasted money.
7 That's not what we're here for. We have methods to
8 do it. We have ways that we've suggested that should
9 be adopted.

10 And my hope is -- I know we had some
11 progress with GSA in the not-too-recent past. I'm
12 hoping that the new administration, we can have even
13 more progress with and to help fulfill the functions
14 that Congress wanted us to fulfill and what is in the
15 best interest of taxpayers around this country. With
16 that, I'm going to stop and let David Winstead --

17 MR. WINSTEAD: Thanks, Mike. Thanks,
18 Mike. Appreciate it. I -- I had the pleasure of,
19 for a number of years, having the job that Dan had,
20 being public building commissioner. And being in a
21 building like this, you see this extraordinary
22 auditorium and this historic building

1 on Independence Avenue, a block from the mall. And,
2 you know, GSA has a wonderful inventory across the
3 country. Not just here in the District, 360 million
4 square feet, half leased, half owned.

5 But what has happened and what the Board
6 knows, and I think Dan and Mike know, is that
7 Congress has not funded what is needed to maintain
8 these core buildings in the District and around the
9 country. Fortunately, back during my term, Congress
10 was funding the majority of deferred maintenance. So
11 we were able to maintain focus in regionally in the
12 buildings that are occupied and have high
13 utilization. And people are coming to work.

14 Back then, this was pre-COVID, there was
15 much fewer allowance for telework than there is now.
16 But it's a big problem. You -- you can't manage this
17 portfolio the way you can in the private sector.
18 Because you can't even maintain, acquire, and lease
19 up a building in the private sector unless you have
20 money to maintain the building and to attract the
21 tenant. So it's a -- it's a historic problem and

22

1 an unfortunate problem. But as Nick mentioned, in
2 January this year, Congress passed a piece of
3 legislation that will enable significant change to
4 the federal portfolio. The legislation directs OMB
5 to establish rules to determine the true daily
6 occupancy in federal buildings.

7 The agencies will have to publicly
8 disclose their occupancy data on a public website
9 that GSA maintains. This will help agencies,
10 Congress, GSA, OMB, and -- and the resulting taxpayer
11 that are underwriting all this understand the true
12 nature of our federal footprint and understand the
13 importance of reducing the footprint and improving
14 the facilities without a massive federal tax overlay.

15 Just as a comment, back a year ago, last
16 fall, we did a review. And if you look at certain
17 buildings in the District in terms of their
18 utilization back then, OM -- OPM, the Office of
19 Personal Management, was only requiring federal
20 employees to be in those buildings one and a half
21 days per week. As our analysis shows, it was costing
22 the American taxpayer \$150 million per year to house

1 each of those federal employees because the cost of
2 maintaining the buildings and the amount of people
3 showing up.

4 Secondly, this legislation, which also
5 extended the mission of the Public Buildings Reform
6 Board, stated that once the occupancy of federal
7 buildings is understood, and if the occupancy drops
8 below 60 percent on average over a year, GSA has the
9 authority to tell that federal agency to reduce space
10 utilization or consolidate into another federal
11 building.

12 Now, the board is aware that over the last
13 year, a lot of effort was put into this, and
14 unfortunately, it just did not materialize. GSA,
15 those that have served there, do know that the
16 leverage GSA has with a cabinet-level agency that --
17 whose mission is health or defense or intelligence is
18 -- is pretty slow, I mean, pretty low in terms of
19 getting leverage with them.

20 So the legislation finally addressed the
21 critical oversized issue in opportunities, and that
22 in the national capital region, it directs OMB and

1 GSA to bring occupancy to 60 percent or greater or
2 --or produce a plan for consolidation. The Board
3 has been working with GSA to understand its intent
4 since the enactment of this law and continues its
5 work to look nationwide for opportunities to right-
6 size the inventory. And I think we do have a chart
7 of the buildings?

8 UNIDENTIFIED SPEAKER: Yes.

9 MR. WINSTEAD: So these are some of the
10 sites. Slide seven? You got it. These are some of
11 the sites considered by the Public Buildings Reform
12 Board out -- outside of GSA metro area, both
13 consolidation and disposal.

14 And one of them, I guess Nick mentioned
15 early on and Mike also mentioned, on Wilshire
16 Boulevard, there is a federal building which isn't
17 even seismically maintainable. It's not a seismic
18 building that holds the FBI and the Department of
19 State. It's on a piece of land of about 28 acres.
20 It's worth probably half a billion dollars. And the
21 building is not meeting the mission. It's not safe.

22 So those kinds of buildings are on this

1 list and that we continue to look at. We are working
2 with GSA on this list to address funding and disposal
3 technical issues, and the list is not yet finalized.
4 But we hope to finalize our deliberation and send our
5 recommendations to OMB soon.

6 The Board believes that many of these
7 opportunities exist like this and continue to work to
8 identify and recommend tax savings disposition. Just
9 as a final comment, you know, we're very lucky this
10 morning, and we try to do this in every metropolitan
11 area, but on this panel to my left, we've got all the
12 major players looking at the National Capital Region,
13 the current Commissioner, the Director of Planning,
14 a major architectural leader, Marcel is the head of
15 NCPC and obviously a former Mayor and the head of
16 Federal City Council.

17 So what we're doing today is what we
18 intend to do in the major metropolitan areas in which
19 some of these assets exist. So let me turn it over
20 to Dan to explain how the work of the board is going
21 to be taken care of and through the National Capital
22 Region.

1 MR. MATTHEWS: Thank you, David. Thank
2 you for that great setting of the table and all of
3 our panelists that are here. I think really the --
4 the big takeaway, if -- if I were the audience, is
5 you have all of the major stakeholders here in the
6 room right now for determining the future of huge
7 swaths of underutilized federal property in the
8 District of Columbia.

9 And I'd argue this is truly an
10 unprecedented opportunity to save taxpayer dollars,
11 to improve the federal government's mission, and to
12 greatly improve the economic prospects of the
13 District of Columbia.

14 For the last four years, like everybody
15 else, I've heard the Mayor ask for the federal
16 government to do two primary things. One, return
17 federal employees back to the office. And two, sell
18 underutilized federal properties so that those
19 properties can enter a more productive use that
20 benefits not just the federal government, but the
21 district and the American people.

22 And this opportunity also coalesces

1 around, just frankly, where we are in time. When you
2 look at this map, particularly south of Independence
3 Avenue, there's a huge number of buildings, federal
4 buildings, that frankly are at the -- at or beyond
5 the end of their useful lives. They were built in
6 the post-war period. They have not had any major
7 renovations.

8 Federal government, quite frankly, they
9 got their money's worth out of those properties. But
10 now they're not really serving anybody's interests,
11 as far as I can tell. And the costs to renovate, as
12 -- as Nick laid out, are so extraordinarily high.
13 From a financial perspective, it just doesn't make
14 sense to throw that kind of money into those types of
15 properties.

16 So those are really kind of the two
17 criteria that we follow. Financial viability and, of
18 course, occupancy data. And if -- I don't want
19 people to think that the occupancy problem, the low
20 occupancies of the federal government was just a
21 pandemic issue. That's not the case. There was a
22 lot of empty space. These areas were oftentimes

1 federal economic dead zones before the pandemic. The
2 pandemic just pulled the curtain back, and everybody
3 got to see just how bad of a situation it is. And,
4 of course, it made it worse, too, in terms of
5 occupancy.

6 But I did want to point out, so right now,
7 these are properties that the Board is -- we're
8 reviewing these. This doesn't mean there's a
9 decision by the Board. There's not. We're at a
10 point in time where we're reviewing. We want public
11 input. We want stakeholder input. But we've looked
12 at a lot of buildings, again, on those two criteria,
13 financial viability for the future, reinvestment
14 needs, occupancy.

15 And a lot of these buildings jump out,
16 some as potential consolidation locations, other as
17 possible sales dispositions. And the dispositions
18 can take multiple forms. Some may be a simple fee
19 sale. Some might be a long-term ground lease. Some
20 might be for future federal purposes, like a museum,
21 cultural institution. It's not just all necessarily
22 sales. And some may be relocations. But the

1 potential, when you look at those two criteria, is
2 really quite significant.

3 The other thing that I did want to
4 mention, this isn't our first meeting with these
5 panelists. We've been talking with them for quite
6 some time. But this is the first big formal public
7 meeting where we're getting public input. But we
8 very much view this as a -- as a partnership. For
9 this to work, it needs to work for the taxpayer. It
10 needs to work for the federal government, and it
11 needs to work for the district as well.

12 And I think that's entirely possible. We
13 just have details to work out. And we're looking
14 forward to that. And so, at this point, let me just
15 turn it over to our other board member, Jeffrey
16 Gural.

17 MR. GURAL: Thank you. Thank you. To --to
18 be honest, when the President asked me to be chair of
19 the board, fortunately, I was never confirmed. So I
20 just got that job. But I told them I was busy. And
21 they said, nah, nothing to it. You'll have to chair
22 four meetings a year. And we meet

1 every week. So this has become a real, you know, a
2 lot of work.

3 And I've never been involved in -- in
4 government. I own class B office buildings in -- in
5 Manhattan, mainly, which are struggling. So I've got
6 plenty to do. But the reality is -- is that it's --
7 it's really scary that nobody seems to care until all
8 of a sudden they do about how much money the
9 taxpayers are wasting on these buildings.

10 So I really hope that with the new
11 administration -- I know the President. We're in
12 the same business for -- I even -- I even own two
13 casinos, so we're really in the same business. And
14 like myself, he's a businessman. He wants to get
15 things done. Even though I'm a Democrat, he's got
16 the right idea, truthfully. It's time for -- for the
17 government to look to save money.

18 I mean, I have five grandchildren. And I
19 tell them all the time, I said, I have no idea how
20 you're going to repay this debt. And the reality is
21 nobody knows how they're going to repay the debt.
22 It's -- it's just nobody knows. Nobody cares. You

1 print money, it works.

2 So you know, we've -- hopefully, this is a
3 starting point for -- for our succeeding and getting
4 something done. You know, you have to recognize that
5 if you're running an agency, it's annoying to have to
6 move. It's work. It's -- it's not -- you know, it's
7 work. And -- and, you know, so it's easier to say,
8 nah, we can't move. You know, we -- we -- we -- we
9 plan to use the space, you know, in two years, this,
10 that, and the other thing. It's work. So you have
11 to accept that any agency is probably going to say we
12 don't want to move. It's just normal.

13 But right now, you know, these buildings
14 are beautiful. A lot of people, housing is a big
15 requirement. We're involved in several projects in
16 New York to convert office buildings into residential
17 or -- so that's another use. And, hopefully, our
18 work will accomplish that goal. We'll create jobs,
19 construction jobs initially, and get these buildings,
20 you know, the buildings that the federal government
21 owns don't pay any real estate taxes.

22 So you know, just there alone, getting

1 them back on the tax rolls would be a big benefit to
2 the city. I'm sure that all of the merchants in --
3 in Washington are struggling because they've lost all
4 that, the business, from people who would ordinarily
5 come to work, buy a bagel and a cup of coffee in the
6 morning or a salad.

7 So a lot of people are struggling as a
8 result of the fact that these buildings are empty.
9 So hopefully, we can accomplish something with the
10 help of these gentlemen and young lady over here. So
11 I'm looking forward to finally accomplishing
12 something, to be honest. And I'll turn it over to
13 Paul to moderate.

14 MR. WALDEN: Thank you, Jeffrey. And
15 thank you to all of our board members for your input.
16 I think -- who's advancing the slides? I think we've
17 got -- and I think it's just -- is the list of
18 buildings in DC that's being considered for
19 consolidation and/or disposal. So this is just to
20 the universe of what we've studied so far. It's not,
21 again, and I'll repeat this, this is not the final
22 list of recommended buildings for disposal or

1 consolidation. This is just the universe of what
2 we've analyzed.

3 So I now would like to turn it over to our
4 panelists to describe their perspectives on the
5 opportunities of a changing federal city. And our
6 first panelist, Mr. -- Mr. Michael Peters, the
7 recently appointed Commissioner of the Public
8 Buildings Service. Mr. Peters.

9 MR. MICHAEL PETERS: Thank you, Paul. And
10 thanks to the Board. I couldn't be more excited to
11 be here, and I'm really looking forward to our --
12 looking forward to our partnership and, you know,
13 working together to -- to effect some real change
14 here, right? Because it's been talked about forever,
15 but not much has happened.

16 I've been in this role for eight days now,
17 so I've got everything figured out. I have all the
18 answers. I guess some of us believe the earth was
19 created in seven, so I'm behind schedule at this
20 point. But, you know, I'm really very, very excited
21 about the work ahead.

22 I think, you know, from GSA's perspective,

1 you know, everything that you spoke about, we're in
2 alignment, right? We need a drastic transition in
3 our portfolio away from owned properties. We're
4 failing at our mission to deliver space cost
5 effectively to our customer agencies, and space that
6 they can use to accomplish their missions.

7 We're failing on a cost standpoint when
8 it's inefficiently delivered and they're low
9 occupancy. The deferred maintenance is reflected in
10 the condition of these buildings. You know, if you
11 toured many of them, you wouldn't want to be there,
12 you know, with -- with your dog, much less with --
13 with your work environment. They're falling apart,
14 and -- and that's not acceptable, and that's not what
15 we're about.

16 So we're committed to changing that. And
17 to do that, we've got to downsize the portfolio.
18 Like I said, I'm just getting ramped up, but I think
19 in our initial review says, you know, that number
20 could be up to a 50 percent reduction in our square
21 footage across the portfolio. We're not going to do
22 that in six months, but we're going to try to do it

1 as rapidly as we can.

2 That particularly affects the District.
3 There's a disproportionate share of that space in the
4 District, and we want to work in partnership with the
5 Mayor and the other constituencies and to affect
6 this change in a manner that, you know, meets the
7 needs of all parties involved. And so, that's what
8 we're committed to doing going forward here.

9 I know we want our nation's capital to be
10 a beacon of democracy. It still is that, but we can
11 enhance that, and we can do a better job of it. And
12 so, I guess I welcome the opportunity to work
13 together with all of you going forward and -- and to
14 affect this change. It's not going to be easy, but
15 because of some of the reasons you guys elucidated,
16 it's going to be easier than it would have been.
17 We've -- we've got a little bit more leverage now to
18 -- to affect this and make it happen. So look
19 forward to working together.

20 MR. WALDEN: Thank you, Michael, and we
21 look forward to the collaboration as well. I next
22 would like to introduce Mr. Marcel Acosta, the

1 Executive Director of the National Capital Planning
2 Commission. And I'll have to say NCPC has been a
3 great partner with this -- with us in the past year,
4 helping us on various -- various initiatives. So
5 Marcel.

6 MR. ACOSTA: Thank you so much, Paul, and
7 thank you for the invitation to join today on this
8 very important topic. First, I'd like to reaffirm
9 the importance of the work of the Public Buildings
10 Reform Board, as their efforts are really critical to
11 the future of our capital city.

12 And we're really excited to participate in
13 this very significant effort and provide some
14 planning context on future efforts to transform and
15 reshape the city's monumental core. Now, this
16 presents a generational opportunity to re-envision
17 and beautify the federal city and advance the goal of
18 the NCPC's Monumental Core Framework Plan, which
19 guides the transformation of federal precincts
20 surrounding the National Mall.

21 What we really wanted to do with the plan
22 was to promote opportunities for both new cultural

1 attractions and visitor -- and vibrant destinations
2 that are important to our nation's capital. But more
3 importantly, one of the things that we all strive to
4 do is to promote a more diverse mix of land uses,
5 from housing to retail, that are compatible and
6 complement some of the federal users there.

7 We want better transportation, more
8 accessible transportation. We also probably want
9 more engaging public spaces and corridors, and
10 finding corridors that connect downtown to the
11 National Mall, and the National Mall to the emerging
12 and rejuvenated waterfront that we've seen in the
13 city that's both the Wharf and also the Capitol
14 Riverfront, which have been phenomenal redevelopments
15 spurred on by the federal government through its work
16 with the city and its real estate dispositions. We
17 see an opportunity in the areas south of the mall.

18 We've been working very closely, other
19 efforts, in downtown DC, such as the Pennsylvania
20 Avenue Initiative, which is adjacent to the Federal
21 Triangle. And that work will help positively impact
22 downtown as we work with the district for better

1 connections to gallery plays of the new Capital One
2 or renewed Capital One Arena, as well as provide
3 better access to the mall.

4 But we've always seen the most significant
5 opportunity for transformation, which is this federal
6 area south of the National Mall to the waterfront.
7 So to give you some context, the federal government
8 played an important role in remaking the southwest
9 area, and what you see today is planning and urban
10 renewal work of the 1950s and the 1960s.

11 PBRB's work offers significant opportunity
12 to unlock the potential value of these large federal
13 enclaves for economic and neighborhood
14 revitalization, including this area south of the
15 National Mall, fronting Independence Avenue.

16 If you really thought about it, the long-
17 term potential of the 110 acres directly across the
18 street from the country's most beautiful and heavily
19 visited public spaces -- we have 35 million people
20 coming to the National Mall and visiting the
21 Smithsonian Museum complex every day -- cannot be
22 overstated.

1 This area south of the mall also contains
2 about 10 million square feet of office space,
3 primarily owned and leased by the federal government.
4 And while this area will always have federal assets
5 and a federal presence here, it could certainly
6 become a more engaging neighborhood and place through
7 -- through a thoughtful real estate strategy and
8 planning approach.

9 So in 2014, NCPC, the GSA, the
10 Smithsonian, and the district developed the Southwest
11 Ecodistrict Plan to -- to look at opportunities to
12 transform this isolated federal precinct between the
13 National Mall and the Southwest waterfront into a
14 well-connected, mixed-use neighborhood, workplace,
15 residential community, and cultural destination.

16 Next slide, please. So recent
17 developments around the edges of this area, as I
18 mentioned, massive Wharf development, which has
19 really transformed the nature of the neighborhood
20 just south of the mall, and the Cotton Annex, which
21 is a very successful conversion, highlight the
22 growing potential demand for this area to become a

1 much more vibrant district. Looking at this map, the
2 gap, the big hole in the donut, is between the
3 thriving Wharf entertainment area and -- and kind of
4 the federal museums along the National Mall itself.

5 So re-envisioning this area through this
6 effort that you're undertaking with respect to
7 potential disposals, consolidation, and also private
8 redevelopment, many of these sites, really would do a
9 lot in terms of providing an area, a neighborhood
10 adjacent to the -- one of the country's most symbolic
11 spaces, something that's worthy of this nation and
12 this city.

13 So I think that is the opportunity. And
14 why this place? Because it matters to all Americans,
15 as well as our local residents. And it could also be
16 an important place for all of us to really take an
17 opportunity to enjoy, as -- as you -- as the 35
18 million people come to visit this place as -- as
19 knowing the people who live in this region and the --
20 and the people who live in this city certainly
21 deserve a better place to -- to -- to partake in.

22 So it is a remarkable opportunity from

1 both a real estate standpoint as well as a planning
2 standpoint. And we're really excited in terms of
3 working with you, with GSA, and especially with our
4 district counterpoints -- counterparts at the Office
5 of Planning and the Mayor's -- Deputy Mayor's
6 office, in terms of looking at not only is this a way
7 to transact real estate in a neighborhood, but really
8 create a place, again, that is worthy of this
9 capital.

10 So I thank you for this opportunity. And
11 I'm really looking forward to our next presentation
12 from Joe at Skidmore, Owings and Merrill who will
13 talk a little bit about how to transform this space
14 and kind of give you some ideas of what it could
15 become.

16 MR. WALDEN: Thank you, Marcel. And,
17 Joseph, you need no further introduction then. Thank
18 you.

19 MR. RUOCCO: Thanks, Paul. Thanks,
20 Marcel. Is there a clicker? Or -- please. Okay.
21 Thank you. So great to be here. Very exciting. As
22 Dan mentioned, there's been many discussions ongoing

1 for months. And I really do believe there is an
2 alignment between the federal government, the
3 District government, and private industry in terms
4 of creating a catalyst for reimagining our nation's
5 capital.

6 So how do we reimagine the adaptive reuse
7 of the federal core? And think of this as a
8 provocation for action as opposed to a design. And
9 we really can't do that without looking at a
10 comprehensive vision of the nation's capital.

11 In 1791, we had L'Enfant. 1931, McMillan.
12 2026, where will we be? This is a great opportunity
13 to celebrate the 250th anniversary of the District of
14 Columbia, our nation's capital. So what is that
15 vision?

16 And we know what urban renewal has done.
17 Unfortunately, it has failed in many respects to
18 deliver on its promise. With a vibrant downtown
19 ready to embrace dynamic and diverse experiences,
20 it's about much more about underutilized buildings.
21 It's about creating a diversified occupancy, creating
22 a thriving, living city.

1 And as I mentioned, the challenge, again,
2 is just not the underutilized buildings. I think
3 this problem existed, as others had stated, for
4 decades. It's a 9-to-5 environment next to the mall.
5 It's dead. There are so many dead zones. And the
6 southwest district represents that. And so now,
7 using the Forrestal building and others as a catalyst
8 to create neighborhoods.

9 So there are three primary parcels here.
10 We're going to focus on the southwest, but we
11 shouldn't forget about the federal rectangle anchored
12 by state department, as well as Federal Reserve
13 Board, GSA headquarters. Of course, we have the
14 federal triangle, DOJ and Commerce. That's another
15 story. Great opportunity there.

16 And what we're going to talk about at the
17 southwest federal is a mirror image of -- of what
18 could happen at the federal triangle vis- -vis
19 southwest is to the Wharf as the federal triangle is
20 to the convention center. It's about drawing
21 interest and weaving them throughout our nation's
22 capital.

1 So we've heard a lot about the metrics,
2 you know, the number's debatable. Whether it's 33,
3 43, or 53, it's a lot of real estate that's
4 underutilized. And you can see that represented by
5 the yellow blocks. The blue blocks are the cultural
6 institutions that we all visit, frequent, and love.
7 Here are some of the federal agencies that are --

8 MR. WALDEN: If I could (indiscernible).

9 MR. RUOCCO: Sure. Very good. Okay.

10 Here are some of the -- the headquarter facilities,
11 which are under scrutiny as we speak. We're in the
12 -- the south USDA building. We're sitting in this
13 environment here today. Imagine if this building,
14 one wing were an elementary school, another wing a
15 high school.

16 The defensive walls on the south end
17 opened up to create these incredible vest pockets
18 attracting life into this residential community. And
19 this becomes a cinema. Interesting. And it could
20 still have a federal presence.

21 Here we are, more metrics on the southwest
22 center, approximately 13 million square feet. What

1 are we going to do with it? We are going to focus on
2 the axis between the Castle and Banneker Park. It's
3 really not a park. It's more like a bunker. I
4 walked that this past summer from the Wharf all the
5 way to the Castle. It was not a very pleasant
6 experience. And the only activity between that was
7 the Spy Museum. There was a spot of optimism looking
8 to the left -- I was -- as I was walking north, which
9 was the Cotton Annex, which is being converted to
10 residential. So that's good.

11 There's a lot of activity adjacent to this
12 building as well as BEP, which will be coming online
13 in the future. L'Enfant Plaza, a number of
14 challenges here from an infrastructure perspective.
15 Again, this has nothing to do with the underutilized
16 buildings, but we do have some infrastructure that
17 can be corrected as a result of this.

18 And here is a preliminary idea, as Marcel
19 mentioned, the connectivity between the Wharf and the
20 mall through 10th Street, that great promenade has
21 the ability to create tremendous economic opportunity
22 for this entire district. And when we do this, we

1 need to think about all of the adjacent spaces to
2 this.

3 And there are a number of neighborhoods
4 that are going to be created in the southwest center.
5 Let's look at this great green divide created by 395
6 and 695. The automobile, we know what it's done
7 throughout America. Some cities have fixed it. The
8 -- the Big Dig in Boston, took them 20 years. So we
9 need to rethink the waterfront and how do we connect
10 the great mall with the waterfront.

11 And that could be by connecting the Tidal
12 Basin with the rest of the southwest, all the way up
13 to the Capitol, by creating this green space, this
14 opportunity. I mentioned earlier, if USDA had
15 schools, some of these districts have schools. These
16 playing fields to the south would be inhabited by --
17 by neighborhood children creating a rural city
18 environment.

19 The old GSA building, thankfully that
20 procurement was canceled by the GSA. That was a \$400
21 million investment, perhaps not the best use of
22 funds. In the future with the VRE there and the

1 Metro, it becomes a multi-mode transit hub. And
2 reinserts Virginia Avenue where the Forrestal
3 building used to be. Maintaining that access towards
4 the mall, very important.

5 And then these specific districts or
6 neighborhoods in southwest. We've identified five.
7 Again, the Forrestal building is the catalyst for the
8 first neighborhood to the north. And all the way
9 down to Banneker Park, the second neighborhood, which
10 is entertainment, recreation. The number four is the
11 BEP and USDA where the Holocaust Museum is. We
12 already know there's a conversion to Cotton Annex, we
13 talked about, to residential.

14 I believe Portals I is considering a
15 conversion. Portals IV, yet to be built, will be
16 residential. So we envision the BEP annex as a
17 conversion to a hotel, multicultural facility with a
18 school, retail. Where's the grocery store? Where's
19 the library? So we need to start thinking
20 holistically to build a city.

21 Here is a preliminary vision of that
22 access from the Castle to the north, down to the

1 south, Banneker Park. That white object is a field
2 house. Again, tremendous activity here in the open
3 air overlooking the -- the Potomac. I'm going to
4 skip through these metrics. These are all taken from
5 the PBRB study.

6 On the Forrestal building, 1.8 million
7 square feet, this gets reimaged. Again, Virginia
8 Avenue is reinserted as originally envisioned by
9 L'Enfant, acting as a pedestrian forecourt to the
10 museums on the mall. And it's -- it's about
11 activating the frontages, creating the civic
12 promenade, as well as connecting open spaces.

13 Just because we have a building there
14 today, it doesn't mean it does not have the
15 opportunity to become a more we space for a larger
16 community as green space. Again, multi-mixed-use
17 opportunities here. And this is the existing.
18 There's the Big Divide, Banneker Park with 395 and
19 695. So I think we need to think really big about
20 how we're going to correct some of these ills.

21 Again, these are all the metrics. I'll
22 skip over that. The Spy Museum remains intact, as

1 you can see. A tremendous urban opportunity here for
2 the great outdoors. Primarily, we're going from
3 office to heavy mixed use. And another vision.

4 So very quickly, that's the big idea. We
5 do need to think at a much larger scale in seizing on
6 the opportunity in a public-private partnership
7 relationship to sort of affect an outcome in
8 celebration of the 250th anniversary. It'll take
9 decades, but we need to start thinking about it
10 today. So thank you.

11 MR. WALDEN: Thank you, Joseph. Very
12 interesting presentation. I would now like to
13 introduce Ms. Anita Cozart, the Director of Planning
14 for the District of Columbia.

15 MS. COZART: Good morning, and thank you
16 for having the district here in this important
17 conversation. I bring greetings on behalf of Mayor
18 Bowser and Deputy Mayor Nina Albert. And we're
19 really excited about this -- this opportunity.

20 Among our priorities in the District are
21 about ensuring a positive and welcoming environment
22 for our federal workforce as they return to the

1 office. And we're going to be watching the
2 utilization analysis and we understand how that may
3 change in the future given the policy environment.
4 And we know that there are going to be federal
5 buildings that remain underutilized, and we want to
6 make sure we're working together to transform them
7 quickly -- quickly into productive new uses.

8 We take pride in being a vibrant and
9 beautiful and diversity that's really worthy of being
10 the nation's capital. The information that's been
11 presented here, both in terms of the recommendations
12 and also in terms of the background and what the
13 Public Buildings Review Board is trying to do is
14 very, very interesting. And we're interested in
15 staying abreast of how you're assessing the impact of
16 the current return to office policy and what that's
17 going to mean as it relates to disposition, as -- as
18 it relates to consolidations.

19 The presentation and what you're
20 recommending is really consistent with how we are
21 thinking about these areas as the district. And I
22 think it's important to kind of keep in mind some of

1 the things that we've been doing proactively as a
2 city to try to kind of cast a vision for where we can
3 go.

4 So just in this past October, the Mayor and
5 the Deputy Mayor hosted an economic development
6 forum that was focused on building the future. And
7 we talked about some of the ideas that Joe shared.
8 Joe was there. And we really think that the
9 opportunities around the federal triangle are very
10 important related to consolidation. And think those
11 -- and shoring that up is something that can be
12 really beneficial.

13 We also think the maintenance of that
14 federal presence on Pennsylvania Avenue between the
15 White House and the Capitol is so important as kind
16 of the -- the front door of the nation. Not to
17 mention this area is our city center and really
18 central also to the region. And we think it's --
19 gives an opportunity and makes it easier for workers
20 and agency leadership to get to their places of work.

21 We also -- the Mayor created a task force,
22 private sector leaders, public sector leaders, non-

1 government leaders to really think about the future
2 of one of our significant neighborhoods that --
3 that's very close by, the National Mall, which is the
4 Gallery Place Chinatown area. Really understanding
5 places where vacancy has created a lot of challenges
6 related to our needs to continue to shore up our
7 public safety environment and make sure that
8 merchants and other investors in the area really can
9 see what the future is going to be.

10 And so, as a result, we -- of some of that
11 analysis that we did and work and dialogues with
12 these stakeholders, we identified a few buildings,
13 federal buildings that are really important as we
14 think about disposal and transformation.

15 One of them is the Perkins Building.
16 Another is the J. Edgar Hoover Building. And while
17 this is not the purview of the PBRB, it's really
18 important to us and so we think it's important in the
19 -- in the context of federal buildings is the General
20 Accounting Office. And we think about those places
21 as really important anchors that can provide some
22 amazing transformation that would complement some of

1 the District's investment not only in the Capital
2 One Arena coming forth that we're really excited
3 about but all of -- some of our public space
4 investments that we're making as well to -- to
5 Marcel's point.

6 South of the mall along Independence
7 Avenue, we think Forestall and the Yates Building and
8 the Bureau of Engraving and Printing and the
9 Department of Agriculture represent tremendous
10 opportunities as well. Particularly for residential
11 and commercial development. And we could see this as
12 a natural extension to Joe's point of the incredible
13 development that's happened along the Wharf that
14 really is that forward looking kind of real estate
15 development that we'd like to see in the district.

16 We think the opportunity is similar to an
17 opportunity that we've realized at the formerly known
18 as the Southeast Federal Center. Really what -- and
19 -- and now we call it the Navy Yard Neighborhood
20 where we're able to realize public-private
21 ~~partnership was anchored by the US Department of~~
22 Transportation and also by the Nationals Park.

And together, the federal investment of

1 \$750 million in that new headquarters coupled with
2 the district's \$600 million investment in Nationals
3 Park and zoning policy changes for that area really
4 created an invitation to the real estate community to
5 take a serious look at the Navy Yard. And today,
6 that's one of our fastest-growing neighborhoods.
7 When you think about the fact that we're a city of
8 702,050 -- or 702,000 -- 702,250 people, a lot of
9 that is because of that growth that happened in the
10 Navy Yard as well as other places.

11 You've also looked at a couple buildings
12 on the Independence Avenue, the Wright Buildings, and
13 while one could make an argument for disposal of
14 those, we really actually think, and you all may be
15 thinking this as well, an opportunity for thinking
16 about museum uses. There could be an opportunity for
17 kind of a museum quarter as you think about the
18 Smithsonian's mandates around some of their
19 additional museums adjacent and close to the mall.

20 For us, regional, national, and global
21 tourism is huge for our city. In 2023, it was \$2
22 billion in economic impact for our city beneficial.

1 So we -- we think that there's a few different uses
2 as you think about this. The key for us is this word
3 that Marcel used and I'll adopt it too, is this
4 thoughtful planning and just making sure that we are
5 all kind of working together using kind of the model
6 around Southeast Federalist Center and keeping that
7 conversation going and setting some benchmarks for
8 progress and -- and making it happen.

9 So really appreciate the opportunity to be
10 a part of this panel and comment and even more look
11 forward to taking action steps going forward and
12 committed to working with everyone at the table
13 around that.

14 MR. WALDEN: Thank you. Thank you, Anita.
15 Now, certainly not -- last, but certainly not the
16 least is our former mayor, Mr. Anthony Williams, who
17 is now the CEO and Executive Director of the Federal
18 City Council. Mr. Williams.

19 MR. WILLIAMS: Yes, all, Mr. Chairman,
20 members of the Board. First of all, thank you for
21 your service to our country. You know, I know you're
22 an example of no good deed goes unpunished, but, you

1 know, here in the District, we certainly appreciate
2 your work and knew Michael, Director of Public
3 Buildings, and -- and all the distinguished
4 panelists, certainly appreciate your work as well.

5 I -- I came in here a little late because
6 I came to the security and somebody said, oh, that's
7 the former Mayor. So they subjected me to even more
8 security. So but no, I'm the director of the Federal
9 City Council. And the Federal City Council was
10 started by the Graham family. Phil Graham to be
11 exact, publisher of the Washington Post 70 years ago
12 to be a force for good in the nation's capital.

13 So as I formulated, the biggest players
14 attack the biggest problems where they can make the
15 biggest difference. And it's kind of funny because
16 Joseph's talking about what a mess the L'Enfant Plaza
17 is. That kind of -- we were behind that. We thought
18 it was good at the time. You know, when Marcel was
19 talking about what a mess the Wharf was back in the
20 day in 1965, we were, you know, we were there because
21 we were doing what we thought was good at the time.

22 So we've -- we've had a long view and no

1 one, I think more than us appreciate the point of
2 inflection. We are now at a new administration and
3 with the opportunities for this Board to move -- to
4 really take a new step forward. And indeed, as we've
5 -- as we've been saying, the District's economy
6 rises and falls, whether we like it or not with the
7 federal government.

8 While the shift to remote work enabled the
9 continuation of critical government services during
10 the pandemic, the empty buildings left behind had a
11 devastating impact on the city's economic engine.
12 Office vacancy rates surged 21 percent. Vacant
13 office space rose by 47 percent leading to plummeting
14 commercial -- commercial property and tax revenues
15 forcing \$500 million in cuts that affected essential
16 city services.

17 Street level economic vitality suffered
18 leading to a 22 percent retail vacancy rate downtown.
19 The federal government was a major driver of these
20 impacts. GAO found that 17 of 24 federal agencies
21 reviewed, as the Board has just been reciting, used
22 just 25 percent or less of their headquarters'

1 capacity in early 2023, draining federal resources
2 while creating dead zones in our federal enclaves.

3 Empty streets and vacant buildings
4 contributed to safety concerns while neighborhoods
5 like Capitol Hill, Foggy Bottom, and Chinatown
6 experienced notable declines in cultural and social
7 activities. Now that federal office workers will be
8 coming back, it's fair to ask, how will the federal
9 government adjust?

10 As workers return to the office, agencies
11 will be evaluating how their workplaces must adjust
12 to meet the needs of returning employees. There will
13 be clarity when you think about it for the first time
14 since the pandemic about what spaces are actually
15 really needed on a -- on a kind of going forward
16 average basis. The timing could not be better for
17 this Board to shine a path forward, which is why
18 we're all excited to be here.

19 Reforming the federal footprint can be a
20 win for the federal government in cost avoidance, a
21 win for DC, as we've heard from our director of
22 planning, and street level vitality, economic

1 development and tax revenue, and a win, we must be
2 set for federal employees who can work in modern
3 workplaces in more dynamic neighborhoods.

4 One of the things I'm proudest of as -- as
5 Mayor was by igniting economic growth in the
6 district after the control board, we had the revenues
7 to actually reform the workplaces for our workers.
8 And my parents both work for government. I think,
9 you know, government service is a noble profession,
10 and you should be able to work in professional
11 workspaces. It's not trailers or tents out in the
12 backyard. So very, very important.

13 Reforming is -- let me think about it this
14 way. There are a number of major points we would
15 make as you think about your work going forward.
16 One, focus on sites aligned with the city's economic
17 development plans. Number two, dispose of properties
18 with economic gravity of sufficient scale to attract
19 investment. Three, carefully stage property
20 dispositions to maximize the federal return in the
21 local impact. And lastly, leverage federal resources
22 and tools to facilitate building reuse and

1 development.

2 And that will be as you've heard from
3 Marcel and our director of planning, aligning
4 dispositions with DC's patterns of growth. It will
5 mean working cooperatively with the different
6 constituencies, and very importantly, and we're
7 excited about working with the Board on this, really
8 getting the message out more broadly to decision
9 makers here in the nation's capital about this
10 important work and the important impacts it can have.

11 So we've submitted all of our testimony
12 for the record for the Board, but very excited to be
13 a partner with you and to support your work for the
14 benefit of DC and our nation's capital.

15 MR. WALDEN: Thank you, Mr. Williams. And
16 thank you to all of our esteemed panelists. We have
17 quite an illustrious group here to speak on the
18 future of -- or the potential future of Washington,
19 DC. And again, I want to thank our Board for
20 traveling here today to meet with you all.

21 If we could go to the next -- oh, there's
22 no next slide. Okay. All right. Well, I'll just --

1 just going forward, we had -- we had some IT issues
2 this morning with getting slide decks lined up.

3 But just -- what I wanted to tell you in
4 closing is going forward, as you know, with the
5 legislation we have until December of 2026 to work on
6 another series of recommendations. What we plan to
7 do is look at some markets that have both a strong
8 federal presence and have a relatively strong real
9 estate market and some -- and to consult with the
10 local real -- real estate community to get their
11 input on what they perceive are opportunities for
12 disposal or consolidation.

13 And some of these markets include, of
14 course, the Sun Belt, Atlanta, Miami, Fort
15 Lauderdale, San Antonio, Kansas City, St. Louis,
16 Philadelphia, Minneapolis, and probably some more,
17 but we plan to have stakeholder engagement in those
18 areas.

19 And certainly, quite a few more public
20 hearings such as these. That's really the purpose of
21 these hearings is to get input from the public sector
22 on what we're doing. So -- and before I move on to

1 our question-and-answer series, I have to recognize
2 and show my appreciation.

3 You've heard the expression an army of
4 one. I'm -- I'm essentially an agency of one. I'm
5 really the sole full-time federal staff on the Public
6 Buildings Reform Board. And I've -- we would have
7 not had the success we've had without the support
8 from Jones Lang LaSalle, our real estate consultant,
9 and I see Martine and David are up here in the front.

10 And also, our -- sort of our
11 administrative and -- and technical support
12 contractor, Aleto, Gail Fisher, and Siri Collins also
13 up in the front. I have to thank these two entities
14 for the great support they've given me and the board
15 in the past few years. So thank you all very much.

16 Now, we have a question-and-answer period.
17 Again, we have a limited time left. We have to have
18 a hard stop at 11:50. So if you would, please come
19 to these two microphones up front. And if you would
20 state your name and what organization or agency
21 you're with. And again, this is being recorded and
22 we're preparing a typewritten transcript, which will

1 be posted on our website. So yes, sir.

2 MR. GUCKERT: Thank you. For the record,
3 my name is Wes Guckert. I'm chairman and CEO of a
4 traffic engineering and transportation planning firm
5 with a national presence. As -- as the Board knows,
6 and clearly as JLL knows, I have spent my 50-year
7 career enhancing the value of either undeveloped or
8 underdeveloped real estate.

9 And we do that every single day by
10 undertaking traffic and transportation studies,
11 looking at highest and best use, HBU. What is the
12 highest and best use of a piece of property? It
13 could be that you take a piece of property and you
14 scrape it. Now, you have a piece of land.

15 And what is the highest and best use? You
16 look at the zoning, you look at pedestrian, you look
17 at all modes of -- of transportation. How is it
18 going to function? Is it going to function well? Do
19 road improvements need to be made? Do intersection
20 improvements need to be made? Do traffic signals
21 need to be installed? Those things affect the
22 highest and best use. And therefore, those things

1 impact the value of a piece of property.

2 It would be a real shame if government
3 were to take low bid on a piece of property without
4 understanding what the real value is. And that's --
5 part of that is what impact the traffic and
6 transportation has. So those are the things that I
7 think are important for the Board and the panel to
8 understand.

9 And JLL clearly understands that. That
10 when you look at a piece of property and you
11 determine what impact it has on traffic and
12 transportation, it impacts the value. That's what I
13 want to say. Thank you, sir.

14 MR. WALDEN: Thank you, sir. Yes, sir.

15 MR. WIENER: Hi, my name is Aaron Wiener.
16 I'm a reporter with the Washington Post. And this is
17 a question largely for -- for Mr. Peters. Thank you.

18 MR. WALDEN: A question for whom? I
19 didn't --

20 MR. WIENER: Mr. Peters.

21 MR. WALDEN: Okay.

22 MR. WIENER: So in the -- you know, in the

1 short term, we've -- we've spoken to a lot of federal
2 employees who say that due to a lot of downsizing
3 that happened during the pandemic and the rise in
4 telework, there's just not enough space in their
5 offices for them to absorb every employee full time.
6 There are also a large number of agencies where
7 there's such substantial telework, it's not even
8 clear where everyone would report to.

9 And so, putting aside these long-term
10 plans, I'm curious whether GSA has any short-term
11 plans to lease additional space or move employees
12 into other buildings to accommodate everyone to
13 follow the return to office mandate.

14 MR. MICHAEL PETERS: Thanks for the
15 question. That's the \$64,000 question these days,
16 right? It's -- it's how many people are coming back
17 and when are they coming back. So comprehensive
18 assessment is underway, not just here in the
19 District, but really across the nation to
20 understand, you know, where we have deficiencies or
21 where we expect to have deficiencies and ascertain
22 how to address them. We don't have firm kind of
guidance at

1 this point in time, but we recognize that there is a
2 potential problem.

3 MR. WIENER: Are there any potential
4 short-term measures if -- you know, to -- to comply
5 with the 60-day window to use temporary spaces or put
6 more people into spaces than have been using them
7 before?

8 MR. MICHAEL PETERS: We -- there will be
9 more people in spaces than we've utilized before, for
10 sure. You know, we will have to adapt and -- you
11 know, on a short-term basis, kind of make things
12 work.

13 MR. WIENER: Thank you.

14 MR. WALDEN: Thank you for your question.
15 Anyone else? Yes, sir. Mr. Peck.

16 MR. PECK: Yeah, thanks. There's --
17 there's definitely a surfeit of former commissioners.
18 My name is Bob Peck. I'm a former Commissioner of
19 Public Buildings and a co-lead government practice at
20 Gensler.

21 Two things I just want to emphasize and --
22 and one I was very heartened to see in the recent

1 legislation that there is an -- there is an ability
2 to move buildings at less than -- than market value
3 or what market value could be -- was because there
4 has been a tendency in the past to worry about, oh my
5 gosh, this -- this asset might not sell at -- at the
6 -- at the highest end of the market and we won't --
7 we won't make our mark for how much money we're
8 making off it.

9 So just two observations about that. One
10 is the market has shifted. Office buildings are
11 worth less than they were before. So I hope that you
12 don't get caught up in what the value was three years
13 ago or assess values that may no longer reflect
14 reality.

15 Second, it's important and I think Dan and
16 -- and maybe David both mentioned this, take a look
17 at the fact that if you do dispose of a building,
18 you're taking the liability for maintaining it off
19 the books and that should be calculated when people
20 think about the economic value of the -- of the
21 buildings that they're taking away.

22 And finally, again, to -- to reinforce

1 something that Dan said, you know, when we think
2 about occupancy and how much space you need for
3 buildings, the dirty little secret, counselors have
4 done surveys on occupancy for a long time, is that
5 pre-pandemic, private sector and public sector,
6 nobody was occupying more than -- our surveys would
7 always show 75 percent occupancy on a given day in a
8 building was a lot. People were always, sorry, ill
9 or in training or visiting a site or doing something
10 that didn't take them to their desk.

11 So if you take a look at private sector
12 metrics on how people work and how much space they
13 need, I think you're going to find that there is a
14 lot of -- a lot of space available to bring back the
15 employees that you've got in the -- in the space that
16 you already have.

17 One final thing, when you consolidate, one
18 of the problems I had with OMB was explaining that if
19 you're going to consolidate people, you need a little
20 bit of investment up front. FASTA -- part of the
21 FASTA funds are supposed to go to this. It needs --
22 you need investment in whether it's -- whether it's

1 an existing federal building or a private sector
2 building to reconfigure the space so that it can
3 accept people, accommodate people in modern office
4 space, which generally means lower square feet per
5 person than -- than we used to have.

6 And in fact, when some agencies are used
7 to, although can I just say most of the federal
8 tenant agencies were never terribly good at figuring
9 out how much space they had and how many people they
10 were -- they were occupying in the first place.

11 So wish you well. And I think they're --
12 they're -- those metrics are important to keep in
13 mind so that you don't find yourself a year from now
14 disappointing people on the expectations they had
15 about how much money you're going to make and what
16 this was going to mean for -- for moving assets.
17 There's a way to move it fast and -- and -- and --
18 and do the right thing in the federal government.

19 MR. WALDEN: Thank you, Mr. Peck. Anyone
20 else would like to --

21 MR. MATTHEWS: Paul, could I just make a
22 comment quickly about that?

1 MR. WALDEN: Yeah, sure.

2 MR. MATTHEWS: I just wanted to thank Bob
3 for the last -- last comments he made. One thing I
4 think that we have as an opportunity here is, one
5 thing to keep in mind is Congress has limited amounts
6 of appropriations. I think if anything, those are
7 going to be tighter going forward, not looser.

8 And so, one thing that we're considering
9 is how do you implement these recommendations? And I
10 think that's where we'll find there are different
11 tools out there. And leasing, frankly, is quite an
12 opportunity right now. In this market in particular,
13 vacancy rates are high. You can, you know, with --
14 with one year's worth of rent, you can leverage 20
15 years' worth of capital, basically.

16 And I think one thing that we're all
17 cognizant of is the risk of, if you're trying to
18 chart a strategy for right size in the portfolio, and
19 you make it dependent upon an appropriations stream
20 that doesn't exist, you're guaranteed to fail.

21 So we have to think about this and the
22 alternatives within the constraints that we live in

1 and find solutions for restructuring that portfolio
2 to get from where we are to where we need to be that
3 is viable. It's executable. It's realistic based on
4 our access to capital appropriations. And that's --
5 that's a huge constraint.

6 I think political will is the biggest
7 problem, right? Like Michael talked about and others
8 getting agencies to get out of buildings when, as
9 Jeff mentioned, that's a hard thing to do. It's a
10 hassle and they've got other missions. They don't
11 want to deal with it. That's one huge problem. The
12 other is access to capital and -- but I think we've
13 got -- with the leasing market, you've got the
14 ability to really execute change quickly, and I think
15 that's an important thing to remember.

16 MR. WALDEN: Thank you, Dan. Jory, yes,
17 sir.

18 MR. HECKMAN: Hi, thanks so much for doing
19 this. Jory Heckman, reporter with Federal News
20 Network. A question for Mr. Peters or really anyone
21 who wants to take a swing at this, but a lot of the
22 conversation has been about GSA's own portfolio and

1 -- and for good reason, obviously. But as far as the
2 leasing, the lease portfolio, I've heard time and
3 again, significant portion of GSA's leases are coming
4 up for renewal in the coming years. Is -- is there
5 an opportunity to look at that and, you know, right-
6 size that portfolio?

7 MR. MICHAEL PETERS: A hundred percent. I
8 mean, in the past week, we've terminated three leases
9 and there are many more to come. The entire
10 portfolio is being reviewed and everything that's in
11 the soft-term period as it's being evaluated for
12 near-term termination.

13 We do believe there should be a shift, as
14 Dan alluded to, to a leased portfolio and away from
15 an owned portfolio. We should certainly continue to
16 retain certain core assets within that owned
17 portfolio. But the presumption is going to be that
18 space should be leased unless there's some factor
19 that says it should be owned.

20 Having said that, like you said, there --
21 there is excess within the leased portfolio, too, and
22 we're in the process of evaluating and actioning

1 against that.

2 MR. WALDEN: And we're actually looking at
3 a pretty substantial lease consolidation that's
4 outside of the GSA portfolio. It's from an agency
5 that has independent leasing authority that wants to
6 consolidate and would benefit from our asset
7 proceeds. So absolutely, we're looking at leases as
8 well. Thank you, Michael.

9 MR. HECKMAN: All right. One more, if I
10 may.

11 MR. WALDEN: Sure.

12 MR. HECKMAN: As far as the data, the
13 agency data, what is utilized, what is underutilized,
14 for members of the board, say, time and again, that
15 the agencies have been not forthcoming with that
16 data. It's been tough to get that data. Hence, the
17 study that you guys have done with cell phone data,
18 for example, as a proxy. Mr. Peters, as far as that
19 -- that data and your ability to come up with it, you
20 know, what's -- what are the plans there?

21 MR. MICHAEL PETERS: (Crosstalk) charges
22 us at the GSA to work with OMB to establish clear

1 standards for how we're going to do that moving
2 forward. And (indiscernible) it also prescribes to
3 the agencies to work with us and compile that data.
4 Right now, we're kind of like an airplane with no
5 windows and no instruments. We don't really know
6 kind of what occupancy is. We need to know that
7 really. So efforts are underway to get that data.
8 And I think we'll have much better data in the near
9 term.

10 MR. HECKMAN: Thank you.

11 MR. WALDEN: Thank you, Jory. Yes, sir.

12 MR. BEN PETERS: Hello, Ben Peters, the
13 Washington Business Journal. A question for Mr.
14 Peters. You mentioned that there were just three
15 leases this week that were terminated. Can you
16 detail what those were from the agencies?

17 MR. MICHAEL PETERS: I don't have them off
18 the top of my head, but -- but I can share that with
19 you later. I can give -- I'll give my email address
20 to you.

21 MR. BEN PETERS: Okay. Great. Thank you.

22 MR. WALDEN: Thank you. Yes, sir.

1 MR. LUECKGEN: Good morning, Phillip
2 Lueckgen. I'm with Ernst & Young. Thank you so much
3 for holding this public hearing. My question is also
4 for Mr. Peters. I welcome, you know, thoughts from
5 the broader group as well. We all know that
6 financially this is kind of a slam dunk. So the hard
7 facts are really there to -- to kind of like we -- we
8 think about the federal workforce footprint.

9 But the challenge is really the first step
10 and is a lot of the soft factors. How are you
11 thinking about, you know, setting up a campaign when
12 you're talking to these different agencies and these
13 different cabinet secretaries? Is it -- is it about
14 highlighting success stories or -- yeah, I'd like to
15 hear a little bit about that.

16 MR. MICHAEL PETERS: I guess like
17 everything it's a carrot and a stick. And -- and
18 myself and -- and the administrator are reaching out
19 to the agencies and kind of communicating this whole
20 message. We're actually in the process of kind of
21 formulating our whole strategic plan to share with
22 them. And so, I think, you know, encouragement is

1 useful. But as we've seen, that's not enough.

2 Like we all know it's the right thing to
3 do. But that doesn't cause someone to agree to move.
4 I think the new legislation does provide a bigger
5 stick for us to exercise along OMB to encourage the
6 movement. And I think there is alignment with the
7 administration that this is action that needs to take
8 place and should facilitate, you know, much of what
9 we want to achieve.

10 MR. LUECKGEN: Thank you. I appreciate
11 that. Yeah, maybe some thoughts from the PBRB as
12 well.

13 MR. WALDEN: Actually, I have a comment
14 that will add to that, that the WRDA legislation
15 amendment that Mr. Peters alluded to that basically
16 give -- give GSA the -- the -- the -- the bigger
17 stick and the -- the -- the carrot is also it gives
18 the Public Buildings Reform Board access to the
19 Federal Real Property Council, which is comprised of
20 all the senior real property officials for these
21 agencies. So we'll have more direct interaction with
22 them going forward. And I'll invite my board to make
any comments as well.

1 MR. MATTHEWS: I would say one of the
2 things that -- one of the most powerful tools for
3 overcoming this -- this issue of generating the
4 political will to do something. And I think the
5 pandemic and -- and -- and one of its effects was to
6 sort of pull back the curtain. And so, this issue is
7 just a much, much higher profile than it was before
8 the pandemic.

9 It's because the curtain's has been pulled
10 back, so to speak, everyone can see how indefensible
11 the current state of affairs is. And so, I think
12 that in itself has -- has really elevated the issue.
13 And as Michael said, the -- the new administration
14 has paid a lot of attention to this. And so, I just
15 think what -- the inaction of the past just isn't
16 really going to be tolerated. I -- I think that's
17 the key.

18 And then I think that the implementation
19 challenges comes around having a strategy that is
20 implementable. It's not dependent on a fiscal
21 situation that doesn't exist. We need to be
22 realistic. And like you said, the financial aspects,

1 the -- the logic is -- is sound and solid. I think
2 it's really incontrovertible.

3 But you need to have an implementation
4 strategy that can live within those constraints. And
5 I think that's where the -- if the political will is
6 there, then that's where the challenge will be is --
7 is making the right solutions.

8 MR. CAPUANO: I -- I think I need to --
9 again, I'm not sure of the audience here, but I have
10 to temper some expectations here. I mean, right now
11 we have a new administration that seems to be aligned
12 with our general thinking, but we'll find out. It's
13 not the first time I've heard from different people
14 that they were going to support our work and then --
15 nobody opposes it, but prioritizing it is what
16 becomes important. Number one.

17 Number two is, again, the GSA, we'll find
18 out, the GSA has some authorities. They are
19 sometimes difficult to actually utilize when it comes
20 to other agencies. Other agencies have their own
21 priorities. And as I said, I mean, we're talking a
22 few billion dollars, lots of money. One aircraft

1 carrier is seven billion. And, you know, on and on
2 and on.

3 And if you're the secretary of the widget
4 division, you know, you're -- you're focused on
5 widgets. And space may become, it -- it sounds good,
6 I'm with you, but it's not a high priority because
7 I'm producing widgets. And that becomes a problem
8 for all even well-intentioned people.

9 One of the reasons I think we're here
10 today is because with a new administration, again,
11 look, I told you, I'm a liberal Democrat, love you.
12 This one I'm with you. And we'll find out whether
13 the new administration can actually implement
14 something. The last administration wasn't opposed to
15 any of this. The previous administration wasn't
16 opposed. It's a matter of prioritization.

17 And that includes the GSA. The GSA has a
18 huge portfolio to deal with on a regular basis. And
19 Mike has one aspect of it, but the GSA is a big
20 agency that is much broader than just his part of it.
21 He's going to have his own internal problems. He's
22 trying to get people in the GSA to focus attention

1 onto his issue, not because they're against it. No
2 one's going to come out and be against what we are --
3 what our mission is. It's simply a matter of where
4 do we sit in the prioritization of the day-to-day
5 activities of every agency in this government.

6 And that's part of -- Mike's going to find
7 out, it's part of his uphill battle. And I have no
8 doubt he's up to it. But -- and I'm hoping to he can
9 win more than he loses. But at the same time, even
10 he has other things he has to do. It's not just
11 disposing of excess buildings. It's -- oh, that's a
12 big part of it, obviously, but he also has to make
13 sure we do it.

14 And by the way, at some point, we have to
15 go to Congress and get access to our funds or to
16 other funds, because it does cost money to sell some
17 of these buildings. You know, you can either fix up
18 the building before you do it, clean up the
19 environmental issues, whatever it might be. You have
20 to work with the city. It's not just Washington.
21 It's dozens of cities across the country to see what
22 they want to do.

1 I'm a former Mayor. I wouldn't like the
2 idea of a federal government coming in and saying,
3 this is what we're going to do and we don't care
4 about you. And that's not what we're going to do,
5 that's not our intention. Nobody wants to do that.
6 But that takes time. It takes effort. It takes
7 coordination and it takes an alignment of priorities.

8 So I -- I'd like to think that right now,
9 today, with the mission that we have, pretty much
10 everybody's on board. Pretty much everybody's in
11 favor of it. The question is, can we maintain the
12 prioritization of this mission for people that we
13 need along the line? I have no doubt that we can do
14 it with Mike.

15 And again, I don't expect anybody's going
16 to sit there and say, nah, we want to continue to
17 waste money and have empty buildings and not care
18 about the cities. No one's going to say that. No
19 one believes that. At least I hope not. I can't
20 imagine anybody does. But I just think that it's
21 important to realize that in the greater scheme of
22 things, we're one cog of the -- of the -- of the

1 issue, one that we're trying to push and one that I
2 think is important.

3 And again, a matter of efficiency, it
4 should be important to everybody, regardless of their
5 political affiliation or their philosophical
6 viewpoint. And -- and -- so that being the case, I
7 think that -- I hope that this is some place that we
8 can make some progress and continue the progress
9 working with the cities across this country. And I
10 think we will be able to.

11 But again, one of the reasons for hearings
12 like this is to keep the pressure up and keep the
13 attention on it so that others will say, oh, gee, you
14 know what, I have these ten other things to do today.
15 I forgot. I wanted to help do this as well. So I --
16 I -- I think that's the way we're going to succeed.
17 And, hopefully, it will be maintained over a period
18 of time that is required to do this.

19 MR. MICHAEL PETERS: You know, one thing I
20 would add in terms of communicating with other
21 agencies and -- I've only been here a week, but I
22 think we've concluded timing's not clear, but we want

1 to be a good example. And we should vacate our space
2 and move in with someone else and cohabitate for lack
3 of a better term, right? Which is something that,
4 you know, many people have resisted.

5 And, certainly, there are some agencies
6 that do need their own space for security reasons or
7 other, but we're not one of them. And so, you know,
8 we're evaluating that right now. Just another piece
9 of the whole package of sharing this kind of
10 alignment with this strategy of more efficiently
11 utilizing space.

12 MR. LUECKGEN: Thank you.

13 MR. WALDEN: Thank you. Yes, sir.

14 MR. SIMS: Thank you. My name is Michael
15 Sims. I'm with Advisory Real Estate Services. One
16 of the things that I didn't hear you touch on was the
17 practical aspect. Just in the leasing environment,
18 whether it's lease or government owned, it takes
19 about two years for procurement.

20 And are you looking at fast tracking?
21 Because actually it's going to be two buckets. You
22 have your empty buildings and then you have your

1 underutilized buildings. And those are going to be
2 on two different tracks. So what -- are you meeting
3 with the COs and the brokers to try to fast track and
4 facilitate this? Thank you.

5 MR. MICHAEL PETERS: Yeah. From my
6 perspective, yeah, obviously that shouldn't take that
7 long to -- to affect. We're still learning what the
8 roadblocks are and how we can streamline the process
9 to move as efficiently as possible. I think that's a
10 theme across government and certainly for us as well.
11 Don't have any changes to announce at this point, but
12 we expect to accelerate that rapidly.

13 MR. SIMS: Thank you.

14 MR. WALDEN: Thank you. Anyone else? If
15 not, then thank you for your attendance and
16 participation this morning. Thank you, again, Board
17 and our panelists as well. And we look forward to
18 seeing you again at one of these at our next public
19 hearing. Thank you.

20 (Off the record at 11:33 a.m.)

21
22