THE NEW DEPARTMENT OF HOMELAND SECURITY HEADQUARTERS AT ST. ELIZABETHS: LOCAL BUSINESS OPPORTUNITIES

(110–90)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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U.S. House of Representatives
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Washington, DC 20515

December 10, 2007

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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: Hearing on "The New Department of Homeland Security Headquarters at St. Elizabeths: Local Business Opportunities"

PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Wednesday, December 12, 2007, at 10:00 a.m., in room 2167 Rayburn House Office Building, to receive testimony on the business opportunities presented by the Federal redevelopment of the West Campus of St. Elizabeths. The General Services Administration ("GSA") is responsible for the redevelopment of the campus in order to provide a consolidated headquarters for the Department of Homeland Security ("DHS"). The purpose of the hearing is to: examine GSA's practices and policies regarding economic development around Federal buildings; evaluate how other Federal development efforts incorporated the participation of local residents and businesses; assess GSA's plan to incorporate DHS into the southeast Washington neighborhoods of Congress Heights and Anacostia; and review the District of Columbia's plan to take advantage of the influx of Federal employees and small business opportunities in the community.

BACKGROUND

St. Elizabeths Hospital was established in 1855 in Southeast Washington, D.C., as a government hospital for people with mental disabilities. Its early mission was to provide mental health facilities for the Army, the Navy, and the District of Columbia. However, during the Civil War it was also used to house wounded soldiers. In 1916, Congress renamed the government hospital St. Elizabeths.

St. Elizabeths is bisected into two campuses by Martin Luther King Jr. Avenue SE. The East Campus was transferred to the District of Columbia in 1987. The East Campus comprises 154 acres and houses the D.C. Unified Communications Center. A mental health facility is under construction on the East Campus. The West Campus consists of 183 acres of land and 61 buildings with approximately 1.1 million square feet and is owned by the Federal government. Located in the Anacostia and Congress Heights communities, the West Campus is bounded by Martin Luther King Jr. Avenue to the East, Interstate 295 to the West, Barry Farm Dwellings to the North, and Shepherd Park/Congress Heights to the South. It occupies a bluff overlooking the Anacostia River and is approximately three miles from the U.S. Capitol. The entire West Campus, including buildings and landscaping, was designated a National Historic Landmark in 1990.

The Department of Homeland Security was created in 2002 to protect the Nation from terrorist attack. To improve management of the 22 disparate agencies within DHS, the Administration has pursued a program to house the critical elements of DHS in one location. The components identified for consolidation are DHS Headquarters, the Transportation Security Administration, Customs and Border Protection, Immigration and Customs Enforcement, the Federal Emergency Management Agency, and the United States Coast Guard.

GSA is responsible for the redevelopment of the West Campus to provide a consolidated headquarters for DHS. St. Elizabeths West Campus is the only significant piece of Federal property in the District of Columbia controlled by GSA remaining available for development. U.S. Reservation 13, a 66-acre parcel of land located in the District of Columbia, was recently transferred to the District of Columbia pursuant to Public Law 109-396, the "Federal and District of Columbia Government Real Property Act of 2006". Southeast Federal Center is being privately developed to provide two large office buildings for Federal tenancy, and the remainder of the former Navy Yard is planned for residential and retail development. The Armed Forces Retirement Home is also being redeveloped and is unavailable to GSA for Federal use.

Master Plan - West Campus of St. Elizabeths

The major driving factor for the redevelopment of St. Elizabeths West Campus is the need for the consolidation of DHS, the lack of large Federal land sites remaining to be developed in the District of Columbia, and the high level security requirements of DHS. GSA also has the mission of maintaining and preserving St. Elizabeths as a National Historic Landmark.

Currently, GSA is working with consultants to finalize a Master Plan for the West Campus of St. Elizabeths. The primary objective of the Master Plan is to achieve maximum build-out of the property to accommodate the mission of the DHS, which includes consolidating as many agencies of DHS as possible in one location. A secondary goal is to relocate Federal tenants currently in leased space to Federally-owned space.

GSA has received several appropriations to consolidate DHS, including:

- $24,900,000 for the United States Coast Guard Headquarters at St. Elizabeths West Campus (P.L. 109-115);
- $13,095,000 for infrastructure work on St. Elizabeths West Campus (P.L. 109-115); and
- $6,440,000 for infrastructure work on St. Elizabeths West Campus (P.L. 110-5).

In addition, in FY 2008 the President requested funds for new construction for GSA, including funds for sites and expenses and construction service for the following:

- $318,887,000 for DHS Consolidation and development of St. Elizabeths West Campus;
- $20,752,000 for St. Elizabeths West Campus infrastructure; and
- $7,000,000 for St. Elizabeths West Campus (ancillary) site acquisition.

These FY 2008 requests remain pending in the appropriation process. The House-passed Department of Homeland Security Authorization Act for FY 2008 (H.R. 1684) includes language in support of the consolidation of Homeland Security on the West Campus of St. Elizabeths, consistent with the Homeland Security Housing plan for the National Capitol Region submitted to Congress in October 2006. H.R. 1684 was passed by the House of Representatives May 9, 2007, and is awaiting Senate action.

GSA recently presented a draft Master Plan to the National Capital Planning Commission ("NCPC"). The draft plan includes 4.5 million gross square feet of office space and 1.8 million gross square feet of parking to house approximately 14,000 of the 26,000 DHS employees in the National Capital Region. GSA plans to provide the West Campus with Level IV security, which includes 100-foot setbacks. The terrain of St. Elizabeths also offers natural buffer zones allowing for security barriers.

GSA has engaged local community leaders in the master planning process. GSA has periodically made presentations on the master plan to each of the Ward 8 Advisory Neighborhood Commissions (locally elected residents) and the Anacostia Coordinating Council, and has participated in local town hall meetings. At presentations to these locally-based groups, GSA has presented project specific information and updates and has distributed project fact sheet brochures and maps. GSA has also held a Business Opportunity Forum to educate local residents and businesses on how to participate in the redevelopment of the West Campus.

Similar Federal Projects

There have been two large Federal projects in Southeast Washington, D.C., that have integrated Federal developments into exiting local neighborhoods.

Southeast Federal Center

The "Southeast Federal Center Public-Private Development Act of 2000" (P.L. 106-407), provided GSA with special authority to plan a public-private development in Southeast Washington. Using this authority, GSA awarded a contract to Forest City Enterprises, Inc. to redevelop an underutilized 55-acre parcel of land to the benefit of the Federal Government. This land was used

for two projects. The first 11 acres were redeveloped into the new Department of Transportation headquarters building. The second parcel remains controlled by Forest City, which GSA plans to transfer by sale and ground lease for mixed-use development which includes office space, housing, retail and cultural spaces, as well as a waterfront park and open space.

Navy Yard Naval Sea Systems Command

As a result of the Base Realignment and Closure ("BRAC") in 1995, the Naval Sea Systems Command was relocated to the Washington Navy Yard from its former location in Crystal City, which brought about the relocation of 5,000 employees. Accommodating these new employees required expansion at the Navy Yard, for which the Navy hired several small local businesses. The Navy also provided construction jobs and training for local residents through the Friendship House and the South West Community House. The Navy also worked closely with its contractors to spur development along the M Street SE corridor to support the Navy Yard.

District of Columbia Comprehensive Plan for Anacostia and Congress Heights

The District of Columbia Comprehensive Plan, revised in 2006, calls for development in the immediate area surrounding the West Campus of St. Elizabeths. The city of Washington, D.C. currently owns the 154-acre East Campus of St. Elizabeths. The Comprehensive Plan calls for a phased development of the East Campus. This planned development would include housing, office and retail space, new academic and cultural space, and new city parks. The development would be structured to take maximum advantage of the Congress Heights Metro Station, adjacent to the East Campus, and to integrate the Congress Heights neighborhood into the development. The plan also states that D.C. officials plan to work collaboratively with GSA on redevelopment on the West Campus of St. Elizabeths.

WITNESS LIST

Panel I

Mr. David Winstead
Commissioner
Public Building Service
General Services Administration

Mr. Dawud Abdur-Rahman
Director
Portfolio Management Division – National Capital Region
General Services Administration

Rear Admiral Earl Gay USN
Commandant, Naval District Washington
Washington Navy Yard

Mr. John Imperato
Director
Corporate Information Management
Washington Navy Yard

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Mr. Robert James
President
Ward 8 Business Council

Mr. Albert Hopkins Jr.
President and CEO
Anacostia Economic Development Corporation

Mr. Philip Pannell
Executive Director
Anacostia Coordinating Council

Mr. Stan Voudrie
Principal
Fourpoints, LLC

Ms. Barbara Lang
CEO
DC Chamber of Commerce

HEARING ON THE NEW DEPARTMENT OF HOMELAND SECURITY HEADQUARTERS AT ST. ELIZABETH'S: LOCAL BUSINESS OPPORTUNITIES

Wednesday, December 12, 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 Room 2167, Rayburn House Office Building, the Honorable Eleanor Holmes Norton [Chair of the Subcommittee] presiding.

Ms. NORTON. We want to welcome you to today's hearing entitled the New Federal Headquarters at St. Elizabeth's: Local Business Opportunities, concerning an unprecedented Federal development to be located on the federally-owned West Campus of St. Elizabeth's Hospital in Anacostia in Southeast Washington. The property is the only significant Federal site in the District available for Federal development. This construction will mark the first decision by the Federal Government to place a Federal agency east of the Anacostia River since the District was established.

In 1984, Congress authorized the transfer of the St. Elizabeth's East Campus to the District of Columbia in Public Law 98-621, and the transfer occurred in 1987. However, the Federal Government has insisted on retaining the West Campus because of the savings from building on its own land, because of the presence of two Metro stations and other public transportation, and because of the accessibility and proximity of the site to other Federal agencies in the District.

The Federal Government will break ground next year on its 176 acre West Campus site. The components identified for consolidation are the DHS Headquarters, Transportation and Security Administration, Customs and Border Protection, Immigration and Customs Enforcement, the Federal Emergency Management Administration and the United States Coast Guard.

An addendum for inclusion in the record follows my written statement, describing the evolution of the Federal land from the establishment of St. Elizabeth's as an state of the art mental institution in 1855, when local government here was in the exclusive control of the Federal Government, to today.

The General Services Administration and I have always worked closely with the community and the District Government con-

cerning planned Federal development here. This cooperation has been beneficial to local communities. It has been as beneficial to local communities as to the Federal Government because Federal construction that brings Federal employees and Federal business to an area has unfailingly sparked local retail and commercial development.

For example, the development of the M Street Southeast neighborhood was an almost exact parallel of Martin Luther King Jr. Avenue, the main commercial thoroughfare that borders St. Elizabeth's. Blocks of abandoned federally-owned and blighted land in the M Street community deterred development for decades in the adjacent communities. Change could not and did not occur as long as two vast Federal properties responsible for the decay, the 66 acre Navy Yard remained an empty relic, an almost empty relic, and the 57 acre Southeast Federal Center continued as an unsightly and abandoned brownfield.

When we were able to get a government agency, the Naval Sea Systems Command, to come to the Navy Yard, M Street almost spontaneously developed. With the assistance of the Great Streets Initiative developed by the Williams Administration and help from officials at the Navy Yard, 5,000 new Federal employees helped spur retail.

Structural changes and improvements were made to the 8th Street corridor which had been largely moribund. New restaurants and amenities that serve local residents and Federal employees alike resulted from the Federal partnership with the city, local businesses and residents.

Nevertheless, the adjacent abandoned Southeast Federal Center property continued to stunt full development until Congress passed our Southeast Federal Center Act. We have tried to replicate this Act to benefit other communities here and elsewhere, but Federal scoring procedures stand in the way.

This hearing continues the process we began shortly after the Federal Government funded the new DHS headquarters.

In 2006, we held a town meeting where top GSA, Coast Guard and District officials participated in the standing room only meeting, taking questions from residents. The GSA has continued to assure community participation in countless meetings, working with Ward 8 residents by informing them of developments and getting feedback to assist Federal authorities in making decisions.

The project has been well received by community residents who are sick of decades of blight and decay from the huge abandoned Federal property in their midst and are hopeful that the new headquarters will help spur retail and other efforts underway to secure increased commercial development.

A few months ago, GSA and I and one of our witnesses today cosponsored a small business forum on opportunities that will become available because of the new headquarters project.

This is the first Congressional hearing on the new headquarters development aside from the prescribed authorizing and appropriation proceedings. This hearing is intentionally devoted to local interests and concerns in light of the challenges that must be carefully thought through by all concerned regarding the unprecedented nature of this project.

Witnesses representing Ward 8 and local business leaders will testify. Mayor Fenty was invited, but he was unavailable.

The Federal Government is crossing the Anacostia with one of its most prestigious and important agencies at a time when Wards 7 and 8 are seeking to become destination points like the rest of the District. The city is looking at the option of building a soccer stadium for D.C.'s champion soccer team, D.C. United, on the Poplar Point site, authorized for transfer to the District last year by our bill, Public Law 109-396.

Last Friday, Giant opened the largest supermarket in the region in the Camp Simms section of Ward 8, using Federal new market tax credits.

The new headquarters carries significant promise if local residents and businesses and the Federal and local governments work and plan closely together. We focus particularly on local concerns today because D.C. residents and businesses, particularly those in Ward 8, alone will have to live with the headquarters 24-7.

A continuing complaint of Ward 8 residents has long been that despite hosting the greatest number of housing starts in the District, even the most basic retail has not followed the ward's growing population.

We cannot afford to assume that the retail and commercial development that the community most needs and desires will arrive spontaneously in part because prime parts of the headquarters property will be enclosed by a long wall that must be preserved because of its historic significance. Consequently, large portions of Martin Luther King Jr. Avenue will continue to be unavailable for the local retail activity that usually follows Federal workers.

It is important for all concerned to begin assessing now where development is likely to occur and what sort of development should be most encouraged. Special attention to the long-neglected community concerns and close cooperation between D.C. and the Federal Government will be needed to assure that the needed high quality retail and other businesses are attracted in a manner consistent with maximizing the potential generated by the presence of 14,000 Federal employees.

There is no magic formula for success, but the pieces appear to be aligned: a community that has thought long and hard about economic development in the ward, a major Federal headquarters coming to the neighborhood at St. Elizabeth's, development opportunities from the Federal land transfer of the Poplar Point site and a long tradition of Federal and local collaboration to assure mutual benefit. If all roll up their collective sleeves to get the job done together, we will not fail.

However, an indispensable step for all concerned should be to look to the community for advice and counsel. We continue that process with today's hearing.

Congressman Kuhl, do you have any statement you would like to make?

Thank you very much.

Now, let us move to our first panel of witnesses. Would you begin? Let's go from Mr. Winstead by identifying yourself and the next witness identify himself and so forth.

TESTIMONY OF DAVID WINSTEAD, COMMISSIONER, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION; DAWUD ABDUR-RAHMAN, DIRECTOR, PORTFOLIO MANAGEMENT DIVISION, NATIONAL CAPITAL REGION, GENERAL SERVICES ADMINISTRATION; REAR ADMIRAL EARL GAY, U.S. NAVY, COMMANDANT, NAVAL DISTRICT WASHINGTON, WASHINGTON NAVY YARD; JOHN IMPERATO, DIRECTOR, CORPORATE INFORMATION MANAGEMENT, WASHINGTON NAVY YARD

Mr. WINSTEAD. Madam Chairman, I am David Winstead, Commissioner of the Public Buildings Service at GSA.

Congressman Dent and Members of the Committee, I am very, very pleased to be here today.

I think, Madam Chair, your overview on the partnership which GSA has had with the National Capital Region and with many communities where a lot of our development projects have impacted is very, very important, and I look forward to listening to the witnesses here today, the leadership that we have with the community and the Navy and other clients.

I am also joined today with, as you know, Dawud, who is our Development Director for the project as well as Bart Bush, the Assistant Regional Administrator, and Tony Costa, my Deputy Administrator.

In my testimony today, Madam Chair, I also want to thank you for your leadership in the September 18th business forum that I understand went very, very well, and I think it is indicative of your engagement in projects that are very important for Federal tenants in the National Capital Region as well as communities that you represent.

I would like to address several issues today: the project itself, GSA's, I think, excellent track record in encouraging economic development of neighborhoods and under-served neighborhoods across this Country and locally here in the District, the economic impact of Federal spending which we know is substantial in the National Capital Region as well as my personal commitment and that of the Administrator and the Regional Administrator here at NCR and ARA in terms of this project at St. Elizabeth's.

First, the project itself: GSA is now preparing, as you know, a master plan for the development of a headquarters facility for DHS at St. Elizabeth's West Campus. Creating such a headquarters helps continue consolidation of this large, diverse Federal agency into one increasingly effective and cohesive cabinet department.

DHS is proposing to locate, as you mentioned, up to 14,000 of its employees at St. Elizabeth's, bringing together these components of the Department that must be assembled to respond quickly to national emergencies. At 175 acres, the St. Elizabeth's West Campus is large enough to accommodate DHS' needs as well as to provide 100 foot setback for the entire campus, a very difficult requirement to fulfill for any agency of this size in any urban setting.

Consolidation of the agency components on Government-owned land will offer a substantial savings to the American people and taxpayers over the alternative of consolidating in leased space and replacing currently leased space in over 22 locations around the National Capital Region.

Finally, St. Elizabeth's is a National Historic Landmark and the development of DHS headquarters there offers a unique opportunity to restore many of the historic features of the campus that have badly deteriorated over time. So, making this project a success is important for our Nation as well as for the National Capital Region.

Regarding the National Historic Landmark, just as a reference, I am meeting tomorrow afternoon with Dick Moe, who is President of the National Trust for Historic Preservation, to further dialogue with the leadership of the historic preservation community.

I would like to share with you today, based on discussions with the Committee and counsel, some examples of GSA's success in working with local communities on a large scale like St. Elizabeth's and the economic benefit that accrues to areas.

You talked at great length about the Southeast Federal Center and your leadership in that legislation.

Through GSA's Public Buildings Service's Good Neighbor Program, we seek to basically conduct our real estate activities and decisions to, number one, obviously, meet our client agency's needs, and we are doing a lot more in terms of long term planning about space consolidation and efficiency of housing of those clients but also to support, which is the topic of this panel, the communities that we serve and the communities in which these jobs are located and the economic impact and other impositions such as transportation are felt.

We engaged with local communities early in the process, soliciting public input—this panel today will help in that regard—select locations and utilizing designs that engage community goals and priorities and support community economic development goals.

GSA has been particularly active in working across the Country and with the District Government to find opportunities to build or lease space in under-served communities. Towards this end, GSA is currently engaged in developing several new projects.

The Denver Federal Center in Colorado is a great case of almost 3.9 million square feet that will be housed in Denver and served by a new transit line that has been routed to serve that Federal installation. It will be a first class Federal campus.

In addition, obviously, here in the National Capital Region, as you well know, Madam Chair, the FDA is under a huge three million square foot expansion to a campus in White Oak, Maryland. Again, in that regard, as in the case of St. Elizabeth's, our engagement with the community through their community liaison group, Labquest, has been substantial over the last five to ten years, and we have sought their support both in economic development as well as housing needs for new FDA employees coming to the White Oak campus.

GSA, as you know, donated a portion of White Oak to the Maryland Department of Transportation for transportation improvements along New York Avenue, very similar to what we are doing with the Southeast Federal Center.

In addition, NOMA is another great case where we have now opened a new headquarters for the Bureau of Tobacco and Firearms, located on a site purchased from the District of Columbia,

and this project includes 8,000 square feet of retail and other amenities to serve those Federal tenants at ATF headquarters.

The Southeast area of Washington, as you also know, redeveloping the Southeast Federal Center, has been greatly assisted by the legislation you advanced and also coupled with the District and the private sector through Forest City in both the headquarters of the Department of Transportation that we have now opened as well as a mixed use project of almost two million square feet and almost 2,800 dwelling units with 400,000 square feet of retail to serve not only DOT employees but all the other Federal tenants and private sector uses in that area.

All of these projects are occurring in areas that had not experienced economic prosperity in this region prior to GSA's engagement, the Federal need to really spark things and to provide, obviously, Federal tenancy to meet housing needs of our clients, and now GSA is poised to do that in Ward 8.

But the economic benefits conveyed by the Federal Government on urban areas of the District go way beyond just direct employment. As you know, George Mason University's Stephen Fuller often articulates the impact of our investments, Federal investments in the District in terms of employment. Federal procurement spending has grown from $12 billion in 1990 to $28 billion in the year 2000.

This study of Dr. Fuller's points out that more procurement dollars are going to be spent each year in the National Capital Region than any other single State in the Nation. It is calculated that this investment generates 21 percent aggregately in the Metropolitan Washington economy, the GNP for the National Capital Region. So, procurement spending is responsible directly, Federal spending, for almost 170,000 jobs in the District of Columbia.

In 2004, GSA joined with the National Trust for Historic Preservation in a similar partnership to St. Elizabeth's in a project in Baltimore, in which the net result has been almost $50 million of impact to the Baltimore regional economy. So it is an important point to keep in mind, when we consider the possible economic benefits, these other projects as examples in terms of development of the St. Elizabeth's West Campus.

For firms doing business with DHS, they will want to locate nearby. For DHS workers and employees on the campus, they will want to shop nearby. There will be further development in neighborhoods.

Our National Capital Region is involved closely. I have talked to Harriet Tregoning and others. They have engaged closely with the planning leadership of the District in this regard.

We will continue to move forward on our plans to relocate new housing for DHS in Ward 8 and working with the District as well on adjacency in terms of impact on the East Campus where they are looking at their zoning authority to encourage office and residential development on that adjacent campus to ours.

Before I close, I would like to comment just briefly on my personal commitment to this project. Madam Chair, in about June of 2006, you and I went up to the Ward 8 neighborhood for a town hall meeting, and this was just one example of the many meetings that have been held since, over a dozen that GSA has held in Ana-

costia and Congress Heights neighborhoods, as well as our project director who you will hear from next has been very, very involved in this effort and will give you more detail.

Recently, I had an opportunity to talk to Charlene Jarvis who I knew very well, who is the head of Southeastern University, and people like that are constantly getting involved and looking at maybe career training opportunities for jobs as result of St. Elizabeth's.

So my message is very, very simple, Madam Chair. GSA, as you noted, as a very important role to serve DHS with this consolidation, and the result of it will have very profound impact on the community and the economic interest of Ward 8.

Thank you.

Ms. NORTON. I would like to note that the Ranking Member, Mr. Graves, has come. I know he is going to have leave a markup later and can't stay throughout this hearing. I want to welcome him and ask him if he has anything he would like to say at this point.

Mr. GRAVES. Thank you, Madam Chairman. I appreciate the opportunity.

I am very interested in this project and actually a couple of different projects. We were just talking up here too about the Navy Yard, but I will turn my statement in for the record.

I look forward to hearing what I can from the witnesses and appreciate you all being here. I am going to pop out for a markup and then be back, but thank you all for being here today.

Ms. NORTON. Thank you, Mr. Graves.

Next witness, Mr. Abdur-Rahman.

Mr. ABDUR-RAHMAN. Madam Chair, Members of the Subcommittee, my name is Dawud Abdur-Rahman. I serve as Development Director in the General Services Administration National Capital Region, and I am working on the preparation of a master plan for the Department of Homeland Security headquarters complex at the St. Elizabeth's West Campus.

I am pleased to have the opportunity to appear before you to supplement the remarks made by Commissioner Winstead regarding the economic benefits that our project will have for Washington, D.C. and the Ward 8 neighborhood.

GSA is currently preparing a master plan for this project. We propose to develop up to 4.5 million square feet of space and up to 1.8 million square feet of structured parking on the 176 acre St. Elizabeth's West Campus. This development will include new construction along with the restoration and modernization of the majority of the existing campus. When completed, the facility will house up to 14,000 employees.

In my remarks today, I would like to summarize the action GSA has taken and will take to make St. Elizabeth's West Campus a valuable and important neighbor in Ward 8.

First, we stopped the rampant and progressive deterioration of this National Historic Landmark. When GSA assumed custody and control of the West Campus in 2004, the buildings and landscape were in deplorable condition.

Holes in the roofs had to be patched. The most historic building on campus, the Center Building, and the beautiful Beaux Arts style Hitchcock Hall had both suffered extensive damage from the leaks

in the steam distribution systems. All of the floors had collapsed in one wing of the Center Building.

Anticipating the ultimate redevelopment of the campus, GSA invested $13 million in a stabilization program. This work, most of which was done by Section 8(a) small business contractors, includes construction, landscaping, security services and building management.

A total of 40 percent of all contracts issued since late 2004 have been awarded to D.C.-based firms and 60 percent of the $4 million of work currently underway is being performed by D.C.-based firms.

Now we are preparing a master plan for the phased development of the headquarters facility. Congress has already appropriated funding for the preparation of this document, the design of the first phase of the project, a headquarters for the United States Coast Guard and initiating the repair and replacement of the infrastructure for the entire site.

This fiscal year, 2008, the Administration is requesting $346 million to fund GSA construction of the Coast Guard headquarters building and further infrastructure as well as to begin design work for phase two.

The construction of the DHS headquarters complex will convey considerable economic benefits to the local community. Construction costs alone are expected to exceed $3 billion, and that means a lot of construction jobs and construction site support services.

Federal acquisition regulations require all Federal agencies to create as many opportunities as possible for small businesses to compete as prime contractors on Federal projects and for large contractors on Federal projects to establish subcontracting goals for small businesses. In fiscal year 2007, GSA's Public Buildings Service entered into $240 million in contracts in this region with small businesses.

We also encourage our construction contractors to participate in an approved apprenticeship program so that residents of Ward 8 and other parts of the District will have the opportunity to be trained for careers in construction trades.

With up to 14,000 employees on the site, there is a sizeable potential market for the businesses located nearby. In addition, contractors doing business with DHS will be tempted to locate in office space within a short distance of the campus to facilitate frequent contacts with their client.

In an effort to calculate the potential economic benefits that this project will generate, GSA utilized a computer model called the Regional Input-Output Multiplier System, otherwise known as RIMS II, developed by the Bureau of Economic Analysis. It is used extensively by both the public and private sectors for such projects as estimating the impacts of military base closures, airport construction and the development of shopping malls and sports stadiums.

Using this model, GSA projects that development of St. Elizabeth's West Campus will generate 26,000 jobs and $931 million in payroll during construction alone. It is also expected to produce $18 million per year in sales and use taxes after occupancy occurs.

Some of these benefits are regional in scope. Commissioner Winstead has already described the significant role that the Dis-

trict of Columbia can and must play if this project will generate maximum benefits for the immediate neighborhood. GSA is working closely with the District Government and with the neighborhood to push such a coordinated approach forward.

In September, we worked closely with you, Madam Chair, and the Anacostia Economic Development Corporation to conduct a business opportunities forum at Matthews Memorial Baptist Church to explain opportunities that could be generated by our development. We are already using Ward 8 firms to provide services for these events.

In November, we briefed Deputy Mayor for Planning and Economic Development Neil Albert and Planning Director Harriet Tregoning on our project, and later that month we provided a tour of the site for Deputy Mayor Albert and City Administrator Dan Tangherlini. We discussed ways that the St. Elizabeth's East Campus can be developed to take advantage of the opportunities posed by the development of the West Campus.

This past Monday, December 10th, we met with James Bunn, Executive Director of the Ward 8 Business Council, in Councilman Barry's constituent office to explore how our project can generate business opportunities for the community. We are encouraged by the neighborhood's support for our project, and we look forward to continuing to work with them.

GSA stands ready to continue working with you, Madam Chair, with the District Government and with the Ward 8 community to make this project a success.

Ms. NORTON. Thank you very much.

We will move on to Rear Admiral Gay.

Admiral GAY. Good morning, ma'am. Good morning, Madam Chair Norton and other distinguished Members of the Committee.

I am Rear Admiral Earl Gay, Commandant of the Naval District Washington, and I am responsible for 18 installations with the National Capital Region including the Washington Navy Yard and its Anacostia Annex.

Thank you this morning for this opportunity to discuss the Washington Navy's Yard's role in community development along the M Street corridor in Southeast Washington, DC.

For a historical perspective, I brought with me Mr. John Imperato. Mr. Imperato is my Community Relations Director and has served in this capacity for the past 16 years. He will provide you with a broad perspective of BRAC development and the influence of the Washington Navy Yard on business development on M Street Southeast, the 8th Street corridor and Barracks Row.

We look forward to maintaining our close ties within the community and continuing to support the growth and revitalization of this great capital city and surrounding neighborhoods.

Thank you.

Ms. NORTON. Thank you very much.

Mr. Imperato, are you going to answer questions or do you have separate testimony?

Mr. IMPERATO. I have submitted testimony for the record, and I am prepared to answer questions.

Ms. NORTON. Well, if you would like to say something before we proceed.

Mr. IMPERATO. Just basically, an overview is, in the nineties, we moved about 5,000 Navy employees to the Navy Yard, and an additional 5,000 contract personnel came along with them and brought our population up to about 12,000. The additional 5,000 people provided quite a customer base in the community. We felt that we should partner with the community to provide services to these people and benefit the community as a whole.

I would be happy to answer any questions you might have.

Ms. NORTON. Thank you very much.

We brought you both together and had you testify together because the Navy Yard is perhaps the most recent example of what the coming of Federal employees can do if you work closely with the agency.

Now, what we are most interested in, of course, is the agency's policy. For example, Mr. Winstead or Mr. Abdur-Rahman, do you have a development policy quite apart from the policy to build the agency that incorporates the community?

Mr. WINSTEAD. Madam Chair, GSA policy is to work very, very closely with all the communities around our major projects, and we are responsible for pursuing that in ways that include both our housing needs as well as local goals. In the short term, these directives acknowledge collaboration needs with local officials, where to locate, how to design and operate facilities.

The principals of this neighborhood development program that we have are basically to locate new lease facilities in places that support local planning, economic development and master planning goals as well as to design them to meet workplace needs and support overall urban design. So we are focused on the St. Elizabeth's neighborhood in that regard.

Also, renovating Federal properties and the custodianship we have for over 400 Federal buildings and 2 dozen national landmarks similar to St. Elizabeth's is a part of that neighborhood policy.

We are also driven by law under the Federal Urban Land Use Act of 1949 in that regard to both look at the impact we have and to guard on the Cooperative Use Act of 1976 as well as the Public Buildings Amendment Act of 1988. So there are a number. There are about five or seven laws.

Ms. NORTON. What I am trying to find out is whether you have a policy or goal when you build a Federal facility like this to open or to encourage public business objectives. We know that the district has to do with the zoning and the master plan and the like.

But to encourage businesses to locate around the Federal development where Federal employees will be, is there a written policy? Are there goals connected with the GSA's responsibility to see that the Federal employees are served with some kind of retail or business in the local neighborhood?

Mr. WINSTEAD. We do, and this neighborhood development and these policies and the acts that I mentioned require that we do so.

So, in the case of St. Elizabeth's, not only the business forum you had, but our close working with the D.C. zoning, with Harriet Tregoning and others are actually targeted to do that. It is to make sure that the redevelopment of Martin Luther King, the great streetscape efforts and to look at densities being planned for the

corridors between the East and West Campuses, that we look at that in terms of its ability to handle growth as well as retail, restaurants and other amenities to serve the employees, the 14,000 employees at build-out.

Ms. NORTON. In my opening statement, I indicated that both the District and the GSA face a major structural problem that we did not find in NOMA where all that property has been bought up and we expect Federal agencies and private business to come. Amenities are being developed. But there was no wall and, here, we have an agency that could be walled in.

Now, Federal Law requires, always requires some amenities in the agency. So you will not find an agency which does not have amenities. But when you have a wall and you have amenities provided on the inside, have you considered that if you provided every amenity you can think of on the inside, there would be no reason for these 14,000 employees to venture into the community the way they venture into the downtown community, the way they venture into NOMA?

Have you considered the structural problem with carrying out your normal policy of encouraging Federal employees to do some retail in the neighborhood and therefore retail comes to the neighborhood because they know there will be this large number of Federal employees in addition to the residents?

Mr. WINSTEAD. Do you want to add a comment?

Ms. NORTON. Yes, Mr. Abdur-Rahman, you are the one that has been working the project. You are the face of GSA in the community. If you have thought about this, I would appreciate anything you would have to say.

Mr. ABDUR-RAHMAN. Sure. Congresswoman Norton, we have thought about this on several fronts.

I will start with the issue of the wall. One of the things that we remind a lot of the planning agencies and even the community is that DHS is a high security agency, and GSA and DHS and other agencies follow the interagency security criteria.

If you have a concentration of Federal agencies, whether it be FDA or St. Elizabeth's West Campus, there is going to be some security infrastructure to provide for the protection of that Federal population. So there would always be this issue of some level of security.

Ms. NORTON. But I haven't even raised the security issue.

Mr. ABDUR-RAHMAN. Right.

Ms. NORTON. We just put that aside. Let me just say this for the record, so everyone understands what the Department of Homeland Security has done to us all. If you want to get into Federal agency today, this has nothing to do with the Department of Homeland Security. It is area-wide.

Whereas you used to just have to go through whatever is the contraption that makes sure you are not carrying any bombs, you now have to show an identification. Now, that is not the Department of Homeland Security. That is new policy everywhere. I am going to have a hearing myself on whether that is necessary.

I had someone from the local B.I.D. on M Street tell me that he wanted to go to the cafeteria in the new Department of Transportation. That is a headquarters that we worked, what is it, well,

even before I came to Congress. I have spent a good deal of my time in Congress, trying to get that headquarters.

Here comes a local resident who runs the bid, and he tells me that he wanted to have a meeting. Sorry. He wanted to use the cafeteria. He had to call someone in the Department of Transportation to come downstairs and get him so that he could get in to use the cafeteria.

You know this is madness, but this doesn't have to do with the Department of Homeland Security. This is madness from their policy.

So I said when I met with him because the B.I.D. is going to have a forum that we are sponsoring with GSA. I said, well, suppose I am a taxpayer, and let's say I am taxpayer either from the District of Columbia or from podunk.

I said, oh, my goodness, thank goodness there is a Federal building, and I really need to go to the lavatory. Sorry.

I don't know what showing identification means, but I don't want to hear anything about security and Homeland Security. The reason I don't want to hear it is that I can't imagine your security will be any steeper than in the Department of Transportation.

I said to myself, well, that is interesting. Who is going to blow up the Department of Transportation? I mean if al Qaeda is down to the Department of Transportation, then I think they must have blown up everything else.

But, again, my question was very specifically about the isolation of Federal employees from the community where retail has sprung automatically, and my question here has to do with the wall and whether or not any of you have taken into account the difficulties raised by having that wall there in the first place and therefore the need to somehow encourage people that there is something on the outside, that there is retail on the outside.

Or, do you plan amenities on the inside and what amenities do you plan on the inside?

Mr. ABDUR-RAHMAN. The next thing that we are trying to do in that area is, one, as we said in our opening testimony, as we conducted events, we have sought out local businesses and contracted with local businesses to provide services for the events that we have had and in discussion with the Department of Homeland Security.

I would like to note that the business economic opportunity forum that we conducted with you in September, the DHS small business officer was also there also. WE are also talking with DHS about making available opportunities for local businesses to provide services into the campus through catering or dry cleaning or those types of things.

Ms. NORTON. Well, this is a very important point, and that is a very important point for the community to know. Of course, there are two points of retail interest here. The important point for the community to know is GSA's very successful policy.

I will cite the ATF. The ATF has amenities in it, and there is a small, it turns out, African American woman-owned business that runs many of the amenities. That, I think, is very important because we must have these amenities within the agency or the Federal Government won't move and it shouldn't.

You shouldn't have a huge Federal agency where you can't get a cup of coffee and some other things and some other things, to be sure, in there so you don't have to go outside.

That leaves open what happens in every other Federal agency. They have those amenities, at least if they were built recently or if they were leased recently. That is to say in recent decades.

But people are on the streets, and I have no indication that the District has taken this into account because the master plan talks about retail very generally.

I need to know what the GSA is going to do since it is control what amenities are on the inside and what kinds of amenities or retail—and I use that word broadly—one would expect from your point of view, knowing Federal employees as you do, to be on the outside.

Mr. ABDUR-RAHMAN. Two more points: We are also looking at ways, working with DHS, even though we have a campus there, making parts of the campus available and open to the community on some kind of a regular basis. Specifically, Hitchcock Hall, which we mentioned earlier, was in very deplorable condition but is very conducive for adaptive reuse as a confidant training facility. We think that that is a facility that could be available for the community to use and have access to the community.

In addition to that, there will be amenities on campus like any other campus of this population, but we do expect and we are hoping in our discussion with the city, that on the East Campus, that there will be additional amenities available because we don't anticipate that all the services that a population of 14,000 employees will need will be able to be supported on our campus. We are really looking for partnership with the District on the East Campus just across the street for Federal employees to take advantage of that.

No Federal employee eats in their cafeteria every day, and we are really hoping that as the neighborhood develops, as the phase two program evolves and the East Campus develops, as we talk to them, that there will be opportunities for Federal employees to leave the campus.

Ms. NORTON. It is interesting. You had indication from the District that they are going to put something on there?

The only thing on the East Campus now is Government-type facilities. It would be very important if some of those amenities could be on the East Campus. They will have some of the same security problems, but they don't have some of the problems that the Department of Homeland Security.

Have you had discussions with the District? I know you are having some discussions about parking.

Mr. ABDUR-RAHMAN. Yes, in our preliminary discussion with the District, their planning is in a preliminary stage, but it does envision mixed use including retail.

Ms. NORTON. Has the District indicated when? They have had this property for 25 years, and they only began to build on it fairly recently when Mayor Williams came. It would be very important for the District to jump start its part of this, given the issues presented here.

But let's turn to either Admiral Gay or Mr. Imperato because 8th Street. M Street, of course, was on the other side. Where all these

buildings are now was barren. We understand the contractors came.

But, in a real sense, you have a parallel situation. People don't go into the Navy Yard, although I must say I am very grateful that people really do go into use this new marvelous facility that you have built, a facility that people can use for events, for dinners and the like. But, essentially, they don't go into the Navy Yard for lunch and for other retail amenities from the community because that is also a secure agency.

Eighth Street, and I can speak from personal experience because I am a Capitol Hill resident, the fact that Capitol Hill has been gentrified for 25 years didn't matter. Eighth Street was moribund, nothing happening there. I couldn't understand it.

There have been plenty of people in Capitol Hill since the beginning of time, but 8th Street is a kind of main drag that had gone downhill. Now look at 8th Street. If you want to see what is happening, you go to Eighth Street. A lot of it is restaurants, but there also are other amenities that weren't there before.

You were not here, Admiral Gay, at the time. I know Mr. Imperato was because I have worked closely with him. Would you describe what kind of a relationship developed with the residents, with the city, with local businesses so that we have a brand new look and a brand new set of amenities on 8th Street that had not been there before?

Admiral GAY. Well, ma'am, from the outset, the collaborative plan was always to look at the capacity we had at the Navy Yard with 14,000 people, including contractors. We were set to provide the basic amenities and, through collaboration with the community's business association, the community would provide the balance.

John, you could comment further on that process.

Ms. NORTON. Well, I am interested in the blossoming of restaurants, of places where you can go out and buy something, a card or something if you need one. That is really what I am interested in, and I see that with my very eyes.

Mr. IMPERATO. Yes, ma'am. Basically, the most important thing was to communicate to the community what we were doing. We worked very closely with the local council member, with business associations, the resident associations.

The city responded with a great deal of investment on 8th Street and M Street as far as the infrastructure, the street lights, street repavings, sidewalk repairs, landscaping, signage, and the businesses were able to feel that there was some potential business, and the marketing basically came from the community to draw the people out to the community for these amenities.

While we had, as the Admiral pointed out, some limited basic amenities, food service, most like to not eat the same thing every single day. The variety on 8th Street that developed is what draws them out. A lot of the facilities that we don't provide were out there in the community.

So our job was to educate and encourage the community that if they built it, the people would come.

Ms. NORTON. You advised them on the kind of retail you thought people might be interested in?

Mr. IMPERATO. I felt it was very I had to be very careful not to tell a business what they should do. It was their expertise that we were relying on to build what our people would like.

Ms. NORTON. In other words, the market will always educate you.

Mr. IMPERATO. Yes, ma'am.

Ms. NORTON. Mr. Dent, have you any questions for this witness, these witnesses?

Mr. DENT. Thank you. Thank you, Madam Chair. Yes, I do have a few questions and comments.

Mr. Winstead, I will refer to your testimony in a moment but, as you know, DHS is about 22 disparate agencies within DHS, and you are trying to house as many of the critical components of DHS in the one location over there at St. Elizabeth's. It is my understanding that you are trying to consolidate TSA, CBP, ICE, FEMA and the Coast Guard.

In your testimony, you said that DHS is scattered across the D.C. metro area, more than 70 buildings, occupying almost 7 million square feet of space to house 22,000 employees. You point out too that this geographical and organizational dispersion hinders the consolidation of these 22 separate agencies into a unified, effective organization within a common culture.

You also estimate that the present value savings over a 30 year period of locating to Government-owned space versus leased is more than $743 million.

I guess my main question to you is this: Once this building is completed, this project is completed at St. Elizabeth's and you do consolidate some of those component parts, how much lease space will DHS still be needing? Do you have any idea, once you move those key points?

Mr. ABDUR-RAHMAN. Generally, I don't have the exact numbers, but I can answer the question. The lease to own ratio for the DHS housing in the metropolitan area is about a 70-30, percent leased and 30 percent owned.

If we are successful in consolidating DHS in a manner that they believe they can effectively operate, that ratio will split from 70 percent owned to 30 percent leased. I just don't have the exact numbers.

Mr. DENT. So you are saying, if I understand you correctly, that once you move the component parts that I just mentioned over to St. Elizabeth's, you will be at 70 percent owned versus 30 percent leased.

Mr. ABDUR-RAHMAN. Correct.

Mr. DENT. So it just flips.

Mr. ABDUR-RAHMAN. It will flip.

Mr. WINSTEAD. Congressman, the figure that was cited in the testimony, the three quarters of a billion over 30 years is the difference between essentially that ratio being housed in federally-owned space at St. Elizabeth's versus it continuing to be in leased space. So that is a net savings to the taxpayer from the standpoint of the consolidation.

Mr. DENT. Understood. Okay. So you still need at least 30 percent of DHS' needs after the project is complete.

The other question I have is the facilities up on Nebraska Avenue, those are Federally-owned. Is that correct?

Mr. WINSTEAD. Yes, that is correct. That continues to be federally-owned, and actually we are continuing to invest in that facility. The Nebraska Avenue complex currently has about 22 buildings on it, and our investments in that are to stabilize basically the electrical service systems for that current compound. So there still would be either occupancy of DHS there or some other Federal tenant.

Mr. DENT. Is anybody else up there currently besides DHS?

Mr. WINSTEAD. No.

Mr. DENT. It is all DHS. So DHS would continue to maintain presence at Nebraska Avenue plus St. Elizabeth's once this project is complete.

Mr. WINSTEAD. Well, the bulk of the tenancy at Nebraska Avenue is going to be because the Secretary is there.

Mr. DENT. Right. They will move to St. Elizabeth's.

Mr. WINSTEAD. There could be some residual tenants there, correct.

Mr. DENT. Okay.

Mr. ABDUR-RAHMAN. The basic idea is that, as you noted in Commissioner Winstead's testimony, DHS is in over 70 buildings in over 50 locations, and the end state is 6 to 7 locations which includes St. Elizabeth's, the Nebraska Avenue complex and several other mini campuses to consolidate their D.C. housing.

Mr. DENT. How many locations will DHS have once you consolidate?

Okay, we will back to a 70 percent owned versus 30 percent leased. How many of those sites will you be able to eliminate?

You said how many sites is DHS in around?

Mr. ABDUR-RAHMAN. They are in 50 locations.

Mr. DENT. How many locations will they be in once this project is complete?

Mr. ABDUR-RAHMAN. Somewhere between six and seven.

Mr. DENT. Six and seven, that is making progress, okay.

At this time, I have no further questions. Thank you.

Ms. NORTON. Thank you very much. Those were important questions. We will not be able to consolidate this entire agency in any one place the way it has been constructed.

Mr. Winstead, in your testimony, I am reading from a page that is not numbered. I am sorry. You talk about the Federal procurement in the D.C. metro area, $12.5 billion in 1990 to $28.4 billion in 2000, and you talk about how much greater it is than regions that are even larger in population than ours.

In your testimony, Mr. Abdur-Rahman, you indicate that there will be, and again I am quoting from your testimony, "as many opportunities as possible" on Federal projects and for contractors on Federal projects to establish subcontracting goals. No. I am sorry; Federal acquisition regulations.

Let me just read the entire thing: "Federal acquisition regulations require all Federal agencies to create as many opportunities as possible for small businesses to compete as prime contractors on Federal projects and for large contractors on Federal projects to establish subcontracting goals for small businesses."

Then you go on to speak about $240 million in contracts in the region for small businesses.

I wonder if any of you have figures, Mr. Winstead's figures on procurement and Mr. Abdur-Rahman figures on contractors for the District of Columbia, broken out. If you know the region, there must be a way to know how many of these are in the District of Columbia.

Mr. WINSTEAD. Madam Chair, I will ask Abdur to chat, but we basically already spent $13 million to stabilize the site and maintain the site, which our historic preservation part.

Ms. NORTON. But you spent $13 million to stabilize the site.

Mr. WINSTEAD. The current site.

Ms. NORTON. That doesn't tell me where the contractors are from. I am not suggesting. I understand the competitive nature of Federal regulations, and I am not suggesting that all contractors have to come from this community.

I know you have spent money. In fact, I am going to have a question on the historic sites.

Mr. WINSTEAD. Right.

Ms. NORTON. I am trying to find out how much of the, let's say, $28.4 billion in Federal procurement went to residents or businesses in the District of Columbia. That $13 million, I am sure, didn't all go to the District.

In fact, I would imagine, given how much larger the region is, that most of it went to businesses outside of the District of Columbia. I hope they were in the region. I know you have to take the lowest B.I.D. and all the rest of it.

Mr. WINSTEAD. I think that from the standpoint of Steve Fuller's statistics I am sure there is a way we could probably break it down between suburban Maryland and the District.

Ms. NORTON. Could I ask you to do that so that we have some sense?

Mr. WINSTEAD. I will.

But, Madam Chair, I will tell you that for that, as I was starting, the $13 million on stabilization, we do know that the bulk of that went to 8(a) sub-business contractors and 40 percent of the 8(a) contracts for the $13 million, which is only the beginning of $3 billion on St. Elizabeth's, 40 percent went to District contractors. Of that $4 million still underway, we think that 60 percent are going to be performed by District businesses.

So we are seeing a huge percentage of the 8(a) work that has already been done that has gone to D.C. firms.

Ms. NORTON. Those are impressive figures. I wish you would provide for the record who those contractors.

This is procurement or are these contractors? These are contractors?

Mr. WINSTEAD. Yes, those are the 8(a) contractors that have done the stabilization work on St. Elizabeth's.

Ms. NORTON. Yes, would you please provide that?

Mr. WINSTEAD. Sure.

Ms. NORTON. That information along with the breakdown of how much of the work was provided by each.

I would like to ask about the so-called multiplier system. You use these words, Mr. Abdur-Rahman, which may tell us more about the economic benefits.

You say in your testimony that the West Campus will generate 26,000 jobs and $931 million in payroll during construction alone. Whether those jobs are mostly filled by people, some of them live in the District, some don't. I am pleased to have them.

We know that the closer an agency is to the District the more District residents are likely to work in the agency.

My question really goes to the next sentence: It is also expected to produce $18 million per year in sales and use taxes after occupancy occurs.

What does that mean, $18 million in sales and use taxes in the District of Columbia, right?

Mr. ABDUR-RAHMAN. Correct, in the region. This is a regional model, and this is after occupancy for the follow-on services and just the basic business of having 14,000 employees on the campus and buying services and staying in the District. There is an economy that is supported as a result of that activity.

Ms. NORTON. So this $18 million also is region?

Mr. ABDUR-RAHMAN. Yes.

Ms. NORTON. Sales and use taxes is also region?

Mr. ABDUR-RAHMAN. Yes, all these. All the data from the RIMS model is regional.

Ms. NORTON. I am asking you both to break that out from your multiplier systems in your case to let me at least what the lay of the land is now.

You indicated something. I think it was in your testimony, Mr. Abdur-Rahman, that you anticipate that, and I am looking for it in the testimony. It has to do with contractors and office space.

In your testimony, you said, in addition, contractors doing business with DHS will be tempted to locate in office space within a short distance of the campus to facilitate frequent contacts with their client. This was certainly the case with the Navy. You anticipate, therefore, the need for some office space close by the DHS facility?

Mr. ABDUR-RAHMAN. Yes.

Ms. NORTON. I think under the District's planning rules and regulations, there would have to be some retail connected with that as well.

So, construction opportunities, when one considers what happened to M Street, it is important to note here. Again, we have the wall. We have a good part of the main thoroughfare, Ward 8, taken out by a wall. That means there is going to have to be a lot of creative thinking about how to make sure that needed retail that Federal employees will want and that the local community will want takes place.

Let me suggest. Well, first, let me ask if this has ever occurred. I agree with Mr. Imperato, that essentially we are in a market economy and you are going to put out there what somebody can make some money doing, but the District's planning operation does control to some extent what goes out in our neighborhoods.

People get very upset when they find certain things, fast food things, for example, dotting their neighborhoods and don't have a

sit-down restaurant. That is particularly true of Ward 8. It is true all over the city, though.

Has the Federal Government ever surveyed its own employees before you move to an area to inform the market of the kinds of things employees are likely to look for?

For example, the kinds of things that, oh, my goodness, I can't to downtown. I won't go to the Mall or I would like to get out of this wall in order to do what on the outside and buy what. Have you ever done a survey just to find out?

Mr. WINSTEAD. Well, Madam Chair, we do a very thorough in the case of DHS in terms, and obviously this is personnel confidential. But we look at demographics of where people are living and when they come, and we also are well aware the kind of amenities they are looking for.

Dawud can talk about the efforts at St. Elizabeth's with that community and sensing through this program in September and the other meetings we have had over 12 up there with the community in terms of what they are expecting.

But, in the case of the FDA, we have had a very active involvement with the employee group and the citizen group and community groups around the new White Oak campus. I can tell you how active it is. Quarterly, citizens get together with employees as well as the director of facilities at the FDA campus and talk about, as they migrate from basically south Rockville, the Twinbrook area, over to White Oak, what are the needs they need in terms of dry cleaning off campus or other amenities.

That is something that this group, Labquest, which is similar to the economic development Anacostia effort and the neighborhood effort has been very active in. I would think that we would be taking and already are taking a similar protocol in dealing with St. Elizabeth's.

It is understanding what our employees will need, what in fact, by security requirements and mix of use on the campus, will be available versus obviously the benefits of having the D.C. zoning and density and future neighborhood plans in Anacostia account for higher density and mixed use, both residential and obviously retail and amenities. So we would commit to doing the same thing.

I think the thing I am mostly aligned with or know about is this FDA experience. They have incredibly good communications going back between what the employees need or expect as they migrate from Twinbrook to White Oak and what the community can offer. I think that model, as the Southeast Federal Center was, can be a good model for St. Elizabeth's.

Ms. NORTON. That kind of collaboration seems to be very important because to get something that one wants and the other doesn't might affect whether or not somebody comes.

One of the things that occurs to me is no matter what kind of food you have on the inside, you might find that there are certain kinds of sit-down restaurants and food that you get on the outside that people want to come out to have, to actually go to lunch outside of the wall.

Mr. Imperato, what has been the experience on 8th Street with that kind of communication?

Mr. IMPERATO. Well, basically, we just kept the information flowing and the market, as you said, developed to respond to what people were seeking.

You know what we had on the Navy Yard was minimal—as you say, fast food, very small facilities, enough in the case of bad weather to take care of people's basic needs. But they want more, and they went out to get it, and the community responded by building it.

Ms. NORTON. Mr. Abdur-Rahman, you mentioned the historic preservation. There were some considerable resources that the GSA, once it took control, had to put into it just to preserve the historic qualities of this building. Do you, you and perhaps Mr. Winstead, anticipate reuse of most of these buildings?

Here, I preface this by saying the Federal Government is the only entity I know in the United States that will put money into preserving a building if it is a historic building. The reason the developers are not interested in sites which have historic buildings is that they obviously can't afford to do that because it raises the cost. So the Federal Government usually partners with a developer so that that whole cost doesn't go onto the developer.

What kind of reuse do you anticipate at St. Elizabeth's?

Mr. ABDUR-RAHMAN. For this project, it was mentioned in my testimony that we do, with the alternatives that we have in our preliminary master plan, envision the reuse of the majority of the contributing buildings, and that has been acknowledged by the Advisory Council and Historic Preservation, all the other preservation groups that we do adapt and reuse the majority of the contributing buildings to the NHL.

I wanted to add another comment to the question about the things that we are doing at St. Elizabeth's in terms of trying to marry the desire of the employees with the retail in the area. We have taken some steps, and we are planning additional steps in that area.

When the project started, GSA and DHS with Coast Guard, DHS and Coast Guard assembled an employee group in the Coast Guard and then it will be joined by DHS as they come onto the program, to really represent the desires and wishes and questions about the employees that are going to the area. We began answering questions about planned developed in Ward 8 which, as you know, has a lot of new housing starts and other development in the area, so that they would be aware of it.

In our meeting on Monday with the Ward 8 Business Council with James Bunn and Brenda Richardson, we talked about and we will follow up on the idea of having like a retail roundtable where the Ward 8 Business Council will broker a discussion with GSA and DHS and Coast Guard and the developers that are thinking about bringing services to the community to make sure that we have just that type of matching of the demand and the need in the area because I think what we all recognize is that even though we are going to have, as Navy mentioned, kind of minimal services for DHS employees, no one eats in the cafeteria forever.

The overall issue in that community is that the entire community is under-served right now. So we want to make sure that when

the 14,000 employees come in, there is a matching of the demand and the need with the community and the DHS employees.

Ms. NORTON. Yes, go ahead.

Mr. WINSTEAD. I just wanted to comment about a question about historic landmark designation. Obviously, we only have a couple dozen National Historic Landmarks with St. Elizabeth's as one. We are putting a lot of effort into this both on an NCR level and at the commissioner's office level and working with the historic preservation leadership.

Our goal is to preserve, the number I have heard is at least 80 percent—and this has been shared with the historic preservation people—of the existing structures to achieve this 4.5 million square feet.

I would not be misrepresenting saying that this is going to be an easy task. We are very engaged with these groups. As I mentioned, tomorrow Dick Moe is meeting for the second time with me. I have toured the site with Dick Moe as well as John Nau who chairs the Advisory Council. Our people have hired consultants, historic preservationists, obviously, land planners, space planners, master planners and the like.

Our biggest challenge is this density around these historic properties, but we are confident that with the advisory role of ACHP and the 106 process, that we are going to achieve a balance between what DHS needs in housing their critical components to be an increasingly effective agency and preserving this campus.

It is very interesting to me that in my tour over a year ago with Dick Moe, he turned to me at one point and said, you know 1.5 million square feet seems a lot of space for this historic campus. That was his first comment.

His second comment was, David, we do understand that we are so much better off having GSA look at this with the resources it has and its ability to balance both historic preservation and the needs for making this a live campus.

I think that is the way both we are approaching it at GSA and the historic preservation people are. I would also mention we are engaged, obviously, with the Department of Interior and input that we are getting from all of those groups.

Ms. NORTON. Could I ask you about access?

As I said, most people are not much interested in going into a Federal building when most Federal buildings don't have an extraordinary view from which one can just look at Washington and the so-called Point and access to the Point we have discussed. Again, I am assuming that the access to the Point is going to be preserved. Could you elaborate on that?

Mr. ABDUR-RAHMAN. Yes. As a part of the master plan process and as a part of all the discussions that I have conducted with the Advisory Neighborhood Commission, we have talked about providing what we call regularly scheduled access to the Point. To the degree that there is some negotiated way with the community to provide access, that seems to be acceptable.

I do want to point out that we have also received comments from Bolling Air Force Base and the White House Security Office that they are concerned that we not provide unscheduled open access at all times. So there is a balance here to try to strike between the

security of DHS and our Federal neighbors and the desire of the community.

The community, some of the ANC leaders have mentioned that around certain holidays or other events, as long as there is a procedure, they understand they can gain access to the site. That might be acceptable, similar to the way they have access to Bolling Air Force Base right now.

Ms. NORTON. Well, you now what? This is not an Air Force base, and this is in the middle of a community. It is not a highway.

I can just tell you right now, I would be willing to sit with the agencies involved. I think I am going to have to do that. If they are talking about holidays, first of all, this facility is guarded 24-7.

The Federal Government is going to have to understand that when you are located in a community, there are certain things that you have to do to be a good neighbor, and one thing you don't do is to say you can't get to the highest point in the city to survey the entire city and region except on the Fourth of July. You don't do that.

You say to the community, this is the kind of thing we will do, but that is something that as a Member of the Homeland Security Committee, I am most aware of the difficulty you are having. That is not something you can do by yourself. I will call in GSA along with the appropriate agencies and see what we can work out.

I want to say, finally, that what you just said, Mr. Abdur-Rahman, about collaboration between the employees and the community makes me very hopeful. To establish that kind of collaboration as early as possible so that everybody is on the same page in a number of ways and retail, I suppose, would be only one of them. But it does seem to me that that would be a very important thing to do, particularly given the concerns, at least I have, about the wall seeming to indicate to employees there is no outside world there.

I encourage you to continue with that effort, and I am very pleased that the Ward 8 Business Council is already involve din that effort. I think that is very hopeful and can be very fruitful for the kinds of issues we are discussing here today.

I want to thank each and every one of you for coming.

Well, Mr. Winstead has something.

Mr. WINSTEAD. Madam Chair, you mentioned earlier this issue of security and your concern for it and personally being involved with community, our planning and DHS' interest.

You mentioned you may be looking at the security question in another hearing format. We would welcome that.

The Office of Chief Architect, which I will submit to the Committee, just finished a new security design guide. Our attempt here is to obviously uphold the Federal Protection Service requirements, ISS standards for a Level 5 facility, which this will probably be, the top level of security. We do have a new approach which we will be implementing within the master plan to make sure that our security requirements and some of the designs are as palatable for both, obviously, protection as well as community.

Ms. NORTON. You say a new approach. When you say a new approach, what do you mean?

Mr. WINSTEAD. In terms of the design of our buildings and campuses. If you are going to have another hearing, we can get into this in detail, but I would like to submit this to the Committee at this time.

Ms. NORTON. Well, I suppose my experience representing the District of Columbia after 9/11 was that if Federal officials, particularly Members of Congress, don't watch, security officials just have at it and they will overreact. I have to tell you that people let them do it because they don't take any note of it.

Right after 9/11, it was all I could do to get any other work done to keep them from closing down the District of Columbia. These checkpoints where cars go by, this was make work.

Well, I am very concerned about not being able to get into a Federal building to use the cafeteria. I really am. I don't know what it means to show your ID. If all you have to do is to show your ID, then it is useless, isn't it?

Then we want to be clear that anybody can come. But I tell you this gentleman who is head of the B.I.D. had to call somebody to come and vouch for him. That is the kind of thing that if my colleagues know about it, I think we can eliminate and, if we work closely with GSA, I think we can show that we need as much security as is useful and not so much as keeps taxpayers out of buildings, not to mention visitors and others who have business.

Again, I thank each of you for testimony that we have found very helpful.

I would like to call the next panel: Robert James from the Ward 8 Business Counsel; Albert Hopkins, Jr., President and CEO, Anacostia Economic Development Corporation; Philip Pannell, Executive Director, Anacostia Coordinating Council; Stan Voudrie, Principal, Four Points, LLC; and Barbara Lang, CEO of the D.C. Chamber of Commerce.

We will just proceed from left to right. Would you, please, as you testify, give your name and your organization?

Mr. James?

TESTIMONY OF ROBERT JAMES, PRESIDENT, WARD 8 BUSINESS COUNCIL; ALBERT HOPKINS, JR., PRESIDENT AND CEO, ANACOSTIA ECONOMIC DEVELOPMENT CORPORATION; PHILIP PANNELL, EXECUTIVE DIRECTOR, ANACOSTIA COORDINATING COUNCIL; STAN VOUDRIE, PRINCIPAL, FOUR POINTS, LLC; BARBARA LANG, CEO, D.C. CHAMBER OF COMMERCE

Mr. JAMES. Good morning, Committee Chair and Members of the Subcommittee on Economic Development, Public Buildings and Emergency Management.

My name is Robert James. I am Chairman of the Ward 8 Business Council. I am here today to testify about the New DHS Headquarters at St. Elizabeth's: Local Business Opportunities.

First, let me start off by saying it is indeed a pleasure and an honor to come before you today as a resident of the District of Columbia. The Ward 8 community is very pleased to be a part of the process of planning and implementation of General Services Administration's new site on the West Campus of St. Elizabeth's Hospital.

However, there are some issues we would like to express to you. There are eight of them in particular:

Number one, engaging in CBEs, Certified Business Enterprises, and getting them on your schedule;

Number two, identifying prospective job opportunities for Ward 8 residents;

Number three, ensuring historic preservation;

Number four, ensuring public access to the Point;

Number five, conducting an impact statement on transportation and jobs;

Number six, encouraging your employees to patronize businesses on the MLK Jr. corridor;

Number seven, absorbing additional costs for infrastructure;

Number eight, encouraging the use of public transportation to protect the air quality in Ward 8.

We understand that the Coast Guard headquarters as well as Homeland Security will occupy some of the space on the West Campus of St. Elizabeth's. We have some concerns with the accessibility of how this project will be incorporated into our community.

As you know, we already have Bolling Air Force Base and the community has very little access. Clearly, with the structure of the Coast Guard and Homeland Security, access will be limited. Hence, we need to find some means of cooperation with the 14,000 employees to be an asset to the rest of the ward, and the ward will benefit from the facilities being there.

Also, there is a greater likelihood for more retail, sit-down restaurants, et cetera. We are also interested in exploring the needs of the employees to get a better picture of their shopping and housing needs. The Ward 8 Business Council envisions a downtown Anacostia that is likened to the 7th Street corridor on Capitol Hill. We hope that GSA will encourage the employees to use the amenities on MLK Jr. Avenue, Southeast.

Anther issue is changing traffic patterns. We assume that the flow of traffic will increase tremendously on MLK Jr. Avenue, Malcolm X and Good Hope Road, Southeast. We have two subway stops that will be used as well, Alabama Avenue and Anacostia Metro stations. You can see how important it is for GSA, the Ward 8 Business Council and Council Member Marion Barry to work together to meet the needs of the additional employees who will be traveling those corridors.

As you look around the new Ward 8, there is plenty of affordable and upscale housing. We would hope that some of those 14,000 employees would be residents of our community.

The Ward 8 Business Council has been mandated by Council Member Marion Barry to make sure that whatever is built in the new Ward 8 ensures that employment or contractual opportunities are available to residents or Certified Business Enterprises, CBEs. We also work very closely with Erik Moses who head the D.C. Office of Small and Disadvantaged Businesses. The Ward 8 Business Council has a list of all the CBEs in Ward 8 that are qualified to participate in the building of the project from beginning to end.

Additionally, we are concerned about the historic buildings on the west side. We attend Council Member Barry's monthly Ward 8 History-Heritage Council meetings to discuss historic sites in the

community. We encourage GSA to be mindful of the historic significance of St. Elizabeth's and the community.

As Chairman of the Ward 8 Business Council, I would extend an invitation to GSA to work with us very closely so that we all come to a mutual agreement about the project being built on the West Campus. We are very excited about having new neighbors. We will do everything in our power to ensure that the transition between the community and GSA is as smooth as possible.

Let me close by saying there are many other concerns that I have, but I am certain that between the planning and community meetings, we will be able to work out any differences we have.

Again, I am delighted that GSA will be our new neighbors. Please feel free to call on the Ward 8 Business Council for any assistance we can provide.

Thank you.

Ms. NORTON. Thank you, Mr. James.

Mr. Hopkins.

Mr. HOPKINS. Good morning, Chairperson Holmes Norton and Committee Members.

My name is Albert R. Hopkins, Jr., and I am President and CEO of the Anacostia Economic Development Corporation located in Ward 8 in Washington, D.C. I appreciate the opportunity to provide testimony before this Subcommittee on the proposed Department of Homeland Security headquarters to be located at St. Elizabeth's West Campus and associated opportunities for local businesses.

I must first inform you, for the purposes of full disclosure, that the AEDC is a member of the one of the teams that has submitted a proposal to provide construction management services to the GSA to manage the construction of the Department of Homeland Security headquarters facility.

By way of background, AEDC is a non-profit organization that has operated in the Anacostia-Far Southeast area of Washington, D.C. for over 37 years. It is AEDC's mission to provide affordable housing opportunities for District of Columbia residents, enhance the economic viability of the east of the river communities and provide support to local and small businesses located in this area.

AEDC is also a participant in the Washington, D.c. Small Business Development Center Network. Under contract with Howard University and the U.S. Small Business Administration, we operate one of four centers located in the District of Columbia that provides a wide variety of technical and managerial assistance to small businesses located through the District. During the course of the current year, the Small Business Development Center at AEDC provided technical assistance to over 240 District-based clients and provides instruction and training to over 375 workshop and seminar participants.

The development of the DHS headquarters at St. Elizabeth's West Campus represents one of the most unique opportunities associated with the resurgence and redevelopment of the Anacostia-Far Southeast community. This major Federal department will be located within the immediate proximity of resurging commercial corridors and in close proximity to several new and existing quality residential communities.

The DHS facility will also be located within the boundaries of the planned Anacostia Business Improvement District which will be able to provide services such as street cleaning, shuttle service to and from Metro stops, and safety ambassadors for the DHS headquarters' personnel.

Research compiled by AEDC staff, the Washington, D.C. Economic Partnership and others indicates that Anacostia-Far Southeast neighborhoods are undergoing an economic resurgence never before experienced.

The planning, construction and development of the DHS headquarters facility, with its scheduled multi-year build-out, should be one of several economic engines that will guide and drive small business opportunities in this area. However, as has been seen in the past, this will not happen without the aggressive and affirmative planning and implementation of strategies that improve the small business utilization performance of both the District and Federal governments.

I would remind the Subcommittee Chairperson of the September 18th, 2007 forum presented by the U.S. General Services Administration's National Capital Region, in collaboration with the AEDC, entitled St. Elizabeth's West Campus Business Opportunities Forum held in Ward 8 at Matthews Memorial Baptist Church.

This well attended event represented the first formal introduction of the plans for the West Campus to the small business community of the District of Columbia and Ward 8. The event also featured GSA contracting officers as well as prime contractors and tenant agencies. We were honored to have the Congresswoman address the participants.

However, efforts must go beyond our current emphasis to help small and local businesses apply for and receive LSDBE, SBA 8(a) and CCR, Central Contracting Registration, certifications. Methodologies should be put in place before, during and after the construction of the DHS facility to enhance participation by small and local businesses in every facet of the planning, development and operation of the facility.

The formulation of joint ventures and collaborations should be further explored as a means by which small and local businesses might be significantly involved in this development process. Each and every solicitation associated with the project should require the respondent to address provisions for significant small and local business utilization.

Regarding my views on the question of what types of retail opportunities are needed in Anacostia, my response turns on a very simple analysis. The retail needs of the Anacostia-Far Southeast neighborhood mirror those of all areas of the District that have experienced rising value in their commercial and residential real estate markets and significant positive changes in their demographics and work populations.

The Anacostia-Far Southeast area is increasing in population as a result of the many new residential developments completed, under development and in the production pipeline. In addition, it is projected that the new DHS headquarters at St. Elizabeth's will add approximately 14,000 new full-time employees to the commu-

nity. The estimated population increase will result in increased demand for first class retail goods and services.

However, if the GSA allows substantial retail establishments such as restaurants, cleaners, drugstores, fast food establishments, bookstores, coffee houses, et cetera, to locate within the St. Elizabeth's West Campus, there will be no net benefit to the Ward 8 community since the West Campus of St. Elizabeth's will, in all probability, be off limits to non-DHS or other unauthorized persons.

It, therefore, becomes imperative for the GSA and the District of Columbia Government to mutually decide how to bring these retail goods and services to the area so that both the Ward 8 community and the DHS community benefit therefrom.

One obvious solution would be for the District of Columbia Government to put in place a development plan which would allow for the establishment of retail zones along the east side of Martin Luther King Jr. Avenue on the East Campus of St. Elizabeth's. The GSA could assist the District in this regard by conducting a survey of existing DHS personnel to ascertain their retail needs and desires, provide same to the District and refrain from placing those types of retailers on the West Campus.

The District Government, in turn, can provide parking space for DHS personnel on the East Campus. This would ensure that DHS personnel will frequent the East Campus on a daily basis and be exposed to the many new retail establishments on that campus.

If necessary, the District of Columbia and the GSA can mutually decide where new traffic signals and crosswalks should be located along the Martin Luther King Jr. Avenue corridor to safely facilitate the movement of DHS personnel to and from the West Campus to the East Campus.

From the Ward 8 community's perspective, there is great concern that the DHS headquarters on the West Campus will be an isolated facility which will provide no economic or aesthetically pleasing benefit to it.

To be an asset to the Ward 8 community and to simultaneously address the security needs of the DHS, the District of Columbia and DHS-GSA officials should realistically consider where operations of the DHS which require less security can be placed on the West Campus. For example, at the Southern End of the West Campus near Milwaukee Place, perhaps less secure operations could be situated, thereby allowing some retail outlets to be placed at that location which then could be accessed by the general Ward 8 community.

The objective is to make maximum use of this major economic development so that it not only serves and meets the needs of GSA and DHS but also provides economic spinoff benefits to the Ward 8 community in which it is located.

In order to further facilitate the acceptance of the DHS headquarters within the Ward 8 community and to increase the opportunity for Ward 8 and District of Columbia-based Local, Small and Disadvantaged Business Enterprises—or what are now referred to as Certified Business Enterprises—to secure contracts, to participate in the planning and construction of the facility, AEDC feels

strongly that the following services be availed to the DHS development process:

One, provide a community liaison between the GSA, DHS, District of Columbia Government and the Ward 8 business and residential community during the planning and development of the facility.

Two, create a means to work with Ward 8 and District-based LSDBE-CBE firms to prepare them for the contracting opportunities that will be made available at the DHS St. Elizabeth's site.

Three, establish a working relationship with employment training providers, such as Opportunities Industrialization Center, to prepare Ward 8 residents for the employment opportunities that will be made available as a result of the new DHS development.

It is important to note that we will only have one shot at this wonderful opportunity that will bring approximately 4.5 million square feet of commercial development to the Ward 8 community. We need to go about this task as if it is what it is, a land use development opportunity that seeks to address the needs of three entities: the District of Columbia Government, the Federal Government and the Ward 8 community. The three entities obviously need to work in concert and determine how best to meet each other's needs through the creation of a holistic economic development project.

AEDC is appreciative to have the opportunity to offer its assistance in reaching this objective.

Thank you, Madam Chairperson, for providing this occasion for AEDC to share its views on these subjects with you and the Committee. I would be pleased to attempt to respond to any questions that you may have.

Thank you.

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

Mr. Pannell.

Mr. PANNELL. Good morning, Madam Chairwoman.

My name is Philip Pannell, and I am the Executive Director of the Anacostia Coordinating Council, also know as ACC, which is in its 24th year as a non-profit, volunteer consortium of individuals and organizations concerned and involved with the revitalization of Anacostia and its adjacent neighborhoods. The ACC engages in information gathering and sharing, networking, advocacy and community organization.

For the past 13 years, ACC has been chaired by Arrington Dixon.

The community is excited about plans to move the new Department of Homeland Security to the West Campus of St. Elizabeth's Hospital and the local business opportunities that will be available. For the purposes of the DHS development, ACC defines local businesses as those that are located east of the Anacostia River and particularly those that are in Ward 8.

The ACC recommends that the local businesses be involved in the planning, construction and operations in all appropriate aspects of the DHS headquarters development and all ongoing contractual work.

ACC recommends that the General Services Administration and the District of Columbia Government engage in the nurturing of the current local businesses and encourage businesses to locate east of Anacostia River.

It would be ideal if the DHS would require contractors and vendors to set up offices in close proximity to the Anacostia Metro station. Also, the ACC recommends that the businesses that are established on the campus be locally-owned.

The development that occurred on and around the Navy Yard is an example of the opportunities that are available to those east of the Anacostia River with DHS. The Navy Yard development has had a cascading impact on that community and enhanced the vibrant 8th Street business corridor from Pennsylvania Avenue to M Street. Because of the dearth of eclectic businesses on Martin Luther King Jr. Avenue, ACC encourages the establishment of retail businesses of all kinds such as food, clothing, hardware, informational technology, entertainment, et cetera.

Over the years, the ACC has been acknowledged for its outreach strategies and its success in organizing large meetings to engage community conversation and involvement. It is more than willing and able to be an outreach vehicle for the GSA and the District of Columbia Government and welcomes the opportunity to forge a contractual relationship.

In the August 31st, 2007 preliminary draft to the National Capital Planning Commission for comment, the GSA's master plan for the DHS headquarters consolidation at St. Elizabeth's West Campus cites in its Community Involvement Summary the meetings that GSA representatives have had with the ACC dating back to 2005. ACC stands ready to continue that constructive engagement.

Madam Chair, with your permission, I would like mention two things that are not in my testimony, particularly since the issue of the historical aspects of the West Campus have been alluded to several times this morning.

There used to be a wonderful museum that was on the West Campus in the Center Building. It was there for decades, and people quite literally came from all over the world, which was documented in the sign-in registry there, to see that museum, and the museum's focus was on the history of psychology as well as the history of psychiatric treatment of the mentally ill. It actually had artifacts such as some of the original beds when St. Elizabeth's opened and some Dorothea Dix's personal memorabilia. As a matter of fact, it had a wonderful visual chronology of psychiatry, starting with Freud.

This museum, first of all, was one of the best kept secrets not only in Ward 8 but throughout the city because it did not have the money for outreach to promote the museum.

The artifacts were dispersed to places unknown or, at your meeting that you had the Petey Green Center, someone from GSA said that well, some of the artifacts may be at Howard University. Some of them may be at Walter Reed.

Wherever they are, they need to come back together because that was such an incredibly historical jewel in the rough, and that would be quite beneficial to the community in so many ways to actually reestablish that museum.

Also, on the grounds of the West Campus is a Civil War cemetery which is unique in the aspect that it actually has the bodies of both African American and white Civil War soldiers buried there, which was unheard of to have an integrated cemetery. I would hope that

the community will have access to that very historical site because it is extremely important in terms of the history of Ward 8 and the Civil War.

Thank you, Madam Chairwoman.

Ms. NORTON. Well, that is a very interesting anecdote about this historic site. I will have staff look to see where these artifacts have been dispersed. We know that the cemetery hasn't been dispersed, and we know there is an obligation to, in fact, maintain it.

But this notion of access, it comes up again, and this is something we are going to have to assure. I am going to have to work with a whole lot more than GSA on that because I have to contend with the people who think they run things. Those are the security people. They run things until there is some intervention, and then we are always able to get some relaxation.

So, thank you for that.

Mr. PANNELL. Thank you.

Ms. NORTON. Mr. Voudrie.

Mr. VOUDRIE. Good morning and thank you, Madam Chair, for the opportunity to appear before you today.

My name is Stan Voudrie. I am a Principal with Four Points, LLC, a D.C.-based real estate development company.

I second the comments of my fellow panelists regarding access to the site and development of the St. E's campus, but I would like to take a few moments in the opportunity to make this body aware of some of the planned new development in the historic Anacostia neighborhood.

Four Points has formed a joint venture with the Curtis Family, a landowner and business owner in historic Anacostia for over 80 years. We have been working together with the various community stakeholders, the D.C. Office of Planning and others over the last two years to formulate a development plan for approximately 9.5 acres of land that we own along Martin Luther King Jr. Avenue.

The site plan of the proposed development is attached to my written testimony for your reference.

The plan covers an area bounded by Martin Luther King Jr. Avenue on the east, U Street, Southeast on the north end of the site, Chicago Place to the south and then 295 to the west. Our plan calls for the development of approximately 500 new residential units, 165,000 square feet of new retail space and 855,000 square feet of new office.

We are concluding the preliminary planning and intend to submit the project to the D.C. Zoning Commission for approval in the first quarter of 2008 which would allow us to get approval in late 2008 and begin construction in 2009 for a first phase ready to be occupied in 2011.

It is our opinion that this neighborhood is currently under-served across almost every retail category even before the addition of the 14,000 new Federal employees in the neighborhood. As such, our plan calls for development that will bring neighborhood-serving retail to historic Anacostia. We have included space for a grocery store and have begun preliminary discussions with potential operators for that store. We also have space for a full service pharmacy, a drugstore, restaurant spaces as well as opportunity for an urban cinema with eight to ten screens.

Additionally, we now have several smaller retail spaces that are not part of this new development but that are available for lease. We have recently leased one of those to a local entrepreneur that is starting a coffee shop, and the other spaces are being toured by art gallery owners, restaurant operators, but to date we don't have any additional leases signed for that space.

Again, I thank you for this opportunity.

We look forward to DHS moving to our neighborhood. We believe that with proper planning and coordination, that they can be a very positive addition to the community, and I welcome the opportunity to work with this body and GSA to make sure that that happens.

Thank you.

Ms. NORTON. Thank you, Mr. Voudrie.

Ms. Lang.

Ms. LANG. Good morning, Madam Chair.

I am Barbara Lang. I am President and CEO of the District of Columbia Chamber of Commerce, and I am pleased to testify before the Subcommittee on Economic Development as it considers the community bordering the St. Elizabeth's campus. As the largest business organization in this region, the Chamber works hard to make living, working, playing and, of course, doing business in the District of Columbia a much better proposition for everyone.

Thank you, Madam Chair, for the invitation to testify on behalf of our 2000 plus members and the 200,000 residents that employ them about how GSA can best use its resources to aid the economic development of the areas adjacent to the St. Elizabeth's campus.

Let me begin by saying I was delighted to hear some of the earlier testimony from GSA. The community adjoining St. Elizabeth's has been overlooked for many years, and we are pleased to learn that the Department of Homeland Security and 14,000 of its employees will be relocating to the campus.

This move creates an opportunity for economic development in Congress Heights that has not existed for decades. Because the local neighborhood economy of Congress Heights stagnated long ago, its residents have been largely excluded from the city's economic resurgence.

Developing the St. E's campus and sharing its economic benefit with the community should be a foremost concern as GSA and DHS move forward and, to be clear, the economic benefits DHS brings as a new neighbor in Anacostia, must be felt outside St. Elizabeth's historic gate and fortified walls.

DHS must not and cannot create an oasis of services walled off, withheld and withdrawn from the residents of Ward 8. Some residents have expressed concern that this will be a secure compound impervious to the community and unwilling to interact with its surroundings.

We all know that an optimal environment is one in which the community and DHS benefit from symbiotic economic interaction. They must be an anchor of economic stability and a catalyst for development that creates jobs, encourages economic investment and patronizes neighborhood businesses. DHS can be a catalyst for change that is long overdue.

What does this change look like? It takes the form of a robust economic activity, and the best example I can provide is the renaissance we have seen in downtown Washington such as Gallery Place. Over the last 10 years, it has evolved from an area where people came to work and left at the end of the day to a place where people work during the day, play and dine at night and enjoy at all times.

It takes time, however, and change will happen in stages, but GSA can begin laying the foundation now for a similar economic rebirth east of the river.

You are beginning to see several of the economic and community factors necessary for growth emerge. First and foremost, preparations are being made for construction of a complex that will house a cabinet level agency. In the short term, that means construction-related jobs. In the long term, it means a daily influx of employees who will demand certain services during the workday.

You also have a Metro station and I-295 nearby to help ferry workers to work. The importance of these very basic infrastructural assets should not be overlooked.

Once you get employees to work, they are going to demand food and other small retail services. These small retailers need to be patronized by DHS employees during work hours and be available to serve the community at all times. Examples that comes to mind are a diverse mix of food establishments, a CVS or some sort of pharmacy, a bookstore, a gift shop and perhaps dry cleaner.

The vision should be to grow the economy from daytime establishments in the beginning and then broaden to serve the entire community with a mall and wider range of shops. Eventually, there should be sit-down dining establishments and a theater for nightlife. The ultimate goal should be mixed use development serving the needs of the people and the businesses upon which they rely.

The downtown area is the best example of this model. There are many small businesses and vendors that cater to workers during the day. There is also fine dining and nightlife for after work. This business model of serving the office worker and layering economic activity to serve and coincide with them will be a winning strategy in the areas surrounding St. E's.

We ask that you look to the lessons of our city's success downtown, along U Street, on H Street but also the Pentagon and Pentagon City model as you consider how to attract new businesses to Congress Heights.

The final question is how to incentivize companies to relocate in areas around the St. E's complex. We encourage you to consider tax and other incentives that might include DHS devoting a significant percentage of their contracts to neighborhood businesses. Such arrangements would link DHS to the community and would offer new business a stable customer base from the outset when they are most, most vulnerable.

The government might also consider guaranteeing small business loans and offering low-cost financing for vendors in the neighborhood.

In DHS' move to the St. E's campus, we see tremendous opportunities for District residents and for DHS. The Chamber is available

to partner with you, Madam Chair, as you move forward, and we look forward to St. Elizabeth's becoming another Washington success story.

Thank you very much for having me testify, and I will be available to answer any questions.

Ms. NORTON. Well, thank you very much, Ms. Lang.

Could I just ask a threshold question of all you who have experience, business experience in this city and in this region?

Typically, in the District of Columbia, it has been difficult to get the commercial strip developed. I mean you have it all over the District. You have the complaints on Georgia Avenue.

I am not sure I know of a residential area where the strip has developed as you would think it would have to serve the people who live there. There is money to be made there. Well, the same thing, obviously, pertains here.

I live on Capitol Hill, and 8th Street was hardly. It was essentially moribund and it didn't matter even that over time it became more and more gentrified. Therefore, I don't approach any of this with the notion of spontaneous combustion. Something will happen, and I do know that when there is a big market of moving into an area and we have always found that Federal employees draw people.

You have seen me express some skepticism here and not because of the community itself but because of the way the wall operates and spaces across the street and on either side.

You have been in the business of trying to attract business to the area. Given the large population, given people needing services, what has been a major reason that they haven't come to serve the population itself for all these years?

Why do we see such deterioration on Martin Luther King Jr. Avenue? It is a disgrace.

Mr. HOPKINS. Well, you have two critical components in order to bring the needed retail goods and services that we all desire, and those two critical components that are needed are a strong daytime consumer base and you need an economic rising residential base where the incomes are higher than what have always been historically present east of the river.

The residential base is coming because of Henson Ridge development and shops at Park Village, et cetera, all of the many housing developments on the way. But that daytime consumer base, where you have people with disposable income, we don't have that great a population. So, therefore, Homeland Security with 14,000 personnel full-time employees, provides a great opportunity.

Also, we have been saddled with a long strip of M.L. King that has had actually no retail commercial type development. So those characteristics that we have been faced with have sort of held us back.

Ms. NORTON. Yes, you have burdens that other neighborhoods don't have in that regard, but I think you make an important point here about daytime people, daytime traffic as well, and that may explain why other residential neighborhoods have experienced the same problem of development along the strip. We hope that, again, if the planning is done well, if in fact the kind of collaboration that was mentioned in the GSA testimony by Mr. Abdur-Rahman occurs

with employees and community residents, perhaps we can overcome some of these burdens.

Mr. James, would you discuss? I understand the Ward 8 Business Council has been working with GSA in order to get some kind of collaboration with employees.

Mr. JAMES. Yes, we do plan to meet with them again to implement that. We do plan to meet with them again.

Ms. NORTON. You want to start this collaboration with the employees to come on the kinds of services you think people are going to need?

Mr. JAMES. Yes, we will do that, and we will do that very soon.

Ms. NORTON. Ms. Lang, you mentioned Gallery Place. By the way, Gallery Place and all of downtown is the accidental, I should say is the accidental, not entirely but large parts of it, beneficiary of the D.C. business tax credits that I got in the 1990s. When I got the home buyer tax credit, I got these business tax credits which make it easier to build.

What I was doing was bargaining down the poverty rate so that we could get because we knew you get tax credits already in very poor neighborhoods. So I wanted to bargain down so that we could begin to deal with neighborhood strips.

In fact, what happened was that in bargaining down the rate, it is better than the lowest rate that the Federal Government often uses, but it turns out that it included students in the District of Columbia. So students at Georgetown and George University who, believe me, I did not have in mind, got included in this.

So, Gallery Place, of course it had TIFF. It had some things going for it.

I see this, and again these analogies are very rough, as more like U Street. The only U Street had going for it was it got the subway stop, and that has been important, and we have seen development on U Street. I think we have seen some development we like and we are very pleased with on U Street.

Were there ingredients along U Street, you think, besides the subway that encouraged the development there?

Ms. LANG. I think so, and I will answer that by responding to your earlier question. I think two of the big inhibitors that we have in D.C. are the lack of a bigger plan and a vision. We do deals. We do deals very well, and we had to do it that way to reinvigorate and to get things going in the downtown.

What we have not done particularly well—I was delighted to hear all the discussion earlier—is an overall plan for the city or for an area. I think we are starting to see that with this project. So I think that is very key.

The other thing, Madam Chair, that we cannot lose sight of and the thing that inhibits businesses from coming in, it is very costly to do business in the District of Columbia, at least one third more than our suburbs. So that is one of the things that we face from the very beginning in terms of our tax structure and things that you know so very well of not being able to tax non-resident income. So that is a big inhibitor for us.

Going to your question on U Street, I think that we have seen certainly the resurgence and I think we have a balance of the large national chains coming in. But the thing that I want to make sure

that we don't lose in any of the things that we are doing is the local business community.

The larger chains can come in, and they can pay the larger tax structure. They can because they can subsidize in other ways and that certainly gives them the brand recognition that they need.

Your smaller businesses don't have the ability to have their concerns subsidized from another way. So we have to be sure as we are doing any planning, that yeah, you need the bigger, the name brands coming in, but you also want to make sure the that local business community, those local brands, are getting that same thing. It becomes a lot more expensive for your local businesses to be able to afford that.

So I think that is part of what we have to make sure we take advantage of in our planning and that we are able somehow to offer subsidies and tax incentives to encourage those local businesses, whether it is the local coffee shop, the local pharmacy, the dry cleaner, whatever that is, and not the national chains across the board.

Ms. NORTON. Mr. Voudrie, I was very pleased to hear your discussion of what you are about to do. Is it Four Points? Somebody has owned that land for some time.

Why did you decide to develop this office space, retail space and housing at this time?

Mr. VOUDRIE. Well, as Ms. Lang has said, it is expensive for businesses to do business in the District comparatively to the suburbs, and we saw an opportunity here where the close proximity to the Navy Yard, the close proximity to downtown and the relatively large track of land that we were able to assemble gave us the opportunity to build office space in a location that has that incredible proximity to the business core but at a little bit lower price because of the reality that the neighborhood has been underserved.

Ms. NORTON. What business core?

Mr. VOUDRIE. It is close. It is very close. It is one metro stop from the Navy Yard. We had started planning this before DHS announced plans to locate at St. Elizabeth's.

But we are one metro stop from the Navy Yard. We are two metro stops from L'Enfant Plaza. We are minutes from downtown. We have multiple bridge access points. So, Anacostia, while it has been under-served, I think now is the time for this type, for a new type of development.

Ms. NORTON. Mr. Voudrie, let me just inform you there are some empty buildings on M Street. So I am not sure that developers are going to cross the Anacostia. There are some buildings. There was such over-building.

I think they are going to be filled. Indeed, GSA and the B.I.D. and I are having a forum down there.

You haven't mentioned DHS. Do you believe DHS contractors that we heard testimony are likely to want to be close to DHS would want to?

Mr. VOUDRIE. I believe certainly that there are DHS contractors that will want to locate here, and we see that as an added benefit to developing in this area.

Navy Yard contractors, education users, D.C. Government agencies as well, city agencies as well as Federal agencies have expressed desire to locate here, and we are in discussions with groups that will close to fill up our entire first phase of the office space. So the demand for office is still strong and is strong in this neighborhood.

Ms. NORTON. What has been the reaction of the community to your proposal?

Mr. VOUDRIE. The community, as we are hearing today, is very concerned about the type of retail that is going to be provided there, and the community wants to see a mix of housing, not just affordable, for rent housing but for sale housing for people across all economic levels.

But the primary thing that we are hearing is what are the opportunities for retail. People in the neighborhood want to see another grocery store. We have gotten a lot of good press about the grocery that Giant opened.

Ms. NORTON. Do you anticipate there will be a grocery store?

Mr. VOUDRIE. We have. We are in discussions right now with a number of grocers. We have a grocery store planned for our first phase which we are hoping to have open by 2011. We do have a location available for a grocery store as well as the drugstore, which Ms. Lang mentioned, that is available not just for people commuting to and from DHS but to serve the residents of this community.

Ms. NORTON. Your notion of office space provides some of the daytime traffic Mr. Hopkins was talking about. Mr. Hopkins, would you indicate to me what the status of—is this called the Gateway Building?

Mr. HOPKINS. Yes.

Ms. NORTON. This is the building just as you cross the bridge, Martin Luther King and Good Hope Road.

Mr. HOPKINS. That is correct, 1800 Martin Luther King Jr. Avenue. Madam Chairperson, the status is we are negotiating with the District of Columbia to occupy the two office floors. AEDC is moving its office to the first floor in the rear of the building on sort of the northwest corner of the building. The District Government should be in the building around August after tenant build-out work for them is completed.

What we really are anxious to see happen is the planned District's Department of Transportation that is proposed to relocate from the Reeves Center on 14th Street and be on the remaining space that is located at the site. That building would be approximately 377,000[1] square feet. It would have about six floors, and the total population workforce is about 600 people and the average income is $50,000.[2] So that is $30 million of potential disposal consumer income.

Ms. NORTON. From whom? I am sorry. What was that tenant again?

Mr. HOPKINS. Department of Transportation, the District's Department of Transportation.

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[1] Changed from 77,000 during editorial process.
[2] Changed from $55,000 during editorial process.

Ms. NORTON. I see.

Mr. HOPKINS. I believe that the city will make an announcement either by the end of this month or hopefully during the first couple of months of next year as to who the chosen developer is to build the building.

Ms. NORTON. Ms. Lang mentioned a plan. I am not sure the nature of the plan, but we know what the GSA is doing. We know what its obligations are. Mr. Hopkins allows as he is already seeking to provide services. We know about the planning operations.

Mr. Hopkins, when you mention in your testimony that there should be ways—you call them methodologies—during construction to enhance participation by small and local businesses in every facet of the planning. I believe Federal regulations do require that.

But I want to know what the District should be doing, in your view, with GSA or otherwise when we consider that this large project is coming.

Mr. HOPKINS. Well, it is interesting. The District, at one time, was planning for proposed future uses on the east side campus of St. Elizabeth's. They had the architectural firm of RTKL and Associates. I joined that planning exercise and then I guess after a few years everything stopped, but I am encouraged now because I have been told recently by a gentleman from RTKL that the city has hired them again to look at how to plan for the east side campus revitalization.

I understand from hearing GSA today that they are in discussions, working closely with the city, and I know they have requested the city to provide space for parking. Well, if the city creates those retail zones on the east side and you have some parking opportunities for the west side employees to park and they go back and forth, that certainly is going to open up that east side campus, especially if it has retail establishments there. Then there is a reason for people to cross the street.

I really would like to see something done with that wall, but again you have to fight the historic nature of the wall. So it probably will remain.

There are certainly opportunities at the Milwaukee end of the west side campus where you could put some less secure facilities of DHS and maybe some retail opportunities, so people in the community can frequent the West Campus and it won't be so secure, so to speak.

So I think the city really has to move fast because you don't want GSA to be so overly concerned with meeting the needs of their employees and, if they cannot see what the city is planning for the opposite side of the street, they will be forced to look and attempt to locate retail facilities on the West Campus. We really have to get the city out ahead of them.

I think if GSA did a survey of their personnel, it would be helpful. It also would buttress the retailers' proposals to do business because they will have access to those types of surveys to justify to financiers that they have a good proposal. So we can work together, certainly, to make that work.

Ms. NORTON. It is very important what you say about the East Campus and the wall. You are right, Mr. Hopkins. If a mission of

the GSA is to preserve, is to do historic preservation, that wall is not coming down.

But everybody, look. Look on M Street. That wall didn't come down either. That is a similar wall along M Street, and it just developed on the other side. It is more burdensome, but here is the East Campus.

Now I can understand why you say this began some years ago. They were looking at it. But you may have answered your question. When they were looking for daytime traffic, they probably didn't find it. Now you have it.

This is what I fear, and I think I share your fear. If there is not a plan—Ms. Lang talked about a plan—beyond your normal master plan of we want some retail, and we have a master plan in the District. It deals with transportation and such. We dealt with transportation. We have two subway stops. We are going to have to deal with the streets.

But here you have I can only call it a campus because I don't see it as anything else at this point. One needs to get inside there. Some of that is going to have to be preserved. Let's face it.

The part that we are all interested in is for daytime traffic so that retail of various kinds and commercial businesses will want to come, we know where we want it. But I don't know of any plan, and that is what I am asking you.

Mr. Hopkins has indicated that there were some consultants looking at it.

Mr. HOPKINS. They are back again. The city has again retained RTKL and Associates to do that.

We have to remember that both campuses are historic.

Ms. NORTON. Exactly.

Mr. HOPKINS. So we have to find what parcels along the east side corridor can be made available for retail and development.

Ms. NORTON. Do you know whether that has been done? Do you know whether a survey of the campus has been done that would indicate which parts of the campus are more suited for retail and which must be maintained?

Mr. HOPKINS. I believe RTKL has done that the first time around, and the city just kind of gave up on it for whatever reason.

Ms. NORTON. Yes. Well, I think they gave up because even if you did it, the daytime traffic notion comes in.

Look, this is going to be construction over years. The Coast Guard is only the first building. One of the great benefits of this construction is you don't just put up a building and then there it all goes. There should be continuing benefits to the community.

I would say probably 15, 20 years of construction. We don't like construction, but at least it will be going on in the inside, so the community won't be obstructed. But that's a continuing revenue stream, and these people are going to move in as the buildings come up.

Some of them are not going to want to come across the Anacostia. Well, they are coming. If they want their jobs, they are coming. And, they are not going to necessary want to come out.

So, in a real sense, this is a marketing challenge for the District of Columbia and the community, and I am anxious to see the plan-

ning proceed afoot because the sooner we have it the less problems we will have with the employees.

We will have some pushback from employees that can't do anything about it. I have seen how that works. Some surly people who are used to being downtown who are now going to find themselves in downtown Ward 8, and we have to make sure that that is, in fact, the kind of downtown our community, as well as the employees, might want.

I want to inform all of you that I am having a hearing, especially in light of your testimony, Mr. Hopkins, that small businesses and so forth. Among the agencies under the jurisdiction of our Committee are three agencies that do a large amount of business with small businesses. You heard me ask GSA, I want a breakdown for the District of Columbia.

FEMA, GSA, which is the grand-daddy of them all because it does a lot of the procurement for the entire Federal Government, DOD and those places. FEMA, GSA, EDA, I am going to have a separate hearing on them, asking them to come in and tell me where they are now, and I am going to be working with them on small business opportunities for the District of Columbia. Considering this large development, I will be particularly focused on this development.

Now we have been able to negotiate an apprenticeship program for certified apprenticeships in this region. It is a little different from the pre-apprentice opportunities that have been available in the District. Have any of those opportunities been used in Ward 8?

Not the GSA opportunities, because they haven't been there, but the pre-apprenticeship opportunities, have any of those been used in Ward 8 to your knowledge?

Mr. HOPKINS. They have been used where the development has occurred either on city-owned land, and/or the development project has received benefits from the city, and so it is a requirement of the city that the GCs have an approved apprenticeship program. But I am not aware of any Federal contracting projects.

Ms. NORTON. Did the District build that building?

Mr. HOPKINS. Right. It was on District land. So we had an apprenticeship program, our general contractor did.

Ms. NORTON. I do want to indicate that we are talking about maybe 20 years of construction. We have been talking about business here. Jobs for people is going to be important to do. I think part of what happened at the baseball stadium really didn't have to do so much with this.

I really think there is something to the notion that when people haven't had access to this kind of job—you are talking about people going out in the heat and in the cold—very special pre-apprenticeship programs have to be done. We will be very much willing to work with the District and with the local community to make sure that you don't come in and see all the jobs there are not going.

After all, they are real people. The most immediate effect they can get would be to get some jobs during construction. They are not going to own anything, but they should get some benefit immediately, and the construction is going to be going on.

I want to ask Mr. Voudrie, have you begun to market?

I was very impressed with what you said about, goodness, a grocery store. Have you begun to market the office space and found tenants that are interested in office space?

Mr. VOUDRIE. We have begun marketing the office space that is going to be in the first phase of our development.

Ms. NORTON. There is what?

Mr. VOUDRIE. That will be in the first phase of our development. So we are marketing to larger users that would be interesting in a built-to-suit type of situation.

So we are in discussions with predominantly educational users as well as a few government contractors at this point but nothing that is able to be disclosed at this time. We don't have any firm commitments yet. We are about two years off.

Ms. NORTON. Well, I think what you are doing is very groundbreaking and important, and I think it is going to be successful and it is going to be ahead of the game.

Mr. VOUDRIE. Thank you.

Ms. NORTON. Because I really do think it is going to happen and that it will be important to have some space there and people not just start to build when they think something is going to happen at St. Elizabeth's. That is going to take time too.

So I suppose I am in a rush. I am very pleased with how the community has, for years now, thought about what kind of development is needed.

So you are up and ready. You know a lot. I think the questions and suggestions about surveys of Federal employees. I would ask that you work with the District to get something more official in the way of a survey of the community. I don't think that that should be your mission because somebody should hire a consultant to do that.

This is a community full of residents, full of residents on either side of Martin Luther King Jr. Avenue. Some of them, as they see some development occur, for example, around the Giant, may find, well, that is where we would go. Maybe Martin Luther King Avenue isn't simply a repeat of what is in another part of the ward.

So I think it would be useful for the Federal Government to have some sampling of the kind I am going to ask GSA to get from Federal employees about people would like to see. This generic notion is helpful, but if we are talking about Federal employees and the community, getting both of those straight together is going to be important in light of the fact that both are going to need to do it.

So we hear it is coming, a grocery store. I know you will hear that time and time again.

Mr. Hopkins said something that I can almost guarantee you is the case, that they shouldn't be doing a coffee house and they shouldn't be doing a bookstore. I love this list of things that they shouldn't be doing, establishments such as—I don't know—fast food. Maybe if you all really want that on the outside, you can have it.

Drugstores, you are not going to find that, and coffee shops, bookstores. Those are inappropriate for inside a Federal building.

Ms. LANG. Madam Chair?

Ms. NORTON. Yes.

Ms. LANG. Just a couple of comments, one going back to your comment on the local business and ensuring that a good bit of this goes to local business, and I am delighted that you are going to pursue that further.

I have not looked at numbers in the past year, but a year ago when I looked at the Federal spending into the District of Columbia, there was so little that it would not even register on a graph. Now there is a lot going to the region but not to the District of Columbia. So I just urge that we are able to change that direction and primarily because local businesses are the ones that will hire District residents first and foremost.

As you may know I also chair the District's Workforce Investment Council, and one of the things that we are focused on is a workforce strategy for the city that will be ready in March. We have done a lot of work in Ward 8 and working with Council Member Barry and his staff because that is where we have a major concentration of unemployed residents.

So how do we get them prepared for those jobs that will be coming online not just in Ward 8 but all over the District? So I think the key to this is making sure that local businesses, at least in the District of Columbia, are getting a large percent of the business that will be coming out of this development.

Ms. NORTON. Let me caution everyone particularly since we have here those of you who aid small businesses. The Federal Government is competitive. GSA has done a very good job within that competitive system of getting minority and women and small business. I know it. I have seen it here in the District of Columbia.

But it does seem to me that the services you provide are going to become more essential than ever, and I would like to work with you to make sure that our folks who haven't had that opportunity will know they now have it and can be prepared to participate in these competitions. There is no way to get around Federal Law and Federal competitions.

Now you will see the region is the grand master of procurements and contracts. They have an extraordinary, highly skilled workforce. The big contracting part of the United States is in our region and yes, if you compare that to the District, we will always be miniaturized compared to that.

But there is no question in my mind that with some indication of how to compete, we can take advantage of this extraordinary opportunity. Maybe it will provide us, Ms. Lang, with the opportunity to have people understand that they should be competing not only for this opportunity but for other opportunities which are massive from the grand-daddy of them all. The grand-daddy of contractors and procurers is the United States Government.

Your testimony has been extraordinarily helpful to us in our ongoing work to prepare for the coming of this new headquarters. Please continue to be in touch with us and let us know ways in which we can be helpful to you. Thank you again.

The hearing is adjourned.

[Whereupon, at 12:27 p.m., the Subcommittee was adjourned.]

The Honorable Sam Graves, Ranking Member
Subcommittee on Economic Development, Public Buildings and Emergency Management

Hearing on the New DHS Headquarters at St. Elizabeth's: Local Business Opportunities

December 12, 2007

THANK YOU, MADAM CHAIR FOR HOLDING TODAY'S HEARING ON THE BUSINESS OPPORTUNITIES RESULTING FROM THE FEDERAL REDEVELOPMENT AT THE ST. ELIZABETHS WEST CAMPUS.

I WOULD ALSO LIKE TO THANK ALL OF OUR WITNESSES FOR COMING HERE TO TODAY. I LOOK FORWARD TO HEARING YOUR TESTIMONY ON THIS ISSUE.

I KNOW MADAM CHAIR THAT REDEVELOPMENT IN THE DISTRICT, PARTICULARLY AT ST. ELIZABETHS, IS VERY IMPORTANT TO YOU. AS PART OF THAT EFFORT, RANKING MEMBER MICA AND I JOINED YOU YESTERDAY IN SENDING A LETTER TO THE GENERAL SERVICES ADMINISTRATION ABOUT THEIR WORK AT ST. ELIZABETHS. I LOOK FORWARD TO THEIR RESPONSE TO THAT LETTER.

THE REDEVELOPMENT AT ST. ELIZABETHS IS FOCUSED ON CREATING A CONSOLIDATED HEADQUARTERS FOR THE DEPARTMENT OF HOMELAND SECURITY. GSA CURRENTLY IS WORKING TO FINALIZE A MASTER PLAN FOR THE REDEVELOPMENT. DURING THIS PLANNING PROCESS, GSA HAS ENGAGED LOCAL COMMUNITY LEADERS REGARDING THE INTEGRATION OF THIS REDEVELOPMENT INTO THE EXISTING NEIGHBORHOOD.

THE DEVELOPMENT AT THE SOUTHEAST FEDERAL CENTER PROVIDES AN EXAMPLE OF A FEDERAL PROJECT THAT HAS INTEGRATED FEDERAL DEVELOPMENT SUCCESSFULLY INTO AN EXISTING LOCAL NEIGHBORHOOD. I HAVE PERSONALLY TOURED THIS SITE, AND WHAT THEY ARE DOING OUT THERE IS QUITE IMPRESSIVE.

GSA AWARDED A CONTRACT TO FOREST CITY ENTERPRISES TO REDEVELOP A 55-ACRE PARCEL OF UNDERUTILIZED LAND TO PROVIDE OFFICE SPACE FOR FEDERAL TENANTS. WHEN THE SOUTHEAST FEDERAL CENTER IS COMPLETED, IT WILL NOT ONLY HOUSE THE NEW DEPARTMENT OF TRANSPORTATION HEADQUARTERS, BUT IT WILL ALSO HAVE MIXED USE DEVELOPMENT, INCLUDING OFFICE SPACE, HOUSING, RETAIL, AND A WATERFRONT PARK.

AS GSA MOVES FORWARD ON REDEVELOPMENT AT ST. ELIZABETHS, I HOPE THAT THE SOUTHEAST FEDERAL CENTER AND OTHER SIMILAR PROJECTS WILL SERVE AS EXAMPLES OF THE SUCCESSFUL INTEGRATION OF FEDERAL DEVELOPMENT INTO EXISTING LOCAL NEIGHBORHOODS.

AGAIN, THANK YOU MADAM CHAIR FOR HOLDING THIS HEARING. I LOOK FORWARD TO HEARING MORE ABOUT THIS ISSUE FROM OUR WITNESSES.

Statement of the Honorable Eleanor Holmes Norton
The New DHS Headquarters at St. Elizabeths: Local Business Opportunities

Welcome to today's hearing entitled "The New Federal Headquarters at St. Elizabeths: Local Business Opportunities" concerning an unprecedented federal development to be located on the federally owned West Campus of St. Elizabeths Hospital in Anacostia in Southeast Washington. This property is the only significant federal site in the District of Columbia available for federal development. This construction will mark the first decision by the federal government to place a federal agency east of the Anacostia River since the District was established.

In 1984, Congress authorized the transfer of the St. Elizabeths East Campus to the District of Columbia in Public Law 98-621, the St. Elizabeths Hospital and District of Columbia Mental Health Services Act, and that transfer occurred in 1987. However, the federal government has insisted on retaining the West Campus because of the savings from building on its own land, because of the presence of two Metro stations and other public transportation, and because of the accessibility and proximity of the site to other federal agencies in the District. The federal government will break ground next year on its 176 acre West Campus site. The components identified for consolidation are the DHS Headquarters, the Transportation Security Administration, Customs and Border Protection, Immigration and Customs Enforcement, the Federal Emergency Management Administration, and the United States Coast Guard. An addendum for inclusion in the record follows my written statement describing the evolution of the federal land, from the establishment of St. Elizabeths as a state-of-the-art mental institution in 1855, when local government here was in the exclusive control of the federal government, to today.

The General Services Administration (GSA) and I have always worked closely with the community and the District government concerning planned federal development. This cooperation has been as beneficial to local communities as to the federal government because federal construction that brings federal employees and federal business to an area has unfailingly sparked local retail and commercial development. For example, the development of the M Street SE neighborhood was an almost exact parallel of Martin Luther King Jr. Avenue, the main commercial thoroughfare that borders St. Elizabeths. Blocks of abandoned, federally owned and blighted land in the M Street SE community deterred development for decades in the adjacent communities. Change could not and did not occur as long as two vast federal properties responsible for the decay, the 66 acre Navy Yard remained a nearly empty relic and the 57 acre Southeast Federal Center continued as an unsightly and abandoned brown-field. When we were able to get a government agency, the Naval Sea Systems Command, to come to the Navy Yard, M Street almost spontaneously developed. With the assistance of the Great Streets initiative, developed by the Williams administration and help from officials at the new Navy Yard, 5,000 new federal employees helped spur retail. Structural changes and improvements were made to the 8th Street SE corridor, which had been largely moribund. New restaurants and amenities that serve local residents and federal employees alike resulted from the federal partnership with the city,

local businesses, and residents. Nevertheless, the adjacent, abandoned Southeast Federal Center property continued to stunt full development until Congress passed our Southeast Federal Center Act. We have tried to replicate that Act to benefit other communities here and elsewhere, but federal scoring procedures stand in the way.

This hearing continues the process we began shortly after the federal government funded the new DHS headquarters. In 2006, we held a town meeting, where top GSA, Coast Guard and District officials participated in the standing-room only meeting, taking questions from residents. The GSA has continued to assure community participation, in countless meetings, working with Ward 8 residents by informing them of developments and getting their feedback to assist federal authorities in making decisions. The project has been well received by community residents, who are sick of decades of blight and decay from the huge abandoned federal property in their midst and are hopeful that the new headquarters will help spur retail and other efforts underway to secure increased commercial development. In September 2007 GSA and I cosponsored a small business forum on opportunities that will become available.

This is the first congressional hearing on the new headquarters development, aside from the prescribed authorizing and appropriation proceedings. This hearing is intentionally devoted to local interests and concerns in light of the challenges that must be carefully thought through, by all concerned, regarding the unprecedented nature of this project. Witnesses representing Ward 8 and other local business leaders will testify; Mayor Adrian Fenty was invited, but he was unavailable.

The federal government is crossing the Anacostia with one of its most prestigious and important agencies at a time when Wards 7 and 8 are seeking to become destination points like the rest of the District. The city is looking at the option of building a soccer stadium for D.C.'s champion soccer team, D.C. United, on the Poplar Point site, authorized for transfer to the District last year by our bill, Public Law 109-396. Last Friday, Giant opened the largest supermarket in the region in the Camp Simms section of Ward 8, using federal New Market Tax Credits.

The new headquarters carries significant promise if local residents and businesses and the federal and local governments work and plan closely together. We focus particularly on local concerns today because D.C. residents and businesses alone will have to live with the headquarters. A continuing complaint of Ward 8 residents has long been that, despite hosting the greatest number of housing starts in the District, even the most basic retail has not followed the Ward's growing population. We cannot afford to assume that the retail and commercial development that the community most needs and desires will arrive spontaneously, in part because prime parts of the headquarters property will be enclosed by a long wall that must be preserved because of its historic significance. Consequently, large portions of MLK, Jr. Avenue will continue to be unavailable for the local retail activity that usually follows federal workers. It is important for all concerned to begin assessing now where development is likely to occur and what sort of development should be encouraged. Special attention to long-neglected community concerns and close cooperation between the D.C. and federal governments will be

necessary to assure that the needed high quality retail and other businesses are attracted in a manner consistent with maximizing the potential generated by the presence of 14,000 federal employees.

There is no magic formula for success, but the pieces appear to be aligned – a community that has thought long and hard about economic development in the ward; a major federal headquarters coming to the neighborhood at St. Elizabeths; development opportunities from the federal land transfer of the poplar Point site; and a long tradition of federal and local collaboration to assure mutual benefit. If all roll up their collective sleeves to get the job done together, we will not fail. However, an indispensable step for all concerned should be to look to the community for advice and counsel. We continue that process with today's hearing.

Addendum to Statement of Honorable Eleanor Holmes Norton on "The New Federal Headquarters at St. Elizabeth's: Local Business Opportunities."

The Department of Homeland Security (DHS) was created in 2002 to protect the nation from terrorist attacks and natural disasters. In order to improve management of the 22 disparate agencies within DHS, the administration and the Congress have pursued a program to house some of the critical elements of DHS on the West Campus of St. Elizabeths Hospital, located in the Anacostia section of Ward 8.

The St. Elizabeths site is bisected into two campuses by Martin Luther King Jr. Avenue SE. The East Campus, which was transferred to the District of Columbia in 1987, comprises 154 acres and now houses the D.C. Unified Communications Center and a local mental health facility under construction.

The West Campus of St. Elizabeths consists of 183 acres of land and 61 buildings with approximately 1.1 million square feet under the custody and control of the General Services Administration (GSA). It is located in the Congress Heights neighborhood of Ward 8. The site occupies an expansive bluff overlooking the Anacostia River, with unique views of Washington, D.C. that will be preserved and will remain accessible, approximately three miles from the U.S. Capitol. The entire West Campus, including buildings and landscaping, was designated a National Historic Landmark in 1990. The West Campus is bounded by Martin Luther King Jr. Avenue to the East, Interstate 295 to the West, Barry Farm Dwellings to the North, and Shepherd Park/Congress Heights to the South.

The Anacostia neighborhood is centrally located, has excellent Metro services, and unique topography with its sweeping views of the Capitol, the Anacostia River, and National Airport. With more housing starts than any other Ward, the Ward 8 population is growing, and the new home ownership rate is rising. Unfortunately income and employment rates continue to lag behind the rest of the City. However, household growth projections indicate an increase of about 32 percent in households, marking a major shift

in population after over five decades of decline. Most desired by the community are additional retail outlets, especially supermarkets and "sit-down" restaurants.

Currently, GSA is working with consultants to assemble a master plan for the consolidation of some of the most important component agencies of the Department of Homeland Security to accomplish the agency's mission post-9/11 of bringing together agencies that must work jointly to prevent and respond to terrorist events and natural disasters in this country. The Department will relocate federal tenants currently in leased space to federally owned space. Unlike lease payments, placing federal employees in government owned space enhances the vitality of the Federal Building Fund (FBF) because lease payments are directed to the FBF rather than private developers. GSA also has as its mission maintaining and preserving St. Elizabeths as a National Historic Landmark, including many of its historic buildings for reuse.

St. Elizabeths Hospital, founded by Dorothea Dix, began operations in 1855 as one of the nation's first mental health hospitals. In addition, during the Civil War the hospital housed wounded Union soldiers. For the next century St. Elizabeths hospital was a mental health hospital. During its peak use in the mid 1960's it housed as many as 7,000 patients and it employed 4,000 people.

Early history of land east of the Anacostia suggests that this land was devoted to tobacco farming. Anacostia was originally included within the bounds of the Federal City as a line of military defense, as well as an opportunity to claim the commercial and recreation potential of the Anacostia River. As early as 1790 developers anticipated the establishment of a port at the confluence of the Anacostia and Potomac Rivers. This positioning would lead to the development of Southeast Washington. Directly across the river in southeast, the Washington Navy Yard began construction in 1799 and became the Navy's first home port. In the 1820's, the town of Good Hope was established on the southbound road near the bridge leading to the Navy Yard. In 1854, 240 acres were purchased by local developers to build a new community to appeal to Navy Yard workers. After the Civil War, in 1865 under the direction of General Oliver O. Howard, 375 acres known as Barry Farm were purchased in Anacostia to develop as a community to enable slaves to become home owners. The freedmen worked in the city during the day and walked at night to Barry Farm to develop their land and construct their homes.

In the decades after the Civil War, official and downtown Washington developed in northwest rather than the southeast. The Depression and post World War II periods were not kind to Anacostia. A large portion of the vibrant Barry Farm community was demolished to make way for public housing. The fragmentation created by the Suitland Parkway added to the area's decline. Additional roadways and bridge approaches further cut off this section from the rest of the city.

Today, the area east of the Anacostia is ripe for business development. Last year we got Congress to enact P.L. 109-396, "The Federal and District of Columbia Government Real Property Act of 2006," that directed the transfer of Poplar Point, 110 federal acres along the Anacostia river, to the District of Columbia for mixed use development. These anticipated developments a mile from St. Elizabeths along with the

consolidation of the DHS headquarters on St. Elizabeths West Campus represent a unique opportunity for Ward 8 small businesses and the District itself. We also anticipate additional opportunities for residents to participate in the building of the Department of Homeland Security through an apprenticeship program we previously negotiated with the GSA, which requires an apprenticeship training program to be a part of the competitive bidding process on all GSA building projects in the National Capital Region. This program has been successful in providing local residents with job opportunities.

There is no magic formula but the pieces are all here for success – a new, stable federal presence in the neighborhood, a city ready to participate along with the Federal Government, and local business based groups who will roll up their collective sleeves to get the job done.

STATEMENT OF
THE HONORABLE JAMES OBERSTAR
DEC 12, 2007
HEARING
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILIDNGS, AND EMERGENCY MANAGEMENT

Thank you, Chair Norton, for holding this hearing on development opportunities associated with the development of the West Campus of St. Elizabeths, which will house a consolidated Department of Homeland Security. As you are aware, the Transportation and Infrastructure, with your leadership, has been in the fore front of supporting the consolidation and for assuring sufficient funding will available to move forward with the consolidation project. Much of the dysfunction of the Department of Homeland Security can be attributed to the fact that the department's 22 separate agencies are spread out over the DC metro area in over 70 buildings. The proposed relocation of approximately 14,000 employees will present both challenges and opportunities to the Anacostia neighborhoods. One of the goals of today's hearing is to identify who are the active, key players, how do they interact to be most effective, and when should these business collaborations begin to take shape.

Thank you again for your continued interest in the Department of Homeland Security consolidation project.

STATEMENT OF

DAWUD ABDUR-RAHMAN

DEVELOPMENT DIRECTOR,

ST. ELIZABETHS WEST CAMPUS

U.S. GENERAL SERVICES ADMINISTRATION

BEFORE THE

SUBCOMITTEE ON ECONOMIC DEVELOPMENT,

PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

DECEMBER 12, 2007

Madam Chair, Members of this Subcommittee, my name is Dawud Abdur-Rahman. I serve as development director in the U.S. General Services Administration (GSA), National Capital Region, and am working on the preparation of a master plan for the new Department of Homeland Security (DHS) headquarters complex at St. Elizabeths West Campus. I am pleased to have the opportunity to appear before you today to supplement the remarks made by Commissioner Winstead regarding the economic benefits that our project will have for Washington, DC and the Ward 8 neighborhood.

GSA is currently preparing a master plan for this project. We propose to develop up to 4.5 million square feet of space and up to 1.8 million square feet of structured parking on the 176-acre St. Elizabeths West Campus. This development will include new construction, along with the restoration and modernization of the majority of the existing campus comprised of 1.2 million square feet of historic buildings. When completed, the facility will house up to 14,000 employees.

In my remarks today, I would like to summarize the actions GSA has taken, and will take, to make St. Elizabeths West Campus a valuable and important neighbor in Ward 8.

First, we stopped the rampant and progressive deterioration of this National Historic Landmark. When GSA assumed custody and control of the West Campus in 2004, the buildings and landscape were in deplorable condition. For example, the grounds were overgrown to such an extent that most fire hydrants were obscured by weeds and tall grass. There was no readily apparent evidence of a footpath leading from the ball field to the West Campus Cemetery. Many of the buildings were still full of trash left from previous occupancy. Holes in roofs had to be patched. The most historic building on campus, the Center Building, and the beautiful, Beaux Arts style Hitchcock Hall, had both suffered extensive damage from leaks in the steam distribution system. All of the floors had collapsed in one wing of the Center building.

Anticipating the ultimate redevelopment of the campus, GSA invested $13 million in a stabilization program. This work, most of which was done by Section 8(a) small business contractors, includes construction, landscaping, security services, and building management. A total of 40% of all contracts issued since late 2004 have been awarded to DC-based firms, and 60% of the $4 million of work currently under way is being performed by DC-based firms.

Now we are preparing a master plan for the phased development of the headquarters facility. Congress has already appropriated funding for preparation of this document, the design of the first phase of the project, a headquarters building for the U.S. Coast Guard, and initiating the repair and replacement of the infrastructure for the entire site. This fiscal year 2008, the Administration is requesting $346 million to fund GSA construction of the Coast Guard headquarters building and further infrastructure, as well as to begin design work for Phase 2. Phase 2 includes further new construction, and the restoration of many of the historic buildings and landscaping to their original appearance.

The construction of the DHS headquarters complex will convey considerable economic benefits to the local community. Construction costs alone are expected to exceed $3 billion and that means a lot of construction jobs and construction site support services. Federal acquisition regulations require all federal agencies to create as many opportunities as possible for small businesses to compete as prime contractors on federal projects, and for large contractors on federal projects to establish sub-contracting goals for small businesses. In Fiscal Year 2007, GSA's Public Buildings Service entered into $240 million in contracts in this region with small businesses. We also encourage our construction contractors to participate in an approved apprenticeship program, so that residents of Ward 8 and other parts of the District will have the opportunity to be trained for careers in the construction trades.

Once the campus is occupied, local firms will have the opportunity to seek contracts to provide various related services for employees located there. With up to 14,000 employees on site, there is a sizable potential market for businesses located nearby. In addition, contractors doing business with DHS will be tempted to locate in office space within a short distance of the campus, to facilitate frequent contacts with their client.

In an effort to calculate the potential economic benefits that this project will generate, GSA utilized a computer model called the Regional Input-Output Multiplier System II (RIMS II), developed by the Bureau of Economic Analysis. This model utilizes such concepts as economic multipliers and the interrelationships of different sectors of the regional economy to calculate the kinds of benefits a given project can produce. It is used extensively by both the public and private sectors for such projects as estimating the impacts of military base closures, airport construction, and the development of shopping malls and sports stadiums.

Using this model, GSA projects that development of St. Elizabeths West Campus will generate 26,000 jobs and $931 million in payroll during construction alone. It is also expected to produce $18 million per year in sales and use taxes after occupancy occurs.

Some of these benefits are regional in scope. Commissioner Winstead has already described the significant role that the District of Columbia Government can, and must, play if this project will generate maximum benefits for the immediate neighborhood. GSA is working closely with the District government, and with the neighborhood, to push such a coordinated approach forward.

In September, we worked closely with you, Madame Chair, and the Anacostia Economic Development Corporation, to conduct a business opportunities forum at Matthews Memorial Baptist Church to explain opportunities that could be generated by our development. We are already using Ward 8 firms to provide services for these events.

In November, we briefed Deputy Mayor for Planning & Economic Development Neil Albert and Planning Director Harriet Tregoning on our project, and later that month we provided a tour of the site for Deputy Mayor Albert and City Administrator Dan Tangherlini. We discussed ways that the St. Elizabeths East Campus can be developed to take advantage of the opportunities posed by the development of West Campus.

This past Monday, December 10th, we met with James Bunn, executive director of the Ward 8 Business Council in Councilman Barry's constituent office, to explore how our project can generate business opportunities for the community.

These are but the most recent examples of the scores of meetings GSA has had in the Anacostia and Congress Heights neighborhoods. We are encouraged by the neighborhood's support for our project, and we look forward to continuing to work with them.

In closing, I want to emphasize how beneficial the redevelopment of St. Elizabeths West Campus can be for Ward 8. That Ward, which is now just beginning to participate in the economic revival that has been occurring in this city for the past decade, has the potential to become a major center of economic development in Washington. Think of the prestige that will be conveyed by having the headquarters of the largest civilian Cabinet agency in the Government located there.

GSA stands ready to continue working with you, Madame Chair, with the District government, and with the Ward 8 community, to make this project a success.

Thank you.

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE TRANSPORTATION COMMITTEE

STATEMENT OF

REAR ADMIRAL EARL L. GAY, USN

COMMANDANT, NAVAL DISTRICT WASHINGTON

&

MR. JOHN IMPARATO

DIRECTOR, CORPORATE INFORMATION MANAGEMENT

NAVAL DISTRICT WASHINGTION

BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS,

AND EMERGENCY MANAGEMENT

12 DECEMBER 2007

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE TRANSPORTATION COMMITTEE

Madame Chair Norton, distinguished members of the committee, Good morning.

In the 1990s, under the Base Realignment and Closure Acts (BRAC), the Navy moved about 6, 000 personnel from various leased locations to the Washington Navy Yard which then had a population of approximately 5,000. We now have about 12,000 employees at the Yard and receive nearly 300,000 tourists a year to the U.S. Navy Museum and the Display Ship Barry and other sites.

We knew that the growth of the Navy Yard would have a significant impact on the local community. Although difficult to quantify financially, contracts let by Washington Navy Yard tenant commands to businesses in Washington DC and adjacent Maryland suburbs have injected millions of dollars into the local economy and boosted employment.

The growth of the Washington Navy Yard has invigorated and enriched the local community in other non-financial ways; specifically partnership:

- We maintain a vigorous Navy Community Service Program aimed at providing opportunities for our personnel to volunteer in community projects. For example: Sailors and Civilian employees give tours, act as school mentors and as Science Fair judges.
- The United States Navy Ceremonial Guard provides a very impressive Color Guard for appropriate community events and the United States Navy Band conducts numerous concerts and a free summer concert series in the community.

- We periodically open our installations to the public. For example, in October we hosted NAVY DAY OPEN HOUSE IN DC at both the Navy Memorial and the Navy Yard.

- We also lead STARBASE ATLANTIS, a Navy Math and Science mentor program for 5th grade students in the DC Public Schools that has benefited over 3000 DC students in the past 5 years. Recently, Rear Admiral Gay, Commandant Naval District Washington, met with DC School Chancellor Rhee to better align our mentoring efforts with the DC Public School system.

- To support a modern workforce of 12,000 personnel, it's imperative to nurture a strong partnership with our local community. We accomplish this through an Outreach Program which includes meeting with local government officials, including the Councilmember for Ward 6 and the Advisory Neighborhood Commissions affected by our growth. We visit various resident and business associations and discuss our plans as they evolve. We articulate our plans to the local media and meet often with our own employees, both the people who already work at the Yard as well as future potential employees.

We work closely with the City which invested in the infrastructure of both 8th Street SE and M Street SE. The streetscapes are now attractive and well lit, with crosswalks and turn lanes to make both driving and walking safer.

We also have met with Washington Metropolitan Area Transit Authority, which established bus route N22 to add service in the area. There are now over 25 restaurants on Barracks Row

serving not only Navy Yard customers, but local residents, tourists and the employees of the additional businesses which have relocated to the Navy Yard area.

We also made ourselves accessible to local businesses and potential enterprises to explain our efforts when we anticipate making large moves and to discuss what impact there might be on their customer base. Our contracting organizations hold classes and community workshops to advise small business owners how they might find out about and seek to be suppliers of the additional services we forecast.

In closing, early and continuing engagement by all entities to form a collaborative, synergistic vision is the key to success. I will be happy to answer any questions you might have.

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"Serving the Community Since 1969"

The Testimony

of

Albert R. Hopkins, Jr.

President and Chief Executive Officer

Anacostia Economic Development Corporation (AEDC)

before the

U.S. House of Representatives

Committee on Transportation and Infrastructure

Subcommittee on Economic Development, Public Buildings and Emergency Management

"The New DHS Headquarters at St. Elizabeth's: Local Business Opportunities"

December 12, 2007

GOOD MORNING CONGRESSWOMAN HOLMES NORTON AND COMMITTEE MEMBERS MY NAME IS ALBERT R. HOPKINS, JR. AND I AM THE PRESIDENT AND CEO OF THE ANACOSTIA ECONOMIC DEVELOPMENT CORPORATION (AEDC) LOCATED IN WASHINGTON D.C. I APPRECIATE THE OPPORTUNITY TO PROVIDE TESTIMONY BEFORE THIS SUBCOMMITTEE ON THE PROPOSED DEPARTMENT OF HOMELAND SECURITY (DHS) HEADQUARTERS TO BE LOCATED AT ST. ELIZABETH'S WEST CAMPUS AND ASSOCIATED OPPORTUNITIES FOR LOCAL BUSINESSES.

I MUST FIRST INFORM YOU, FOR THE PURPOSES OF FULL DISCLOSURE, THAT THE AEDC IS A MEMBER OF ONE OF THE TEAMS THAT HAS SUBMITTED A PROPOSAL TO PROVIDE CONSTRUCTION MANAGEMENT SERVICES TO THE GSA TO MANAGE THE CONSTRUCTION OF THE DEPARTMENT OF HOMELAND SECURITY HEADQUARTERS FACILITY.

BY WAY OF BACKGROUND, THE AEDC IS A NON-PROFIT ORGANIZATION THAT HAS OPERATED IN THE ANACOSTIA/ FAR SOUTHEAST AREA OF WASHINGTON D.C. FOR OVER THIRTY-SEVEN YEARS. IT IS AEDC'S MISSION TO PROVIDE AFFORDABLE HOUSING OPPORTUNITIES FOR DISTRICT OF COLUMBIA RESIDENTS; ENHANCE THE ECONOMIC VIABILITY OF THE EAST OF THE RIVER COMMUNITIES; AND PROVIDE SUPPORT TO LOCAL AND SMALL BUSINESSES LOCATED IN THIS AREA.

AEDC IS ALSO A PARTICIPANT IN THE WASHINGTON DC SMALL BUSINESS DEVELOPMENT CENTER NETWORK. UNDER CONTRACT WITH HOWARD UNIVERSITY AND THE U.S. SMALL BUSINESS ADMINISTRATION, WE OPERATE ONE OF FOUR CENTERS LOCATED IN THE DISTRICT OF COLUMBIA THAT PROVIDES A WIDE VARIETY OF TECHNICAL AND MANAGERIAL ASSISTANCE TO SMALL BUSINESSES LOCATED THROUGHOUT THE DISTRICT. DURING THE COURSE OF THE CURRENT YEAR, THE SMALL BUSINESS DEVELOPMENT CENTER AT AEDC PROVIDED TECHNICAL ASSISTANCE TO OVER 240 DISTRICT BASED CLIENTS, AND PROVIDES INSTRUCTION AND TRAINING TO OVER 375 WORKSHOP AND SEMINAR PARTICIPANTS.

THE DEVELOPMENT OF THE DHS HEADQUARTERS AT ST. ELIZABETH'S WEST CAMPUS REPRESENTS ONE OF THE MOST UNIQUE OPPORTUNITIES ASSOCIATED WITH THE RESURGENCE AND REDEVELOPMENT OF THE ANACOSTIA/ FAR SOUTHEAST COMMUNITIES. THIS MAJOR FEDERAL DEPARTMENT WILL BE LOCATED WITHIN THE IMMEDIATE PROXIMITY OF RESURGING COMMERCIAL CORRIDORS AND IN CLOSE PROXIMITY TO SEVERAL NEW AND EXISTING QUALITY RESIDENTIAL COMMUNITIES. THE DHS FACILITY WILL ALSO BE LOCATED WITHIN THE BOUNDARIES OF THE PLANNED ANACOSTIA BUSINESS IMPROVEMENT DISTRICT (ANACOSTIA BID), WHICH WILL BE ABLE TO PROVIDE SERVICES SUCH AS, STREET CLEANING, SHUTTLE SERVICE

TO AND FROM METRO STOPS, AND SAFETY AMBASSADORS FOR THE DHS HEADQUARTERS' PERSONNEL.

RESEARCH COMPILED BY AEDC STAFF, THE WASHINGTON DC ECONOMIC PARTNERSHIP AND OTHERS INDICATE THAT ANACOSTIA/FAR SOUTH EAST NEIGHBORHOODS ARE UNDERGOING AN ECONOMIC RESURGENCE NEVER BEFORE EXPERIENCED.

THE PLANNING, CONSTRUCTION AND DEVELOPMENT OF THE DHS HEADQUARTERS FACILITY, WITH ITS SCHEDULED MULTI-YEAR BUILD-OUT, SHOULD BE ONE OF SEVERAL ECONOMIC ENGINES THAT WILL GUIDE AND DRIVE SMALL BUSINESS OPPORTUNITIES IN THIS AREA. HOWEVER, AS HAS BEEN SEEN IN THE PAST, THIS WILL NOT HAPPEN WITHOUT THE AGGRESSIVE AND AFFIRMATIVE PLANNING AND IMPLEMENTATION OF STRATEGIES' THAT IMPROVE THE SMALL BUSINESS UTILIZATION PERFORMANCE OF BOTH THE DISTRICT AND FEDERAL GOVERNMENTS.

I WOULD REMIND THE SUBCOMMITTEE CHAIRPERSON OF THE SEPTEMBER 18, 2007 FORUM PRESENTED BY THE U.S. GENERAL SERVICES ADMINISTRATION'S NATIONAL CAPITAL REGION, IN COLLABORATION WITH THE AEDC, ENTITLED "ST ELIZABETH'S WEST CAMPUS BUSINESS OPPORTUNITY FORUM", HELD IN WARD 8 AT MATHEWS MEMORIAL BAPTIST CHURCH.

THIS WELL ATTENDED EVENT REPRESENTED THE FIRST FORMAL INTRODUCTION OF THE PLANS FOR THE WEST CAMPUS TO THE SMALL BUSINESS COMMUNITY OF THE DISTRICT OF COLUMBIA AND WARD 8. THE EVENT ALSO FEATURED GSA CONTRACTING OFFICERS AS WELL AS PRIME CONTRACTORS AND TENANT AGENCIES. WE WERE HONORED TO HAVE THE CONGRESSWOMAN ADDRESS THE PARTICIPANTS.

HOWEVER, EFFORTS MUST GO BEYOND OUR CURRENT EMPHASIS TO HELP SMALL AND LOCAL BUSINESSES APPLY FOR AND RECEIVE LSDBE, SBA 8(A) AND CCR (CENTRAL CONTRACTOR REGISTRATION) CERTIFICATIONS. METHODOLOGIES SHOULD BE PUT IN PLACE, BEFORE, DURING AND AFTER THE CONSTRUCTION OF THE DHS FACILITY TO ENHANCE PARTICIPATION BY SMALL AND LOCAL BUSINESSES IN EVERY FACET OF THE PLANNING, DEVELOPMENT AND OPERATION OF THE FACILITY.

THE FORMULATION OF JOINT VENTURES AND COLLABORATIONS SHOULD BE FURTHER EXPLORED AS A MEANS BY WHICH SMALL AND LOCAL BUSINESSES MIGHT BE SIGNIFICANTLY INVOLVED IN THIS DEVELOPMENT PROCESS. EACH AND EVERY SOLICITATION ASSOCIATED WITH THE PROJECT SHOULD REQUIRE THE RESPONDENT TO ADDRESS PROVISIONS FOR SIGNIFICANT SMALL AND LOCAL BUSINESS UTILIZATION.

REGARDING MY VIEWS ON THE QUESTION OF WHAT TYPES OF RETAIL OPPORTUNITIES ARE NEEDED IN ANACOSTIA; MY RESPONSE TURNS ON A VERY SIMPLE ANALYSIS. THE RETAIL NEEDS OF THE ANACOSTIA/FAR SOUTHEAST NEIGHBORHOOD MIRROR THOSE OF ALL AREAS OF THE DISTRICT THAT HAVE EXPERIENCED RISING VALUE IN THEIR COMMERCIAL AND RESIDENTIAL REAL ESTATE MARKETS AND SIGNIFICANT POSITIVE CHANGES IN THEIR DEMOGRAPHICS AND WORK POPULATIONS.

THE ANACOSTIA/FAR SOUTHEAST AREA IS INCREASING IN POPULATION AS A RESULT OF THE MANY NEW RESIDENTIAL DEVELOPMENTS COMPLETED, UNDER DEVELOPMENT AND IN THE PRODUCTION PIPELINE. IN ADDITION, IT IS PROJECTED THAT THE NEW DHS HEADQUARTERS AT ST. ELIZABETH'S WILL ADD APPROXIMATELY 4,000 TO 14,000 NEW FULL TIME EMPLOYEES (FTE'S) TO THE COMMUNITY. THIS ESTIMATED POPULATION INCREASE WILL RESULT IN INCREASED DEMAND FOR FIRST CLASS RETAIL GOODS AND SERVICES. HOWEVER, IF THE GSA ALLOWS SUBSTANTIAL RETAIL ESTABLISHMENTS, SUCH AS, RESTAURANTS, CLEANERS, DRUG STORES, FAST FOOD ESTABLISHMENTS, BOOK STORES, COFFEE HOUSES, ETC. TO LOCATE WITHIN THE ST. ELIZABETH WEST CAMPUS, THERE WILL BE NO NET BENEFIT TO THE WARD 8 COMMUNITY SINCE THE WEST CAMPUS OF ST ELIZABETH'S WILL IN ALL PROBABILITY BE

OFF LIMITS TO NON DHS OR OTHER UNAUTHORIZED PERSONS.

IT, THEREFORE, BECOMES IMPERATIVE FOR THE GSA AND THE DISTRICT OF COLUMBIA GOVERNMENT TO MUTUALLY DECIDE HOW TO BRING THESE RETAIL GOODS AND SERVICES TO THE AREA SO THAT BOTH THE WARD 8 COMMUNITY AND THE DHS COMMUNITY BENEFIT THERE FROM. ONE OBVIOUS SOLUTION WOULD BE FOR THE DISTRICT OF COLUMBIA GOVERNMENT TO PUT IN PLACE A DEVELOPMENT PLAN WHICH WOULD ALLOW FOR THE ESTABLISHMENT OF RETAIL ZONES ALONG THE EAST SIDE OF MARTIN LUTHER KING, JR. AVENUE ON THE EAST CAMPUS OF ST. ELIZABETH. THE GSA COULD ASSIST THE DISTRICT IN THIS REGARD BY CONDUCTING A SURVEY OF EXISTING DHS PERSONNEL TO ASCERTAIN THEIR RETAIL NEEDS AND DESIRES, PROVIDE SAME TO THE DISTRICT AND REFRAIN FROM PLACING THOSE TYPES OF RETAILERS ON THE WEST CAMPUS.

THE DISTRICT GOVERNMENT IN TURN CAN PROVIDE PARKING SPACE FOR DHS PERSONNEL ON THE EAST CAMPUS. THIS WOULD ENSURE THAT DHS PERSONNEL WILL FREQUENT THE EAST CAMPUS ON A DAILY BASIS AND BE EXPOSED TO THE MANY NEW RETAIL ESTABLISHMENTS ON THAT CAMPUS.

IF NECESSARY, THE DISTRICT OF COLUMBIA AND THE GSA CAN MUTUALLY DECIDE WHERE NEW TRAFFIC SIGNALS AND CROSS WALKS SHOULD BE LOCATED ALONG THE MARTIN LUTHER KING, JR. AVENUE CORRIDOR TO SAFELY FACILITATE THE MOVEMENT OF DHS PERSONNEL TO AND FROM THE WEST CAMPUS TO THE EAST CAMPUS. FROM THE WARD 8 COMMUNITY'S PERSPECTIVE, THERE IS GREAT CONCERN THAT THE DHS HEADQUARTERS ON THE WEST CAMPUS WILL BE AN ISOLATED FACILITY WHICH WILL PROVIDE NO ECONOMIC OR AESTHETICALLY PLEASING BENEFIT TO IT.

TO BE AN ASSET TO THE WARD 8 COMMUNITY AND TO SIMULTANEOUSLY ADDRESS THE SECURITY NEEDS OF THE DHS, THE DISTRICT OF COLUMBIA GOVERNMENT AND DHS/GSA OFFICIALS SHOULD REALISTICALLY CONSIDER WHERE OPERATIONS OF THE DHS, WHICH REQUIRE LESS SECURITY, CAN BE PLACED ON THE WEST CAMPUS. FOR EXAMPLE, AT THE SOUTHERN END OF THE WEST CAMPUS NEAR MILWAUKEE PLACE SE, PERHAPS LESS SECURE OPERATIONS COULD BE SITUATED, THEREBY ALLOWING SOME RETAIL OUTLETS TO BE PLACED AT THAT LOCATION WHICH THEN COULD BE ACCESSED BY THE GENERAL WARD 8 COMMUNITY. THE OBJECTIVE IS TO MAKE MAXIMUM USE OF THIS MAJOR ECONOMIC DEVELOPMENT SO THAT IT NOT ONLY SERVES AND MEETS THE NEEDS OF GSA AND DHS, BUT

ALSO PROVIDES ECONOMIC SPIN-OFF BENEFITS TO THE WARD 8 COMMUNITY IN WHICH IT IS LOCATED.

IN ORDER TO FURTHER FACILITATE THE ACCEPTANCE OF THE DHS HEADQUARTERS WITHIN THE WARD 8 COMMUNITY AND TO INCREASE THE OPPORTUNITY FOR WARD 8 AND DISTRICT OF COLUMBIA BASED LOCAL, SMALL AND DISADVANTAGED BUSINESS ENTERPRISES (LSDBE'S), OR WHAT ARE NOW REFERRED TO AS CERTIFIED BUSINESS ENTERPRISES (CBE'S), TO SECURE CONTRACTS TO PARTICIPATE IN THE PLANNING AND CONSTRUCTION OF THE FACILITY, AEDC FEELS STRONGLY THAT THE FOLLOWING SERVICES BE AVAILED TO THE DHS DEVELOPMENT PROCESS:

1. **PROVIDE A COMMUNITY LIAISON BETWEEN THE GSA/DHS, DISTRICT OF COLUMBIA GOVERNMENT AND THE WARD 8 BUSINESS AND RESIDENTIAL COMMUNITY DURING THE PLANNING AND DEVELOPMENT OF THE FACILITY,**

2. **CREATE A MEANS TO WORK WITH WARD 8 AND DISTRICT BASED LSDBE/CBE FIRMS TO PREPARE THEM FOR THE CONTRACTING OPPORTUNITIES THAT WILL BE MADE AVAILABLE AT THE DHS ST. ELIZABETH SITE, AND**

3. **ESTABLISH A WORKING RELATIONSHIP WITH EMPLOYMENT TRAINING PROVIDERS, SUCH AS OPPORTUNITIES INDUSTRIALIZATION CENTER (OIC), TO PREPARE WARD 8 RESIDENTS FOR THE EMPLOYMENT OPPORTUNITIES THAT WILL BE MADE AVAILABLE AS A RESULT OF THE NEW DHS DEVELOPMENT.**

IT IS IMPORTANT TO NOTE THAT WE WILL ONLY HAVE ONE SHOT AT THIS WONDERFUL OPPORTUNITY THAT WILL BRING APPROXIMATELY 4.5 MILLION SQUARE FEET OF COMMERCIAL DEVELOPMENT TO THE WARD 8 COMMUNITY. WE NEED TO GO ABOUT THIS TASK AS IF IT IS WHAT IT IS, A LAND USE DEVELOPMENT OPPORTUNITY THAT SEEKS TO ADDRESS THE NEEDS OF THREE ENTITIES, THE DISTRICT OF COLUMBIA GOVERNMENT, THE FEDERAL GOVERNMENT AND THE WARD 8 COMMUNITY. THE THREE ENTITIES OBVIOUSLY NEED TO WORK IN CONCERT AND DETERMINE HOW BEST TO MEET EACH OTHERS NEEDS THROUGH THE CREATION OF A HOLISTIC ECONOMIC DEVELOPMENT PROJECT.

AEDC IS APPRECIATIVE TO HAVE THE OPPORTUNITY TO OFFER ITS ASSISTANCE IN REACHING THESE OBJECTIVES.

THANK YOU MADAM CHAIRPERSON FOR PROVIDING THIS OCCASION FOR AEDC TO SHARE ITS VIEWS ON THESE SUBJECTS WITH YOU AND THE COMMITTEE. I WOULD BE PLEASED TO ATTEMPT TO RESPOND TO ANY QUESTIONS THAT YOU MAY HAVE.

ALBERT R. HOPKINS, JR.
PRESIDENT & CEO
ANACOSTIA ECONOMIC DEVELOPMENT CORPORATION

REVISED: DECEMBER 9, 2007

Ward 8 Business Council

Testimony of Robert James, Chairman of the Ward 8 Business Council
Wednesday, December 12, 2007
Subcommittee on Economic Development, Public Buildings and Emergency Management Hearing
On
"The New DHS Headquarters at St. Elizabeth's: Local Business Opportunities"

Good morning Committee Chair and members of the Subcommittee on Economic Development, Public Buildings and Emergency Management. My name is Robert James. I am the Chairman of the Ward 8 Business Council. I am here today to testify about ***"The New DHS Headquarters at St. Elizabeth's: Local Business Opportunities."***

First, let me start off by saying it is indeed a pleasure and an honor to come before you today as a resident of the District of Columbia. The Ward 8 community is very pleased to be a part of the process of planning and implementation of General Services Administration's (GSA) new site on the west campus of St. Elizabeth Hospital. However, there are some issues we would like to express to you. There are 8 of them in particular:

1. ***Engaging CBEs (certified business enterprises) and getting them on your schedule.***
2. ***Identifying prospective job opportunities for Ward 8 residents.***
3. ***Ensuring historical preservation.***
4. ***Ensuring public access to the Point.***
5. ***Conducting an impact statement on transportation and jobs.***
6. ***Encouraging your employees to patronize businesses on the MLK Jr. corridor.***
7. ***Absorbing additional costs for infrastructure.***
8. ***Encouraging the use of public transportation to protect the air quality in Ward 8.***

We understand that the Coast Guard headquarters as well as Homeland Security will occupy some of the space on the west campus of St. Elizabeth's. We have some concerns with the accessibility of how this project will be incorporated into our community. As you know, we already have Bolling Air Force base and the community has very little access. Clearly, with the structure of the Coast Guard and Homeland Security access will be limited. Hence, we need to find some means of cooperation with the 14,000 employees to be an asset to the rest of the Ward and the Ward will benefit from the facilities being there. Also, there is a greater likelihood for more retail, sit down restaurants, etc. We are also interested in exploring the needs of the employees to get a better picture of their shopping and housing needs. The Ward 8 Business Council envisions a downtown Anacostia that is likened to the 7th Street Corridor on Capital Hill. We

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Ward 8 Business Council

hope that GSA will encourage the employees to use the amenities on MLK Jr. Avenue, S.E.

Another issue is changing traffic patterns. We assume that the flow of traffic will increase tremendously on MLK Jr. Avenue, Malcolm X and Good Hope Road, S.E. We have two subway stops that will be used as well. (Alabama Avenue and Anacostia Metro stations) You can see how important it is for GSA, the Ward 8 Business Council and Councilmember Marion Barry to work together to meet the needs of the additional employees who will be traveling those corridors. As you look around the new Ward 8, there is plenty of affordable and upscale housing. We would hope that some of those 14,000 employees would become residents of our community.

The Ward 8 Business Council has been mandated by Councilmember Marion Barry to make sure that whatever is built in the new Ward 8 ensures that employment or contractual opportunities are available to residents or Certified Business Enterprises (CBEs). We also work very closely with Erik Moses who heads the DC Office of Small and Disadvantage Business. The Ward 8 Business Council has a list of all the CBEs in Ward 8 that are qualified to participate on the building of the project from beginning to end.

Additionally, we are concerned about the historic buildings on the west side. We attend Councilmember Barry's monthly Ward 8 History/Heritage Council meetings to discuss historical sites in the community. We encourage GSA to be mindful of the historical significance of St. Elizabeth in the community. As Chairman of the Ward 8 Business Council, I would extend an invitation to GSA to work with us very closely so that we all come to a mutual agreement about the project being built on the west campus. We are very excited about having new neighbors. We will do anything in our power to ensure that the transition between the community and GSA is as smooth as possible.

Let me close by saying there are many other concerns that I have, but I am certain that between the planning and community meetings we will be able to work out any differences we have. Again, I am delighted that GSA will be our new neighbor. Please feel free to call on the Ward 8 Business Council for any assistance we can provide. Thank you.

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Testimony of Barbara B. Lang, President & CEO
DC Chamber of Commerce
Before the Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, U.S. House of Representatives

Department of Homeland Security Relocating to West Campus, St. Elizabeths Hospital

Wednesday, December 12, 2007

Good morning. I am Barbara Lang, President and CEO of the DC Chamber of Commerce, and I am pleased to testify before the subcommittee on Economic Development as it considers the community bordering the St. Elizabeths Campus. As the largest business organization in the region, the Chamber works hard to make living, working, playing and doing business in the District of Columbia better for everyone. Thank you, Madame Chair, for the invitation to testify today on behalf of our 2000+ members about how the GSA (General Service Administration) can best use its resources to aid the economic development of the areas adjacent to the St. Elizabeths Campus.

The community adjoining St. Elizabeths had been overlooked for many years, and we were pleased to learn that DHS (Department of Homeland Security) and 14,000 of its employees would be relocating to the Campus. The move creates an opportunity for economic development in Congress Heights that has not existed for decades.

Because the local neighborhood economy of Congress Heights stagnated long ago, its residents have been largely excluded from the City's economic resurgence. Developing the St. Elizabeths Campus and sharing its economic benefit with the community should be a foremost concern as GSA and DHS move forward.

And to be clear, the economic benefits DHS brings, as new neighbor in Anacostia, *must* be felt outside St. Elizabeth's historic gate and fortified walls. DHS must not, and cannot create an oasis of services, walled off, withheld and withdrawn from the residents of Ward 8. Some residents have expressed concern that DHS will be a secure compound impervious to the community, and unwilling to interact with its surroundings. And we all know that an optimal environment is one in which the community and DHS benefit from symbiotic economic interaction. DHS must be an anchor of economic stability and a catalyst for development that creates jobs, encourages economic investment and patronizes neighborhood businesses. DHS can be a catalyst for change that is long overdue.

What does that change look like? It takes the form of robust economic activity. The best example I can provide is the renaissance we have seen in downtown Washington, DC, such as Gallery Place. Over the last ten years it has evolved from an area where people came to work and left at the end of the day, to a place where people work during the day, play and dine at night, and enjoy at all times. It takes time, and change will happen in stages, but GSA can begin laying the foundation now for a similar economic rebirth East of the River.

You are beginning to see several of the economic and community factors necessary for growth emerge. First and foremost, preparations are being made for construction of a complex that will house a cabinet level agency. In the short term, that

means construction-related jobs. In the long term, it means a daily influx of employees who will demand certain services during the workday. You also have a Metro station and I-295 nearby to help ferry workers. The importance of these very basic infrastructural assets should not be overlooked.

Once you get employees to work, they are going to demand food and other small retail services. These small retailers need to be patronized by DHS employees during work hours, and be available to serve the community at all times. Examples that come to mind are a diverse mix of food establishments, a CVS, book store, gift shop, and perhaps a dry cleaner. The vision should be to grow the economy from daytime establishments in the beginning, and then broaden to serve the entire community with a mall and a wider range of shops. Eventually there should be sit-down dining establishments and a theatre for nightlife. The ultimate goal should be mixed use development serving the needs of the people and the businesses upon which they rely.

The downtown area is the best example of this model. There are many small businesses and vendors that cater to workers during the day. There is also fine dining and night life for after work. This business model of serving the office worker and layering economic activity to serve and coincide with them will be a winning strategy in the areas surrounding St. Elizabeths. We ask that you look to the lessons of our City's success downtown, along U Street, on H Street, but also the Pentagon and Pentagon City model as you consider how to attract new businesses to Congress Heights.

The final question is how to incentivize companies to relocate in areas around the St. Elizabeths Complex. We encourage you to consider tax and other incentives that might include DHS devoting a significant percentage of their contracts to neighborhood businesses. Such arrangements would link DHS to the community and

would offer new businesses a stable customer base from the outset when they are most vulnerable. The government might also consider guaranteeing small business loans and offering low-cost financing for vendors in the neighborhood.

In DHS' move to the St. Elizabeths Campus, we see tremendous opportunities for District residents and for DHS. The Chamber is available to partner with you as you move forward, and we look forward to St. Elizabeths becoming another Washington success story.

Thank you and I am available for questions.

Testimony of Philip E. Pannell, Executive Director of the Anacostia Coordinating Council before the U.S. House of Representatives Subcommittee on Economic Development, Public Buildings and Emergency Management

December 12, 2007

Good Morning, Madame Chairwoman. My name is Philip Pannell and I am the Executive Director of the Anacostia Coordinating Council (ACC), which is in its 24th year as a non-profit, volunteer consortium of individuals and organizations concerned and involved with the revitalization of Anacostia and its adjacent neighborhoods. The ACC engages in information gathering and sharing, networking, advocacy and community organizing.

The community is excited about plans to move the new Department of Homeland Security (DHS) to the west campus of Saint Elizabeths Hospital and the local business opportunities that will be available. For the purposes of the DHS development, ACC defines local businesses as those that are located east of the Anacostia River and particularly those that are in Ward 8. The ACC recommends that the local businesses be involved in the planning, construction and operations in all appropriate aspects of the DHS headquarters development and all on-going contractual work.

ACC recommends that the General Services Administration and the District of Columbia government engage in the nurturing of the current local businesses and encourage businesses to locate east of the Anacostia River. It would ideal if the DHS would require contractors and vendors to set up offices in close proximity to the Anacostia Metro station. Also, the ACC recommends that the businesses that are established on the campus be locally owned.

The development that occurred on and around the Navy Yard is an example of the opportunities that are available to the Anacostia River with the DHS. The Navy Yard development has had a cascading impact on that community and enhanced the vibrant 8th Street business corridor from Pennsylvania Avenue to M Street. Because of the dearth of eclectic businesses on Martin Luther King Jr. Avenue, ACC encourages the establishment of retail businesses of all kinds, such as food, clothing, hardware, informational technology, entertainment, etc.

Over the years the ACC has been acknowledged for its outreach strategies and its success in organizing large meetings to engage community conversation and involvement. It is more than willing and able to be an outreach vehicle for the GSA and the District of Columbia government and welcomes the opportunity to forge a contractual relationship. In the August 31, 2007 preliminary draft to the National Capital Planning Commission for comment, the GSA's master plan for The DHS Headquarters Consolidation at St. Elizabeth West Campus cites in its Community Involvement Summary the meetings that

GSA representatives have had with the ACC dating back to 2005. ACC stands ready to continue that constructive engagement.

Thank you for giving me the opportunity to appear before you this morning.

Testimony of Stan Voudrie before the Committee on Transportation and Infrastructure
12/12/07

Good morning and thank you for the opportunity to appear before you today. My name is Stan Voudrie, a principal with Four Points, LLC, a DC-based real estate development company. Four Points has formed a joint venture with the Curtis family, a land and business owner in Historic Anacostia for over 80 years. We have been working together with the various community stakeholders and the DC Office of Planning over the last two years to formulate a development plan for approximately 9.5 acres of land that we own along Martin Luther King, Jr. Avenue, SE. A site plan of the proposed development is attached to my written testimony for your reference. The plan covers the area bounded by Martin Luther King Jr. Avenue on the east, U Street SE on the north, Chicago Place on the south and 295 on the west.

Our plan calls for the development of approximately 500 new residential units, 165,000 square feet of new retail space, and 855,000 square feet of new office. We are concluding our preliminary planning and intend to submit the project to the DC Zoning Commission for approval at the beginning of 2008 which should allow us to begin construction by late 2008 or early 2009 with the first phase ready for occupancy by 2011.

It is our opinion that this neighborhood is currently underserved across almost every retail category even before the addition of 14,000 new federal employees in the neighborhood. As such, our first phase of development will focus on bringing new "neighborhood serving" retail to Historic Anacostia. We have included space for a grocery store and have begun preliminary discussions with potential operators for that store. We also have space for a full-service pharmacy/drug store, restaurant bays, and an urban cinema with 8-10 screens.

Additionally, we have several smaller retail spaces that are not part of the new development available for lease right now. We recently leased one of those to a local entrepreneur who is starting a coffee shop. The others have been well received by art gallery and restaurant operators, but to-date no new leases have been signed.

Again, I thank you for this opportunity. We look forward to DHS moving to our neighborhood and believe that it can and should be a very positive addition to the community. I welcome the opportunity to answer any questions you may have at this time.

STATEMENT OF

DAVID L. WINSTEAD

COMMISSIONER

PUBLIC BUILDINGS SERVICE

U.S. GENERAL SERVICES ADMINISTRATION

BEFORE THE

SUBCOMITTEE ON ECONOMIC DEVELOPMENT,

PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

DECEMBER 12, 2007

Madame Chair, Ranking Member Graves, Members of this Subcommittee, my name is David Winstead. I am Commissioner of the Public Buildings Service of the U.S. General Services Administration (GSA). It is an honor for me to be here today to discuss with you the local economic benefits that will be generated by our development of a new headquarters for the U.S. Department of Homeland Security (DHS) at St. Elizabeths' West Campus.

In my testimony today, I would like to address several issues: the project itself, GSA's success in encouraging the economic development of under-served neighborhoods in Washington, DC, the economic impact that federal spending has on this region's economy, and my personal involvement in, and commitment to, making this project a success.

First, the project itself—GSA is now preparing a master plan for the development of a headquarters facility for DHS at St. Elizabeths West Campus. Creating such a headquarters helps the continued consolidation of this large and diverse agency into a single cohesive Cabinet department. Right now, DHS is scattered across the DC metro area in more than 70 buildings, occupying almost 7 million square feet of space to house 23,000 employees. This geographical and organizational dispersion hinders the consolidation of 22 separate agencies into a unified, effective organization with a "common culture."

Further, DHS' mission is to protect the safety and security of the American people. DHS is proposing to locate up to 14,000 of its employees at St. Elizabeths, bringing together those components of the department that must be assembled to respond quickly in a national emergency. It is also important to note that the campus is less than two miles from our Nation's Capitol.

At 176 acres, the St. Elizabeths West Campus is large enough to accommodate DHS's needs, and to provide a 100 foot security setback for the entire campus; a very difficult requirement to fulfill for an agency of this size in an urban setting. Consolidation of the agency components on Government-owned land will also offer a substantial savings to the American people over the alternative of consolidating in leased space and replacing currently leased space with more leased space. The estimated present value savings, over a 30-year period, of locating in Government-owned space versus leased is more than $743 million. Finally, St. Elizabeths is a National Historic Landmark, and development of DHS headquarters here offers a unique opportunity to restore many of the historic features of the campus that have badly deteriorated over time. So, making this project a success is important for our Nation, as well as for our National Capital Region.

In my testimony today, I want to focus on the economic benefits it will have for our region, for the District of Columbia, and for the Ward 8 neighborhood.

Across the Nation, through our Good Neighbor Program, GSA seeks to conduct its real estate activities and meet client agency needs in ways that support the communities in which our workplaces are located. We pursue community partnerships, are open to public input, select locations and utilize designs that enhance community goals and priorities, and support community development. From a policy standpoint, GSA is guided by Executive Orders that direct us to use space in urban areas to strengthen the Nation's cities and to give serious consideration to improving social, economic, environmental and cultural conditions in the communities where our workplaces are located.

In the Washington Metropolitan Area, GSA manages 95 million square feet of space, of which 53 million square feet is leased. Every year, about 10% of these leases expire, so we are in the market, each and every year, for about 5 million square feet of space. To put it another way, we occupy about 20% of the privately owned office space in the region.

The District of Columbia has projected that its core downtown will soon be fully built out, and continued growth and prosperity will require an expansion of the downtown area. GSA has been particularly active in working with the District government to find opportunities to build or lease space in under-served neighborhoods that the District is seeking to redevelop. Towards this end, GSA just recently finished developing two major new projects.

In the North of Massachusetts Avenue (NOMA) neighborhood, we just opened the new headquarters for the Bureau of Alcohol, Tobacco, Firearms & Explosives located on a site we purchased from the District. This project includes 8,000 square feet of retail space, both to serve ATF employees, and residents and workers in a neighborhood that needs such amenities to continue to grow. It also includes a new Metro station, financed by the District, the Federal government, and the neighborhood itself. This project is already encouraging further development of the neighborhood, and we are working closely with you, Madame Chair, to encourage federal agencies to consider locating there.

In the near Southeast area of Washington DC, we are well on our way toward redeveloping Southeast Federal Center, again greatly assisted by the legislation you introduced and this Subcommittee passed, and by the District government. We have already opened a new headquarters for the Department of Transportation, and recently Forest City Washington broke ground to begin development of The Yards, a mixed-use project with 1.8 million square feet of office space, 2800 dwelling units, 400,000 square feet of retail space, and a 5-acre waterfront park. Infrastructure for The Yards will be financed by the District.

And now GSA is poised to spur new development in Ward 8.

But the economic benefits conveyed by the Federal government on this urban area of the District go far beyond direct federal employment. Economist Stephen Fuller of George Mason University did a study several years ago for the National Capital Planning Commission on the impact of federal procurement on the regional economy. The findings of this study are startling.

Federal procurement spending is growing at a very rapid rate, increasing in the DC Metro area alone from $12.5 billion in 1990 to $28.4 billion in 2000. The study found that more procurement dollars are spent here each year than in any single state in the entire nation, including California, New York, Illinois, and Florida. And, it calculates that this generates 21% of our metro area's regional domestic product. Using year 2000 Census data, the study estimates that procurement spending is responsible for supporting nearly 164,000 jobs in the District of Columbia alone.

In a sense, it is not surprising that more dollars are spent in this region than anywhere else, given that all major federal departments are headquartered here. But my point is that federal agencies tend to rely on contractors located nearby, so locating DHS in Ward 8 will offer significant opportunities for businesses located there to benefit from DHS procurement activities.

In 2004, GSA joined with the National Trust for Historic Preservation to study the impact of federal employment in the downtown areas of several American cities, including Baltimore. It found that federal workers spend an average of $5,000 each year in the area where they work. Visitors to federal facilities spend an additional $19 per visit. In Baltimore, these spending patterns generate $50 million per year in the local economy.

Let me give you an example of the potential impact a new federal office location can have, right here in Washington. In 1995, the Base Realignment and Closure process determined that a large Navy component, NAVSEA, should move from Crystal City to the Navy Yard. This doubled the workforce at the Navy Yard from 5,500 to 11,000 people.

NAVSEA requires its contractors be within close proximity to their contracting officers. The move to the Navy Yard is generating demand for more than 1 million square feet of office space along the M Street, South East corridor for defense contractors that do business with NAVSEA.

But there is an important point to keep in mind when considering these potential economic benefits for the development of St. Elizabeths West Campus. For firms doing business with DHS to want to locate nearby, and for the DHS workers on the campus to want to shop nearby, further development needs to occur in the immediate neighborhood. Additional demand for retail space and shops may be generated as existing residents of the area have opportunities for employment on the campus, and DHS employees choose to relocate to some of the new housing

developments now under way in Ward 8, further increasing the buying power and property values of the neighborhood.

Whether and how soon such development occurs is in the purview of the District of Columbia Government. GSA is already working with the District so that the redevelopment of West Campus will assist in the redevelopment of East Campus, a site right across the street that could accommodate such development. East Campus is under DC's control and has been proposed for various mixed uses. DC has zoning authority to encourage office and retail development.

Again, harking back to the example of the benefits conveyed by expansion of the Navy Yard, the DC Government played a major role in redeveloping 8th Street SE, in the Barracks Row area. They did this in an effort to try to capture the potential retail and restaurant sales that doubling the workforce at the Navy Yard could generate. New street furniture, street lights, paving, and landscaping have transformed the public right of way. At the same time, the merchants and property owners got together, aided by a grant from the National Trust for Historic Preservation, to renovate the buildings and restore them to their historic appearance.

The results are magnificent. Eighth Street is now thriving, attracting both employees from nearby offices and local residents. It is a stunning success.

Before I close, I would like to comment briefly on my personal commitment to making this project a success.

As you know, Madame Chair, in mid-2006, I joined you, along with other officials from GSA, to participate in a Town Hall meeting in Ward 8. This is but one example of the many meetings GSA has held in the Anacostia and Congress Heights neighborhoods, which our project executive, Dawud Abdur-Rahman, will describe in further detail.

Recently, I had the opportunity to meet Dr. Charlene Drew Jarvis, president of Southeastern University. We agreed to further discussions about coordinating their degree programs with job opportunities at St. Elizabeths West Campus. I am being briefed regularly on progress in our master planning, participating in periodic meetings with our project team and with DHS officials, and appearing at hearings such as this.

My message is simple—GSA is committed to making this project a success, for DHS, for the American people, and for the citizens of Washington, DC.

Thank you and I look forward to answering any questions the Subcommittee may have.

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