A CASE STUDY IN NATIONAL GENERAL SERVICES ADMINISTRATION LOCATION POLICIES FOR FEDERAL AGENCIES

(110–12)

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 TENTH CONGRESS

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CONTENTS

Summary of Subject Matter vi

TESTIMONY

Page

Anthony, Mignon, Project Manager, Bureau of Alcohol, Tobacco, Firearms and Explosives 5
Baschuk, Bruce, Chairman, NoMa Business Improvement District 5
Winstead, David L., Commissioner, Public Buildings Service, General Services Administration, accompanied by Bart Bush, Assistant Regional Administrator for the National Capital Region, General Services Administration 5

PREPARED STATEMENT SUBMITTED BY A MEMBER OF CONGRESS

Norton, Hon. Eleanor Holmes, of the District of Columbia 51

PREPARED STATEMENTS SUBMITTED BY WITNESSES

Anthony, Mignon 30
Baschuk, Bruce 33
Winstead, David L. 54

SUBMISSION FOR THE RECORD

Baschuk, Bruce, Chairman, NoMa Business Improvement District, NoMa Business Improvement District, map and executive summary 37

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Washington, DC 20515

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February 23, 2007

SUMMARY OF SUBJECT MATTER

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 "GSA Case Study: Efficient Location Policy"

PURPOSE

The Subcommittee will meet on Tuesday, February 27, 2007, at 10 a.m., at 1500 Eckington Place, N.E., in Washington, D.C., to receive testimony from government officials, including the Commissioner of the Public Buildings Service, General Services Administration (GSA) and the project manager of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) headquarters building project, and the Chairman of the North of Massachusetts Avenue ("NOMA") Business Improvement District. The panel will provide testimony on the GSA role in procuring office space for federal agencies, the role of the Federal Government in revitalizing urban areas, and suggestions for achieving efficiencies in future procurement for federal office space.

COMMITTEE JURISDICTION

The Subcommittee on Economic Development, Public Buildings, and Emergency Management 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. PBS, with a work force of approximately 6,000 employees, owns, operates, maintains, and repairs existing Federal buildings, and plans for the construction of new Federal buildings, including courthouses.

GSA owns more than 1,600 Federal buildings, totaling 181 million square feet of space, which provide office space for 470,000 Federal workers. GSA leases 166 million square feet of space in approximately 7,386 leased properties, which provide office space for 590,000 Federal workers. It also provides space in federal buildings for child care and telecommuting. The inventory ranges from 2,500-square-foot border crossing stations along the northern border, to one-million-square-foot courthouses located in major metropolitan areas.

BACKGROUND

GSA Location Policy

To satisfy various Federal Government needs, GSA leases space in a wide range of sizes, locations, and terms. Each Solicitation for Offers for a new lease differs in its requirements. GSA leases space that ranges in size from leasing a single room to an entire building. Initial alterations to prepare space for occupancy differ according to the needs of the tenant agency.

In recognition of the needs of America's urban cities, President Carter issued Executive Order 12072 mandating that GSA use federal facilities in urban areas to strengthen the Nation's cities and to make them attractive places to live and work. Executive Order 12072 encouraged GSA, in its acquisition of federal space, to conserve existing urban resources and encourage the development and redevelopment of cities. Furthermore, Executive Order 12072 required that GSA give serious consideration to the impact that a site selection would have on social, economic, environmental, and cultural conditions of the communities in the urban area.

In response to Executive Order 12072, GSA promulgated 41 CFR Part 101-17, which states that each Federal agency is responsible for identifying its geographic service area and the delineated area within which it wishes to locate specific activities, consistent with its mission and program requirements, and in accordance with all applicable statutes, regulations, and policies. Although the specific Federal agency is charged with identifying the geographic service area, it is GSA's responsibility to survey the agency's mission, housing, and location requirements in a community and include these considerations in community-based policies and plans. These plans are required to provide for the location of federally-owned and leased facilities, at locations which represent the best overall value to the Federal Government, consistent with agency requirements. GSA is responsible for reviewing an agency's delineated area to confirm that, where appropriate, there is maximum use of existing Government-controlled space and that established boundaries provide competition when acquiring leased space.

NOMA Neighborhood

The NOMA corridor is an area in metropolitan Washington, D.C., centrally located and close to downtown and Capitol Hill. The NOMA corridor is bound in the west by

North Capitol Street on both sides of the street, in the east by 2nd Street N.E., in the south by Massachusetts Avenue, N.W., and Union Station, and in the north by Florida Avenue, N.W., and Eckington Place, N.E. The NOMA corridor is also anchored by two federal agencies: the Bureau of Alcohol, Tobacco, Firearms, and Explosives in the north and the Securities and Exchange Commission in the south. The NOMA Corridor is also home to the headquarters of CNN, XM Satellite Radio, CareFirst, and the Federal Energy Regulatory Commission (FERC).

The NOMA corridor has two Metro stations, Union Station in the south end of the corridor and the New York Avevnue/Galludet Metro station in the north end of the corridor. The New York Avenue Metro station is particularly noteworthy because its costs were shared by the Federal Government, the District government, and local landowners who contributed to the costs of the Metro station. The station was constructed for approximately $103 million. Nearby landowners and businesses offered to tax themselves to take out a 25-year bond worth $25 million to contribute toward its construction cost. The Federal Government provided an additional $25 million, and the city provided $53.7 million for the project. The New York Avenue Station is a dramatic example of the potential of public-private partnerships. The NOMA corridor also has access to I-395, the Baltimore-Washington Parkway, North Capitol Street, and nearby MARC, Amtrak, and Virginia Rail service via Union Station.

The NOMA neighborhood covers approximately 358 acres and 50 city blocks, much of which is vacant or subject to redevelopment. The potential development in the NOMA planning area could range from 18 to 26 million square feet, including retail space, office space, and residential units. It is one of the largest underdeveloped parcels of land in the District of Columbia.

WITNESSES

Mr. David Winstead
Commissioner
Public Buildings Service, General Services Administration

Ms. Mignon Anthony
Project Manager
Bureau of Alcohol, Tobacco, Firearms and Explosives

Mr. Bruce Baschuk, Chairman
NOMA Business Improvement District

A CASE STUDY IN NATIONAL GENERAL SERVICES ADMINISTRATION LOCATION POLICIES FOR FEDERAL AGENCIES

Tuesday, February 27, 2007

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

The subcommittee met, pursuant to call, at 10:00 a.m., in Hearing Room 1 at Federal Energy Regulatory Commission, 888 First Street, Northeast, Washington, D.C., Hon. Eleanor Holmes Norton [chairman of the subcommittee] presiding.

Ms. NORTON. Good morning, can you hear me? I am very pleased to welcome today's witnesses to this hearing on the General Service Administration's Site Location Policy entitled, "A Case Study in National GSA Location Policies for Federal Agencies."

I especially thank the Federal Energy Regulatory Commission, their officials and their staff, who readily made excellent accommodations available for today's hearing.

For 16 years, our Subcommittee, on which I have served ever since coming to Congress, has had an opportunity to closely observe GSA as it has located Federal agencies here, creating a virtual microcosm of GSA location policies nationwide.

The agency is charged by statute to perform various developer, landlord and real estate functions. Established in 1949, the GSA has unique and unsurpassed expertise in every location in the country, including extensive knowledge of local and regional real estate markets, costs, availability, and trends.

GSA is responsible for approximately $3.8 billion of leased space, office space nationwide, and for finding space for almost all Federal agencies with the exception of the Department of Defense and Veteran Administration entities.

Today's hearing seeks to learn more about the GSA's role as real estate agent, specifically, as to how it carries out its statutory responsibilities in guiding and advising agencies seeking office space, and whether the GSA is meeting the Statute's requirements in carrying out this mission.

According to Title 40, Subtitle 1, Paragraph 584, the Administrator of General Services is responsible for assigning and reassigning space. She exercises this authority after "consultation" with the head of an agency, and on the determination that the "assign-

ment or reassignment" is advantageous to the Government in terms of economy, efficiency or national security.

GSA is assigned this responsibility because unlike other Federal agencies it has unique professional and technical knowledge. Importantly, this function is assigned to GSA, and not to Federal agencies themselves, in order to assure adherence to uniform policies, to control important variables such as cost per square foot, and to assure that taxpayers receive the best valuable for the available Federal funds.

Because the District of Columbia is the Nation's capitol with many Federal agencies, this jurisdiction is ideal for studying how GSA carries out its location policy mandate nationwide.

The Subcommittee, for several years, has received complaints that GSA decisions have created the impression that some locations are unacceptable, despite their proximity to public transportation and amenities, even where there is existing Federal investment.

Today we are holding this hearing in a location that can act fairly as a case study, for looking closely at GSA location policy. We are holding this field hearing in a Federal agency, in the heart of an area known as NOMA, which stands for North of Massachusetts Avenue. This area generally bounded by Union Station, North Capitol Street, Florida and New York Avenues, and 2nd Street, N.E., was once dotted with warehouses, parking lots, and vacant lots. However, its prime location led to make over that began almost two decades ago.

NOMA is located in the Central Employment Area, the CEA, defined as, "parts of the central area of Washington where employment facilities are concentrated and adjacent to areas where additional development, economic diversification, and job generation are encouraged."

NOMA qualifies to be included in the CEA because it, "contains a mix of land uses that efficiently support the existing Federal activities."

As part of the GSA project authorization project, including requests for proposals, a CEA description is always attached.

The private sector has long given NOMA its vote of confidence, even before a New York Avenue Metro Station was added with funds jointly from the private sector, the Federal Government, and the District of Columbia Government.

NOMA has been the headquarters for brand-name, private, public, and non-profit entities, among them XM Radio, CareFirst/Blue Cross Blue Shield, the Securities and Exchange Commission, and Kaiser Permanente, and, of course, FERC, the agency, we are holding this hearing, and there area many more that I could name.

NOMA is in the midst of a building boom, and will have about 60 percent office space and 40 percent rental housing, we are told. The confidence in the private market is so high that a supermarket will be built before most of the housing will be done. In addition, a number of other factors would appear to make NOMA desirable to Federal agencies.

Most Federal agencies located in the District desire to remain here, and NOMA is located close to the capitol of the United States, and has rates that are significantly below those in other downtown locations.

NOMA is not only close to the New York Avenue Metro, but also to Union Station, the City's transportation hub, where rail, light rail, Metro, bus and taxi service converge. However, it must be noted that Federal investment in urban areas is not limited to CEA areas only. Guided by Executive Orders, GSA is charged to bring Federal facilities to urban areas throughout the country to, "strengthen the Nation's cities and make them attractive places to live and work," as one Executive Order states.

However, Washington, D.C. is unique among large cities, in that most agencies need little inducement to remain or locate in the Nation's capitol. The major location challenge GSA finds here is, there is not enough space for many of the agencies that desire to consolidate and expand in the District. It cannot be doubted that the Federal Government regards the centrally located NOMA area as vital to Federal interest. The NOMA transformation has been significantly influenced by Federal policy and construction.

The new Bureau of Alcohol, Tobacco and Firearms, or ATF Headquarters, signaled that NOMA was regarded as an ideal site for Federal facilities.

To make the point unmistakable, the Federal Government also invested in an extra Metro Station that had not been planned as part of the Metro system, and, specifically, positioned the station to serve the NOMA area, fulfilling GSA's requirement that Federal facilities be located in close proximity to public transportation.

As a result, NOMA has a new Metro Station on the north end, in addition to the Union Station Metro that has long served much of NOMA. We are holding this hearing at FERC, which has been located in NOMA for more than 30 years, and chose to stay here in 1995, when it moved to this new, very attractive building.

How can we explain 50 city blocks of existing and planned below-market office space without any significant commitment from any Federal agency since the ATF anchor was awarded and the New York Avenue Metro was built.

In years of oversight of GSA, through Democratic and Republican administrations like, this Subcommittee has found evidence that agency preferences, not statutory mandates, often dominate GSA selections. The 57-acre government-owned Southeast Federal Center, located five minutes from the Capitol, is a particular case in point. GSA was unable to convince agencies to locate there. After ten years of seeing agencies avoid the area I introduced the Southeast Federal Center legislation, that for the first time is allowing the private sector to develop a federally-owned site that the Federal Government itself could not, and did not, develop.

Shortly thereafter, of course, the new Department of Transportation Headquarters, scheduled to open soon, was built on part of this government-owned Southeast Federal Center site, where GSA had previously been unable to attract Federal agencies.

Meanwhile, Federal agencies have continued to lease higher-price space in more traditional areas near K Street, Connecticut Avenue, and similar downtown locations. Not surprisingly, Federal employees often prefer downtown locations, locations near shops, theaters and restaurants. Agency preferences are, of course, relevant, and must be taken into account.

However, significant questions are raised concerning GSA's adherence to statutory requirements, when sites complete with amenities are continually bypassed in NOMA, which is close to the Capitol, other Federal agencies, private and non-profit entities, and the Union Station Mall and Metro Stations at both ends of the area as well.

Who is calling the shots?

The Subcommittee has documented luxurious courthouses, virtually, designed by judges, because GSA, essentially, deferred its statutory role to them. The result has been luxurious courthouses, with scandalously lavish comforts, including individual showers, kitchens, and special exercise facilities only for judges, unknown in public buildings.

Is there deference to Federal agencies in seeking space at the expense of U.S. taxpayers as well?

This much is clear, today's staggering Federal deficit requires that GSA demonstrate that the agency can do much more, and that the agency takes seriously its responsibility to ensure that the Federal Government gets the best price, while agencies are comfortably and conveniently accommodated.

This nationwide obligation increases exponentially when the Federal Government has moved and advanced the targeting area with pioneering office space, such as the ATF Headquarters at the north end of NOMA, as well as new transportation facilities.

GSA is a peer agency, and may need assistance from our Subcommittee to meet pressures from Federal agencies that assume they can have their pick of space, regardless of how the Federal real estate tax dollar is spent. This Subcommittee does not seek to penalize GSA or other Federal agencies. However, we are resolute in our determination that the Federal office space, not only reflect the best accommodations for agencies, but also, and I emphasize, the best deal for the taxpayer.

This hearing begins the process of assuring this policy and this outcome.

Again, I welcome today's witnesses, and I look forward to their testimony. I'd be pleased to recognize my colleague, Mr. Cohen, if he has a statement to offer at this time.

Mr. COHEN. Thank you, Madam Chairman.

I didn't necessarily know what I was walking into, but I'm happy I'm here, and I'm happy I'm here for many reasons. First of all, as I came in this building, I am Freshman Congressperson, and I reflected on the fact, Madam Chairman, that I think it was, if I'm accurate, 34 years ago after I finished law school, I had a friend up in Washington, an attorney named Flanagan, and Mr. Flanagan was very close to Speaker Tip O'Neill, and he had arranged to get me a job up here as an attorney, with this group here, the Federal Energy, I know we are here at GSA, but the Federal Energy Regulatory Commission, and I was really happy to be coming to Washington as an attorney, and was up for like a secondary interview, and the lady that interviewed me, this was in the Nixon days, said, "I see here you ran for office as a Democrat," which I had done when I was in college.

And, I said, "Yes, ma'am."

And, she said, "I guess all you people down there are Democrats."

And, I took that as a negative from her, and I didn't get that job.

So, it's good to be back here in a different capacity, a little bit ironic.

As a Freshman, I get lost quite often in the Capitol buildings and other places, and I've gotten lost and, therefore, I've discovered the NOMA district. I live at 4th and Mass., I'm kind of in the hood, and when I got lost I stopped at a place where they had a grocery store, and I think they specialized in meats, they weren't necessarily premium meats, but they had like rib eyes, 12 for $15.00 or something like that. It was a pretty low income, I think, grocery store.

And, when I saw the neighborhood which we are talking about, there's no question it needs development, and it's important that this NOMA district be developed, and the Federal Government peruse the materials given as President Carter instructed, that whenever possible we try to go into urban districts and help urban development. There was a report on poverty in the United States that just came out the other day, and I think it said that the disparity in wealth is getting greater and greater. The number of people that are extremely low income has grown in a very disproportionate amount and share compared to the rest of the society, and Washington, D.C., I think, had the highest number of people in extreme poverty. I would suspect that part of some help we could provide is to follow President Carter's law passed during his Administration, and to develop areas such as NOMA with Federal buildings when possible, because it would certainly be a help to the Nation's Capitol. I think when the Nation's Capitol is improved and aided, that the country is aided.

So, I'm happy to be here. I just happened to wander into an area that I think is—the Chairwoman has led me to a good spot.

Thank you, Madam Chairwoman.

Ms. NORTON. Well, Mr. Cohen, you may not have gotten a bad job with the people of Tennessee, so I gave you another one.

I'd be pleased to hear from today's witness, Mr. Winstead, would you like to start.

TESTIMONY OF DAVID L. WINSTEAD, COMMISSIONER, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION ACCOMPANIED BY BART BUSH, ASSISTANT REGIONAL ADMINISTRATOR FOR THE NATIONAL CAPITAL REGION, GENERAL SERVICES ADMINISTRATION; MIGNON ANTHONY, PROJECT MANAGER, BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES; BRUCE BASCHUK, CHAIRMAN, NOMA BUSINESS IMPROVEMENT DISTRICT

Mr. WINSTEAD. Sure. Can you hear me all right?

Chairman Norton and Congressman Cohen, I'm very pleased to be here. I'm David Winstead, Commissioner of Public Building Service, General Services Administration. I bring you greetings of Administrator Doan, and I'm very pleased to be here today to testify, and continue working with you and the Committee in the 110th Congress.

I'd like to take the opportunity of also introducing our Assistant Regional Administrator for National Capital Region, Bart Bush, who joined the Department, oh, about six or eight months ago, and he is directly involved, obviously, in our NCR leasing activity, and directly to some of the issues that Chairman Norton mentioned is encouraging, attention both on redeveloping the opportunities emerging in the NOMA area, as well as other markets in the District of Columbia.

As the Chairman knows, we have been very actively involved with the District Government in developing community, as well as Chairman Norton and this Committee, in revitalization of the District of Columbia.

In the past ten years, we've worked very, very closely with our partners in the Southeast Federal Center. As Chairman Norton mentioned the legislation, and that 1.8 million square feet, including the Department of Transportation Headquarters, which will be opening shortly, some 2,800 residential units, as well as 200,000 neighborhood-serving destination, as well as a five and a half acre regional park.

We are also working with the District to develop preservation of the St. Elizabeth's Campus, which we've spent a lot of time on and working with the Coast Guard and Department of Homeland Security, this 176-acre site offers enormous opportunity in securing a Federal campus for the needs of the Department of Homeland Security. It's also a challenge in terms of saving and preserving its characteristics as a National Historic Landmark.

And finally, and the reason why we are here today, is to both talk about locational policy of GSA and the Public Building Service, but also our commitment in terms of the tenancy in this section of the District of Columbia, NOMA. We presently occupy about 2.8 million square feet of space in NOMA. Included in this total is headquarters for three major Federal agencies, the Bureau of Labor Statistics, FERC, this building, as well as the new Bureau of Alcohol, Tobacco and Firearms building, which is a fabulous new headquarters for them opening up here shortly in NOMA.

For the past few years, GSA has undertaken a variety of actions in cooperation with other districts and this Committee, obviously, with Madam Chairman's leadership, to reacquaint our staff with the NCR and our tenant agencies with what NOMA has to offer. I actually, in my prior life as a lawyer here in the District of Columbia, am very familiar with this region, and also in a role I had years ago with Secretary of Transportation now I'm very conscious of the importance of New York Avenue, Union Station, in terms of the transit station intermodal connections there, as well as the transit stations here in the NOMA area.

I think our efforts have included, not only to work directly with our tenant agencies, but briefings for developers in NOMA, on how to do business with GSA, tours for potential tenants, and agencies looking for attractive workplace solutions, and as the Chairman said, looking at both quality workplace and the best value to the taxpayer.

And, we also, I also took a tour of the ATF Headquarters in the NOMA area recently with the Chairman, as well as our Administrator, Lurita Doan, looking at both existing Federal tenancy as

well as opportunities in this market of the District of Columbia. In fact, today we are sponsoring a region-wide location fair, and have invited state and local economic development officials, as well as agency tenants. And, the purpose of this, which is done regularly, is to educate Federal tenants about local economic development projects, so that they can make more informed choices and decisions with us on location in the District of Columbia, sending representatives from both NOMA as well as other areas of the City.

Our efforts to locate significant Federal agencies in NOMA date all the way back to 1990, when GSA signed a major lease of the Hines Corporation properties, and what is now known as Portal Square at the corner of Massachusetts Avenue and North Capitol Street, for a new headquarters of the BLS. Our lease enabled Hines, which has redeveloped the site on behalf of the U.S. Postal Service, to obtain financing and to double the size of the building, restore its historic areas.

In addition to BLS, it housed a Capitol City Brewery Company restaurant, a post office, and Smithsonian Postal Museum.

Currently, as noted by the Chairman, GSA is nearing completion, we have Ms. Anthony here, a major tenant, completion of the construction of a new 438-square foot headquarters for ATF at the intersection of Florida Avenue, New York Avenue, near the northern boundary of NOMA. This project is coming into the area that has previously consisted mostly of abandoned warehouses and empty lots, and the ATF itself was, and the ATF site, was a public works yard for the District of Columbia. It's most prominent feature at one point was some old railroad trellises.

The District Government, the Metro system, which is a marvelous Federal and local investment in the National Capitol Region, and our NOMA neighbors, have provided valuable assistance by working with Federal Government to jointly finance the construction of a new Metro Station immediately east of the ATF building.

I would note that in my prior life I was cognizant of the way this was negotiated, and it was a very innovative investment, public/private investment, in the expansion of transit to serve a major urban area such as NOMA.

Development of this station, which is now open for business, is, in fact, the first time in the U.S. had a new subway station was added between two existing stops, while continuing to provide service along that line, which was a remarkable engineering, as well as construction feat.

Both the presence of the new ATF building and the new Metro Station has contributed significantly to making the northern and central portions of NOMA attractive to office development.

In an article last December, December of 2006, in the Washington Business Journal, which sort of tells the story of how ripe this area is, and the kind of development and investment its attracting, it was estimated that a total of $1.2 billion in new construction will occur, commitments made and occur during this current Fiscal Year 2007.

In today's hearings, as the Chairman mentioned, we've been asked to answer questions about GSA tenant agencies, and wheth-

er they are, in fact, giving full—we are giving full consideration to NOMA.

As you are aware, one concern expressed in the past has been an issue in terms of amenities in northern and central part of NOMA. GSA has taken action on its own to include 8,000 square feet of restaurant and retail facilities as a part of the ATF Headquarter development, located directly across the street from the new Metro Station.

We anticipate announcing our selection of a retail manager, master leaser for this space in the next few weeks, and we believe that this master lease will, in fact, be—they will, in fact, be responsible for fitting out and attracting tenants and managing this facility, which we think this 8,000 square feet will provide a lot of amenities, a lot of restaurant and retail functions, for both our tenant, ATF, and their employees. And so, we are really urging this solution, and are on the public side a part of adding increased amenities in this area.

GSA has also encouraged our tenant agencies to consider NOMA by adding into the delineated area that GSA uses as a starting point for all of our lease actions in Washington, D.C. In addition, in January, 2006, we issued a real estate bulletin, which established a higher level of scrutiny of agencies proposed, tenant agencies proposed to the areas. All acquisition plans now include a written justification to demonstrate that agencies have taken into consideration specific location, economies, market rates, as well as other related costs, real estate, labor, and other operational costs, and applicable local incentives, such as we see throughout the Metropolitan Washington Area, a lot of local governments are very highly desirous of GSA and Federal tenancies, and are offering enormous incentives.

We followed this up by meeting with agency contacts in June of this last year, and before I sort of conclude, I know these are brief opening statements, I'd like to sort of acquaint the Subcommittee with the ongoing issues that are attentive to this area, both in terms of development, I mentioned 1.2 million square feet, also to issue spacing us in terms of transportation, ensuring that the District study of alternatives for upgrading the capacity of New York Avenue, proceed in looking at how to handle this volume in a way that encourages access to NOMA and serves our client needs, in terms of car access, as well as, obviously, the transit access which we have.

We are participating with D.C. DOT in that regard, working closely with Mayor Williams in terms of its efforts along the New York Avenue corridor, as well as Florida Avenue, and what options are available there. We will continue to work with the National Capitol Planning Commission, and we joined them in a recent three-day charette on this issue about improving New York and Florida Avenue intersections.

So, we are very pleased to continue, and we'll report to this Committee any of our thoughts in that regard.

But, Madam Chairman, just in concluding, I would like to mention that GSA has promoted, and will continue to promote, NOMA as a good location for Federal office tenants. I think we've already done that quite a bit, obviously, the 2.8 million square feet, obvi-

ously, the investment of 8,000 square feet of retail and other amenities to serve the ATF employees, and I think you'll hear about that from our next panelist.

But, NOMA is a part of our delineated area for selecting office space, and we are very, very committed to it, and think it has a very, very bright future.

Madam Chairman, just in conclusion, a letter you received recently from our Administrator sort of highlights, and just in summary, the commitments that we have taken, in terms of increase commitment, and looking at how we work with the private options and Federal tenancy in NOMA, and just to reiterate, we have expanded limited areas to include NOMA. We've met with interested developers and property owners to provide in-depth explanation of how our leasing process works. We met with the D.C. Office of Planning to learn of efforts they have contemplated to upgrade the neighborhood. We participated, as I mentioned, in this recent charette with the Department, D.C. Department of Transportation, and, obviously, the commitment of ATF as the new Headquarters here in NOMA will have significant economic development benefits and also our commitments in terms of these new master lease to bring amenities to the area.

We are, just in conclusion, we appreciate this opportunity. We look forward, Madam Chairman and Chairman Cohen, to continue to work with the Subcommittee, to look at this issue of our commitment to providing the best workplace solution and the best value to the Federal taxpayer.

Thank you.

Ms. NORTON. Thank you, Mr. Winstead.

Ms. Anthony.

Ms. ANTHONY. Good morning, Chairwoman Norton, Mr. Cohen, and Distinguished Members of the Subcommittee. My name is Mignon Anthony, and I've served as the Director of New Building Projects for the Bureau of Alcohol, Tobacco, Firearms and Explosives for the past eight years. I bring greetings from our Acting Director, Mr. Michael Sullivan, and appreciate the opportunity to address you this morning.

I'm pleased to be here today, primarily, because it represents the culmination of the commitments by this Subcommittee, Chairwoman Norton in particular, the General Services Administration, the District of Columbia, and another stakeholders, to move ATF to the corridor north of Massachusetts Avenue, known as NOMA.

As we are all aware, this cross roads intersection of New York Avenue, Florida Avenue, 1st Street, Eckington Place, O Street, and the new 2nd Street, N.E., is at the very east end boundary of NOMA, and our partners, XM Satellite Radio, Federal Express, and Douglas Jamal's People's Building, pioneered that neighborhood where Wards 5 and 6 meet, and where the Metropolitan Police District—three Metropolitan Police Districts intersect.

It was on a chilly December morning in 1999 that public and private entities met at the longstanding public works yard at New York and Florida Avenue to memorialize this agreement and partnership. Under the terms of that agreement, the ATF Headquarters, a Federal building, essentially, would become the anchor development for this burgeoning neighborhood and for the gateway

corridor to our Nation's Capitol. Much work and five short years later, we all remember, we assembled again to celebrate another anchor, that's the public/private partnership and the success of the openings of the New York Avenue, Florida Avenue, Galludet University Metro Rail Station.

Although the City initially had a very different vision for this area, one of brass and glass, and one that really did not include a Federal law enforcement agency, it took only one session at ATF's current Chinatown offices to convince everyone that ATF's new home would represent the corporate image of the Federal Government.

We worked with GSA, we worked with the District, with the Washington Metropolitan Transit Authority, and many others, to develop a plan that would help to establish a face for NOMA, that would enable a vibrant and living work environment to grow and take into account our critical security needs.

While acknowledging a wide range of options of opinions about the design of our building of 438,000 square feet, I think we can all agree that the new ATF Headquarters building is an outstanding structure that will provide a unique and modern statement for the District of Columbia, as well as the people of the United States of America.

We, at ATF, are very proud to have our first dedicated permanent headquarters building, and to have it located in the NOMA neighborhood. We strongly believe that our 1,100 headquarters employees will be a vital part of the local community, both economically and socially.

In considering NOMA, the NOMA site in 1999, GSA worked with us, and it was really perceived as ideal for ATF's future, because it was in town, but now downtown. Now, because it provided an opportunity to strongly influence the new retail and the new amenities that were going to be there to represent a steady Federal presence, and because it provided an opportunity for a win/win situation, a win/win partnership, with Metro because of its proximity to the Red Line Metro Station.

However, since selecting the site, the core communities of NOMA, residents, institutions, developers and private companies, have consistently included ATF in their planning for growth dependency and cooperation, strong cooperation. This summer, ATF has relocated all of our headquarters operations to NOMA, both to the 1,100 person new Federal Headquarters building, and also to 1 NOMA Center, which is located at 131 M Street, under the historic Woodward & Lothrop Warehouse Water Tower. We were very excited about the additional partners moving to NOMA, the Marriott Hotel, and we strongly encourage other Federal agencies to move there. Together we can all enjoy and work to enhance the social and economic benefits of the neighborhood, and again, Chairwoman Norton and Distinguished Members of the Committee, I thank you for this invitation to appear before you today, and welcome any questions you may have and your support.

Thank you.

Ms. NORTON. Thank you, Ms. Anthony.

Mr. Baschuk.

Mr. BASCHUK. Good morning, Chairwoman Norton, Congressman Cohen, Members of the Committee, and Committee Staff, I'm Bruce Baschuk, testifying in my capacity as Chairman of the NOMA Business Improvement District.

As you know, NOMA, or as others call it, Capitol Hill North, is the Washington, D.C. neighborhood extending from just a short walk north of the Capitol to the intersection of New York and Florida Avenue. The views from these streets and buildings of NOMA, are dominated by the Capitol Dome and Union Station.

A great new addition at the northern end of our skyline is the striking headquarters designed for ATF by internationally renowned architect, Moshe Safdie. Established as a result of the visionary plan for a former industrial neighborhood, NOMA represents the very best in modern urban planning. It's proximate to the hub of Federal activity on Capitol Hill, in the heart of Washington, D.C.'s CBD.

Significantly, NOMA is a multi-modal transportation hub, served by Amtrak, Maryland and Virginia commuter rail lines, MARC and VRE, respectively, at Union Station, Metro's Red Line service at both Union Station and the New York Avenue Metro Station, local and regional bus services operating out of the Greyhound Terminal on 1st Street, N.E., excellent access to Interstate 395 and Route 50, and we are just ten minutes from National Airport.

The Federal Government has been a critical investment partner in helping to establish this area, through, as mentioned earlier, GSA's construction of the new Headquarters building for the Bureau of Alcohol, Tobacco and Firearms, BLS and FERC, which we are pleased to be in today.

And, through its investment, along with the Government of the District of Columbia, and NOMA property owners, in the development of the New York Avenue Metro Station in a tri-party agreement, these investments are paying off, and paying off well, with over 5 million square feet of privately-owned office space built in NOMA we can see the vision was firmly based on a realistic assessment of user needs and the benefits of a NOMA location. Workers can commute to work without adding another car to our congested roads, even from the more affordable, more distant suburbs.

NOMA provides significant savings to tenants, with rents that are roughly two thirds of Central Business District rents, mid 40's versus mid 60's.

With Union Station at its front door, NOMA is a Central Business District location from our perspective, with access to everything, great shopping, food, more than 125 shops in the areas, in Union Station, some wonderful neighborhoods with lunch spots, and a variety of fine restaurants and hotels adjacent to NOMA, where it borders on Mass. Avenue. We have provided a map of neighborhood amenities for the record, along with my written testimony.

Nearly 1.5 million square feet of new Class A space will be under construction this year. Those same developers, and other developers, are developing approximately 1,600 apartments in three separate development initiatives, and more than 120,000 square feet of retail space, and two hotels with 300 rooms. And, as mentioned

earlier, we hope to announce the addition of our grocery store very soon.

These additions, which are targeted for completion within 24 months, will make this a dynamic mixed-use environment. With the addition of a significant residential, retail and hotels to the already existing and new office space, NOMA will be a new 24/7 downtown neighborhood much like the bustling East End.

As the desirability increases, so will the rents. When they do, people may say with regret, I wish we'd made a commitment to this area earlier.

As Chairman and one of the founders of the NOMA Business Improvement District, or BID, I would like to spend a brief time talking about ways in which our BID will add to the exciting things already going on in NOMA. The effort to establish the NOMA BID grew out of a recognition by the property owners, many of them savvy institutional development entities, that NOMA would benefit from a local organized focus on neighborhood beautification and improvement.

The NOMA BID, like downtown, Golden Triangle, and other BIDs in D.C., will work to keep NOMA a clean and safe working and welcoming environment. It will work to make sure that NOMA's streets are lively and attractive and that NOMA is a good neighbor to adjacent residential communities.

As NOMA owners demonstrated with their investment in the New York Avenue Metro Station, they are unusually effective in seeing that the whole can be better than the sum of the parts. Through the NOMA BID, local owners are committed to reinforcing the fabric of neighborhood and community, by bringing people together to support employment of community residents, celebrate neighborhood and residential accomplishments, and to make sure that NOMA is a great neighborhood for, not just office tenants, but everyone.

In closing, I would predict that it won't be long before we tell the story of NOMA and GSA's location policy in these terms, NOMA is one of the best examples of a type of radical transformation that can be accomplished in an inner city, formerly an industrial area. Proper attention was paid to transportation, great architecture, the mix of uses, and the quality of community. Most significantly, public and private actors came together and collaborated on the implementation of a shared vision. By their efforts, they've created a thriving new neighborhood that is a welcome—simply just a great place to live and work in D.C.

We welcome the continued involvement of and participation of GSA and all of its client agencies in this transformation. As significant investment partners, we encourage them to take advantage of current opportunities to lock in economic benefits and locational advantages before the values the people see increase.

I appreciate the opportunity to appear for you, before you today, and be happy to answer your questions.

Ms. NORTON. Thank you very much, Mr. Baschuk.

Let me begin with Mr. Winstead. Mr. Winstead, let me ask how you, GSA, how you conceive your role? Do you conceive your role as a real estate agent, like the private sector, or is there any difference between somebody doing what you are doing for Federal

agencies and what a real estate agent would do in the private sector?

Mr. WINSTEAD. Madam Chairman, we, as you mentioned, we are governed by both FMR regulations and the Public Buildings Act, we are, in fact, driven, increasingly, because of just the competition in the market, to find cost effective economic solutions for our tenant agencies.

We've adopted, in the last three or four years, major new reforms in terms of customer service, where we———

Ms. NORTON. Yes, well, if you are driven to find cost effective solutions, let me just ask Mr. Baschuk, would you compare the cost of space here to the cost of space in office space in downtown, other downtown areas?

Mr. BASCHUK. Yes, ma'am.

Again, I believe, and there's plenty of support for this belief if you get quotes from landlords, that the cost of new office space, Class A office space, is approximately two thirds of what you would spend in the Central Business District for new office space, Class A.

Ms. NORTON. Mr. Winstead, were you aware of that as you take on your mandate, as you said, to find the cost effective solutions for your clients?

Mr. WINSTEAD. Madam Chairman, I'd be—we do, I mean, we are very committed to, obviously, looking at the right location decision, taking both the rent in consideration, as well as technical factors and operational concerns of the agencies, as well as their current housing needs in many cases.

As you know, there are extension of leases in existing buildings, but we are—and Bart Bush can comment further, as being directly responsible for executing these leases, but from a policy standpoint we are aware of the competitive issues here in NOMA, and we have found, as I understand, and he can elaborate, that rental rates may be below market in some cases, we think $4 to $5 per square foot.

Ms. NORTON. And, of course, we are talking about Class A space and new space, we are not talking about moving into some office building that's maybe a number of years old. Virtually, all of these buildings are going up for the first time, just like FERC moved into this building as the first tenant. I remember breaking ground here.

So, we are talking about brand new state-of-the-art space, right, at below market prices, in the District of Columbia, which is known to have an expensive office market, and where agencies, nevertheless, desire to be.

I mean, I'd just like to know how you would explain 50 City blocks which have been on the market now for years, and I'm going to quote from Mr. Baschuk's testimony, 1.5 million square feet of new Class A office projects, understand we are talking a few blocks from the Capitol, Mr. Baschuk talked about the view of the Capitol you have from the top floors of many of these buildings.

But, we are not just talking office space, he's talking about, "A dynamic mixed-use environment," 1,600 apartments in three developments of more than 120,000 square feet of retail space, that's in addition to the Mall, sir, two hotels with more than 300 rooms, and

Mr. Baschuk testified, we hope to announce the addition of a grocery store very soon.

I know one thing, most Federal employees would wish that in addition to the other amenities downtown there was a grocery store, that's one of the things that we are trying to get in the 7th Street Corridor, for example.

So that, when I received only yesterday, I might add, an answer to my letter to the Administrator, who was good enough to come personally to NOMA to see for herself, and was apparently impressed with what she saw, nevertheless, we get a letter that says the lack of amenities in the central and northern areas of NOMA, where you have just heard testimony about Class A office space with amenities that would suit a family, and certainly employees who happen to be in the area, how then can you explain this notion of amenities as a problem, 50 square feet where you have to show for it an IRS master lease, which, by the way, has been there for a very long time and does not represent any new development. I need to know what the problem is with amenities. I need to know what an amenity is, after hearing Mr. Baschuk's testimony. I need to know whether you knew about what is happening in NOMA before you heard his testimony today.

Mr. BASCHUK. Chairwoman Norton, if I might, I know you have addressed someone else, but I do want to, in defense of our Federal Government, indicate that most of these developers who are putting into place the solutions that I have articulated, have come to this table, if you will, within the last 12 months. I want to be clear on that.

Ms. NORTON. Well, let me ask you, within the last 12 months, let's be fair, have you, Mr. Winstead, known of these developments?

Mr. WINSTEAD. Madam Chairman, absolutely. I mean———

Ms. NORTON. I put no time frame on it, Mr. Baschuk, I just asked him if he knew.

Mr. WINSTEAD. Thank you, Mr. Baschuk.

I'm well aware of it, Madam Chairman, and also Bart Bush and his fine staff at NCR is as well.

This is, obviously, a major market, evolving market, and the amenity issue is one that has been raised in the past, and is commonly included in our lease solicitation, regardless of the delineated area. We have a market under—development with both the commitments of $1.2 billion I mentioned earlier, as reflected———

Ms. NORTON. You have what, I'm sorry?

Mr. WINSTEAD. —sorry, we do have major development underway, the $1.2 billion that Mr. Baschuk and others have talked about, in terms of grocery stores and retail that are bringing amenities to the area. So, we do understand that there has been a lot of recent market action that brings the kind of quality lunchtime and evening activity that this region will improve on, in terms of quality of life, both work environment, as well as a lot of residential development, before 24 hour, not just eight hour activities in the region.

So, we are well aware of these developments. We are on top of them. We've engaged with DCBIA. We've engaged with the brokerage groups. We have ongoing efforts to keep informed about these developments and options.

Ms. NORTON. Yes, and you've been engaging for a long time, for example, you engaged with me—when did we have the GSA, when we had our—when the rents were even lower, and GSA worked with me, precisely, because we were in a deficit, and because NOMA was on the cusp of becoming exactly what it is today, what's that, three years ago, five years ago, and we said let's let the Federal Government know first, GSA cooperated in the best possible way, and we invited in developers to say what is not planned, but what is on the drawings boards, what is going to happen. And, I've never seen anything like it.

That was five years ago, when GSA saw for itself and was happy to cooperate, to have the Federal agencies, whom we invited to this seminar, come and see what was available, and yet, all we have to show for it is an IRS master lease and 1 NOMA Square, which has been in the works for some time.

I have to ask you what you consider to be amenities, Mr. Winstead.

Mr. WINSTEAD. Madam Chairman, I'd be happy to speak to that, but also in terms of any details that Bart Bush might provide, if that would be agreeable.

Ms. NORTON. Of course.

Mr. WINSTEAD. Great. Overall———

Ms. NORTON. If he has some details to the questions I've asked, I'd be pleased to hear it.

Mr. WINSTEAD. Sure. Do you want to deal with that, Bart?

Mr. BUSH. Thank you very much.

Ms. NORTON. Let me ask you the question, what—sir, would you identify yourself and say what your position and role is?

Mr. BUSH. My name is Bart Bush, I'm the Assistant Regional Administrator for PBS in the National Capital———

Ms. NORTON. All right, you answer then, what are amenities? What does GSA consider to be amenities? You just heard a list of amenities that I think would impress almost anybody.

Mr. BUSH. Sure.

Ms. NORTON. But, maybe we don't consider the same thing as amenities as you do, so I need to know what is an amenity necessary for a Federal agency to locate in a brand new Class A building?

Mr. BUSH. As defined in our solicitations, amenity requirement is, generally, expected to include a variety that is available to the Federal employees, commonly available in the City location, including retail establishments, dry cleaners, banks, pharmacies, day care, and other food establishments, within a reasonable walking distance, as defined within our solicitations as 2,500 linear feet.

The offerers always have the opportunity, when they respond to us, to include in their development projects these amenities within their space, which is to be developed, meaning the amenities don't have to exist already for us to consider them in our evaluation.

Ms. NORTON. Are you aware that the District of Columbia requires that office space have such ground-level "amenities" in any case, quite apart from GSA, and that all of these buildings are going to have ground-level "amenities" right in the buildings?

Mr. BUSH. We are very excited about that, and certainly we have heard in the $1.2 billions worth of development that is proposed in

the NOMA area, extensive amenities that would satisfy our requirement, as the development projects come forward, and consider them.

If you don't mind, I'd like to address one of the other NOMA specific questions, as it related to price comparison, when we were talking about market rates.

Market rates, generally, do tend to be less expensive in NOMA. However, it's not really been our experience over the last year in our full and open competitions. We have conducted five such procurements over the last five years, or over the last year. In considering our evaluation of space, while the market rates may be cheaper, we also have to take into consideration the cost of relocation of the agency in our overall impact to the Federal Government.

Ms. NORTON. So, excuse me, so these are agencies located in the District, who are looking for space, therefore, looking to move, and it would be more expensive to move to NOMA than to higher-priced space somewhere else in Washington?

Mr. BUSH. My point that I'm trying to make here is that, in two of those instances it was cheaper for the agencies to remain in place, therefore———

Ms. NORTON. What about the others?

Mr. BUSH. —therefore, not incurring those relocation expenses.

We conducted———

Ms. NORTON. Because that's fine, they are not in the market then, we are, obviously, trying to find whether or not people looking for space are, in fact, end up getting space in higher-priced areas in the District of Columbia than NOMA. If those people dropped out, they are not of interest to us.

Mr. BUSH. Of the three remaining, two were conducted on the source selection criteria. One of those———

Ms. NORTON. Would you explain source selection criteria?

Mr. BUSH. Source selection takes into a variety of criteria, including price, but as well as criteria that is established in the solicitation, including proximity to adjacent other Federal institutions that the agency might have to deal with, other criteria that is important to the operational component piece of that agency.

Under solicitation———

Ms. NORTON. Yes, indeed, what you are doing is affirming what Administrator Doan said, procurements, let's see what the appropriators think about this, are not always based on low price, and our government customers often consider both price and technical factors related to building attributes, and then she names proximity to clients. Now, you know, we are talking about an area located near the Capitol. And, we are talking about a small compact City, and the notion that you are not close to clients, when you are in an area close to the Capitol where agencies come regularly, is itself very telling.

I have no idea what she means by technical factors, what are technical factors that you take into account, name me some technical factors so I can understand.

Mr. BUSH. Let me just reference her letter, if you don't mind.

Ms. NORTON. You know, when you say source selection, just let me be clear, you are talking about something that is not price driven. Now, we understand that price is a factor, not the only factor.

But, when an agency can sit down and say, and, by the way, I want to be near my clients, that is code for lawyers, and guess where they are located, not as many on Capitol Hill as on K Street. Everybody knows what that is.

So, who pays for being close to clients? In either case, you are not going to be able to walk there normally. We have a state-of-the-art Metro system, we are not talking about going out to Virginia, these people want to stay in the District, or stay put as you said, they don't want to go out away from the Capitol.

You and I know that the preference is to be as close to 1600 Pennsylvania Avenue and the Capitol of the United States as possible, where here you are right here, within blocks of the Capitol, but we are told that proximity to clients can mean the difference in addition to price.

I need to know the technical factors. Proximity to clients is spelled out.

And, Mr. Winstead, perhaps, you weren't here, it was the FCC, but we know all about proximity to clients, because GSA had a horrific experience, where it had a signed lease, built in accordance with the FCC, and guess what, the FCC having signed the lease knew exactly where it was going to be, said we are not going. So, the people who built the building, down now where the hotel—a rapidly developing area, the portals, but the hotel down there, the people—the Mandarin, the people who signed the lease, of course, took them to court and won.

So, we know all about preferences, and we know all about sitting down with GSA and acting as if GSA is a private real estate agent, of course, on the dime of the taxpayers, and saying, look, we want to be close to our clients, and then there's some "technical factors," and I want to know what the technical factors are.

Mr. WINSTEAD. Well, Madam Chairman, first of all I think you referenced, obviously, the other decisions that had been arrived at through the NCR's actions in the past.

I've heard a lot of clear, over the 15 months I've been Commissioner, about the very strong direction and our fulfillment of that, of being the landlord for the Federal agency, and making market-based decisions in the best interest of both our tenant, as well as the American taxpayer.

I mean, you and I have talked a lot about———

Ms. NORTON. Is it a market-based decision to leave space unused, which can only be built under D.C. law if it has amenities in the building, and you have heard has loads of amenities and loads of company coming, some of which you don't even have in most parts of the City, like a grocery store, how can I take your testimony that you operate on market-based basis———

Mr. WINSTEAD. Madam Chairman———

Ms. NORTON. —in the face of this evidence?

Mr. WINSTEAD. —yes, well, I think that, you know, as Bart has mentioned, we have a number of procurements underway, we've had a number over the last two or three years. We actually provided this Committee, at your request last week, of all the lease actions between 2002 and 2007.

Ms. NORTON. I would like to, I'm sorry, you have provided that?

Mr. WINSTEAD. We are—we are—Bart, the NCR will be providing that to the Committee. There's a lot of work that's been going into that, to frame it in the way that you want it, to make it clear.

Ms. NORTON. Within the next 30 days, I'd like to———

Mr. WINSTEAD. Oh, no, it will be quicker than that.

Ms. NORTON. —I'd like to have, let's say, beginning in 2002 to 2006, your information on every prospective level lease procurement, but let me make sure I'm on the record here, every prospective level lease procurement for which NOMA, a NOMA building, submitted a bid, the value of the lease, the eventual winner and the reason why the NOMA BID was rejected.

Mr. WINSTEAD. We'll be happy to provide that, it's in the works, and we'll get it up as quick as possible.

Ms. NORTON. Thank you.

Mr. WINSTEAD. Madam Chairman, I think your point is, and I think what the testimony we've had from this panel shows, is that this area is no longer an evolving market, it's becoming a mature market.

Ms. NORTON. Well, just a moment. Let me just stop you right there. In other words, you were waiting until it became a mature market when the prices would go up.

Mr. WINSTEAD. Our commitment to 2.7 million square feet already in tenancy here, including new Headquarters, are a commitment. We are actually—we've got ATF Headquarters, we've leased a total of 2.7 million square feet, we are very—and, as you said, I see this as clearly as you do, Madam Chairman, this area is proximity to the Capitol, it's proximity to the gateway to the District of Columbia, New York Avenue, it's proximity to two Metro Stations and intermodal commuter rail to Maryland and Virginia, make it a very, very good and competitive spot to locate agencies in, and that's what Bart Bush and his team, you know, procurement specialists, are, in fact, underway.

You know the policies we go by, in terms of the agency's involvement.

Ms. NORTON. Yes, I know what the Statute says.

Mr. WINSTEAD. Right.

Ms. NORTON. But, Mr. Winstead, you've got to get more specific here, and again, the Subcommittee is willing to help you.

Let me ask you, maybe if you get more specific I can understand, what specific action———

Mr. WINSTEAD. Sure.

Ms. NORTON. —what specific action does—listen to my questions.

Mr. WINSTEAD. OK, I'm sorry.

Ms. NORTON. I'm not interested in the broad policy, Mr. Winstead, we all know the policy. We all know you understand the policy. This is a case in point, and it's very troublesome, because we wonder whether we should have field hearings in other parts of the country.

I want to know what—since you understand the policy, since we are talking about NOMA, I want to know what specific actions does GSA take to "market" an area to an agency which, of course, by definition knows nothing about real estate, amenities, or any of the rest of it, but comes to you the same way we come to a real estate agent, with this exception, the real estate agent is prepared to get

the kind of space I can afford, the agency comes to you to get the kind of space the taxpayer can afford.

So, I want to know very specifically what—how you "market" an area like NOMA, how you have marketed NOMA since the ATF building RFP was approved, what have you—give me examples of actions so I understand what GSA does.

Mr. WINSTEAD. First of all, we've had, like today, we're having a locational forum, where we are bringing both developers, brokers, and our clients together to, obviously, show major areas of desired building.

Ms. NORTON. I appreciate that you are doing that. Of course, that's regional.

Mr. WINSTEAD. Right.

Ms. NORTON. The problem, again, and this is the lack of specifics here is almost annoying, the problem in the District is that there are more agencies than there is space to put them. Is it still the case that you need 10 million square feet in the District?

Mr. WINSTEAD. In terms of—you mean there's more opportunity.

Ms. NORTON. No, that GSA would like—this is—I'm going back to at least two years ago when I was told this by GSA, 10 million square feet in the District.

Mr. WINSTEAD. Yes, there is enormous, you know, again, back to my opening statement, you've asked for specifics about what we've done.

Ms. NORTON. What do you do to market NOMA in particular?

Mr. WINSTEAD. Number one, we've expanded the delineated area to include NOMA. Number two, we've met aggressively with real estate developers and property owners in NOMA to provide an in-depth explanation of our leasing process.

Ms. NORTON. The developers are not the problem. The agencies know nothing.

Mr. WINSTEAD. Right.

Ms. NORTON. And, therefore, they look to you for guidance about how much they should spend.

Mr. WINSTEAD. Right.

Ms. NORTON. They look to you for guidance to what kind of things they should look for. They even look to you for guidance about what part of the City, unless, of course, they have a view that they are to remain somewhere near their "clients."

So, in order for them to move from where they are, which may be more centrally located, somebody has got to convince them. My question to you is, what do you do to convince them to move to an area that is developing in this way?

Mr. WINSTEAD. We work aggressively to look at their needs. We do take them to tours of NOMA, as well as the other areas within the District of Columbia.

Ms. NORTON. Do you talk to them about the Statute and your role to do more than simply show?

Mr. WINSTEAD. Absolutely. I mean, as I mentioned, we, obviously, explain our leasing process, and how we will———

Ms. NORTON. I'm talking about what the Statute says, what the Statute says in terms of cost, efficiency, or national security.

Mr. WINSTEAD. But, we do brief them through our process, in this case at NCR their staff is actively involved with each tenant

agency's need, through the process of defining their needs, as well as including NOMA within the delineated area.

So, we are actively—Bart, do you have anything else to add to that from a marketing perspective?

Mr. BUSH. As has been stated, we most certainly do reach out to understand what advantages have been brought to NOMA, and educate our clients to those advantages, as their procurement———

Ms. NORTON. So, you are just like a regular real estate agent then, you just educate them, and, of course, in terms of the scriptures of the Statute, in terms of cost, the problems that your agency has for that matter, and every Federal agency now has with deficits, do you advise them on the importance of getting comfortable space at the lowest possible price?

Mr. BUSH. We most certainly do. As part of our charge we———

Ms. NORTON. And so, why aren't they in NOMA then, sir?

Mr. BUSH. —as part of our charge, we are ensuring adequate competition, competition is good for driving down the costs, not only for GSA, but our customers, as well as for the Federal taxpayer, by ensuring that we have adequate and proper competition we can ensure that those costs come down.

We most certainly understand that according to FMR each Federal agency is responsible for identifying the delineated area within they wish to locate their specific activities, consistent with their mission and program requirements.

Ms. NORTON. I don't know, you know you are signing leases at a higher lease rate than a centrally-located decision, and yet you tell me you are getting the best deal for the taxpayer.

GSA needs help. You are going to get some.

Mr. BASCHUK. Congresswoman?

Ms. NORTON. Yes, sir.

Mr. BASCHUK. If it is at all helpful, the NOMA BID owners would be very glad to host the agency heads and GSA to educate them on the amenities and development projects that are coming in to this area. If that is helpful to you, it's helpful to GSA, we'd love to do that.

Ms. NORTON. Well, I just think, you know, that's the kind of thing you would expect GSA to say, you know, instead they are doing a regional location thing. You know, we are buried by a huge region here, and I don't think that helps the problem before us at all. But, if we want to do what we did five years ago, I would welcome it, Mr. Baschuk, and I very much appreciate your offer.

May I ask you, Mr. Baschuk, what the average rent is, I know that's difficult to say here compared to the Central Business District.

Mr. BASCHUK. Well again, my quote of 2/3s run is based upon construction of a new building and, primarily, costs increases due to the price of ground here relative to the price of ground in the Central Business District.

I think it's only fair to point out that if GSA considers an existing building, where the owner has a much lower basis, they would achieve a better variance than that 2/3s, but something less than that, or something greater, if you will. The price difference may be $5.00 a square foot, but for new construction, we think it's 2/3s,

$45 a square foot would be a full-service rent that we could do for GSA, presuming we have some agreement on what the tenant improvement allowance is.

Ms. NORTON. $45 per square foot, what would be the price, Mr. Winstead, or Mr., is it—I'm sorry, what's your name again?

Mr. BUSH. Bush.

Ms. NORTON. Mr. Bush, what would be the price in the Central Business District?

Mr. BUSH. May I ask, is that full-service lease that you are quoting?

Mr. BASCHUK. That's correct.

Mr. BUSH. I do know that in our most recent open competition, with respect to the requirement that included a NOMA response, the NOMA response was more expensive than where we ended up selecting for one of our customer clients, and we can share that information with you.

The quotes that———

Ms. NORTON. What is the price per square foot in the Central—you just heard him say 2/3s. Are you challenging that, are you saying, no, they are not under market? Are you challenging the notion that they are under market in the Central Business District or not?

Mr. BUSH. We understand the market to be somewhere between $50 and $60 a foot, depending on government's needs, depending on what the fit-out requirements would be for the customer, particular customer in question.

Ms. NORTON. Ms. Anthony, what were the main drivers of your selection, and just let me say, when you selected NOMA there was hardly a NOMA there. We are talking about the north end. ATF undertook to become the anchor, undertook knowingly to become the anchor, but people don't decide to build just to become the anchor, or to do anybody a favor.

Talk about your decision to locate in the New York Avenue, Florida Avenue Corridor.

Mr. ANTHONY. Well, as you know, Chairwoman Norton, we were one of those agencies that had a technical factor. We had a location factor, which identified our delineated area, which was to be within some area of the United States Treasury Building, because at that time we were an agency of the Department of Treasury. So, we looked at that from a location standpoint, but we had a huge technical factor, and that was to find a location that offered enough land that would allow us to build a facility, a Federal building, not a leased building, that we could have setback.

Having said that, however, you know, we did—one of the deals, one part of the deal in getting that property with the District of Columbia Government, was that ATF would commit with GSA to developing—and amenities on a ground-level location.

Ms. NORTON. Now, understand how important what you are saying is, you are talking about a secure building, Level 4 building, and, nevertheless, had to develop the same amenities as if it had been a less secure building in the District of Columbia, because the District of Columbia requires that.

Go ahead, please.

Mr. ANTHONY. I'm going to speak a little bit out of turn, in that, you know, ATF hired me because I had worked for 20 years on

other GSA buildings in the District of Columbia area. And, in all of those the NASA Headquarters at 3rd and E, S.W., and the National Science Foundation, and then the Ronald Reagan Building, we did have to work with GSA in all of those developments to develop ground-floor amenities and retail.

Speaking a little bit in defense of GSA, and in some way maybe some help.

Ms. NORTON. Give them a little help here, Ms. Anthony.

Mr. ANTHONY. I think the help is that they just can't be everything, and I think that agencies don't typically hire people, like I was, who have the expertise to help define and strengthen those connections with the local areas that they are looking at, because at the time, of course, ATF, I mean, we had to put a big stake into the development of figuring out what was going to happen if we moved to an area that had nothing, even the City had nothing planned in that area. There was no infrastructure in that area, and ATF had to play a huge role in helping GSA to find out exactly what the issues were.

And so, I think at the regional level, and I can't speak for GSA, but one of the conflicts that we constantly had was that, you know, they pretty much listen, they do listen to the clients, and I think in trying to engage, engaging with the Chamber of Commerce, and engaging with the BID, and engaging in the local community requirements, was really something that, although GSA has general information, it was sort of—the onus was on the agency to really get involved with that.

Ms. NORTON. Oh, yes, and we do understand that. The agencies get so involved that they are dominating the decisions, it would seem.

With Mr. Cohen having returned, I want to ask my colleague if he has any questions he'd like to ask. I've been going at them.

Mr. COHEN. Thank you, Madam Chair.

Obviously, not having been here for your responses, I hate to be going over subjects, and I know the Chairwoman has made it abundantly clear that it's important, and sometimes from the beginning if I missed something, there is a chicken and egg, and I don't know all the history on the amenities and all the issues that have come up, but sometimes you have to, if you put something in an area to develop the amenities they'll come, you know, build it and they'll come, all of a sudden their fans in the stands, and they are not just playing baseball in the weeds.

So, I think that's maybe part of what we could see in NOMA. I used to be on our Center City Commission on Downtown Development, I was on it for 20 years, and in Memphis we've done a lot, but sometimes you had to have a developer, and the government often times is what gets it started.

But, all politics is local, and I can't get the GSA to have my name listed in the phone book. Do you think you could do something about that? Two months, and they still call me and say, Congressman Ford.

Mr. WINSTEAD. It will be listed before the end of the week.

Mr. COHEN. Thank you, as another Tip O'Neill.

Mr. WINSTEAD. But, I do want to mention, whether it's Memphis or otherwise, I think your reference to your involvement in the eco-

nomic development efforts, Chairman Norton, obviously, part of our commitment, Administrator Doan's visit, my briefing here with her, and also the business community that was here, we are well aware of our role in terms of its impact from an economic development standpoint, a Federal tenant, a headquarters like ATF has huge impacts on the region, and is acting as a stimulant and a spark for continued redevelopment of NOMA.

And, the amenity issues, I think, are being dealt with. They are being drawn in, people are committing to both residential, we require a 24-hour lifestyle here, not just an eight-hour work day. Obviously, the grocery store the Chairman mentioned is key to this. Obviously, eating establishments within a short walking distance, and Union Station, obviously, is a smorgasbord, but trying to get within this part mentioned, a little closer to the site is key.

But, all that I think has happened. I think the bottom line on NOMA, Madam Chairman and Congressman Cohen, is that, you know, this area is a very desirable market within the District of Columbia and Metropolitan Washington Region, and we are taking every action we can to educate our tenants, in terms of what the options are here, to look at the cost effectiveness to the taxpayer locating here, but we are operating through our regulations, our procurement regulations, the role of the tenant agency to define the delineated area, and our review of that, as well as the other factors that the Congresswoman mentioned, in terms of, obviously, security, and it's importance in the ATF decision, and how that building was designed.

So, I think we are at a very positive stage here, in terms of the major questions, dealing with NOMA and I'd be happy to provide this Committee examples in other parts of the country, Tennessee and other states, about the impact of our locations, whether it's ATF Headquarters, a new Federal courthouse.

I was just up in Springfield, Massachusetts, where we are building a new Federal courthouse, and its impact on the region is enormous. Last week, Friday, we opened a new Federal office building, or new Federal courthouse in Miami, which doesn't need a lot of economic development help, but it's incredible the growth that's occurring there as a result of that investment.

So, we do take that into consideration, and we do take into consideration our procurement obligations to have full and open competition, and also to educate our tenants on all options that are most cost effective to them, as well as adhere to our budget process and procurement processes.

Mr. COHEN. Did you make it to the Basketball Hall of Fame?

Mr. WINSTEAD. I'm going to go within the next visit to the region.

Mr. COHEN. Thank you, Madam Chairwoman.

Ms. NORTON. Thank you, Mr. Cohen.

Now, you said something in response to Mr. Cohen that is very important that we get to. And, that is the role of the agency in defining the delineated area. I can just see it now.

First of all, say what a delineated area is.

Mr. WINSTEAD. I'd be happy to, or why don't you do it, as it would be pertinent in terms of NCR.

Mr. BUSH. Yes. Most certainly we work with our client agencies with respect to a delineated area as described. Our first look,

though, at any procurement is for an open and full competition within respect to the District of Columbia, the full CEA. Occasionally, we will get requests from our customer agencies to narrow that scope, from a locational aspect, and they bring into that discussion certain characteristics that are important to them.

Ms. Anthony described one of those characteristics, with respect to ATF in close proximity to the Treasury. We have other agencies that most certainly have either a direct worker relationship with their central office, or with other agencies where they have determined from an operational standpoint close proximity will assist them in the delivery of their service to the taxpayer.

From that locational decision, we ask and require from our agencies a written description of that delineated area, and a defense for that request before we look to narrow down from a CEA full D.C. solicitation to a smaller area.

Ms. NORTON. You say you do have written justifications.

Mr. BUSH. Yes, we do.

Ms. NORTON. How many have you denied so far?

Mr. BUSH. I don't know, I do not know that.

Ms. NORTON. Well, let everybody understand what a delineated area is, if you know nothing about real estate, and the average agency doesn't, and the GSA says define your delineated area, or sit with me to define your delineated area, what is to keep—in fact, what is to make the agency define a delineated area in NOMA, as opposed to the preferred areas, K Street, Connecticut Avenue, you name it?

Once you have a role in that, unless somebody is pushing back by, for example, strongly marketing lower price and amenities elsewhere, there is no way, unless you can give me some way, for an agency to do anything but define an area that they know of. That's why client base becomes a code for essentially red lining everywhere else.

Mr. BUSH. Most certainly we push back whenever an agency looks to narrow from a full and open competition to a smaller delineated area.

Ms. NORTON. Oh, well, they can be a full and open competition in the central district of the District of Columbia, if that's the only way.

How about price? What role does price play in your judgment?

Mr. BUSH. Without our source selection criteria, it would depend. It is not 100 percent, certainly, we are taking———

Ms. NORTON. What percent should price pay today?

Mr. BUSH. I would have to look at the most recent solicitation to determine what that percentage was.

Ms. NORTON. Mr. Winstead, do you mean to say reasonable or low price is not the major factor?

Mr. WINSTEAD. Madam Chairman, obviously, price is a driving factor in our decisions, in all cases, as Bart Bush mentioned.

Ms. NORTON. Compare price to client base, what role would price pay?

Mr. WINSTEAD. Well, the fact, in terms of the factors for consideration and the criteria in the SFO actually evaluate that, and the delineated area is reviewed in terms of whether it's fostering com-

petition, whether it's inclusive of NOMA, which I mentioned is now in our procurements.

Ms. NORTON. Except the agency can narrow the delineated area.

Mr. WINSTEAD. Yes, but, you know, then we can question it, and if they don't like our determination there they have a review process with both the ARA, Bart, it goes to Bart in the first instance if it's a smaller lease, if it's a larger lease it comes to the Administrator.

Ms. NORTON. So, how many of these have you turned down, if you can object.

Mr. WINSTEAD. Well, what I will do, based on the information you've requested, I will make sure that we get all the lease actions from 2002 to 2007, and actually all the rationale for the actions taken.

Ms. NORTON. And, I want to know how many delineated areas, I want to know what the delineated areas have been in each and every lease from 2002 to 2007.

Mr. WINSTEAD. We'll be happy to do that. I'll get that information to you.

Ms. NORTON. Thank you.

Mr. Baschuk, what has been your interaction with GSA?

Mr. BASCHUK. Well, personally, we have not had significant interaction, because we are just a new-founded entity, Chairwoman, so again, in their defense, we———

Ms. NORTON. When were you founded?

Mr. BASCHUK. —we have been not yet recognized by the District of Columbia, based on the change in administration. We expect that would occur in March, but we have begun the processes of marketing, clean and safe, all those functions that we expect prior to official recognition and payment of dues.

Ms. NORTON. Let me ask you about your actions to promote the area. When I visited NOMA early on, I was taken up, I guess, in 1 NOMA Square to look over a very impressive view of Washington you seldom get.

I went back again, and this time NOMA had literally a two-minute film that took my socks off. In a two-minute film, NOMA described, this film described, again, not things that might happen, but showed you what it would look like, talked about a shuttle, is that a free shuttle, Mr. Bashchuk, that's planned?

Mr. BASCHUK. It's what's hoped for at this point. It's not definitive.

Ms. NORTON. That's the shuttle going up 1st Street, this, in spite of the fact that you got subways on either end.

But, what I saw was, NOMA at large with all that was happening.

So, let me ask you whether anybody from GSA has seen that two-minute film, number one, or whether they regularly see the two-minute film. And two, what you are doing to promote NOMA.

Mr. BASCHUK. First, the film has not been viewed by anyone on the outside, because there were internal members who felt that the film did not yet represent appropriately the development of the region. There were areas that were inappropriately defined as not including development. There were streets that were inserted where there should not have been streets, et cetera.

So, there is some changes to the film, which you had reviewed in a preliminary sense, which should be completed in the next month. And, we would then distribute it to any and all people.

In the interim, to answer the second part of your question, we have formed a marketing committee. The marketing committee includes developers who are prominent in that area, and we expect that marketing committee will be developing, along with a budget, an active and aggressive campaign to market this region, not only to GSA, but to private sector tenants.

Ms. NORTON. Well, you seem to have, the private sector seems to regard this as a coming area, people wouldn't be putting their money into buildings left and right if they didn't believe that this was money well spent and money for which they will get return.

Ms. Anthony, in your testimony you talked about being pleased that NOMA was in town, not downtown. Would you explain that distinction and why?

Mr. ANTHONY. Of course. In 1999, of course, that northern end of NOMA was really the corner of the Central Employment Area, and we had a lot of interest since then in our own Department of Justice and other agencies who see the area as well when they have a meeting to go to, or when there is some, in our case, law enforcement or security conference, or some type of things that they see it as a really—it's a very special location, because it's not in the congestion. It's in town, it's very close to the Congressional buildings, but it's not over on K Street, it's not down in the real hub. I think that may change, because NOMA will become more vibrant and more active, but at the time, in 1999, we saw that as a benefit to us, that we weren't right in the center part of the District, but we were on the edge of the District, but still within an area that was being developed and really was going to be very busy and active.

Ms. NORTON. I want to say Ms. Anthony, I had to fight for the ATF, because the ATF is typical of Federal agencies, the ATF wanted to remain in the District, but like so many agencies one the main problems was enough space to build a new agency, and as you say, with the appropriate setback. And then, there came some Virginia developers, who had some land who tried to "steal" the ATF.

ATF fought back, insisted on remaining in the District. ATF fought back, I think, for the same reason that most agencies want to be in the District of Columbia, it's the Nation's Capitol.

Your problem, Mr. Winstead, is there isn't enough space, and NOMA is probably the last clear chance. As you testified, we had to take Department of—we had to take DHS, Department of Homeland Security, across the Anacostia to find a space big enough.

I'm not sure that there's anything left, but we are very fortunate that something is left so close to the Capitol, so much midtown, some would even say downtown, so close to Union Station.

Mr. Winstead, what do you think is the strongest selling point for NOMA?

Mr. WINSTEAD. Madam Chairman, prior to being Commissioner of Public Buildings for the last 15 months, I was involved with a law firm that had a lot of involvement in real estate in the region. I dealt a lot in planning, and like you, like the BID's perspective

on NOMA, like the actions we are seeing in the marketplace by the developers, that this is, obviously, a developed area with highly good proximity, and also, obviously, good transportation.

You mentioned, when Lurita Doan and I met with you we talked about some of the options I think the District ought to proceed along with the BID, in looking at shuttle links, and funding for that through the Federal Highway Intermodal grants, which are possible to get subsidies for those kind of operations, as well as private contributions.

I think it's———

Ms. NORTON. Do you see any area of the District of Columbia that offers a better opportunity for Federal agencies today?

Mr. WINSTEAD. Chairman, I———

Ms. NORTON. Taking everything into account.

Mr. WINSTEAD. —obviously, it's highly desirable and highly competitive in any procurement that we are considering moving forward.

I do have to be, in terms of the NCR's role, as being the procurement region, we have 11 regions, they are the ones responsible for the education of our tenants, going to the markets that have very good, cost effective options for tenancy in buildings that provide better new buildings that could provide it.

I think that they've got a very firm committed focus on NOMA as a very desirable market within D.C., and within the Metropolitan Washington Region, and I do acknowledge, simply because of my background, that its proximity, its access, its transit connections, its intermodal commuter connections, make it, you know, very desirable urban area.

Ms. NORTON. Mr. Cohen, did you have other questions?

Mr. COHEN. No, ma'am, thank you.

Ms. NORTON. Mr. Winstead, would you submit for the record every prospectus level lease that GSA has signed anywhere in the District of Columbia in the past six years? I've asked you about NOMA, this is anywhere in the District of Columbia, for space of any kind.

Mr. WINSTEAD. And the delineated areas.

Ms. NORTON. Excuse me?

Mr. WINSTEAD. And the delineated areas.

Ms. NORTON. Yes, please, of course.

Could I ask you, Mr. Winstead, do you feel—is it common to feel pressure from agencies to move or to remain in certain parts of the City as opposed to other parts?

Mr. WINSTEAD. I think, as Bart mentioned, that there are obviously operational criteria on the existing leases, there's obviously economics of the current landlord and what they are offering up that are, you know, both economic———

Ms. NORTON. No, no, my question—you are not getting my question, I asked you whether GSA sometimes feels pressure from agencies to move to certain areas of the District of Columbia. In other words, do agencies come to you saying I'd like some space located X, Y, Z?

Mr. WINSTEAD. I have—outside of the direct involvement I've had with you, Madam Chair, in terms of the St. Elizabeth's Campus, they—a lot have not come to me.

Bart may well have examples of that, I would refer to him.

Ms. NORTON. Yes, sir.

Mr. BUSH. It is not unusual for agencies to express levels of interest. As you can imagine, in many instances agencies' initial preference, depending on their size requirements, is to remain where they are. It's a natural progression, no change from any perspective is the best alternative.

And then, from that we also have agencies who express a level of interest in remaining in a similar neighborhood, and those are the issues that we work out with them. This is a collaborative process. We need to ensure that we are obtaining the highest level of competition, and meeting the operational needs of the agency, as defined to us and defended by them to us.

Ms. NORTON. But, it is more difficult to convince an agency to move to a part of town where there are not already existing Federal agencies and clients and the like.

Mr. BUSH. I think that's natural.

Ms. NORTON. Yes, I think it's natural, too, and I think that's why we've seen this problem, despite the statutory mandate in terms of efficiency, cost, or national security.

And, I want you to know that the Subcommittee believed, Mr. Winstead, when the Administrator came up, and seemed very pleased to see for herself, seemed to understand that there was a problem, we were very pleased to have her come, and pleased at her reaction there.

And, I must say for the record, and I'm going to submit my letter for the record and her response, that I could not be more disappointed in her response. First, we've seen nothing significant happen, even since she visited, although, of course, this falls to you and your staff.

Also, essentially, she said that price is not the—or low price is not the most important thing always, and had cited something called technical factors, building attributes, proximity to clients.

This raises very, very real questions about what kind of help GSA may need in light of the statutory language. NOMA stands out as an area that, but for the buildings already being up, would, in fact, have particularly attracted public sector clients who spend the public's money. It has not.

The hope that ATF would send the right signal, the Federal investment in an extra subway stop, the fact of private sector agencies having no problem coming to NOMA, none of that has worked.

So, the Subcommittee is very concerned. We only got a response from the Administrator yesterday. We've seen no material change in how the area is marketed. For me, it's 16 years of no change, except now we have such a humongous deficit that I don't think it can be ignored, so I just want you to know that the Subcommittee is considering a number of actions. The most immediate action is one I intend to take right now, and that is to notify the relevant appropriations subcommittees about leasing expenses incurred by agencies, even though salaries and expenses come out of agencies' budgets, there is no oversight as to whether or not the amount an agency pays to lease space is the best economic deal for the government. That just comes as a lump sum, and the appropriation committees don't, obviously, have any way or reason to look behind it.

I intend to put least cost per square foot on at least an equal footing with amenities as an evaluation criteria. They clearly are not. I don't think that today's Congress would regard price as a matter to be simply equal. To tell you the honest to goodness truth, this Congress has gone to PAYGO, so we feel compelled to look in our respective areas for whether agencies are, in fact, saving money, whether or not PAYGO might apply in a particular circumstance.

As long as leasing of space is so divided between agency decision and GSA, collaborative though it has to be, that we cannot know for sure that price pays a predominant cost. As long as that is the case, I believe that we are not spending the taxpayer dollar wisely.

I do not believe that the Federal dollar should simply provide proximity, or should, indeed, simply provide comfort. The Federal dollar should make sure that all the factors are taken into account, beginning with price, and then, of course, including the amenities, the comfort to employees, public transportation, the factors that you are well aware of.

Because NOMA has virtually nothing to show for an area that is in the midst of a building boom, with GSA looking for space every day, and, apparently, finding it, this Subcommittee believes that further action is taken—further action must be taken, and if I may say to all of you, to you, Mr. Winstead, to you, Ms. Anthony, to you, Mr. Bashchuk, we are open to your suggestions as to what further action should be taken.

We simply indicated, the appropriators simply have to know that from year to year they can look at this matter and can question this matter, as they question other matters.

But, I don't intend to stop there, I don't intend to engage in, necessarily, punitive actions. If statutory change is needed, I will not hesitate, but I do not regard the present state of affairs as satisfactory. I do regard NOMA as a case in point that cannot be ignored.

I cannot understand how a space so close to the Capitol, with so many amenities which GSA itself recognized five years ago as the coming area, as the area to come to while the price was low, I cannot understand why nothing has occurred since, and I welcome your suggestions as to how to make sure that the public is assured that dollars are being spent wisely.

Thank you all for coming. I particularly thank you for your testimony.

The hearing is adjourned.

[Whereupon, the hearing was adjourned at 11:50 a.m.]

Department of Justice

STATEMENT

OF

MIGNON ANTHONY
DIRECTOR, NEW BUILDING PROJECTS
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS
AND EMERGENCY MANAGEMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

CONCERNING

GSA CASE STUDY: EFFICIENT LOCATION POLICY

PRESENTED ON

FEBRUARY 27, 2007

Statement of Mignon Anthony
Director of New Building Projects
Bureau of Alcohol, Tobacco, Firearms and Explosives
Before
Subcommittee on Economic Development, Public Buildings and Emergency Management
House Committee on Transportation and Infrastructure

Good morning Chairwoman Norton and the distinguished Members of the Subcommittee.

My name is Mignon Anthony and I have served as the Director of New Building Projects for the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) for the past eight years.

I am pleased to be here today because it represents the culmination of the commitments by this Subcommittee, Chairwoman Norton, in particular, the General Services Administration (GSA), the District of Columbia and other stakeholders to move ATF to the corridor north of Massachusetts Avenue, known as NoMA.

As we all are aware, this multi-crossroads intersection of New York Avenue, Florida Avenue, 1st St, Eckington Place, O St, and the new 2nd St, NE is at the very east end boundary of NoMA. Our partners, XM Satellite Radio, Federal Express and Douglas Jamal's People's Building pioneered this neighborhood where Wards 5 and 6 meet, and where three Metropolitan Police Districts intersect.

It was on a chilly December morning in 1999 that public and private entities met at the long-standing public works yard at New York and Florida Avenue to memorialize an Agreement in Partnership. Under the terms of that agreement, the ATF headquarters, a Federal Building, essentially would become the anchor development for this burgeoning neighborhood and for the "Gateway Corridor" to our Nation's capital.

Much work and five short years later, we assembled again to celebrate the other anchor, another public/private success; the New York Avenue, Florida Avenue, Gallaudet University Metrorail station.

Although the City initially had a different vision for this area—one of "brass and glass" that did not include a Federal law enforcement agency—it took only one session at ATF's current Chinatown offices to convince everyone that ATF's new home would represent the corporate image of the Federal Government. We worked with GSA, the District, the Washington Metropolitan Area Transit Authority (WMATA) and others to develop a plan that would help to establish a face for NoMA and enable a vibrant living and work environment to grow, while taking into account critical security needs.

While acknowledging the wide range of opinions about its design, we can all agree that the new ATF National Headquarters building is an outstanding structure, which will provide a unique and modern statement for the District of Columbia as well as the people

of the United States of America. We at ATF are very proud to have our first dedicated, permanent headquarters building and to have it located in this neighborhood. We strongly believe that our 1,100 headquarters employees will be a vital part of the local community, both economically and socially.

In considering our NoMA site in 1999, it was perceived as ideal for ATF's future because:

1) It was "in town" but not "downtown;"
2) It provided an opportunity to strongly influence new retail and amenities for a steady Federal presence; and
3) It provided an opportunity for a "win-win" partnership with Metro because of its proximity to the Red Line Metro Station.

Moreover, since selecting the site, the core communities of NoMA residents, institutions, developers and private companies have consistently included ATF in their planning for growth, dependency and cooperation.

This summer, ATF relocates all of our headquarters operations to NoMA, both to the 1,100-person new ATF Headquarters Federal building and also to One NoMA Center located at 131 M Street, NE, under the historic Woodward and Lothrop warehouse water tower.

We are excited about additional partners moving to the neighborhood, such as the Marriott Hotel, and strongly encourage other Federal agencies to consider NoMA.

Together, we all can enjoy and work to enhance the social and economic benefits of the neighborhood.

Chairwoman Norton, distinguished Members of the Subcommittee, I thank you again for the invitation to appear before you today and the support you have consistently provided.

I look forward to any questions you might have.

Bruce Baschuk,
Chairman of the NoMa Business Improvement District*

Testimony before the
U.S. House of Representatives, Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings and Emergency Management

Field Hearing, February 27, 2007
GSA Case Study: Efficient Location Policy

Good morning Chairwoman Norton, members of the Committee and Committee staff. I am Bruce Baschuk, testifying in my capacity as Chairman of the NoMa Business Improvement District. I would like to thank the Committee for the opportunity to talk with you about NoMa as a GSA Case Study in Efficient Location Policy. I would also like to thank the Federal Energy Regulatory Commission for hosting this morning's hearing.

As you know, NoMa, which I call Capitol Hill North, is the Washington, D.C. neighborhood extending from just a short walk north of the Capitol to north of the intersection of New York and Florida Avenue. The views from the streets and buildings of NoMa are dominated by the magnificent Capitol dome and Union Station. A great new addition at the northern end of our skyline is the striking headquarters designed for the Bureau of Alcohol, Tobacco and Firearms by internationally renowned architect Moshe Safdie.

Established as the result of a visionary plan for a former industrial neighborhood, NoMa represents the very best in modern urban planning. It is proximate to the hub of federal activity on Capitol Hill and heart of Washington, DC's central

* The NoMa Business Improvement District's final hearing on its registration application is scheduled for February 28, 2007. Official registration is expected to occur sometime in early March.

business district. Significantly, NoMa is a multi-modal transportation hub served by:

- Amtrak,
- Maryland and Virginia commuter rail lines, MARC and VRE respectively, at Union Station,
- Metro's Red Line service at both Union Station and the new New York Avenue Station
- Local and regional bus services operating out of the Greyhound terminal on 1st Street, NE
- Excellent access to Interstate 395 and Route 50
- Just 10 Minutes from National Airport

The federal government has been a critical investment partner in helping to establish this area: through GSA's construction of the new headquarters building for the Bureau of Alcohol, Tobacco & Firearms; through various significant federal agencies that have located in NoMa; and through its investment, along with the Government of the District of Columbia and NoMa property owners, in the development of the New York Avenue Metro station.

These investments are paying off. And they are paying off well. With over 5 million square feet of privately-owned office space built in NoMa, we can see that the NoMa vision was a vision firmly based in a realistic assessment of user needs and the benefits of the NoMa location. Workers can commute to work without adding another car to our congested roads, even from the more affordable, more distant suburbs. NoMa provides significant savings to tenants, with rents that are roughly two thirds of central business district rents.

With Union Station at its front door, NoMa is a business district with access to everywhere, great shopping and food at the more than 125 shops and eateries in Union Station, some wonderful neighborhood lunch spots, and a variety of fine restaurants and hotels adjacent to NoMa where it borders on Massachusetts

Avenue. I have provided a map of neighborhood amenities for the record along with my written testimony.

Nearly 1.5 million square feet of new Class A office projects will be breaking ground in NoMa in 2007. In 2007, residential developers are planning to break ground on more than 1,600 apartments in three developments ... and more than 120,000 square feet or retail space ... and 2 hotels with more than 300 rooms. We hope to announce the addition of a grocery store very soon. These additions, which are targeted for completion within 24 months, will make this a dynamic, mixed-use environment.

With the addition of significant residential, retail and hotels to the already existing and new office space, NoMa will be a new, "24/7" downtown neighborhood, much like the bustling East End. As the desirability increases, so will NoMa rents. When they do, people will say with regret; "We could have been there if we had taken advantage of the opportunity a few years ago."

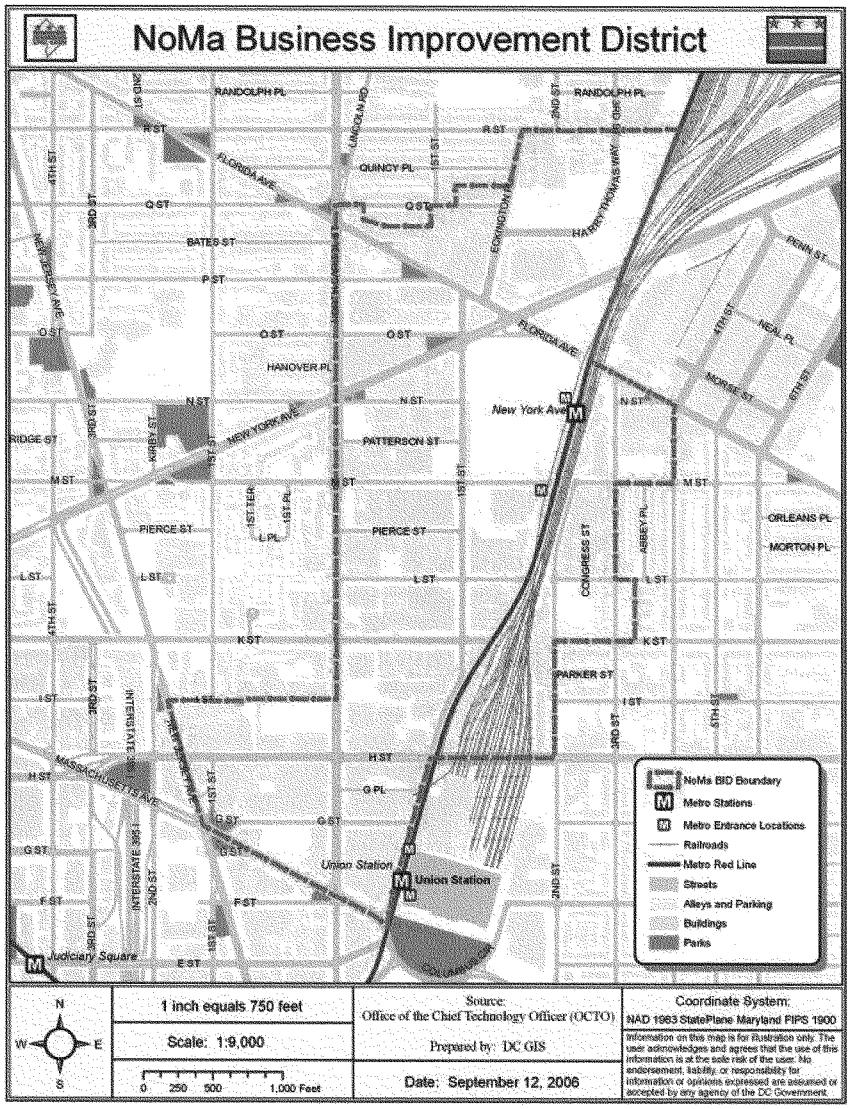
As Chairman and one of the founders of the NoMa Business Improvement District or BID, I would like to spend a brief time talking about ways in which the NoMa BID will add to the exciting things already going on in NoMa. The effort to establish the NoMa BID grew out of the recognition by NoMa property owners, many of them savvy institutional development organizations, that NoMa would benefit from a uniquely-local, organized focus on neighborhood beautification and improvement.

The NoMa BID, like the Downtown BID, the Golden Triangle and other BIDs in DC will work to keep NoMa a clean and welcoming environment. It will work to make sure that NoMa's streets are lively and attractive, and that NoMa is a good neighbor to adjacent residential communities.

As NoMa owners demonstrated with their investment in the New York Avenue Metro station, they are unusually effective in seeing that the whole can be better than the sum of the parts. Through the NoMa BID, local owners are committed to reinforcing the fabric of neighborhood and community by bringing people together to support employment of community residents, to celebrate neighborhood and resident accomplishments, and to make sure that NoMa is a great neighborhood.

In closing, I would predict that it won't be long before we tell the story of NoMa and GSA location policy in these terms. "NoMa is one of the best examples of the type of radical transformation that can be accomplished in an inner city, formerly industrial area. Proper attention was paid to transportation, great architecture, the mix of uses, and the quality of community. Most significantly, public and private actors came together and collaborated on the implementation of a shared vision. By their efforts they created a thriving new neighborhood that is simply a great new place to live and work in Washington, DC." We welcome the continued involvement of and participation of GSA and all of its client agencies in this transformation. We encourage them to take advantage of current opportunities to lock in the economic benefits and locational advantages of NoMa before lease rates reflect the value that the mixed-use NoMa neighborhood will command when new projects deliver in 2008 and 2009.

I appreciate the opportunity to appear before you to today and I will be happy to answer your questions.


NoMa Business Improvement District
RANDOLPH PL
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QUINCY PL
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BATES ST
P ST
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HANOVER PL
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NEW YORK AVE
PATTERSON ST
M ST
PIERCE ST
L ST
K ST
PARKER ST
I ST
H ST
G PL
G ST
F ST
E ST
New York Ave
Union Station
Judiciary Square
NoMa BID Boundary
Metro Stations
Metro Entrance Locations
Railroads
Metro Red Line
Streets
Alleys and Parking
Buildings
Parks
1 inch equals 750 feet
Scale: 1:9,000
0 250 500 1,000 Feet
Source:
Office of the Chief Technology Officer (OCTO)
Prepared by: DC GIS
Date: September 12, 2006
Coordinate System:
NAD 1983 StatePlane Maryland FIPS 1900
Information on this map is for illustration only. The user acknowledges and agrees that the use of this information is at the sole risk of the user. No endorsement, liability, or responsibility for information or opinions expressed are assumed or accepted by any agency of the DC Government.

NOMA

NOMA BUSINESS IMPROVEMENT DISTRICT

Business Plan—Executive Summary

October 2006

nöma

BUSINESS IMPROVEMENT DISTRICT

table of contents

2 Why a NoMa BID?

3 How Do BIDs Work?

4 Benefits to NoMa and the District of Columbia

5 NoMa BID Vision

5 NoMa BID Boundaries

7 NoMa BID Goals and Activities

8 Financial Plan

11 BID Governance

12 Establishment Process and NoMa BID Duration

This is an executive summary. The full business plan can be viewed in its entirety at www.nomabid.org.

Prepared pursuant to District of Columbia Law 11-134, the Business Improvement Districts Act, as amended (DC ST § 2-1215.01 et seq.) to create a business improvement district serving the NoMa neighborhood of Washington, D.C.

Why establish a business improvement district for NoMa?

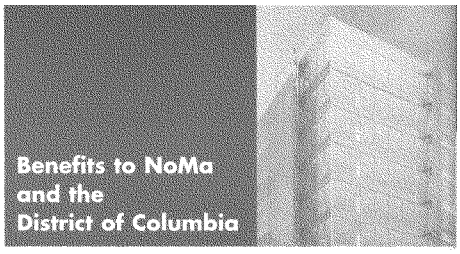
Property owners and commercial tenants in NoMa know that NoMa will soon be a bustling neighborhood with new offices, residential buildings and retailers. Right now though, NoMa is a jumble of new office buildings and construction sites, monumental views and neglected underpasses, lovely, mature street trees and littered, dilapidated streets—a planner's dream in terms of public transportation access, but a neighborhood whose roads, sidewalks and infrastructure need attention.

Business Improvement Districts (known as BIDs) in other neighborhoods in Washington, DC (and in other cities throughout the United States) have successfully delivered needed services, coordinated public and private infrastructure and streetscape investments, and enhanced the image and economy of the areas in which they operate. The NoMa BID will support the emergence of NoMa as Washington, DC's most exciting office and residential neighborhood by: 1) providing cleaning and safety services, 2) promoting NoMa through marketing and community events, 3) acting as a liaison to help coordinate public and private investment and services, 4) assuring that NoMa serves as a model transportation hub, providing residents, commuters and visitors with efficient access to work, shopping and entertainment, and 5) enhancing the community by promoting employment and community services.

How do BIDs work?

A BID is a defined area in which property owners agree to assess themselves a fee in order to provide services supplemental to those provided by the municipality to enhance the public environment, to increase competitiveness, and to assure the area's economic viability in the future. There are more than 1,000 BIDs across the United States. Currently BIDs are operating in several areas of the District of Columbia—the Downtown BID encompassing more than 100 square blocks; the Golden Triangle, which includes much of the area between Dupont Circle and the White House; the Georgetown BID, which covers approximately 35 blocks in the historic district; the Mount Vernon Triangle CID; the Capitol Hill BID; and the Adams Morgan BID.

BIDs do not replace city services. In fact, the DC BID Act requires that the District of Columbia maintain levels of service equal to those provided to similar parts of the City outside the BID boundaries. Neighborhood BIDs supplement city services in ways that are tailored to the unique needs of the neighborhoods they serve. For example, the Georgetown BID provides a shuttle bus for Georgetown workers from transportation hubs in Northern Virginia and the District. The Adams Morgan BID intensifies its street presence between midnight and 4 am to promote safety given Adams Morgan's busy nightlife. They also provide a level of service, for example, through cleaning crews and public safety ambassadors that exceeds the level of service typically provided by the District government.



Improve the Quality of Life In NoMa

Substantial investments have been made in NoMa. Several important projects will soon break ground. The streets in parts of NoMa, however, appear neglected. Connections between NoMa and its residential neighbors have not been maintained to an acceptable standard. No one is present to help guide NoMa visitors and make workers feel comfortable after hours. A NoMa BID will improve the quality of life on the street, attract people to events that promote NoMa and city life, and broaden excitement about NoMa.

Establish Private Sector Management and Accountability

The NoMa BID Board of Directors, to be comprised of property owners, tenants and representatives of community organizations, will govern and oversee the NoMa BID. The BID will be managed by a professional staff—including an Executive Director responsible for all BID operations. The Executive Director will focus closely on coordinating the BID's activities with private entities, District agencies, the community, and other BIDs to assure that NoMa BID members get the best possible return on their BID investment.

Make the District More Attractive to Businesses and Potential Residents

Throughout the country, BIDs work hand in hand with local governments to improve the vitality and appeal of downtown neighborhoods. The NoMa BID will work with the District government to promote NoMa—with its outstanding regional transportation access—as a location of choice for high quality businesses and residents. These efforts and the improvement of NoMa will help assure that the District maintains its competitiveness with the surrounding suburbs and will positively impact the economic health of Washington, DC.

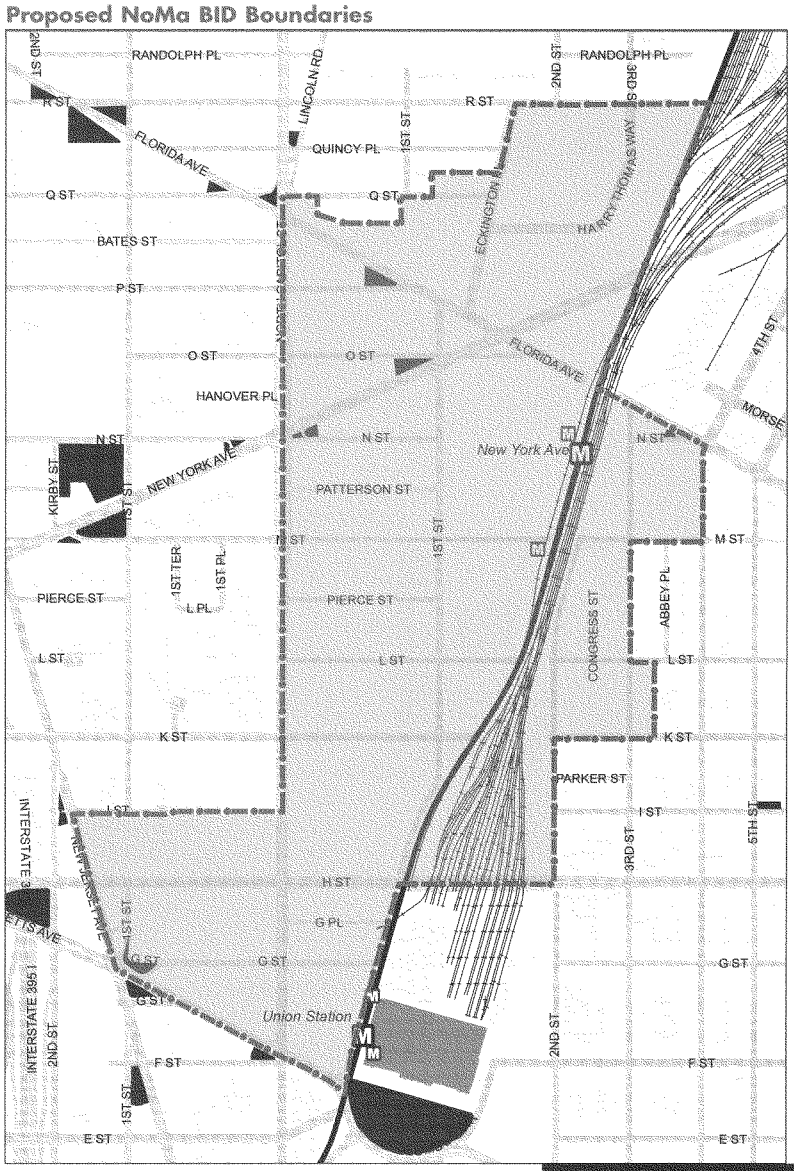
NoMa BID Vision

The NoMa BID will support the emergence of NoMa as Washington, DC's most exciting office and residential neighborhood by: 1) providing cleaning and safety services, 2) promoting NoMa through marketing and community events, 3) acting as a liaison to help coordinate public and private investments and services, 4) assuring that NoMa serves as a model transportation hub, providing residents, commuters and visitors with efficient access to work, shopping and entertainment, and 5) enhancing the community by promoting employment and community services.

What are the boundaries of NoMa?

The proposed NoMa BID boundaries would encompass virtually all commercially zoned and high-density residential property in NoMa. This would include commercial properties north of Massachusetts Avenue and east of New Jersey Avenue, the area around the intersection of New York and Florida Avenues, the east side of North Capitol Street from Massachusetts Avenue north to Q and R Streets, NE and running eastward across 1st Street, NE, the CSX railroad tracks and including the high-density properties east of the CSX railroad tracks. This area is very similar to the area used by the District's Office of Planning in preparing the NoMa Vision Plan and Development Strategy. An agreement with the Downtown BID will enable NoMa properties that are currently within the Downtown BID to transition to the NoMa BID at the end of fiscal year 2007. Pursuant to the DC Business Improvement Districts Act, as amended (DC ST § 2-1215.01 et seq.)(the DC BID Act) the boundaries of the NoMa BID will be established by the District of Columbia Council, subject to the approval by property owners in the BID area and registration of the BID by the Mayor. A map of the proposed NoMa BID boundaries is provided on the following page.

Proposed NoMa BID Boundaries



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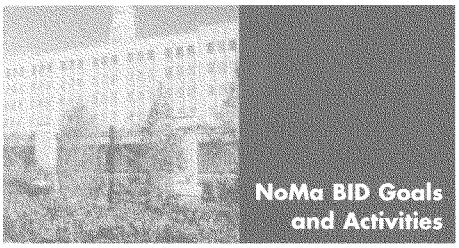


NoMa BID Goals and Activities

The NoMa BID will support the emergence of NoMa as the District's most exciting office and residential neighborhood. To accomplish this objective, the BID will undertake the activities described below. The NoMa BID will supplement the services of the government of the District of Columbia, not replace them. The success of the NoMa BID will be measured based on its performance toward meeting the identified goals. More specific information about the approach to providing services and performance measurements can be found in the full Business Plan (www.nomabid.org).

Goals

- Make NoMa clean, safe and attractive
- Attract businesses, residents, and visitors to NoMa
- Educate public decision makers about NoMa neighborhood needs
- Assist NoMa and adjoining neighborhoods with development and employment, as appropriate
- Act as a partner in improving the economic vitality of the City

Activities

- ***Clean and Safe***—Engage a uniformed street cleaning team that will provide an active street presence during high traffic times. As the NoMa BID budget allows, add the service of uniformed NoMa "guides" to assist workers, residents and visitors with directions and other needs. "Clean team" and "guide team" supervisors will be linked with the Metropolitan Police Department and public and social service agencies to assure that street conditions are conducive to the conduct of business and comfortable for NoMa residents and visitors.
- ***Marketing***—Establish a NoMa BID website and, building upon the strong work done by the NoMa Stakeholders group, produce NoMa print and digital marketing materials. Undertake a marketing and public relations program that builds the "buzz" for NoMa.
- ***Streetscape and Infrastructure Improvements***—Work with DC agencies and property owners to assure that NoMa has the plantings, street furniture and signage to support a great street life and infrastructure to support neighborhood development.
- ***Community***—Use the appropriate resources of the NoMa BID to assure that the growth in NoMa is positively impacted by, and has a positive impact on, surrounding neighborhoods. Support growth in employment opportunities for NoMa residents and neighbors.
- ***Transportation***—As development demands (and the NoMa BID budget allows) support a shuttle bus that takes people from Union Station to other parts of NoMa.

At this time, it is estimated that the annual costs for a fully operational NoMa BID will be approximately $2.5 million annually. The NoMa BID will cover a relatively large geographic area comprised of approximately 35 blocks including several very large "super blocks." As the NoMa neighborhood becomes more fully built-out, the levels of pedestrian and vehicle traffic will increase significantly, as will the hours during which the streets are active and residents and visitors require services.

Budget

Set forth below is a table comparing the NoMa BID's projected 2008 budget to the annual budgets of other Washington BIDs.[1]

Washington BID	Approximate Coverage Area	Year Established	Assessed Property Value or Rentable Sq. Ft.	BID Tax Rate (%)	Annual Revenue
Adams Morgan	10-15 block fronts	2005	$140 million	.21/$100 value	$300,000
Capitol Hill	80 block fronts	2003	$1 billion	.15/$100 value	$1,000,000
Downtown	appx. 150 sq. blocks	1997	49 million sq. ft.	.1471 psf	$9,606,000
Georgetown	34 block fronts	1999	$1.2 billion	.15/$100 value	$3,033,000
Golden Triangle	42 sq. blocks	1997	30 million sq. ft	.11 psf	$3,600,000
West End FY 07 *proposed*	13 sq. blocks	2006	$1.767 billion	.12/$100 value	$2,120,500
NoMa FY 08 *proposed*	appx. 35 blocks	2006	$1.24 billion	.05/$100 value or $.15/rsf	$1,230,000

1 *NoMa's 2008 budget reflects the first fully operational year; meaning that the NoMa BID is fully established, has repaid start-up costs, is fully staffed and is delivering services as identified in the Business Plan.*

At the outset, the NoMa BID will take a "walk before you run" approach. During the first few years of operations it is anticipated that revenues will be in the $750,000 (fiscal year 2007) to $1.2 million range (fiscal year 2008).[2] Fiscal year 2007 will be a partial operating year. The NoMa BID's fiscal year 2007 operational priorities will be keeping NoMa clean and safe, building the NoMa BID's capacity, connecting effectively to its members, and being an effective liaison to public agencies on behalf of NoMa BID members. As NoMa becomes more fully built-out and the tax base increases, the NoMa BID will expand its services and become a more active partner in marketing, streetscape improvements, and other NoMa neighborhood issues. A projected five-year operating budget is set forth below.[3] The ability to proceed in accordance with the projected budget will depend, in part, on the pace of development in NoMa over the next five years.

Five-Year Normalized Operating Budget

Activity	2008	2009	2010	2011	2012
Cleaning and Safety	$250,000	$437,500	$500,000	$525,000	$600,000
Branding/Marketing	$150,000	$250,000	$250,000	$300,000	$350,000
Community	$50,000	$100,000	$150,000	$150,000	$175,000
Streetscape and Landscape Improvements		$100,000	$150,000	$200,000	$300,000
Noma Shuttle Bus			$300,000	$315,000	$350,000
Administration	$350,000	$475,000	$495,000	$514,800	$535,392
Contingency	$425,000	$200,000	$100,000	$100,240	$115,520
TOTAL	$1,225,000	$1,562,500	$1,945,000	$2,105,040	$2,425,912

2 *The change in the revenue estimate for the first two years of full operations reflects differences in the 2006 and 2007 assessments. It is anticipated that current development activities in NoMa will add considerably to NoMa revenues in 2008 as well. The NoMa BID should be able to reach its target revenue of $2.4 million in 2012 as a result of new development in NoMa without increasing assessment rates.*

3 *Some BID budgets include administrative costs associated with a particular program within the costs for that budget item. The 5-year budget set forth above includes all personnel, benefits and overhead costs in the administrative line item.*

Assessment Rate

According to the Office of Planning's Draft NoMa Vision Plan and Development Strategy, the NoMa area includes more than 20 million square feet of developable space. Currently, the NoMa BID area includes less than 4.5 million square feet of commercial space in non-exempt properties. Annual BID taxes will be calculated for all non-exempt commercial properties based in the following manner:

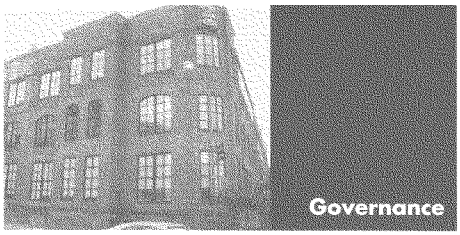
- Land, parking lots, industrial properties and properties with fewer than 50,000 square feet will be assessed at the rate of $0.05 per hundred dollars ($100) of the prior year's assessed value.
- Office buildings and other properties in excess of 50,000 square feet, except residential and hotel properties, will be assessed at the rate of $0.15 per rentable square foot. The rate of $0.15 per rentable square foot may, based on the judgment of the NoMa BID board, be increased to take into account inflation.
- Residential properties will be assessed at $120 per unit annually. Residential properties with fewer than ten units will not be subject to the BID tax.
- Hotels will be assessed at $90 per room annually.

No increase in the assessment rate will take place during the initial five-year term of the BID unless the BID membership votes for such an increase. A table projecting NoMa revenues based on 2007 assessments and projecting revenues for NoMa when fully built out is set forth below.

NoMa Projected Revenues[4]

Time Period	Estimated Square Feet	Tax Rate	Projected Revenue
1st year of full operations FY2008 (excludes start-up period)	4.5 million	$0.15 per rsf or $0.05 per $100 of assessed value for properties with less than 50,000 square feet	$1.2 million
NoMa (fully developed)	17.5 million	$0.15 per rsf or $0.05 per $100 of assessed value for properties with less than 50,000 square feet (most property will be assessed based on rsf)	$2.6 million

4 *Based on information provided by the DC Office of Tax and Revenue. Certain properties, including federal and District-owned properties are exempt from real property taxation. As such, they are not subject to a BID tax. Recognizing the important benefits provided by a BID, these entities often voluntarily contribute to the BID. No assumptions concerning voluntary contributions have been included in these projections. Such contributions are anticipated and will be important to maintaining a high quality level of BID services in NoMa.*



During the pre-establishment period, a steering committee formed a nonprofit corporation (incorporated under the DC Nonprofit Corporation Act as the "NoMa Improvement Association") to work towards BID registration and, upon registration, to act as the BID. An initial Board of Directors was elected to oversee planning and the application for BID registration. The initial directors have consulted with a large number of property owners within the proposed BID and have collaborated with the NoMa Stakeholders group on BID establishment issues. Support for the NoMa BID has been strong, consistent and widespread.

The initial directors of the NoMa BID are:

Bruce Baschuk, *J Street Development*
Andrew Bauman, *Morgan Stanley*
Joseph Doran, *Stephen A. Goldberg Company*
Douglas M. Firstenberg, *StonebridgeCarras*
Charles C. Wilkes, *The Wilkes Company*

Robin-Eve Jasper is serving as the acting Executive Director of the NoMa BID and ElChino Martin, Esq. of Nixon, Peabody is serving as legal counsel.

The NoMa BID will hold a membership meeting within 120 days of registration. At this meeting BID members will vote for a full slate of NoMa BID directors. The corporation's bylaws provide that the NoMa BID will be governed by a Board of Directors comprised of 9–15 voting members. The Board will also include non-voting members representing important civic organizations and community interests.

Every non-exempt property owner[5] and every commercial tenant within the BID boundaries will be a member of the NoMa BID. The members will elect a Board of Directors and approve the BID's annual budget at the annual meeting of the BID. The BID is required by law to issue an annual report on its progress to the Mayor, Council and all members of record, including owners and tenants of commercial properties that are subject to the BID tax.

5 *Each condominium association in the NoMa BID will designate a representative to vote on behalf of that property and otherwise represent that property in BID matters.*

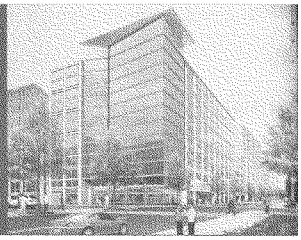
BID Establishment

BID formation requires the submission of a registration application signed by the owners of:

(1) at least 51% of assessed value of non-exempt property in the BID area; and
(2) at least 25% in number of the individual non-exempt properties in the BID area.

Petitions for support of the NoMa BID application have been sent to all non-exempt property owners within NoMa. Once the NoMa BID can demonstrate that it has adequate support among NoMa property owners, the application for BID registration will be submitted to the Mayor for review. The boundaries of the BID and proposed assessment rate must also be approved by the District of Columbia Council.

Duration



The term of the NoMa BID will begin upon registration by the Mayor (expected to be around year-end 2006) and will end five years after its creation. The BID may be re-registered for additional five (5) year periods if approved by the BID membership and the Mayor approves the re-registration after holding a hearing. The District of Columbia law authorizing BIDs sunsets in 2016.

OPENING STATEMENT OF
CONGRESSWOMAN ELEANOR HOLMES NORTON
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

FEBRUARY 27, 2007

FIELD HEARING IN THE NOMA SECTION OF THE DISTRICT OF COLUMBIA AT THE FEDERAL ENERGY REGULATORY COMMISION – A CASE STUDY IN NATIONAL GSA LOCATION POLICIES FOR FEDERAL AGENCIES

I am pleased to welcome today's witnesses to this hearing on General Services Administration (GSA) site location policy entitled "A Case Study in National GSA Location Policies for Federal Agencies." I especially thank Federal Energy Regulatory Commission officials and staff who readily made excellent accommodations available for today's hearing.

For sixteen years on this subcommittee I have had an opportunity to closely observe GSA as it has located federal agencies here, creating a virtual microcosm of GSA's location policies nationwide. The agency is charged by statute to perform various developer, landlord, and real estate agent functions. Established in 1949, the GSA has unique and unsurpassed expertise in every location in the country, including extensive knowledge of local and regional real estate markets, costs, availability, and trends. GSA is responsible for approximately $3.8 billion of leased office space nationwide and for finding space for almost all federal agencies, with the exception of the Department of Defense and Veterans Administration entities.

Today's hearing seeks to learn more about the GSA's role as real estate agent, specifically as how it carries out its statutory responsibilities in guiding and advising agencies seeking office space, and whether the GSA is meeting the statute's requirements in carrying out this mission. According to Title 40, subtitle I, paragraph 584, the Administrator of General Services is responsible for assigning and reassigning space. She exercises this authority after "consultation" with the head of an agency and on the determination that the "assignment or reassignment is advantageous to the Government in terms of economy, efficiency, or national security." GSA is assigned this responsibility because, unlike other federal agencies, it has unique professional and technical knowledge. Importantly, this function is assigned to GSA and not to federal agencies themselves in order to assure adherence to uniform polices, to control important variables, such as cost per square foot, and to assure that taxpayers receive the best value for available federal funds.

Because the District of Columbia is the nation's capital with many federal agencies, this jurisdiction is ideal for studying how GSA carries out its location policy mandate nationwide. The subcommittee for several years has received complaints that GSA's decisions have created the impression that some locations are unacceptable, despite their proximity to public transportation and amenities, even where there is existing federal investment.

Today we are holding this hearing at a location that can act fairly as a case study for looking closely at GSA location policy. We are holding this field hearing in a federal agency in the heart of an area known as NOMA (North of Mass Ave). This area, generally bounded by Union Station, North Capitol Street, Florida and New York Avenues, and Second Street, NE, was once dotted with warehouses, parking lots, and vacant lots. However, its prime location led to a makeover that began almost two decades ago. NOMA is located in the

Central Employment Area (CEA), defined as "parts of the central core area of Washington where employment facilities are concentrated, and adjacent areas where additional development, economic diversification, and job generation are encouraged." NOMA qualifies to be included in the CEA because it "contains a mix of land uses that efficiently support the existing federal activities." As part of the GSA project authorization process, including requests for proposals, a CEA description is always attached.

The private sector has long given NOMA its vote of confidence, even before a new New York Avenue Metro station was added with funds jointly from the private sector, the federal government, and the District of Columbia government. For years NOMA has been the headquarters for brand name private, public, and non-profit entities, among them XM Radio, Carefirst Blue Cross/Blue Shield, the Securities and Exchange Commission, and Kaiser Permanente. NOMA is in the midst of a building boom and will have about 60% office space and 40% rental housing. The confidence in the private market is so high that a super market will be built before most of the housing will be done. In addition, a number of other factors would appear to make NOMA desirable to federal agencies. Most federal agencies located in the District desire to remain here, and NOMA is located close to the Capital and has rates that are significantly below those in other downtown locations. NOMA is not only close to the new New York Avenue Metro, but also to Union Station, the city's transportation hub where rail, light rail, Metro, bus and taxi service converge.

However, it must be noted that federal investment in urban areas is not limited to CEA areas only. Guided by executive orders, the GSA is charged to bring federal facilities to urban areas throughout the country to "strengthen the Nation's cities and make them attractive places to live and work," as one executive order states. However, Washington D.C. is unique among large cities in that most need little inducement to remain or locate in the nation's capitol. The major location challenge GSA finds here is that there is not enough space for many of the agencies who desire to consolidate and expand in the District.

It cannot be doubted that the federal government regards the centrally located NOMA as vital to federal interests. The NOMA transformation has been significantly influenced by federal policy. The new Bureau of Alcohol, Tobacco, and Firearms (ATF) headquarters signaled that NOMA was regarded as an ideal site for federal facilities. To make the point unmistakable, the federal government also invested in an extra Metro station that had not been planned as part of the Metro system and specifically positioned the station to serve the NOMA area, fulfilling the GSA requirement that federal facilities be located in close proximity to public transportation. As a result, NOMA has a new Metro station on the north end in addition to the Union Station Metro that has long served much of NOMA. We are holding this hearing at FERC, which has been located here for more than 30 years and chose to stay here in 1995 when it moved into this new building.

How then can we explain 50 city blocks of existing and planned below market office space, without any significant commitment from any federal agency since the ATF anchor was awarded and the new New York Avenue metro was built in 2004? In years of oversight of GSA in Democratic and Republican administrations alike, this subcommittee has found evidence that agency preferences, not statutory mandates, often dominate GSA location selections. The 57-acre, government-owned Southeast Federal Center located five minutes from the Capitol is a particular case in point. GSA was unable to convince agencies to locate there. After 10 years of seeing agencies avoid the area, I introduced the Southeast Federal Center legislation that, for the first time, is allowing the private sector to develop a federally owned site. Shortly thereafter, the new Department of Transportation headquarters,

scheduled to open soon, was built on part of the government-owned Southeast Federal Center site, where GSA has previously been unable to attract federal agencies.

Meanwhile, federal agencies have continued to lease higher priced space in more traditional areas near K Street, Connecticut Avenue and similar downtown locations. Not surprisingly, federal employees often prefer downtown office locations near shops, theaters, and restaurants. Agency preferences are, of course, relevant and must be taken into account. However, significant questions are raised concerning GSA's adherence to statutory requirements when sites complete with amenities are continually bypassed in NOMA, which is close to the Capitol, other federal agencies, private and non-profit entities, the Union Station Mall and metro stations at both ends of the area.

Who is calling the shots? The subcommittee has documented luxurious courthouses virtually designed by judges because GSA essentially deferred its statutory role to them. The result has been luxurious courthouses with scandalously lavish comforts, including individual showers, kitchens, and special exercise facilities only for the judges, unknown in public buildings. Is there similar deference to federal agencies seeking space at the expense of U.S. taxpayers?

Today's staggering federal deficit requires that GSA demonstrate that the agency does much more to demonstrate that the agency takes seriously its responsibility to ensure that the federal government gets the best price while agencies are comfortably and conveniently accommodated. This nationwide obligation increases exponentially when the federal government has moved in advance to target an area with pioneering office space, such as the ATF headquarters on the north end of NOMA, as well as new transportation facilities. GSA is a peer agency and may need assistance from our subcommittee to meet pressures from federal agencies that assume they can have their pick of space, regardless of how the federal real estate tax dollar is spent. The subcommittee does not seek to penalize the GSA or other federal agencies. However, we are resolute in our determination that the federal office space not only reflect the best accommodations for the agencies, but also the best deal for the tax payer. This hearing begins the process of assuring this policy and outcome.

Again, I welcome today's witnesses and look forward to their testimony.

STATEMENT OF

DAVID L. WINSTEAD

COMMISSIONER

PUBLIC BUILDINGS SERVICE

U.S. GENERAL SERVICES ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON PUBLIC BUILDINGS, ECONOMIC DEVELOPMENT, AND EMERGENCY MANAGEMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2007

Chairman Norton, Ranking Minority Member Graves, and Members of the Subcommittee, my name is David Winstead. I am the Commissioner of the Public Buildings Service for the U.S. General Services Administration (GSA). I am very pleased to be asked to testify here today and look forward to working with the Members of the Subcommittee in the 110th Congress. I would like to take this opportunity to mention that our Assistant Regional Administrator for the National Capital Region is also here with me today, Bart Bush. Bart is the senior Public Buildings official responsible for the portfolio in the Washington, D.C. metro area. He has been directly involved in GSA's actions to encourage the redevelopment of the newly emerging extension of downtown Washington known as NOMA, or the North of Massachusetts Avenue district.

GSA presently occupies 2.8 million square feet of space in NOMA. Included in this total are headquarters sites for three major Federal agencies, the Bureau of Labor Statistics (BLS), the Federal Energy Regulatory Commission (FERC), and the Bureau of Alcohol, Tobacco, Firearms & Explosives (ATF).

Our efforts to locate significant Federal agencies in NOMA date all the way back to 1990, when GSA signed a major lease with Hines Corporate Properties in what is now known as Postal Square, at the corner of Massachusetts Avenue and North Capital Street, for a new headquarters for BLS. Our lease enabled Hines, which was redeveloping the site on behalf of the U.S. Postal Service, to obtain financing to double the size of the building and restore its historic areas. In addition to BLS, it houses a Capitol City Brewing Company restaurant, a post office, and the Smithsonian Postal Museum.

Currently, GSA is nearing completion of the construction of a new 438,000 square foot headquarters for ATF, at the intersection of Florida and New York Avenues, near the northern boundary of NOMA. This project is going into an area that had previously consisted mainly of abandoned warehouses and empty lots. The ATF site itself was a DC public works yard whose most prominent visual feature was the ruins of an abandoned railroad trestle.

GSA has remediated the pollution that existed on the site, demolished the railroad trestle, and rebuilt two streets that were part of the original L'Enfant plan for Washington but had not existed for the past hundred years. We are building a signature work of architecture that will serve as a symbolic gateway to downtown Washington for drivers headed west on New York Avenue.

The District of Columbia Government, the Metro subway system, and our NoMa neighbors have provided valuable assistance by working with the Federal Government to jointly finance the construction of a new Metro station immediately east of the ATF building. The development of this station, which is now open for business, marks the first time in the United States that a new subway station was added between two existing stops while service continued.

Both the presence of the new ATF building and the new Metro station have contributed significantly to making the northern and central portions of NOMA attractive to office developers. In an article from last December in the Washington Business Journal, it was estimated that a total of $1.2 billion in new construction will be occurring in NOMA in 2007. In today's hearing, we have been asked to answer whether GSA tenant agencies are giving full consideration to locating in NOMA. For the past two years, GSA has undertaken a variety of actions, in cooperation with you, Madam Chairman, to reacquaint our staff and our tenant agencies with what NOMA has to offer. These efforts have included briefings for developers in NOMA on how to do business with GSA, tours for potential tenant agencies of attractive office sites, and tours for GSA personnel.

Today, February 27, GSA is sponsoring a region-wide "Location Fair" to which state and local economic development officials and our agency tenants have been invited. The purpose of this event is to educate Federal agencies about local development projects so that they can make informed location decisions. The District of Columbia is sending representatives from five areas of the city, including one from NOMA.

As you are aware, Madam Chairman, one concern expressed in the past by our tenant agencies has been the lack of amenities in the northern and central areas of NOMA. GSA is including 8000 square feet of restaurant and retail facilities as part of our ATF development, located

directly across the street from the new Metro station. We anticipate announcing our selection of a retail manager/master lessor for this space in the next few weeks. This master lessor will be responsible for fitting it out, attracting tenants, and managing the facility. We have also discussed this issue with the development community and have urged them to come up with their own solutions.

GSA has also encouraged its tenant agencies to consider NOMA by adding it to the delineated area that GSA uses as the starting point for all of our lease actions in Washington, DC. Since mid-2004, the entire NOMA area has been included as well as a substantial portion prior to 2004. In addition, in January 2006, GSA issued a Real Estate Bulletin which established a higher level of scrutiny of an agency's proposed delineated area. All acquisition plans now include a written justification that demonstrates that agencies have taken into consideration real estate costs, labor and other operational costs, and applicable local incentives when identifying a delineated area. We followed this up by meeting with agency contacts in June 2006.

GSA procures leased space through full and open competition, and there are several reasons why NOMA developers may not prevail in any given competition. For example, taking into consideration moving and relocation costs, it may be less expensive for a Federal agency to remain in space it currently occupies.

Before I close, I would like to acquaint this Subcommittee with an ongoing issue outside of GSA's control that could discourage the long term redevelopment of NOMA. Several months ago, the District of Columbia Department of Transportation (D-DOT) released a study of alternatives to upgrade the capacity of New York Avenue to carry large volumes of traffic between the Maryland border and the tunnel connecting to I-395.

D-DOT identified the New York-Florida Avenue intersection as one of the most congested points in the corridor. One of the alternatives they are considering is to construct a three-block long viaduct to carry New York Avenue over Florida Avenue, from the bridge over the railroad tracks to a new tunnel entrance to I-395. Another alternative is to keep New York Avenue at grade but to widen it to 12 lanes.

Madam Chairman, either of the alternatives proposed by D-DOT could have a devastating impact on the redevelopment of NOMA, particularly for those areas north of New York Avenue which GSA worked with you and Mayor Williams to include as part of our delineated area for new office locations in the city. In addition, the first alternative would greatly diminish the visual impact the new ATF building will have by relegating it to the base of a large viaduct.

GSA and ATF joined with D-DOT and the National Capital Planning Commission to conduct a three-day charrette on how to improve the New York-Florida Avenue intersection. I am pleased to say that this resulted in a proposal to create something akin to a traffic circle that could turn this intersection into a ceremonial civic center for NOMA, without diminishing its traffic capacity. But this is only a suggestion, and D-DOT has yet to adopt a final position on this issue.

In closing, Madam Chairman, I want to reiterate that GSA has promoted, and will continue to promote NOMA as a good location for Federal office space. I think we have already done quite a bit, and the transformation of this area is well underway. As I have mentioned, NOMA is part of our delineated area for selecting office locations in Washington. We have already located nearly 3 million square feet of office space in the area. We are helping to address the issue of lack of amenities. The future is bright for NOMA.

GSA appreciates the support you, Madam Chairman, and your Subcommittee have given to the Public Buildings Service in the past, and we look forward to continuing to maintain a close working relationship with you in the future, particularly as we strive to upgrade areas at the edge of the traditional downtown that are now emerging as extensions of downtown, including NOMA, the Near Southeast, and Anacostia.

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