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SAVING TAXPAYER DOLLARS: FREEZING THE FEDERAL REAL ESTATE FOOTPRINT

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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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Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster Chairman	Washington, DC 20515	Nick J. Rahall, II Ranking Member
Christopher P. Bertram, Staff Director	May 17, 2013	James H. Zoia, Democrat Staff Director

SUMMARY OF SUBJECT MATTER

TO:	Members, Subcommittee on Economic Development, Public Buildings, and Emergency Management
FROM:	Staff, Subcommittee on Economic Development, Public Buildings, and Emergency Management
RE:	Subcommittee Hearing on "Saving Taxpayer Dollars: Freezing the Federal Real Estate Footprint"

PURPOSE

The Subcommittee on Economic Development, Public Buildings and Emergency Management will meet on Wednesday, May 22, 2013, at 10:00 a.m. in 2167 Rayburn House Office Building to receive testimony to examine efforts by federal agencies to freeze and reduce their real estate footprint. At this hearing, the Subcommittee will hear from the General Services Administration (GSA), the Department of Homeland Security (DHS), the Department of Health and Human Services (HHS), and the Nuclear Regulatory Commission (NRC).

BACKGROUND

Committee Actions to Freeze the Real Estate Footprint

The Committee on Transportation and Infrastructure has jurisdiction over public buildings and, pursuant to the Public Buildings Act, authorizes the acquisition of space, including by purchase, lease, or construction, that exceeds a certain cost threshold currently set at $2.79 million per year. In recent years, the Committee, on a bipartisan basis, has made efforts to reduce the costs of real property and federal space. In particular, the Committee has worked to ensure federal agencies reduce their real estate footprint, improve their utilization of existing space, and dispose of unneeded space.[1] Since 2011, the Committee has cut existing GSA lease authorizations by $923 million over the terms of the leases. Because of the Committee's efforts,

[1] Federal real property has been on the Government Accountability Office (GAO) High Risk list for a decade, due to significant waste in the management of federal real estate. For example, in fiscal year 2009, the Federal Government spent $1.7 billion in annual operating costs for under-utilized buildings and $134 million, annually, for excess buildings.

many of the fiscal year 2013 lease requests submitted by GSA already incorporated space reductions and improved utilization rates.

Determining the costs and usage of buildings involves a number of key data points. For example, gross square footage (gsf) is the total area of the exterior footprint multiplied by the number of floors. Rentable square footage (rsf) is typically defined as the office space square footage plus common areas (e.g., hallways, bathrooms, atriums). Rentable square footage is the square footage on which the rent is based. The usable square footage (usf) is the space for use by the tenant's personnel and furnishings, including joint space, and special use space. Usable square footage is a metric typically used to evaluate how efficiently an agency uses its space. The "all-in" utilization rate is determined by dividing the total usable square footage by the number of personnel in a building. For example, the proposed consolidated FBI headquarters would result in an "all-in" utilization rate of 170 usf per person.

Below are examples of recent leases approved by the Committee and the corresponding improvements in "all-in" utilization rates for leased space related to a variety of agencies.

Agency	Previous Utilization Rate	Committee Approved Utilization Rate
Interior Department (Fish & Wildlife)	243 usf/person	190 usf/person
National Labor Relations Board	307 usf/person	200 usf/person
Dept. of Defense (Northern VA)	261 usf/person	176 usf/person
HHS (Admin. For Children and Families)	209 usf/person	170 usf/person
Dept. of Commerce (Economic Analysis)	226 usf/person	197 usf/person
Dept. of Homeland Security (Immigration and Customs Enforcement)	218 usf/person	156 usf/person

Administration's Directives on Freezing the Real Estate Footprint

In addition to the Committee's actions to reduce GSA's real estate inventory, the Administration has taken steps toward that end. In June 2010, the Administration issued a Presidential Memorandum related to disposing of unneeded federal real estate. As part of that memorandum, federal agencies were directed to:

- take immediate steps to make better use of existing real property assets as measured by utilization and occupancy rates, annual operating cost, energy efficiency, and sustainability;
- increase occupancy rates in current facilities through innovative approaches to space management and alternative workplace arrangements, such as telework; and

- identify offsetting reductions in inventory when new space is acquired.

More recently, on March 14, 2013, the Office of Management and Budget issued a Management Procedures Memorandum prohibiting agencies from increasing the total square footage of their domestic office and warehouse inventory compared to their fiscal year 2012 baseline -- in effect requiring agencies to freeze their federal real property footprint. In addition, the memorandum requires federal agencies to offset any proposed new growth in space with corresponding reductions in existing total office or warehouse space.

Examples of Agency Actions in Response to Congressional and Administration Directives

Generally, since 2012, most federal agencies submitting requests for space to the Committee (including leases, construction, or purchase) have incorporated square footage reductions or savings on their own initiative or have worked with the Committee to identify space reductions, consolidations, and savings.

At the hearing, the Subcommittee will receive testimony from four federal agencies to better understand their efforts to freeze and reduce their space footprint. In particular, GSA, as the "landlord" for many other federal agencies will provide testimony about its efforts to work with tenant agencies to improve their office space utilization and reduce their real estate footprint. In addition, DHS, HHS, and NRC will provide testimony on how they are managing their real estate footprint. Below are more specific details on recent actions by HHS, DHS, and NRC on space utilization.

Department of Health and Human Services

HHS houses approximately 37,000 personnel in over 8 million usable square feet located in 97 office buildings in the National Capital Region (NCR). HHS's mission requires a variety of types of space, including standard office space as well as laboratories and other special use space.

In 2011, HHS issued department-wide guidance on improving space utilization and established an "all-in" target utilization rate of 170 usable square feet. The "all-in" rate includes all office, office support space and a pro-rated share of any joint use space that is included in each tenant's assigned useable square feet. Under this guidance offices greater than 250 usable square feet are reserved for agency heads or equivalents (i.e., Deputy Assistant Secretary or higher), and no private office is allowed to exceed 350 usable square feet.

In addition to establishing guidelines and limitations on space, HHS's guidance establishes a process through which space is evaluated and the need for new space is approved within the department. HHS is currently in the process of implementing the guidance.

Department of Homeland Security

DHS is currently in more than 50 different locations within the NCR and intends to eventually consolidate to 10 locations. While funding for the permanent, consolidated DHS

headquarters at St. Elizabeths in Washington, D.C. has been delayed, DHS is currently evaluating its existing locations to develop an interim plan that improves utilization, reduces its footprint, and lowers its rental payments. DHS has modified its staffing projections from what used to be "significant" growth to slow or no growth. In addition, DHS is evaluating and testing ways to improve space utilization, including by use of increased staff mobility, hoteling, use of existing space for needed interim or swing space, and consolidations.

Nuclear Regulatory Commission

Since 2007, GSA, on behalf of the NRC, expanded its office space holdings in the NCR significantly beyond the cost and square footage limitations authorized by the Committee. Specifically, in 2007 the Committee authorized a 10-year lease of 120,000 rentable square feet for a total cost of $38 million in order to house the NRC's projected increase in staff. Instead the NRC went around the Committee's normal resolution authorization process to obtain an authorization in a fiscal year 2008 appropriations bill and had GSA acquire a new, built to suit 358,000 rentable-square-foot building for a total of over $350 million dollars over 15 years, including tenant improvements and parking. In addition, GSA leased more than 200,000 rentable square feet of space in four smaller temporary locations.

Currently, the NRC's headquarters complex consists of one GSA-owned building (White Flint 1), one leased building (White Flint 2), and three temporary leased satellite buildings and warehouse space. These five office buildings total more than 726,000 usable square feet and currently house 3,250 people. The current utilization rate is equal to 223 usf (useable square feet per person). In addition, the NRC last year took possession of a newly constructed, build to suit leased building (White Flint 3) the NRC intended to replace its three satellite locations and accommodate its projected increase in personnel. However, as a result of the dramatic decrease in the price of natural gas and the nuclear disaster in Fukushima, Japan, the NRC's projected expansion of domestic nuclear power plants and NRC staffing levels never materialized. In fact, the NRC's staffing levels declined. With White Flint 3, the total usable square footage of NRC space is now more than 1 million.

In addition to the new $350 million White Flint 3 building, GSA submitted a lease renewal prospectus for White Flint 2 to the Committee in 2010. If the Committee were to authorize the lease renewal and the NRC relinquished its three satellite offices as originally planned, the NRC's utilization rate would increase from 223 to 275 usable square feet per person and the NRC's real estate footprint would increase by more than 150,000 rentable square feet. This would be in conflict with the President's directive to freeze agencies' real estate footprints at fiscal year 2012 levels and the Committee's bipartisan efforts to bring agencies in line with accepted office utilization rates.

In an effort to evaluate the NRC's lease request, the Committee has requested briefings and basic information about the NRC's current facilities, number of workstations, actual personnel on board, and other information in order to ensure the NRC's space utilization rates and real estate footprint are in compliance with the President's and Committee's cost reduction initiatives. As of May 10, 2013, a number of important information requests were still outstanding after more than a year.

Given the sizable increase in the NRC's space footprint with no corresponding increase in staffing, the Committee has been working to identify a solution to bring the NRC space utilization in line with both the Administration's and the Committee's standards on improving space utilization rates and freezing and reducing the real estate footprint.

WITNESS LIST

Dr. Dorothy Robyn
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U.S. General Services Administration

Mr. E.J. Holland, Jr.
Assistant Secretary for Administration
U.S. Department of Health and Human Services

Mr. Jeffery Orner
Chief Readiness Support Officer
U.S. Department of Homeland Security

Mr. William Borchardt
Executive Director for Operations
U.S. Nuclear Regulatory Commission

SAVING TAXPAYER DOLLARS: FREEZING THE FEDERAL REAL ESTATE FOOTPRINT

WEDNESDAY, MAY 22, 2013

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

The subcommittee met, pursuant to call, at 10:07 a.m., in Room 2167, Rayburn House Office Building, Hon. Lou Barletta (Chairman of the subcommittee) presiding.

Mr. BARLETTA. Before we begin the hearing today, I would like to take a moment to say our thoughts and prayers are with the people and communities devastated by the recent tornadoes. In Moore, Oklahoma, the tornado left destruction of a mile wide and 20 miles long. Schools and homes were flattened, communities destroyed, incredible and unimaginable devastation. But much more devastating and heartwrenching than that is that many more people lost their lives, including many children. Having walked through and spoken with survivors of previous disasters, including those in my home district in Pennsylvania following Irene and Lee, the pain the residents are enduring is incredible and often unbearable. Losing loved ones, losing their homes, and possessions, heirlooms, memories.

As the chairman of the subcommittee that oversees FEMA, we will do our part in monitoring the Federal response and ultimately the rebuilding as families try and put their lives back together. FEMA has declared a major disaster for Oklahoma and Federal, State and local first responders continue to work around the clock. And we will work with Representative Mullin of our subcommittee and our Members representing districts in Oklahoma. Obviously we know some things are irreplaceable. But what we can do is support those communities devastated and help communities rebuild. If any Members need to be linked to the FEMA update or have questions regarding this and other recent disasters, please let the committee staff know.

The committee will come to order. Before we begin today's hearing I would like to personally offer my congratulations to former Acting Commissioner Dan Tangherlini who has now been named the real full Administrator, Commissioner, and we wish him well. With that being said, hopefully we can get this problem resolved and get off on the right foot.

The purpose of today's hearing is to review the administration's efforts to freeze the footprint of Federal office space and to explore

how Congress can help save billions of taxpayer dollars on Federal real estate. The President's efforts began to take shape in 2010. The administration issued a Presidential memorandum to save billions of dollars in real estate activities.

In March 2013, OMB issued another directive requiring agencies to freeze their real estate footprints and offset any increases with decreases in their inventory. Over the last several years, the committee has made an aggressive effort to cut GSA's lease cost as well. The committee shrunk the size of lease renewals, required more Federal workers and less space and froze rental rates.

The committee's actions have been bipartisan and together we have saved almost a billion taxpayer dollars on prospectus level leases in the last 2½ years. It has been difficult and somewhat painful to achieve these savings for three basic reasons; one, most of the lease requests before the committee in 2010 were based on workforce projections and utilization standards that predated the financial crisis. In other words, they were not worth the paper they were written on. Two, many agencies don't want to adopt the President's new real estate standards. Three, GSA took far too long to provide the committee with updated information the committee needed to authorize them. As a result, it took time to negotiate reductions with agencies. Fortunately, the committee reached an agreement with all the agencies except one, the Nuclear Regulatory Commission. I am pleased a few agencies such as the Homeland Security Department and the Health and Human Services Department are proposing to cut their real estate footprint and adopt stricter utilization rates on their own initiative.

As I see it, we have a unique chance to save billions of dollars in Federal leasings and here is why: First, both the President and Congress want to put more people in less space and save taxpayer money. We all know that doesn't happen too often. When Democrats, Republicans and the President all agree and the American people want to see that. Republicans and Democrats actually agree on spending cuts. How often does that happen?

Second, huge numbers of GSA leases are expiring in the next 3 years, which creates an easy opportunity to shrink our footprint. In the National Capital region alone, there are 24 million square feet of leases expiring and most of them have terrible utilization rates.

Third, we are still in a buyers market, rental rates are low and good deals can be made for long-term leases. We don't want to miss this opportunity. We need GSA to more actively carry out the committee's and the President's goal to shrink our real estate footprint and save taxpayers money. I know most agencies don't want to give up office space. It can be hard for GSA to tell them no. The committee will continue telling agencies that they have to cut their office space, but GSA must also deliver that message when agencies come to them with new requests.

The committee will do its job, and we need you to do yours. The committee needs prospectuses in a timely fashion. Even though millions of square feet of leases are expiring soon, GSA has submitted zero lease prospectuses. The committee needs information to authorize projects. For example, none of the 39 Government-owned project requests the committee received with the budget include housing plans. How is the committee supposed to know if a project

will result in a good or bad utilization rate if we don't have a housing plan? We can't do our job without this kind of information.

Also, GSA's own building database fails to include the number of people that work in each building. How is GSA ever going to improve building utilization rates if it doesn't collect actual building utilization data? If agencies have multiple facilities in a location GSA needs to show the committee how a single leased request fits into that agency's plan for consolidating its footprint in that region. For example, the current prospectus to renew the NRC's expiring lease at its Maryland headquarters is very misleading. The housing plan clearly states the same number of people will occupy the building after the lease renewal, yet we know that is not true, because the NRC has just taken possession of an even larger leased building across the street.

As a result, the NRC is going in exactly the opposite direction that the administration mandates. In this budget climate, smart agencies realize they have to choose between employee salaries and rent. So they are cutting off office space. However, NRC doesn't seem to have gotten that memo.

I hope today we can hear from our witnesses on the steps that they are taking to improve their space utilization and save taxpayer dollars. I hope we can finally get answers to resolve the issues related to the NRC's space. I look forward to our witnesses' testimony.

I now call on the ranking member of the subcommittee, Ms. Norton, for a brief opening statement.

Ms. NORTON. I thank you very much, Mr. Chairman. And first I want to strongly associate myself with your remarks on the Oklahoma disaster. We have not had occasion to have hearings this year or this Congress, but you remind the subcommittee that it is this subcommittee that has the primary FEMA jurisdiction, because we have the jurisdiction over natural disasters and those occur all the time, whereas Homeland Security has jurisdiction, of course, over terrorist disasters.

So I am hoping, Mr. Chairman, that we can have a subcommittee hearing soon on Oklahoma and what FEMA is doing and what needs to be done, especially what needs to be done to prepare and prevent. It does seem like Oklahoma has moved ahead of perhaps some other jurisdictions because it is in tornado alley, as it is called. But I am reminded that we have had hearings in the last several years, not since you have been chairman, Mr. Chairman, but on predisaster mitigation where the Government saves $4 for every dollar invested, it is one of the best programs of the Federal Government and it has now expired. So I think Oklahoma will make us want to think again of predisaster mitigation.

Mr. Chairman, I associate myself as well with your critiques of where GSA is now. For example, you cleaned up the backlog that had been bequeathed to you, we now have no 2014 leases? And today, we are going to hear in a hearing that has been titled "Freezing the Federal Real Estate Footprint," just how much freezing has been done, and hear from several agencies what the best practices are now for utilization rates, and whether they reflect the changes that both this committee and the administration have been pressing now for several years.

In 2010, as far back as July 2010, the administration released a memo stating that many of the properties necessary for the Government's work are not being operated efficiently, and that they needed to reduce operating costs. Subsequent to that, in May 2012, another memorandum was issued essentially saying that the agency should not increase the size of their real estate inventory unless offset through consolidation, collocation or disposal of space. The procedures for complying with the administration memorandum were clarified later in March 2013 in a memorandum that directed OMB and the GSA to annually monitor the continuing implementation of this policy.

As part of this process, each agency was to develop and submit a revised real property cost savings and innovation plan, and in future years, the annual agency evaluation to describe the agency's overall approach in managing its real estate usage and spending.

I must say, Mr. Chairman, that the better approach is the one we began and has not been completed and that is to remove these properties from these agencies in the first place. They don't know anything about property management and we are creating a bureaucratic mechanism to ensure that they who are ignorant in this field do what they are supposed to do.

This committee has, last Congress passed a bill and another committee on which I serve, Oversight and Government Reform, passed a bill, I think its bill is on its way—at least it is passed out of committee. I would hope that our committee would meet with that committee to see if between the two of us we can get a bill on the floor that would give this mission to, perhaps, OMB and GSA. I doubt that we are going to create a whole new agency the way we had initially thought, it wouldn't have been very large, but it doesn't look like that is in the cards. Meanwhile we are back to the kind of monitoring we have been doing all along and the kind of criticisms that we have had all along.

GSA, of course, has a responsibility to guide these agencies into making good decisions on what the administration and the Congress wants done. With the advent—we have long had issues with how GSA guides these agencies, and I think part of the problem is the agencies don't pay any attention to GSA, they are all peer agencies so without some legislation that sets who has responsibility, we are probably still going to have that problem as well.

We are seeing increasingly the advent of hoteling, alternative work schedules, and teleworking, so it is far more possible today for agencies to have even a smaller footprint given these technological advances that decrease the need for workers to be in the office all the time. Correspondingly, the committee has increasingly authorized less space than agencies have requested with a special focus on space requests that were received before the 2012 OMB memorandum. We have watched private industry in the wake of the great recession downsized and become more efficient in utilizing space as a result of economic pressure. And there is an expectation surely that Federal agencies would likewise meet the challenge of utilizing office space more efficiently.

Today we are going to hear from a number of agencies besides GSA since they now are all still involved in this process, as they discuss how they have approached the administration and congres-

sional mandate to alter their utilization rates and dispose of unneeded Federal space. The committee has made no secret of its concern about the Nuclear Regulatory Commission, in particular. And so we will be most interested in how a procurement that was authorized before the mandate can be reconciled with both a modified narrower mission for the agency, and a requirement that space utilization be improved. I looked forward to it the hearing and today's witnesses. I thank you, Mr. Chairman for calling this hearing.

Mr. BARLETTA. Thank you, Ranking Member Norton. On our panel today, we have Dr. Dorothy Robyn, Commissioner, Public Buildings Service, General Services Administration; Mr. E.J. Holland, Jr., Assistant Secretary for Administration, Department of Health and Human Services; Mr. Jeffrey Orner, chief readiness support officer, Department of Homeland Security; and Mr. William Borchardt, executive director for operations, Nuclear Regulatory Commission.

I ask unanimous consent that our witnesses' full statements be included in the record, without objection so ordered. Since your written testimony has been made a part of the record, the subcommittee would request that you limit your oral testimony to 5 minutes.

Dr. Robyn you may proceed.

TESTIMONY OF DOROTHY ROBYN, COMMISSIONER, PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES ADMINISTRATION; E.J. HOLLAND, JR., ASSISTANT SECRETARY FOR ADMINISTRATION, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES; JEFFERY ORNER, CHIEF READINESS SUPPORT OFFICER AND AGENCY SENIOR REAL PROPERTY OFFICER, U.S. DEPARTMENT OF HOMELAND SECURITY; AND R. WILLIAM BORCHARDT, EXECUTIVE DIRECTOR FOR OPERATIONS, U.S. NUCLEAR REGULATORY COMMISSION

Ms. ROBYN. Thank you. Good morning, Chairman Barletta, Ranking Member Norton, members of the subcommittee. I appreciate being invited here today to talk about a topic near and dear to GSA's heart reducing the Federal Government's real estate footprint. I want to briefly address three topics: First, the administration's "Freeze the Footprint" initiative; second, GSA's action to help Federal agencies shrink their footprint; and third, GSA's role in disposing of unneeded properties and the critical need for a civilian BRAC process.

Your opening statements clearly indicate that you are very familiar with the administration's 2012 "Freeze the Footprint" policy. And you will hear more about what my colleagues are doing to achieve that. So I am going to skip over the description of that, and just say that GSA has been given a central role in helping to monitor an agency's compliance with that, and to help them meet that. The information on how agencies are going to achieve it and how they are doing will, in time, be available on OMB's Web site, www.performance.gov, so it can be the aggregate numbers information on specific projects, so it will be directly trackable.

Although GSA directly manages only about 375 million of the nearly 3 billion square feet of space under the Federal Govern-

ment's control we do have the statutory authority to acquire, manage, utilize, and dispose of real property for most Federal agencies, thus, we are well positioned to drive change in this area. And in fact, we have been actively working to do so, and as one illustration in our prospectus level lease program in fiscal year 2013, we and our partner Federal agencies reduce our space needs from a proposed requirement of 3.4 million square feet to about 3.1 million square feet, so a reduction of 10 percent in line with the numbers that you were citing, Mr. Chairman.

Now, as you will hear from my colleagues, a major focus of our efforts is on transforming the physical design and the layout of the workplace in line with what is going on in the private sector. Many of today's Federal work spaces were designed for a time when the Government processed and stored large amounts of paper and completed daily tasks in very regimented and predictable ways. With today's increasingly mobile and flexible employees, agencies can get by with far less space, if that space is appropriately configured. Toward that end, we are working with agencies to implement innovative workplace strategies including rightsizing of individual spaces, hoteling, open floor plan design, and desk sharing. At the same time, we are supporting telework policy and training while providing the technology support to encourage mobility. Over the long term, these practices hold great promise for enabling the Federal Government to carry out its functions with much less office space per Federal employee. This is a very, very promising development.

One obstacle, a major obstacle to us achieving this vision more quickly is the need for upfront funding to reconfigure space. We have doubled the number of people occupying GSA's headquarters at 1800 F, and in fact, we will triple it when we get to phase 2 of our renovation. But we have been able to do that because we had ARRA funding to renovate the space and to reconfigure it for an open office plan design.

The President's 2014 budget includes $100 million specifically for us to work with other agencies to reconfigure and renovate GSA-owned space in support of that kind of improved utilization. We are also, of course, requesting funding for a number of individual specific projects that are large repair and alteration projects that are designed to renovate buildings so as to allow Federal agencies to consolidate their space needs and collocate with other Federal agencies and to move out of costly leases and into federally owned space. In addition to shrinking our footprint in leased space, we want to get agencies out of leased space all together and into federally owned space.

Our role in freezing the Federal Government's footprint starts with the space we occupy ourselves. We will not only meet but exceed the "Freeze the Footprint" requirement by shrinking the amount of office and warehouse inventory that GSA itself occupies by 15 percent by 2015. And a lot of that is a result of the transformation of our headquarters and our ability to move several thousand GSA employees out of leased space and into our headquarters building.

Finally, let me touch on property disposal which is key to any effort to shrink the Federal footprint. We are the primary real estate disposal agent for the Federal Government, we have long worked

aggressively to identify and target unneeded assets for disposal. We just, last week, sold a 427-acre portion of the former Twin Cities ordinance plant in Arden Hills, Minnesota, on behalf of the Department of the Army. This negotiated sale was worth $28 million in direct benefits to the Federal Government. It eliminated 110 buildings and 1.7 million square feet of space from the Federal inventory which would allow the Army to avoid significant future operations and maintenance costs.

Despite these and other success stories at property disposal, Federal agencies face major challenges in doing this. As GAO has repeatedly pointed out in reports that this committee has commissioned, these challenges include the high upfront costs to prepare property for disposal, various legal requirements which contribute to these costs, and perhaps most important, resistance from various stakeholder groups to be the disposal of individual properties.

Mr. Chairman, we need a civilian BRAC process to help us address these challenges. The Department of Defense's BRAC process has helped DOD overcome these barriers resulting in enormous savings to DOD in the Federal Government. The first four rounds of BRAC 1988 to 1995 are producing $8 billion in annual recurring savings. The comparable figure for BRAC 2005 in a couple of years will be $4 billion, that is a total of $100 billion in savings to date to the Department of Defense and every year DOD avoids $12 billion in annual costs, every year, as far as, you know, looking out to the future, they will avoid those costs every year. That is equivalent to what the Department would spend to buy 300 Apache attack helicopters, or 4 *Virginia* class submarines.

We need that tool on the civilian side as well. President Obama proposed a civilian BRAC mechanism in 2011, the administration reiterated its support for the proposal in the 2014 budget. We want to work with Congress to develop this or a similar proposal that addresses these ongoing challenges. Thank you.

Mr. BARLETTA. Thank you.

And Representative Denham actually has a civilian property realignment bill and we would certainly appreciate your support as we move that bill forward. Thank you for your testimony. Mr. Holland you may proceed.

Mr. HOLLAND. Thank you, Chairman Barletta and Ranking Member Norton. My name is E.J. Holland, Jr., most people call me Ned, and I am the Assistant Secretary for Administration at the Department of Health and Human Services. Under the leadership of Secretary Kathleen Sebelius, HHS is committed to saving taxpayer dollars through effective management of our real property assets, improving our utilization through reduced space requirements, and pursuing alternative workplace strategies that increase our utilization rates and reduce our costs.

HHS currently has over 4,100 real property assets, fewer than 1,000 of which are leased. The majority of our leased assets are acquired through the General Services Administration, and we work with GSA closely in acquiring leases to ensure that we deliver the most efficient and cost efficient space to meet our mission requirements.

Most of our real property portfolio falls into three major categories: offices are about 36 percent, laboratories are about 33 per-

cent and hospitals and clinics are about 15 percent. Over 15 million gross square feet, or about 71 percent of our leased inventory is, in fact, office space.

After President Obama issued his June 2010 memorandum "Disposing of Unneeded Real Estate," we accelerated our records to improve utilization of our existing assets. That resulted in identified savings and cost avoidance of over $23 million between fiscal year 2010 and fiscal year 2012 through energy savings, disposals, consolidations and improved utilization. In the fall of 2010, we initiated working sessions among our operating divisions to develop strategies to improve office utilization. In addition, working with GSA we identified prospectus lease requirements anticipated through 2014 and projected their impacts on our real property portfolio.

In May 2011, I issued an office utilization rate policy that reduced authorized usable square feet per person to an average of 170, including office and office support space, and pro rata share of any joint use space. This policy replaced the previous situation of over 215 usable square feet per person. Even before we formally issued our 170-square-foot utilization policy, we began looking at opportunities within existing projects to improve space utilization. One specific opportunity we explored in early fiscal year 2011 was the Parklawn replacement lease in Rockville, Maryland. The replacement lease originally was planned for 2,828 occupants in 772,553 usable square feet, for a calculated utilization rate of 273.

After re-examination and consultation with the Secretary, we made the decision to consolidate three of our agencies along with the fourth that was already there into the Parklawn replacement lease. The current planned facility will house 4,517 people in 823,924 usable square feet for a calculated utilization of 182. Over the term of that lease, the Department expects to save in excess of $215 million in rent costs associated with the consolidation of the four operating divisions.

In April 2011, HHS agreed to work with GSA's Office of Client Solutions as part of their proposed Client Portfolio Planning initiative aimed at working with agencies to find long-term cost savings. We became one of the pilot agencies and the initial plan focused on reaching the President's goal of $3 billion in savings by end of fiscal year 2012.

GSA worked with our Department to optimize our real estate footprint. In addition to savings that we had already identified, GSA looked for targeted opportunities for potential additional savings in managing our portfolio. The original plan identified roughly eight opportunities by September of 2012, six of those, in fact, were implemented or complete.

We are now working with GSA to develop a long-term plan that aligns our National Capital region real estate portfolio with leadership's long-range business goals. The plan will change the Department's approach to real estate from a transactional model that manages each separate asset individually to one that takes into account Departmentwide planning and goals. We will evaluate potential strategies for consolidation and lease replacement in order to increase overall efficiencies and utilization of space.

We are committed to generating savings for the taxpayers through better utilization of our real property assets. We continue to work with our operating divisions and with GSA to identify opportunities for improved efficiencies in our leased portfolio, whether through consolidations, improved utilization costs, or innovative workplace solutions like the chairman and the ranking member mentioned.

This effort requires Departmentwide cooperation and the accomplishments we achieved to date are the product of that cooperation. I appreciate the opportunity to appear before you this morning, Mr. Chairman, and I welcome your questions.

Mr. BARLETTA. Thank you for your testimony, Mr. Holland.

Mr. Orner, you may proceed.

Mr. ORNER. Thank you, Chairman Barletta, Ranking Member Norton, and members of the subcommittee for the opportunity to testify. I am DHS's chief readiness support officer and senior real property officer, a career civil servant with 31 years of experience in the Federal Government.

DHS's real property portfolio includes 38,000 properties nationwide, half of our real property footprint is DHS-owned and remainder is leased either through GSA or directly from the private sector. Additionally half of our real property is operational mission space or personnel housing, and the remainder is predominantly office space and warehouses. The United States Coast Guard and Customs and Border Protection are responsible for 90 percent of DHS real property assets.

In support of our frontline mission, DHS has made great strides in the management of our real property portfolio, and we are committed to the foundational principles of real estate property management. The right facility, at the right location, at the right cost to support our operational mission. To control costs and support our frontline operators and their mission, one key approach we have taken is to improve our use of space. We have improved our space utilization by partnering with GSA's workplace solutions group, and together with our GSA partners, we have conducted a detailed space use assessment followed by introduction of flexible workplace strategies.

We introduce concepts of leading-edge workplace designs that resulted in higher space utilization, including supporting a mobile workforce strategy, hoteling and collaboration space. We conducted a pilot redesign in my own office using these concepts. The redesign cut the amount of office space by over 50 percent leading to a cost avoidance of approximately $1 million annually, and taking us to an average of 100 square feet per person. Despite that very aggressive space reduction, it is a very open space that is pleasant to work in.

DHS is now managing numerous flexible workplace design projects in the National Capital region due to density and cost of general office space in this metropolitan area. And this approach will improve our Department's efforts in consolidating our headquarters' footprint.

I would be remiss if I did not mention the DHS headquarters projects at St. Elizabeths for which we thank this committee for its support over the years. As evidenced by the President's fiscal year

2014 budget submission, the administration, DHS, and GSA remain committed to collocating the Department's operation coordination functions, executive leadership and policymaking functions into that secure campus. We continue to work with GSA to plan and execute the St. Elizabeths vision in order to achieve the overall goals and objectives at the lowest possible cost to the taxpayers.

As such we are developing approaches to further reduce our real property costs by using flexible workplace strategies at the St. Elizabeths campus, and that should enable DHS to further reduce our remaining National Capital property portfolio.

Last week, the DHS CFO and I submitted the DHS real property cost savings and innovation plan to OMB and GSA in response to the "Freeze the Footprint" policy. This plan was developed by a team comprised of representatives from DHS headquarters and each of our operating components. I am excited about our response, because it illustrates a real commitment to rightsizing office and warehouse space, it highlights our strategy for consolidation and reduction, and it defines our initial focus over the next 3 years.

It also outlines longer term efficiency initiative expected to produce an even greater reduction over the next 6 to 7 years, including reducing our average square foot of office space per person from 200 to below 150.

To guide our components in implementing this policy, this week we signed a detailed new DHS workplace standard which provides our components with detailed how to on implementation on our "Freeze the Footprint" goals.

In closing, DHS looks forward to achieving milestones of improved business processes and implementation of innovative concepts such as flexible workplace strategies. Our goal is it to support this Department's mission needs at the lowest achievable cost. I very much appreciate the opportunity to testify before you today and I look forward to answering your questions, thank you.

Mr. BARLETTA. Thank you for your testimony, Mr. Orner.

Mr. Borchardt, you may proceed.

Mr. BORCHARDT. Chairman Barletta, Ranking Member Norton, members of the subcommittee good morning. And thank you for the opportunity to discuss the Nuclear Regulatory Commission's efforts to reduce office space consistent with the Federal "Freeze the Footprint" policy.

The Nuclear Regulatory Commission's mission is to license and regulate the Nation's civilian use of byproduct, source and special nuclear materials to ensure adequate protection of the public health and safety, promote the common defense and security, and protect the environment.

The NRC was created in 1975 and initially occupied 11 buildings throughout the Washington, DC, and Maryland area. The 1979, Three Mile Island nuclear accident revealed numerous lessons for the industry and the NRC. One of the major findings was the need to centralize NRC's headquarter's staff to maintain our operational efficiency, regulatory effectiveness and emergency response capability.

NRC's initial consolidation of its headquarters began in 1986 with the General Services Administration's acquisition of One White Flint in Rockville, Maryland. At the time, GSA and NRC

contracted for the construction and lease of the Two White Flint North buildings for purposes of housing the remainder of the NRC headquarters employees on one campus. The buildings were constructed with above and below ground connectors and since 9/11, share the common access and egress for protection.

The passage of the Energy policy Act of 2005 stimulated a nuclear power resurgence with a considerable increase in the number of applications for U.S. nuclear power plants. This had an immediate and dramatic impact on our workload, and in response, our staff increased from approximately 3,000 to 4,000 employees. With the growth of the NRC, the agency leased temporary space in four buildings in the Bethesda-Rockville area, and at the same time, pursued the construction of a third building at our headquarters location to maintain a consolidated workforce.

In December of 2007, the President signed legislation appropriating funds for the NRC to obtain this additional office space in order to maintain NRC's efficiency and emergency response capability. GSA signed the lease for the Three White Flint North building in October of 2009.

Over the last 2 or 3 years, moderating demand for electricity and the low price of natural gas has caused the Nation's nuclear plant operators to delay or defer a number of applications for new plants. In response, our need for additional staff abated, and in fact, declined slightly so that we now have approximately 3,800 employees.

During the same time the Federal Government instituted new guidelines for Federal real estate. Both of these realities have had an impact on our space requirements. Soon after arriving at the NRC in the summer of 2012, Chairman Macfarlane became aware of the office space issues, including concerns from this subcommittee regarding the renewal lease prospectus for the Two White Flint building. She chartered a task force of senior staff to look closely at our office space and cost estimates. The task force re-baselined NRC space requirements and is now working to achieve a cost-effective footprint reduction.

The NRC is committed to ensuring that the agency's footprint is appropriate to fulfill our safety mission and consistent with the administration's space utilization policies. Chairman Macfarlane and the GSA Administrator have met and created teams that have worked jointly over the last 5 months to present an updated recommendation to this committee. NRC and GSA have been working intensively to develop a solution designed to address the issues identified by the subcommittee.

The NRC/GSA housing analysis concludes that even with a reduced utilization rate the NRC needs approximately 2½ buildings to perform its functions. The optimal approach for meeting this need is to retain Two White Flint North in its entirety, and for the NRC to relinquish several floors in the new Three White Flint facility. NRC's preferred path forward is consistent with the "Freeze the Footprint" policy and achieves office space targets set forth in OMB guidelines. The NRC/GSA plan is consistent with the NRC's goals to consolidate our headquarters staff into one campus, to facilitate our mission, and to provide effective working conditions for the agency's professional engineering and scientific workforce.

In closing, I want to reiterate NRC's commitment to being responsive to the "Freeze the Footprint" initiative as well as our changing space needs and the subcommittee's interest in rightsizing in a cost-effective and timely manner. We will continue to work with GSA, OMB and the Congress to accomplish these objectives and to address these issues fully and transparently. We look forward to working with this committee on this important matter. I would be happy to answer any questions, thank you.

Mr. BARLETTA. Thank you for your testimony.

I think it would be helpful for the committee to hear a little more about the current situation with the Nuclear Regulatory Commission and how we got there. For a variety of reasons in 2006, the NRC believed its personnel were going to increase. The NRC went to GSA, and with OMB approval, the GSA submitted a prospectus to this committee in 2007. The prospectus requested authority to lease an additional 120,000 square feet of office space at a maximum cost of $38 million, or $32 per foot for 10 years. The committee authorized the prospectus shortly thereafter. However, rather than abide by the committee authorization, the NRC leased a couple satellite locations and a custom building three times as large, and 10 times as expensive as the committee authorized. The building was constructed across the street from NRC's headquarters, and was finished just last year.

Although the building is mostly vacant, the NRC has been paying rent since December. On the left-hand side of the first slide, you can see the committee authorized 120,000 square feet of space for $38 million. On the right, you can see what the NRC spent, 443,000 square feet for $400 million. On the second slide, you can see how the NRC's office space grew from 785,000 square feet in 2007, to over 1.2 million square feet of space in 2013. That is a 53-percent increase.

Over the same time period, the NRC's staff level actually dropped from 3,340 to 3,250 people. As a result, the NRC's utilization rate went from 195 usable square feet per person in 2007 to 322 square feet today. As a point of reference HHS's policy is to house people at 170 square feet per person and the National Labor Relations Board which consists almost entirely of attorneys in private offices is at 200 feet per person.

The next slide shows the actual number of workstations in the NRC headquarters buildings today. On the right is the actual number of people, including contractors that work in those buildings. The American taxpayer is paying rent to house 1,800 empty workstations. By almost any measure, the NRC has far more office space than it needs and millions of dollars of taxpayer money are being wasted.

In addition, about 1,600 of those workstations are located in a building where the lease expires at the end of the year. Yet despite the empty space and clear directives from the President, the NRC wants the committee to authorize a sole source renewal of this lease at a cost of $177 million. The question before the committee today is how much office space, if any, should the committee authorize for the NRC?

I will now begin our first round of questions and we are going to limit each Member to 5 minutes.

Mr. Borchardt, how much space specifically—before I go there, as you have heard, agencies across the Government are improving their utilization rates and cutting office space as per the President's request, and as the request of both Democrats and Republicans on this committee. So with that being said first, how much space specifically does NRC need?

Mr. BORCHARDT. Mr. Chairman, we agree what the current satellite offices that we have leased.

Mr. BARLETTA. Can you put your microphone on?

Mr. BORCHARDT. It is on.

Mr. BARLETTA. Maybe if you could pull the mic up closer, it is hard to hear.

Mr. BORCHARDT. As you mentioned, in 2005 we had the Energy Policy Act that generated a renewed interest in nuclear power in this country. We had applications projected for—over 30 applications for new nuclear power plants as well as numerous facilities in the rest of the nuclear fuel cycle. That caused our projected staffing to increase agencywide from approximately 3,000 to almost 4,000 people. As a result of the economy and as a result of the price of natural gas, those applications have declined significantly. As we staffed up in the 2005 to 2008 time period, we found it necessary to lease space and satellite offices that are within 3 miles of the current NRC complex.

Right now, we have already vacated one of those facilities, we have just transferred the staff from a second facility into the new office space. But we agree that the NRC does not need, based upon our current best estimate of the workload and the staffing requirements, all of the office space for all three of the buildings in the White Flint campus. Our suggestion, and I believe our best plan is for us to retain One White Flint and Two White Flint in its entirety and then give up approximately half——

Mr. BARLETTA. What is your target utilization rate?

Mr. BORCHARDT. The target for the plan that we had would be 128 square feet per employee after we give up about half of the new building.

Mr. BARLETTA. Your utilization rate.

Mr. BORCHARDT. Yeah, I think that is—that is after we give it up, after we give up and terminate the lease on all the satellite offices, it would be 128.

Mr. BARLETTA. If you keep all three buildings, it will be 275.

Mr. BORCHARDT. I can't verify that one way or the other, but it wouldn't be—we don't see a basis or need to keep all three.

Mr. BARLETTA. We can, we can. It will be 275. In 2007, it was 195, and 2012 it was 231, and now it is at 322. We think the utilization rate should be closer to 200. So what is your target utilization rate? You are at 322 now, if you keep three buildings, it's 275.

Mr. BORCHARDT. If we—I think—I can't dispute the number that you have, but we are not proposing that we keep all three buildings in its entirety. We think Two White Flint, the facility that is up for lease renewal in December of this year——

Mr. BARLETTA. Yeah. The all in utilization rate, what is the all in utilization rate?

Mr. BORCHARDT. 215.

Mr. BARLETTA. You state that NRC's preferred path forward is consistent with the "Freeze the Footprint" policy and achieves targets for space utilization set forth in OMB guidelines. What exactly is the new plan and has it been approved by OMB?

Mr. BORCHARDT. It is under review by OMB now. There are several scenarios that are being developed. Our preferred approach because of the special use facilities in the Two White Flint campus or Two White Flint building because it has certain rooms for the advisory committee, we have the safeguards which is mandated by law, as well as the hearing board, as well as some other facilities in that room, would need to retain all of One White Flint, all of Two White Flint and to give up, as I said, approximately half of the new building, the Three White Flint preferably to another Federal agency.

Mr. BARLETTA. Who would pay more to move in there?

Mr. BORCHARDT. I don't know what the arrangements would be. I would have to defer to GSA on how the financial arrangements would——

Mr. BARLETTA. We have been asking NRC repeated for this plan, why haven't we receive it? And when will we receive it?

Mr. BORCHARDT. I believe we are working through GSA and OMB. And I think we have—we are in that process. I would ask GSA if they had anything to add.

Mr. BARLETTA. And do you expect that this committee will approve its prospective while it's seeking a new plan?

Mr. BORCHARDT. I can't answer that.

Mr. BARLETTA. Mr. Borchardt, the NRC has spent a significant amount of funds customizing Three White Flint for its needs, more than $90 million in tenant improvements. Now the taxpayers are locked into paying for that space for at least 15 years, costing $350 million total over the term of the lease. Why would the NRC just walk away from that and can you explain how your proposal will save the taxpayers money?

Mr. BORCHARDT. Well, Mr. Chairman, I think we need to remember that at the time the decision was made to build Three White Flint and then to make the decisions regarding its build-out and how it was to be constructed, at that time in the 2007, 2008 timeframe, we were in a period where as I had mentioned in my oral testimony there was a great deal of enthusiasm for new construction of plants and other facilities in the nuclear fuel cycle. We projected NRC growth to be—go in excess of 4,000 staff members total. That reality has, in fact, changed. So what was a good decision, I believe, in 2008 is no longer the decision we would make today. Given that reality, we think Three White Flint is a high-quality building and would be a desirable location for many other Federal agencies. I think the cost associated with moving the special facilities out of Two White Flint would—do not appear to me, anyway, to make good financial sense, so that is why we prefer to keep Two White Flint in its current situation and to give up part of Three White Flint to another agency.

Mr. BARLETTA. Mr. Borchardt, I understand what you are saying, there is a lot of things that we prefer. And you know, Democrats and Republicans many times argue over cutting food programs versus education and make all those tough decisions all the time,

and there are legitimate arguments on both sides. I find it very hard to accept the fact that we could try to convince the American people that we actually need more space for less people because we prefer that option.

At the same time there are so many needy programs that we are trying to save money to, and to have a Federal agency, it is very hard. This is like a softball for us, really. It is very hard to have an agency try to convince us that we prefer this, this will be better for us. At the same time you have less people today than you did in 2007, disregarded the committee's, what the subcommittee authorized in 2007, went ahead instead of $38 million, we are talking about $440 million. I am just going to say, I really think you have a real tough argument here today, and——

Mr. BORCHARDT. If I can, Mr. Chairman, I would say that the headquarters staff is approximately 250 people more today than it was in 2007.

Mr. BARLETTA. But there are actually less employees today than you had in 2007.

Mr. BORCHARDT. No, sir.

Mr. BARLETTA. I believe that you do.

Mr. BORCHARDT. I think in 2007, headquarters staff I believe we had 2,652. Today we have somewhere around—well at the end of 2012 we have 2,913.

Mr. BARLETTA. Yeah.

Mr. BORCHARDT. I think the other point I would like to make is that, as I know you are familiar, we were in four temporary locations in the headquarters offices. As I mentioned, we have already terminated one of those leases. We are in the process, in fact, we have moved an entire office of approximately 200 people from a second building into the Three White Flint building, and we will be terminating that lease. It is our desire to be able to terminate the other two satellite offices buildings completely when we can have the decisions regarding the lease on Two White Flint and the final configuration of Three White Flint.

Mr. BARLETTA. Thank you. We will come back for another round of questions. I now recognize the ranking member, Ms. Norton.

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

You know, Dr. Robyn, one of the problems I see here is this agency seems to be doing its own housing plan. You know, if you let an agency do what they have done, first of all, they completely ignore what has been authorized by this committee, so they simply go to their appropriators, to somebody else, and they end up in one of the highest lease, highest rents, highest cost parts of the region, where it is GSA's job to keep that from happening with all this discussion. And all of it comes from NRC. You know, we have absolutely no confidence in NRC on this issue, in part because that is not their business. It is your business. So I have to ask you, is there a long-term housing plan that GSA is working on for NRC?

Ms. ROBYN. First of all, let me say I would agree with the first part of your statement that this is a situation that occurred because NRC went to the appropriators.

Ms. NORTON. Completely berserk, you know. They are playing with the taxpayers' money.

Ms. ROBYN. We ran the procurement because it was—they did get——

Ms. NORTON. Did they at least consult with you before they go out and have another brand new space?

Ms. ROBYN. Well, no, once the appropriation language was law, I am told our folks consulted with our lawyers. They said it is——

Ms. NORTON. But they didn't consult with you ahead of time?

Ms. ROBYN. I don't believe so, no. I think they were not happy with, I think—I have talked to our staff about the history of this. I wasn't there at the time. I think they——

Ms. NORTON. So they are paying above the rental cap now?

Ms. ROBYN. Well, yes. I think we did a procurement. The procurement that we did, we proposed, as the chairman described, our prospectus, which this committee approved very quickly, 120,000 square feet, and the delineated area was, I believe, within 2 miles of the NRC's campus. Going out that far means you get a fair amount of competition and you can drive down the rates, and in fact we typically have a maximum, we have a rate cap for the——

Ms. NORTON. But they are above the rate cap?

Ms. ROBYN. Yes, because the language allowed that to do that. So when we did the procurement, it was a very, very narrowly defined procurement, and it resulted in a building that is right at White Flint.

Ms. NORTON. How often does an agency rent above the rent cap?

Ms. ROBYN. In any GSA lease that does not happen.

Ms. NORTON. That is right, and this was not a GSA. But it is up to GSA to do something about it.

Ms. ROBYN. But that said, so the history, I don't like the history. This is——

Ms. NORTON. All right, let's go forward.

Ms. ROBYN. But going forward, we are——

Ms. NORTON. Go forward. Because, you know, they give me all that happened before as well. You know, we thought we were going to be big, we turned out to be small, and we still want to renew a lease to be almost as big. And they say, they who are not real estate people, they say, oh, we have got a plan. What do I care about their plan? They are nuclear people. You come to me and talk about nuclear stuff, I will listen to you.

I am going to talk to Dr. Robyn. They have got a plan. And their plan is they want to renew a lease that is expiring, which would seem to give us an opportunity to correct this mess. And these non-real estate agents tell us what they want to do is to move another Federal agency into this expensive property, and they don't tell us who will pay for the delta that would exist on the rental cap, which you would never have allowed if this had gone through GSA in the ordinary course or if this committee had been given the opportunity that the law requires it be given.

So you tell me about their plan. Is their plan feasible?

Ms. ROBYN. And let me say, they will pay the delta if we——

Ms. NORTON. Do you understand you would pay the delta?

Ms. ROBYN. Yes. No, they will do it. No other agency.

Ms. NORTON. Do you understand that your plan would still leave you paying for the delta if a new agency moved in there because

that new agency could only move in there compliant with the rental cap?

Mr. BORCHARDT. That is consistent with the discussions we have had with GSA.

Ms. NORTON. So you are prepared to take that on? That extra, that extra amount in your own budget?

Mr. BORCHARDT. I am not sure of the details myself.

Ms. NORTON. Well, you need to be sure of them before you come in with a plan to let this lease expire. And you say you have no authority to rent out part of the building, to rent out the other part of the building. So you see why I have to just scrap that and pay no attention to it and ask Dr. Robyn, we need a housing plan.

Ms. ROBYN. Yeah. And we are working closely with NRC and OMB to evaluate different options.

Ms. NORTON. So do you support renewing the lease at this time on the second building, Two White Flint?

Ms. ROBYN. Leaving aside how we got to this situation——

Ms. NORTON. Please leave that aside. I have asked you a direct question.

Ms. ROBYN. In an ideal world——

Ms. NORTON. They want to let a lease expire. Do you support letting that lease expire or not?

Ms. ROBYN. They want to hang on to Two White Flint Mall. The NRC campus.

Ms. NORTON. I mean, they want to—sorry—renew the lease.

Ms. ROBYN. Yes, yes.

Ms. NORTON. They want to renew the lease. Do you support renewing the lease on Two White Flint?

Ms. ROBYN. I have to explain a little bit. It is not a simple answer.

Ms. NORTON. OK.

Ms. ROBYN. We own White Flint Mall, we own One White Flint Mall. We lease Two White Flint Mall. We had a purchase option. We should own that building. We should not get in a situation where we are leasing a building that is joined at the hip with another Federal office building like this one is.

Ms. NORTON. Did you ask the administration for authority to buy the building?

Ms. ROBYN. I think this is our——

Ms. NORTON. Hasn't the owner said he is not interested in selling the building?

All right. So let's move on to what you are really going to do.

Ms. ROBYN. I think we had a purchase option and I think when the time came to exercise it, we did not have the money, and I don't know whether that was us or NRC, we traded that——

Ms. NORTON. Just a moment. Dr. Robyn, I am told GSA sold the purchase option.

Ms. ROBYN. Yes.

Ms. NORTON. So why are you talking about the purchase option?

Ms. ROBYN. Well, I was giving you the history of why I think—we traded it for buffer land from the lessor, but I point to that——

Ms. NORTON. All right. So why are you talking about owning the building?

Ms. ROBYN. Because I still think that is the ideal outcome.

Ms. NORTON. You know, this is——

Ms. ROBYN. We are the Federal Government, we should have leverage with lessors, and one source of leverage is entirely vacating the building.

Ms. NORTON. You know what? You are going around in circles. Dr. Robyn, we have a letter, the building owner says he is not interested in selling the building. Now, you are telling me, and you see why we have no confidence in NRC because they are in a business that is not their own, but we are supposed to have some confidence in you. But you tell us that we should own that building, knowing full well——

Ms. ROBYN. Ideally.

Ms. NORTON [continuing]. That the owner says he is not going to sell that building. What am I supposed to do with that statement?

Ms. ROBYN. This can be seen as a negotiation, and this is not an unusual situation. I think we are prepared to——

Ms. NORTON. So you therefore support, you support the renewal of the lease?

Ms. ROBYN. That would be the ideal circumstance——

Ms. NORTON. What is there about that building that is so important that it has to be renewed for another 15 years?

Ms. ROBYN. Well, and again, not at any price do I think we should renew that lease. Not at any price. It comes down to cost. It is joined at the hip with One White Flint Mall as a result of various security measures, and Dr. Borchardt can talk about that more, better than I can, but it is—there are tunnels and security linkages and access interconnections that make it——

Ms. NORTON. Mr. Chairman, I am going to go on to one more question. Once again GSA, which should be holding the cards, is over a barrel. Obvious this owner knows he has got them over a barrel, NRC has them over a barrel. They don't have a plan. They have no plan. They can't come in here today and say that they are for renewing the lease because they are in negotiations with the Lerner Group, who know how to bargain. And therefore this committee is faced with what should be put on an indefinite hold, and that is the notion that somehow pending your negotiations we should allow a renewal of a lease for 15 years that should not have occurred in the first place.

I have a final question here to GSA. In this city GSA is building and it is about to open the Coast Guard building. That leaves you with an empty Coast Guard building, and you are going to owe on that building empty. We calculated it is something like a $60 million loss to the taxpayer with respect to the remaining lease when the Coast Guard moves out and they may move out as early as August. What have you done to mitigate that liability? The chairman showed you that we are paying on an empty building or much of an empty building in White Flint. In August are we going to be paying for an empty building that the Coast Guard, at Buzzard Point, that the Coast Guard shall have moved out of?

Ms. ROBYN. Are you talking about Transpoint or——

Ms. NORTON. Buzzard Point Coast Guard building.

Ms. ROBYN [continuing]. Jemal Riverside? We are planning to exercise our termination rights under the lease agreement on the Transpoint Building for a variety of reasons.

Ms. NORTON. I am asking you about the $60 million. How are you mitigating the $60 million cost to the taxpayers? In other words, what you are telling this committee, we are going to leave it empty?

Ms. ROBYN. No. Well, I am not sure what building, whether we are talking about——

Ms. NORTON. The Transpoint Building.

Ms. ROBYN. Can I ask Mr. Orner to clarify which building we are——

Mr. ORNER. The Coast Guard Headquarters currently occupies both the Transpoint Building and the Jemal Building. Relative to the Transpoint Building, I received a letter from GSA several months ago that told DHS and the Coast Guard that they would be exercising the termination clause on that lease effective at the end of the—effective when the Coast Guard moves out. The Coast Guard begins to move out in August, and it takes place over a 4-month period, and they outlined in the letter the reasons for terminating the lease, which had to do with, first of all, that the building is on a floodplain, and secondly that there are costs associated with that lease that are unique to that lease.

Ms. NORTON. What are you doing to mitigate the $60 million cost to the taxpayers you will be left with if that lease is terminated?

Ms. ROBYN. Well, I think we wouldn't, if we are talking about the Transpoint Building——

Ms. NORTON. We are talking about the Transpoint Building.

Ms. ROBYN. Yeah. I think terminating the lease is a way of avoiding that $60 million. That is why we will be terminating the lease, is my understanding. I mean, we wouldn't terminate it. We would, alternatively, if——

Ms. NORTON. Dr. Robyn, there will be 2 years where you are responsible for paying on that building. You have got or DHS has in holdover status now a number of agencies where you are paying for that reason, because the DHS building has not gone up as quickly as we had thought. Have you thought of ways to keep from paying on an empty building for 2 years?

Ms. ROBYN. The letter to Mr. Orner from the regional Commissioner, GSA Regional Commissioner Bill Dowd, says GSA's intent is to exercise the termination option this spring, this is referring to Transpoint, which will produce upwards in $60 million in total rent savings. So I believe——

Ms. NORTON. Oh, my goodness, Mr. Chairman, could I ask this? Within 30 days——

Ms. ROBYN. Yes.

Ms. NORTON [continuing]. Would you write to the chairman how you will avoid paying rent for an empty building, 2 years' rent for an empty building?

Ms. ROBYN. I will.

Ms. NORTON. In other words, in the law we call it mitigating the damages. You have mitigated it somewhat, but you still would be paying for an empty building. We would like to know what action you have taken or propose to take so that the taxpayers will not be left with liability and whether or not, for example, some of the DHS agencies and holdover leases temporarily could occupy that space. I don't even mean to suggest to you what must be a hundred

options other than simply eating the amount that you would be left with.

Ms. ROBYN. Let me just say one more time, and I will confirm this, but when we terminate a lease, that we have a right in certain leases, we have a purchase option in some of our leases, we have termination rights. When we exercise the termination right, that gets us out——

Ms. NORTON. We aren't questioning your right. We aren't questioning. We are asking what you are going to do for 2 years paying rent on an empty building, that is all. Is there nothing that can be done during those 2 years to mitigate the remaining liability?

Ms. ROBYN. OK, I think we——

Ms. NORTON. In 30 days.

Ms. ROBYN. I think we have a difference of actual——

Ms. NORTON. Well, then, in 30 days in writing——

Ms. ROBYN. I will clarify.

Ms. NORTON [continuing]. Would you let the committee know—here is the chairman, so you know who I am talking about—in a letter what you intend to do to mitigate whatever liability you claim you will be left with, unless you are telling me there will be no liability whatsoever.

Mr. BARLETTA. Thank you, Ranking Member Norton. We will certainly get back to that. We are going to go to the gentleman from Pennsylvania, Mr. Perry. Just to answer later, if we are not backfilling that building, why should we believe that we are going to somehow find Federal employees at a higher rate for the NRC? We will get back to that. I will recognize the gentleman from Pennsylvania, Mr. Perry.

Mr. PERRY. Thank you, Mr. Chairman.

And thank you folks for coming in. It is good seeing you. My first question, will be directed to Mr. Borchardt. Is it doctor or mister?

Mr. BORCHARDT. Mister.

Mr. PERRY. Mister. OK.

The information I have shows since 2007 a decrease in staffing of about 3 percent. Meanwhile, during the 2007 to 2013, the same commensurate period of time, an increase in square footage. Now, the numbers vary somewhat from other information I have. If I go back to 2007, I have got 2,652 employees on, information that I think was provided by your agency, and it increases in fiscal year 2010 to 3,035, and it is down to 2,913 in 2012.

With that, again, according to your testimony, so if I am wrong, please correct me, but the NRC says its preferred solution is that all of Two White Flint be leased and the NRC relinquish space in Three White Flint to another Federal tenant. But what you propose is that the taxpayers are paying for all three buildings as opposed to two or two-and-a-half buildings. Is NRC's analysis based on the cost to the taxpayer or the cost to the NRC? And do you have a Federal tenant who has committed to backfilling the space?

Mr. BORCHARDT. Well, we are working with GSA regarding the final configuration. The decision has not yet been finalized as to what the headquarters campus of the NRC will be, how it will be configured. Our preferred approach is the one I described, where we give up half of the new Three White Flint building, but that is still a decision to be made.

Mr. PERRY. And the basis, again, is it for the cost regarding NRC or cost to taxpayers? What is the basis for the decision?

Mr. BORCHARDT. I would have to get back to you on that. I am not sure.

Mr. PERRY. All right. Dr. Robyn, do you have any input at this point based on those comments?

Ms. ROBYN. We are evaluating the cost and the benefits of a couple of different options. As I said earlier, in an ideal world we would own Two White Flint Mall and the NRC would fully occupy One and Two and a portion of Three. But that may not be the most cost-effective. It may be, in the end, more cost-effective to, given that the lessor does have us over a barrel, it may be more effective to simply get out of Two White Flint Mall and occupy—I agree that NRC needs two-plus buildings. How you configure that, whether it is One and Two plus part of Three or One and Three and some satellite spaces, we are running the numbers on that.

Mr. PERRY. And, again, would you consider the cost to taxpayers or cost to the NRC? What is the higher standard?

Ms. ROBYN. Well, I haven't really drawn that distinction. Costs to Federal agencies are costs to taxpayers. In this case, if we backfill a portion of Three White Flint Mall, I said earlier that the NRC would pick up the incremental cost of that higher priced space to Federal agencies. So in that sense it would be a cost to NRC ultimately.

In the case of NRC, I should say, they are funded largely by industry user fees. So, yes. OK, I am sorry, that is what you were getting at. Yes. One can distinguish agencies like Securities and Exchange Commission, Nuclear Regulatory Commission that are funded by user charges to industry. It is worth drawing that distinction.

Mr. PERRY. I would say it is. And, you know, as a person that pays for base load out at Three Mile Island, because I am part of the PJM, this is important to me.

Mr. Borchardt, much of the budget is, as is already stated, from fees on the nuclear industry. Do you know what will be the total cost of the NRC's preferred solution to the industry and then to me as a ratepayer, including amounts you have already sunk into Three White Flint.

Mr. BORCHARDT. Well, as you alluded to, 90 percent of the NRC budget is paid for by the licensees that we regulate, so our budget is approximately a billion dollars. Ninety percent of that is fee reimbursed.

Mr. PERRY. OK. In the time remaining, you state that if the lease prospectus is not renewed and the NRC were to vacate Two White Flint, the agency would have insufficient space to house its current employees and conduct effectively its nuclear safety mission. Have you, in that regard, run analysis on the following solutions: Fully utilizing Three White Flint and the satellite buildings and/or vacating half of Two White Flint.

Mr. BORCHARDT. Yes, we are in the process of doing that analysis. As I recall, the estimate is about $4 million to $7 million a year in order to lease the space necessary to hold the hearings, the special use buildings in the Two White Flint facility. So this has

to do with the hearings and the Advisory Committee to the Commission.

Mr. PERRY. Thank you, Mr. Chairman. I yield back.

Mr. BARLETTA. Thank you, Mr. Perry.

The Chair now recognizes the gentlewoman from Maryland, Ms. Edwards.

Ms. EDWARDS. Thank you very much, Mr. Chairman. I apologize that I haven't been here for the entire hearing. I appreciate your continued oversight and the ranking member's oversight of the GSA leasing process, let's just say.

I have long had questions about GSA's role and who you work for. And in some of my work on this committee, it has come to my attention that it is often unclear who is in the driver's seat when it comes to making decisions on behalf of the taxpayers and what might be most cost-effective for taxpayers when it comes to GSA and its relationship to the client agencies.

And so I just want to ask you, Dr. Robyn, who is in the driver's seat when making these decisions? Who gets to say that is the deal?

Ms. ROBYN. We have a difficult role because we were created and we still have dual functions. We are a cop, on the one hand, we have a regulatory control function of telling agencies to dispose of that property, shrink your footprint. At the same time, we have a service-provision function, and we try to balance those two. We were created that way. Some countries have severed those two functions because it is hard to do both. I think they belong together, but it is a balancing act. And over time GSA has at some periods in its history been more in what one would call an order-taker role and at other times been in more of the cop role. I like to think we are not an order taker, but we do need to work cooperatively with agencies.

Ms. EDWARDS. So let me just ask this, so I want to get right down to it: When you look at the National Capital region, how many counties, jurisdictions does that include?

Ms. ROBYN. Oh. Well, I normally have a little map. It is——

Ms. EDWARDS. Give me a number.

Ms. ROBYN. It is the District and Prince George's County and Fairfax and Arlington. Six, seven, something.

Ms. EDWARDS. Montgomery. Right.

Ms. ROBYN. Montgomery County, yes.

Ms. EDWARDS. And so if we are to take a look at the consolidation that needs to happen with HHS which has, I believe, about 97 offices throughout the National Capital region, how many of those offices are located in one of those handful of jurisdictions that you just pointed out? How many of those are located in Prince George's County?

Ms. ROBYN. I don't know the number.

Ms. EDWARDS. Does anybody from HHS know?

Mr. HOLLAND. I don't have that number, Congresswoman, but we certainly can get it and get back to you.

Ms. EDWARDS. Definitely want to get that.

So of the 97 offices throughout the National Capital region, the number that I want to know, when you look at the spread throughout the region and you look at consolidation, how many of those are

in one county, in Prince George's County? And while you are at it, in responding, I hope in writing to that question, I want you also to give us the average distance of the offices that you are currently operating and what you envision as consolidation from a Metro station, from a transportation hub. And also I would like to know the average lease rate per square foot paid in each one of those jurisdictions for the offices that HHS operates.

[Please see pages 58–59 for responses from the Department of Health and Human Services to Hon. Donna F. Edwards' questions.]

Ms. EDWARDS. Let me just ask about DHS. DHS has about 50 locations throughout the National Capital region. How many of those are planned, are you trying to draw down to sort of one vision, one DHS with, I don't know, how many, 10 maybe other offices?

Mr. ORNER. DHS headquarters and our component headquarters, as you say, occupy over 50 locations in the NCR. If you count our local field operations, it is another 50 locations. Our goal is to get down to roughly 15 anchor locations in the National Capital region. St. Elizabeths would be one of those.

Ms. EDWARDS. And of the 50 locations currently in the National Capital region, do you know how many jurisdictions are in the National Capital region?

Mr. ORNER. I don't know off the top of my head.

Ms. EDWARDS. OK. So, again, of those 50 locations in the National Capital region, and as you envision the 15 locations that you want to drill down to, with the anchor being the St. Elizabeths Hospital, how many of those are located in Prince George's County?

Mr. ORNER. I will get back to you with a written answer on that.

Ms. EDWARDS. And the same thing, how many, where they are located, the proximity to a Metro.

[Please see pages 64–66 for responses from the Department of Homeland Security to Hon. Donna F. Edwards' questions.]

Ms. EDWARDS. What I am trying to get at is whether the National Capital region is treated fairly in all of its complexity in every single area of the county because when it comes to consolidation, when you start to look at what is the benefit of the bargain for the taxpayer, what is the cost? What is it going to cost us ultimately? Not what the cost is to an individual agency juggling a budget. What is the overall cost to the taxpayer and how are we saving the taxpayer money? And if there is a jurisdiction that we are jumping over top of to get someplace else at an agency directive, then I would say to you that GSA is not in the driver's seat when it comes to giving the benefit of the bargain to the entire capital region and making sure that the taxpayer comes in first.

And with that I would yield.

Ms. ROBYN. Can I respond to that? I think that we rely on competition to get taxpayers the best deal. We spend an enormous amount of effort identifying the appropriate delineated area, and sometimes we have differences with individual members on this committee. But ultimately we use a competitive process. And we are not fundamentally different from a corporation when siting a large new facility, we are not fundamentally different from a corporation that is thinking——

Ms. EDWARDS. With all due respect, there have been too many studies for you, Dr. Robyn, to sit in front of this committee and tell us that it is just kind of a transparent corporate decision looking at a delineated area where things are considered fairly. There has been way too much documentation. I don't want to go into it again. But the reality is that there is only one jurisdiction in the National Capital region that is treated differently, and that is Prince George's County in Maryland.

And if the members of this committee want to get a better bargain for taxpayers, our job has to be to make certain that the GSA is treating the entire region with the fairness that taxpayers deserve, not because an agency just kind of wants it that way or because it is more convenient for the agency, but what is in the interest of the taxpayer. And I have to just tell you that from your agency and the data that you provided to the data that has been provided by outside third parties, it is really clear that there is only one jurisdiction in the National Capital region that is not treated with the same kind of transparency. You can't come to this committee and try to make another argument about fairness because the data just doesn't bear fruit.

Mr. BARLETTA. Thank you, Ms. Edwards.

The Chair now recognizes the former chair of the full committee, the gentleman from Florida, Mr. Mica.

Mr. MICA. Thank you, Mr. Chairman. And the last Member was usually very favorable towards the Government side of the equation, and I thought she framed my position very well. Look forward to working with her. In fact, I want to associate myself with her remarks.

I guess there is some good news and some bad news, Ms. Robyn. The bad news first. Would you convey a message, tell Mr. Tangherlini, if GSA does not send a witness to my next hearing, they will be subpoenaed or I will come and sit in their office until I get the answers. This is on information technologies. Along with OMB. I can't conduct an oversight of $84 billion worth of information technology business that the Federal Government conducts without one of the prime participants; that is GSA. I know that is out of your purview, but if you ever see Tangherlini, just tell him I sent that message.

Let's see, what should we take, the bad news or the good news? The good news is, Ms. Robyn, what to my wondering eyes should appear? I came into the office yesterday, maybe GSA was trying to give me some reason not to continue breathing because I gasped when I saw this: General Services Blanket Purchase Agreement for Real Property Sales and Support Services. Gasped in a pleasant way because I thought maybe we are heading down the path to doing something positive. This is just out, and what is the schedule for moving forward? Are you aware of this?

Ms. ROBYN. No.

Mr. MICA. You aren't aware of it? General Services Administration, Public Building Service, Office of Real Property Utilization, a blanket purchase agreement. Did you talk about this before I got here?

Ms. ROBYN. No.

Mr. MICA. Am I missing something? And you are aware of it? Hello, everything working here?

Ms. ROBYN. I am sorry. I work closely with our disposal office. That is something they put out. I don't know if that is something brand new.

Mr. MICA. Hey, you should get acquainted with it, Robyn. I mean, things actually may happen in your agency. So I had a whole list of questions that I can't ask you about, but one you could get back with us. This would only deal with GSA properties, right? It wouldn't deal like Agricultural Research Service and some outside your purview. Would it or wouldn't it?

Ms. ROBYN. Well, without seeing it, we are the disposal agent for all agencies.

Mr. MICA. OK. Well, tell me if that is the case if they will have that purview. Is this requirement, and I want to find out if it is on a national basis or is it going to be subdivided to regional where they can go in and take pieces of it?

Then another question. And, staff, I hope you are taking these down because I want them in writing because sometimes they forget to respond. The third question would be, are there any impediments? The staff already cited to me the possible impediments to moving forward with some of this disposition of real property because of McKinney and other Federal statutes. I want an analysis of any impediments from you that might interfere with this, which is good news. Please be aware of the good news before you come next time.

Ms. ROBYN. Can I respond to that?

Mr. MICA. Yeah, what the heck, go ahead.

Ms. ROBYN. Because I did in my opening statement, my written statement, I said what you, Congressman Mica, have heard me say before, the impediments, there are three major impediments to us disposing of a lot of Federal property.

Mr. MICA. Well, again, in the context of this new venture, which you are not a whole lot aware of but should be, and I want to know if all of that, if the above applies or anything else because this is a little bit different approach. Quite frankly, I like it. I think it would be better if it was regionalized so we could go at it more effectively. It is hard to eat an elephant except a bite at a time.

Ms. ROBYN. We have three disposal regions.

Mr. MICA. OK. Well, that is I guess some good news.

DHS, no. We need to be dismantling DHS. One of the biggest mistakes we ever made was putting it together. We probably need a DHS of about 3,000 people that is connecting the dots instead of this huge bureaucracy. I am going to do everything I can to close down anything at St. Elizabeths, have done that to date, will continue. We have got Coast Guard there, God bless them, they deserve it, a billion dollars, we have got 3 million square feet, billions of dollars invested in the infrastructure, which is fine. Maybe in the future, maybe we can open up a disposition of Federal bureaucracy office there, and I would support that, but we won't get into that. I would just give you a little message.

The other thing, Ms. Robyn, if you can get back with the committee, you know my slight interest ongoing in the Federal Trade Commission Building.

Ms. ROBYN. Yes.

Mr. MICA. Which the consolidation of that single building over 20 years would save a half a billion dollars in taxpayer money. I don't know of any property where you could have it totally renovated, still keep it in the trusteeship of the Federal Government, like the 1932 FTC headquarters building and have it renovated for another purpose at nontaxpayer expense, which I would estimate to be $150 million to $200 million, and yet you persist in dividing up space which you are obligated to in the Constitution building. How much space was left there, 450,000 square feet?

Ms. ROBYN. In which building?

Mr. MICA. The Constitution Center, the one that you leased for Securities and Exchange Commission, signed a 10-year——

Ms. ROBYN. Oh, yes, yes. I think that is filled now.

Mr. MICA. It is filled in your mind? Yeah.

Ms. ROBYN. Including with——

Mr. MICA. And part with FTC?

Ms. ROBYN. Yes, I believe so.

Mr. MICA. Then you crammed some other agencies in there to fill it so you couldn't properly move the FTC. Is that what we are looking at? Are the others moved in yet? Do I have to go down and chain myself to the door to stop that nonsense?

Ms. ROBYN. That is leased space. That is a lease.

Mr. MICA. Has anyone moved in there? Has anyone moved in there yet?

Ms. ROBYN. Yes. Yes. I have not been there. I am told there are various financial regulatory agencies there.

Mr. MICA. So the only way I can stop it is through some dramatic move?

Are you moving the 217,000 square feet that was north of Union Station there first?

Ms. ROBYN. I am sorry?

Mr. MICA. FTC had its secondary location was in, what do they call it, north of MOMA?

Ms. ROBYN. NOMA, NOMA.

Mr. MICA. What is it?

Ms. ROBYN. North of Mass Avenue, NOMA.

Mr. MICA. New Jersey Avenue property, have they moved out?

Ms. ROBYN. I am sorry, I don't know.

Mr. MICA. Let the committee know.

Ms. ROBYN. Yes.

Mr. MICA. I want a complete one-pager, break it down so even an idiot can understand it as to where you are in that process so I can dismantle whatever you are doing. Would you help me with that?

Ms. ROBYN. Yes.

Mr. MICA. Thanks so much, Mr. Chairman. It is always a delight to be with this subcommittee.

Mr. BARLETTA. Thank you, Mr. Mica.

If, Dr. Robyn——

Mr. MICA. Could we make—at least reference to this part of the record and would the staff make a copy for the——

Mr. BARLETTA. So moved.

[Please see pages 48–50 for responses from the General Services Administration to Hon. John L. Mica's questions.]

Mr. BARLETTA. Dr. Robyn, if we could go back for just a moment on the Coast Guard property.

Ms. ROBYN. Yes.

Mr. BARLETTA. So when you terminate actually, you will be paying rent for 2 years on the empty building that will cost $60 million?

Ms. ROBYN. Well, normally, I think the Congresswoman and I were talking past one another, and maybe—it sounds like we have a factual disagreement. This letter stated to Jeff Orner that we were getting ready to use our one-time termination rights. That means we walk away from a lease.

Mr. BARLETTA. I believe it states that the earliest termination rate is in 2 years.

Ms. ROBYN. Well——

Mr. BARLETTA. That is the earliest termination rate, which would mean that we would be paying rent on that building for 2 years at a cost of $60 million.

Ms. ROBYN. Well, but this letter clearly says—our understanding—I mean, this letter says that doing this will save $60 million or avoid that $60 million. So that is why I think we have a factual misunderstanding about what the—I do not believe we are left with—if we were left with a $60 million bill, we would be backfilling that. That doesn't make sense to me.

Mr. BARLETTA. I believe that is exactly what is happening, and——

Ms. ROBYN. I will clarify that. I don't think that is right.

[Please see pages 46–47 for responses from the General Services Administration to Hon. Lou Barletta's questions.]

Mr. BARLETTA. All right. If I can go back to the reference of the possibility of buying Two White Flint.

Ms. ROBYN. Yes.

Mr. BARLETTA. Representatives of the owners, as had been mentioned a little earlier, provided us with a copy of a letter that was sent to GSA. I will just read a small portion of it. "I spoke with the owner to the building, and the ownership has no interest in an option to purchase the property. As you are aware, the owner of this property holds property for the long term since a purchase option is not a possibility."

So if that is not an option, and we are considering purchasing the building, then I have to ask the question, if the owners aren't willing to sell, are you considering condemning the building, condemnation?

Ms. ROBYN. Let me start by saying, it is not unusual for, it is not unheard of for a lessor to say we don't want to sell the building. That can be part of their negotiation strategy. If, indeed, that is their position, I think our position should be that, again, depending on the cost, we are prepared to walk away from this building. I don't like——

Mr. BARLETTA. So condemnation would not be an option?

Ms. ROBYN. Well, there are different flavors of condemnation. I think condemnation, as you are using the term, I think we would not do that. One, there are leasehold condemnations that we occa-

sionally exercise in order to be able to gain additional time to vacate a building. We might exercise that sort of a, I believe it is called a leasehold condemnation. I don't like being in a position of negotiating with a lessor when we don't have choices. I think we need to be prepared to walk away from Two White Flint Mall if a lessor is not going to be reasonable.

Mr. BARLETTA. The new $1.2 million Coast Guard headquarters required 1.6 million cubic yards of excavation, 250,000 cubic yards of concrete.

Ms. ROBYN. Yep.

Mr. BARLETTA. Thirty miles of conduit and wiring, 40 miles of plumbing and piping. That was built in 4 years. The new 16-story San Diego courthouse was constructed in 3 years. Now, according to the NRC/GSA estimates that it will take 4.5 years to seal a few garage and walkway connections between the two existing buildings. How is this possible?

Ms. ROBYN. I think it is a matter of expense, not the time involved. I will let my colleague speak to that, but I think it comes down to cost issues.

Mr. BARLETTA. Mr. Borchardt, the lease at Three White Flint is $7 more per square foot than the rental cap for the suburban Maryland, and there are additional fees, including parking. Would the NRC commit to paying for the cost difference if another Federal agency moved into 3?

Mr. BORCHARDT. I would have to ask to submit the answer to that in writing. I would need to go back and give the question to the Commission so that they could provide that answer.

Mr. BARLETTA. Well, I am hearing a little misunderstanding with what GSA believes.

Ms. ROBYN. My understanding is they would pick up that incremental difference. We can backfill, there are plenty of opportunities to backfill the space in Three White Flint Mall that the NRC does not need. We cannot impose that incremental charge on another Federal agency. So my understanding is that the plan would be to have the NRC pick up that difference.

Mr. BARLETTA. So do you believe the NRC would be willing to pay extra for a space it is not using, swallow the $90 million of extra costs in tailoring that building specifically for the NRC just to stay in Two White Flint?

Mr. BORCHARDT. Mr. Chairman, I think there are important operational reasons for staying in Two White Flint. As to what additional financial burden we would accept is a matter that the Commission would have to decide themselves. I am not authorized to answer that.

Mr. BARLETTA. But the Operations Center and the data center is in Three White Flint. I know there is a daycare center in Two White Flint. That certainly wouldn't be the reason to stay only, but the Operations Center, which I was very impressed with, is in Three White Flint. Wouldn't it make more sense?

Mr. BORCHARDT. Yes. It is being moved to the third building. The special use facilities that would stay in Two White Flint are the hearing rooms for the Advisory Boards that provide expert advice to the Commission. Both of those have numerous public meetings and extensive public participation in the meetings. That, combined

with the need to do security-related classified discussions, are things that make the attributes of Two White Flint that are already cleared for those activities desirable.

Mr. BARLETTA. Mr. Orner, you pointed out pilot programs DHS has implemented to test different workspace strategies, and you highlighted one example where DHS was able to put the same amount of people in 50 percent less space, saving $1 million. Can you explain how you were able to achieve that, and has there been any impact on the operations in that office?

Mr. ORNER. Well, I can, and that is my own office, so it is easy to talk about that. First of all, it took a fair amount of planning and preparation. We had to move to an information technology backbone where everybody has a cell phone and everybody has a laptop. Supervisors had to put in place new performance standards that were measuring outcomes so that we could get to the point where we are managing outcomes as opposed to simply keeping track of who shows up every day.

Most members of the workforce don't have an assigned workstation. You go online once a week, and you sign up for: Am I doing something private this week that I can maybe do at home or am I collaborating with office mates? We have some open space, we have some more private cubicles.

It is working out very well. The workforce is very pleased with it. It is a model that I would recommend on a much broader basis.

Mr. BARLETTA. Mr. Holland, as you point out, HHS is already looking for opportunities to begin achieving your goal of 170. Recently the committee authorized two short-term leases for HHS as part of HHS's plan to move those offices into Parklawn in Maryland. By doing this the utilization rate will be reduced from 273 to 182. Are you still achieving that reduction?

Mr. HOLLAND. Yes, sir, we will. It does take the indulgence of the committee to extend those two leases a bit so we can finish the reconstruction of Parklawn, but we will get to 182.

Mr. BARLETTA. Thank you.

I will recognize the gentlewoman from Maryland, Ms. Edwards.

Ms. EDWARDS. Thank you, Mr. Chairman.

I just want to be really clear—and again I appreciate the hearing—that I really value the service of the men and women at HHS, at NRC, at DHS, and GSA. I truly do. I just think that when you come before this committee and our responsibility is to figure out how it is that we can support the work of all of the good people who work at your agencies and throughout the Federal Government, that we also recognize that we have tremendous financial constraints, and that those constraints can be alleviated when we have an open, fair, and transparent process, and that there will be members on this committee who will be, you know, very greatly supportive of your efforts to consolidate, to move, and to anchor employees where it makes the most sense. But we have to save money in doing that.

And so my comments earlier were more frustration about representing a jurisdiction that I just feel like there can be no argument anymore and that this process can't continue where we just hop and skip over a jurisdiction that, frankly, could save the taxpayer a lot of money. And I would urge each of you in your agen-

cies, but most especially GSA, to be in the driver's seat, to be in the driver's seat when it comes to making those determinations. Because sometimes the agencies have their own interests, and I understand that, but GSA has to be the arbiter.

And I would agree with Mr. Mica that it is more than past time for GSA and its leadership to formally appear before this committee and for us also to see the leadership of the Office of Management and Budget, because so many of these decisions hinge on things that GSA says, oh, we don't have any control over. But, you know, OMB. We need to see OMB and GSA at this witness table right here to respond to this concern even of Members who greatly value the service of our Federal workforce and aren't interested in tearing that down, but also will not stand for the taxpayer not getting the benefit of the bargain.

And with that, Mr. Chairman, I yield.

Mr. BARLETTA. Thank you, Ms. Edwards.

Mr. Borchardt, you said that your goal was a utilization rate of 215 feet per person. All of your actual Federal employees and over 90 percent of everyone, including contractors, would fit in White Flint One and Three. With 125,000 feet of satellite space, you can house everyone. Why not keep 1 and 3 and have one satellite office?

Mr. BORCHARDT. My answer, Mr. Chairman, has to do with our mission of nuclear safety and protecting the public. As I mentioned, Three Mile Island taught us an important lesson about having a consolidated workforce. I believe the events at Fukushima, that the Japanese regulators suffered from having a dispersed regulatory staff and not a timely ability to address some issues that needed to be addressed.

I think there can be nothing that is more important than accomplishing our mission of protecting public health and safety, and experience tells us that the best way to do that is to have a collocated workforce.

Mr. BARLETTA. Two problems there. I mean, DHS right now obviously have security issues, and they have multitenant properties, they are able to do it. And besides, this makes the most sense because 90 percent of all your employees will be in two buildings plus a satellite. So I am confused, because basically you are saying is if you kept 1 and 2, you know, they could backfill 3, but if you kept 1 and 3, 90 percent of your employees would be together and one satellite. That would actually make your argument void.

Mr. BORCHARDT. Well, I am respectfully not sure I agree with you that the argument is void. I think the face-to-face interaction that is required in order to both conduct our normal job of doing detailed technical reviews of nuclear reactor designs, for example, and then more importantly the ability for the staff to be able to get together in a facility like the Operations Center, as recently as a result of Fukushima when we staffed the Operations Center for months at a time, and after 9/11, that ability to be collocated and to do joint collaborative work is highly valuable.

Mr. BARLETTA. Well, it will be because what you are asking to do, you want to have 1, 2, and 3, so you will be taking people out of two buildings to get them over to three, versus being in 1 and 3, having Three White Flint totally occupied where the Operations

Center is, and then your only other employees would be over in 1. How does having people in 1, 2, and part of 3 achieve what you are saying?

Mr. BORCHARDT. Well, because in my view that is one consolidated campus. Unless I misunderstood you, you were talking about having at least one more satellite office to house the remaining staff, because I believe we have provided information that demonstrates that the entire staff cannot fit into One White Flint and Three White Flint, the total of that. Plus there is the added complication, as I mentioned earlier, about the Advisory Committee and the hearing board, that we would need to find special facilities in order for them to do their jobs.

Mr. BARLETTA. In meetings with your staff, the NRC stated that despite never using it in 60 years to acquire office space, the NRC has its own acquisition and leasing authority pursuant to the Atomic Energy Act of 1954. Is that the NRC's position, that like agencies such as SEC, the NRC can acquire and lease property on its own?

Mr. BORCHARDT. I believe section 161 provides that authority. And I know that there have been discussions between the NRC legal staff and your legal staff. And so if more information is required, I would ask that we be able to provide that in writing.

Mr. BARLETTA. Six years ago the NRC went around the committee authorization process and committed the taxpayers to $350 million for a building that you can't fill. Will the NRC and GSA be doing that again? Will you commit to abide by the longstanding committee process for authorizing leases?

Mr. BORCHARDT. Well, Mr. Chairman, we clearly want to work with this committee and with the GSA for all future activities. We would continue to do that. I think when we go back into time, as I mentioned earlier, that as a result of the Energy Policy Act in 2005 and the renewed interest in nuclear energy, that there was great enthusiasm on the part of the Congress to make sure that the safety regulator was prepared to do all the work that was forecast to come to us. The decisions made were based upon our best information at that time. They were even, in my view, conservative at that time. We did not foresee the economic downturn nor the price of natural gas, which has resulted in the adjustments that we have had to make.

Mr. BARLETTA. So is that a yes or a no?

Mr. BORCHARDT. That we would continue to work with GSA and this committee, certainly.

Mr. BARLETTA. Would you abide by the process? It would be a yes-or-no answer, would you abide by the process?

Mr. BORCHARDT. On that question, I would have to go back and ask the Commissioners for their response.

Mr. BARLETTA. So am I hearing—what you are saying is you don't know whether or not you will abide by the process.

Mr. BORCHARDT. What I am saying is I don't have the authority to answer that question directly.

Mr. BARLETTA. I actually don't know how to answer that.

Dr. Robyn, we asked over a month ago whether GSA's inventory is actually shrinking and the data, for at least the last 5 years of the amount of space that is owned and leased, we have yet to get

that information. Can you tell us today is GSA's inventory shrinking or is it growing, and when will we have that data?

Ms. ROBYN. I apologize, I did not realize you had asked for it. We will get it for you. I have a feeling you have that number and I don't have it handy. OK, you don't. I don't think—I think it has been fairly stable. I have been focused more on the leased-versus-owned proportion in trying to stabilize the amount of lease space, because much of this hearing has been devoted to the problems that occur when we are—we have agencies in leased space that have more specialized needs, but I will get you that.

Mr. BARLETTA. I think——

Ms. ROBYN. Information.

Mr. BARLETTA. I don't have the answer, I don't have the answer. But I think it is incredibly important that we know what our inventory is and how many employees are in those buildings because we really do need to get a grasp on it.

Ms. ROBYN. I know within, you know, I know within a very, within a couple of million square feet. Asking how many people are in our buildings, that is—that is a tougher question. And to go back to what I said earlier to Congresswoman Edwards about the dual role we play and the cop role that we have played, agencies historically have not been eager to share that information with us because we have played the cop role when it comes to disposal and other things. So we don't have the data on the number of people.

Mr. BARLETTA. I believe we have the right to know that. I think when people at home are hearing this, it just again magnifies how dysfunctional Government is that we don't even know how many employees we have, Federal employees the taxpayers are paying for in a building. And we have agencies who believe they have the right to say, we don't think we want to reveal that information. I am telling you, that drives people crazy to believe that their Government would be so nonresponsive to very simple questions. And this would not happen in the private sector where you would have a department refusing to give you something so basic as how many employees do we have here.

You know, if Federal employees are going to be so adamant about holding onto space. I have only been the chairman here for a very short time, and I have had an opportunity to do a couple of tours of buildings. And I am going to tell you, I didn't know if it was a Federal holiday in one of the courthouses I walked in, I couldn't find an employee. I didn't know if they had the day off. I don't believe—and I am not picking on just you, I am really talking to everyone, I don't think the President's recommendation that we shrink the footprint that Federal agencies begin to do the very necessary things as moving into smaller spaces, I don't think that is a suggestion. I think he means it and I think we mean it.

It is very hard for us. I mean, when you are talking about cutting LIHEAP, heating assistance for elderly. And to sit through this and have Federal agencies tell you that need, we would prefer bigger space and we would prefer spending more money to have a nicer facility and space. Well, I could tell you that there are senior citizens who would prefer having heat.

Mr. Borchardt, this is not acceptable, it is very hard for you to defend that. One hundred ninety-five square feet in 2007 and 322

square feet today? I am going to disagree with you, in 2007, you had 3,340 people, today it's 3,250 people and look at all the space you have. And to try to make an argument that we can't do anything when we have a committee that authorized 120,000 square feet, but went out and they secured 443,000 square feet, instead of $38 million we are costing the taxpayers $400 million. You had a real tough argument today and I don't think you made it.

Mr. BORCHARDT. Mr. Chairman, I just want to reiterate that the NRC's committed to complying with the "Freeze the Footprint" initiative, we are proposing a solution that significantly reduces the number of square feet for the agency, giving up over—giving up approximately half of the Three White Flint facility and terminating the leases on all of the satellites.

Mr. BARLETTA. But half of a building, you are willing to give up half of a building that you charged the taxpayers with $90 million to tailor-make it for you. What about that money? Can you imagine? Would you do that with your home?

Mr. BORCHARDT. Well, as I mentioned, the way that situation developed was based upon the workload projections from the industry as a result of the Energy Policy Act of 2005. That hasn't materialized in the way it was projected. The Congress supported the NRC's plans for expanding the size of the staff.

Mr. BARLETTA. I understand that, I understand what you are saying. OK, in 2007, for some reason, they anticipated hiring all these more employees and that didn't happen. We negotiated our right in Two White Flint, we negotiated that away for another piece of property. We have a building that it the owner said they don't want to sell. But here is what I am hearing today, we still don't believe that. We still want to be 1, 2 and half of 3.

I don't think you are getting it. I think it has been very difficult when you are sitting next to agencies who believe what the President said, that we should find ways to move into smaller spaces. DHS moved into 50 percent smaller space. There are ways to do it if we want to, I know what you would prefer. And I have to say that I am absolutely astounded that you can't say that the NRC will follow the law and abide by the authorization process, particularly when the NRC made such a mess of—of these leases. This wasn't caused by the taxpayers, this wasn't caused by the recession, this wasn't caused by the economy, this was caused by a Government agency, and we are asking you to fix it. And to sit and tell me that you can't tell me today that you will abide by the law is exactly why people believe the Government is just out of control.

Mr. BORCHARDT. Well, Mr. Chairman, if I can just say that the NRC still firmly believes that we complied with the law, that the Atomic Energy Act provides us the authority.

Mr. BARLETTA. The Chair recognizes Ms. Edwards.

Ms. EDWARDS. Thank you just very briefly, and I know the ranking member has returned. I just want to be clear Dr. Robyn, do you believe that you have the statutory and or regulatory tools to demand from agencies the leases that they have, the terms of those leases and the numbers of employees who were filling each one of those leaseholds?

Ms. ROBYN. I don't know the answer to that question. The last administration created the Federal Property Council the Federal

Real Property Profile. We are collecting data, a lot of data, it is problematic. We are reliant on agencies, GAO has pointed out problems with it. I am not sure whether the number of employees is part of what we collect. I know we do not have data on a number of employees. It is not always a simple question as you have got contractors, you have got people who are virtual—so it isn't a simple matter. I know that it would help us a lot to have better data. I don't know how——

Ms. EDWARDS. But are you saying that right now the way that you get that data is because agencies voluntarily provide it when you request it?

Ms. ROBYN. Well, it is a little more than voluntary, the Federal Real Property Profile, OMB is the enforcer and so they give us data that is part of the FRPP. It is—we are dependent, it is another part of GSA. And I apologize, that is why I don't know some of the details, it is the Office of Government-wide Policy in GSA. There are issues with some of the data as GAO has pointed out. And we are taking steps to try to clarify the definitions and come up with some better metrics.

Ms. EDWARDS. So if this committee asks you for information and there is not a formal mechanism by which every agency has to provide that to you.

Ms. ROBYN. Certainly on any new lease or prospectus, we know how many people. We do detailed calculations of utilization.

Ms. EDWARDS. The problem is, and I think the chairman has pointed this out, that it makes it really difficult for us to grab our hands around what it means to consolidate and reduce the footprint if when we ask you what is out in the ether, and you can't grab your hands around it. And I just want to know from each of the agencies whether you feel that you have a statutory or regulatory obligation to timely, and often, regularly provide that information to GSA?

Ms. ROBYN. Can I just clarify between two different issues, one is footprint. The OMB policy deals with square—it is a square-footage number, and we have worked with every single agency that falls under that policy, the CFO agencies, there are 24 of them. And we have given them their baseline figure, that is based on data from the Federal Real Property Profile from GSA leases and from their own leases that they have independent leasing authority. We know, we know that you will see that number on performance.gov.

The harder thing is calculating on buildings that are not subject to lease renewals, what utilization is because we don't always have the best data on the number of employees in it, that is a utilization number.

Ms. EDWARDS. Well, couldn't get that just by asking the agency? I mean, the agency surely must know.

Ms. ROBYN. I think it probably is part of the FRPP, it is just not, it is not—it is something that is not reliable.

Ms. EDWARDS. Any of the agencies comment on that and then I will yield.

Mr. HOLLAND. Congresswoman, I don't know what the statute says, but if Dr. Robyn had asked me for those numbers, I would find them.

Mr. ORNER. We absolutely feel we have an obligation to share those data with OMB, with GSA and with this committee.

Mr. BORCHARDT. I also personally don't know what the legal obligations are but we would be more than happy and we have in the past shared that information freely.

Mr. HOLLAND. The one thing I would add, Congresswoman Edwards, it is, like Dr. Robyn said, not an easy question. I mean, the numbers of people in our buildings, we have 50 million square feet of real estate, it changes almost hourly, and it is a source of frustration for me and the Secretary to try to figure out at any particular given day, but we have general round numbers that we provide.

Mr. ORNER. And to clarify, there is difference between the number of Federal employees assigned to a particular building, and the number of people who actually show up there on a particular day which may also include contractors, people from other agencies that may be detailed there, and so forth.

Mr. BARLETTA. Thank you, Ms. Edwards. The Chair now recognizes Ranking Member Norton.

Ms. NORTON. Thank you, Mr. Chairman. Two hearings going on at the same time. And I don't have any questions, but I do want to make clear. Mr. Chairman, the NRC got into this problem for the same reason that the SEC got into the same problem last Congress. The SEC problem created a terrible scandal because SEC went out and just rented, I mean, it did something comparable to what happened here, they rented office space, much more than any agency could possibly use, and then, of course, they fell back on SEC to help us get rid of it when Congress discovered it. Now we have the same thing happening with the NRC. And what they have in common is that both had independent authority, rare, very rare, never should have been done. I am going to introduce a bill, actually, if the chairman wants it to be his bill, I will go in it with him, that rescinds the independent leasing authority of the Nuclear Regulatory Agency.

Isn't it interesting that they never used it until now and they have had it since 1954; and they use it and they get a situation like they got at White Flint.

Mr. Chairman, on the SEC, the SEC voluntarily, at least administratively, gave up its independent leasing authority. I put in a bill for that as well. I think both of them should be part of the same bill, and part of the policy of this committee, that no agency should have independent leasing authority because then you have no connection to the taxpayers, and people essentially are on a journey of their own to find out that the space on their wish list. It can not be exercised responsibly, so I believe certainly with the NRC, to be sure the SEC has given it up administratively, but I don't see why they both shouldn't be in the same bill.

I want to remind Dr. Robyn that in 30 days, we want to know what she is doing to keep—I am telling you, reporters are going to be up there taking pictures of an empty building. We had this happen once before when I first came to Congress, I think it was the FCC building and the GSA allowed the agency to essentially refuse to move into the building, and so it became a story day after day in Washington about how we were paying, the taxpayers were pay-

ing rent on this building. That is going to happen on that building. And if all you can say is well, we, you know, we are not paying as much as we might have, that won't get you very far when this begins to be spotlighted.

So in 30 days we want to know how you keep an empty building, what you are doing to mitigate that. If there is anything you can possibly do, and if not, why not?

And finally on the present predicament of NRC, I would say that it is important for Dr. Robyn to submit to the committee a plan, an NRC housing plan. And I don't think that you can expect this committee to take any action absent a plan. And even if there is one, I am not sure what we will be able to do for the NRC, but I will leave that to discussions I will have with the chairman. I thank you, Mr. Chairman.

Mr. BARLETTA. Thank you. Mr. Borchardt, before we conclude, do all your employees and contractors respond to disasters?

Mr. BORCHARDT. There are certainly a core number of technical experts that respond. I think the answer to you is no, although the entire agency would go into some kind of support function. So I mean, by that I mean the information technology staff person might not respond to the op center immediately.

Mr. BARLETTA. So it would be possible to house those employees in one of the satellite buildings if necessary, those that weren't responding directly to a disaster.

For Ranking Member Norton's benefit while, she was gone, one of the questions we were discussing was 6 years ago, that the NRC went around the committee authorization process and committed the taxpayers to $350 million for a building that they can't fill. And the question was, will they commit today to abide by the longstanding committee process for authorizing leases, and the answer was they could not commit to that, that they would have to go back.

Ms. NORTON. To see whether they will follow the law?

Mr. BARLETTA. Correct. So I want to just close with this why, why did the NRC go around the committee authorization in 2007?

Mr. BORCHARDT. Well, first of all, I would like to say that without a doubt, the NRC will follow the law. There is no doubt about that. As I mentioned, the Atomic Energy Act provides us certain independent authorities. And the purchase of Three White Flint we did that in coordination with the GSA, so we didn't act, operate completely on our own. And I am sorry, I forgot——

Mr. BARLETTA. What did the NRC——

Mr. BORCHARDT. Well, I think the situation, as I mentioned, was again, as a result of the Energy Policy Act in 2005, there was a great enthusiasm. The Congress expressed great interest, in fact, even concern about the NRC's ability to respond in a technically credible and timely manner to the applications that were projected to come before us. As a result of that, we were authorized both an increase in staffing levels as well as authorization to construct the Three White Flint building.

Mr. BARLETTA. And at the time the committee authorized 120,000 square feet, which is exactly what you need?

Mr. BORCHARDT. Well, in the time period around 2007, 2008 time period, the projected applications for new reactors was increasing,

so that the original forecast for space needs grew, and that is how we ended up with the facility that we now have.

Mr. BARLETTA. But ignoring the committee's authorization of 120,000 and build out 443,000, that is not double.

Mr. BORCHARDT. Yeah, based upon the appropriations that we received.

Mr. BARLETTA. At a cost of $400 million versus $30 million.

Thank you all for your testimony. Your comments have been helpful to today's discussion. If there are no further questions I would ask unanimous consent that the record of today's hearing remain open, until such time as our witnesses have provided answers to any questions that may be submitted to them in writing. And unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing. Without objection, so ordered. I would like to thank our witnesses again for their testimony today. If no other Members have anything to add, this subcommittee stands adjourned.

[Whereupon, at 12:26 p.m., the subcommittee was adjourned.]

U.S. General Services Administration

Dorothy Robyn
Commissioner
Public Buildings Service

Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings, and Emergency Management
"Saving Taxpayer Dollars: Freezing the Federal Real Estate Footprint"
May 22, 2013

Introduction

Good morning Chairman Barletta, Ranking Member Norton, and members of the Subcommittee. I am Dorothy Robyn, Commissioner of GSA's Public Buildings Service. I appreciate being invited here today to discuss GSA's effort to save taxpayer dollars and shrink the federal footprint.

Under new leadership, GSA has refocused on its mission of delivering the best value in real estate, acquisition, and technology services to government and the American people.

In the real estate area, GSA faces major challenges. Our inventory's average age is 47 years – close to the 50-year life expectancy of most commercial office buildings. These buildings are maintained and renovated through the Federal Buildings Fund, which is supported by rents collected from the agencies we house. However, in recent years, we have not had access to all of the annual revenues collected by the Fund, limiting resources available to maintain and restore these assets and meet the needs of partner Federal agencies. This limitation has, in part, led to an increased reliance on leased space to house our federal colleagues, even though leasing is often more expensive than ownership.

Although the limits on the Federal Buildings Fund prevent us from taking many steps that would save taxpayers money, GSA is taking a threefold approach to addressing these challenges. First, we are working with agencies to reduce space requirements and shrink their footprint. We help our Federal partners optimize their existing portfolios, identify underutilized assets, and dispose of excess properties. Second, we are reducing our buildings' operating costs. Investments here include "smart" building technology and energy-efficiency retrofits. Third, GSA is leveraging private capital to deliver better and more efficient space to our partner federal agencies. One example is our proposal to consider an exchange of the FBI's aging J. Edgar Hoover Building for a new, consolidated headquarters within the National Capital Region.

My testimony today will focus primarily on the first of these initiatives: reducing space requirements and shrinking the federal footprint.

The Administration's Efforts to Freeze the Federal Real Property Footprint

Over the past four years, this Administration has moved aggressively to ensure that Federal agencies dispose of unneeded properties and make more efficient use of the Government's real estate assets. The Freeze the Footprint initiative is the latest in a series of actions the Administration has taken to this end.

In June 2010, President Obama issued a memorandum, "Disposing of Unneeded Federal Real Estate," that required civilian agencies to achieve $3 billion in savings from sales, reduced operating costs, and improved utilization of existing inventory by the end of FY12. The agencies exceeded the goal, achieving $3.5 billion in cost savings and avoidance. GSA accounted for $350 million of that total by selling excess assets, eliminating operating costs associated with those assets, foregoing repair and alteration investments, and avoiding costly leases by using federally owned space.

In May 2012, Acting OMB Director Jeffrey Zients issued a memorandum entitled "Promoting Efficient Spending to Support Agency Operations," which directed, in part, that agencies not increase the size of their civilian real estate inventory. In March, OMB Controller Danny Werfel issued guidance that outlined specific agency actions to freeze the federal real estate footprint and gave GSA (along with OMB) a central role in assisting and monitoring agency implementation of the policy.

Specifically, OMB's March guidance directs each agency to submit a draft Real Property Cost Savings and Innovation Plan that contains four key elements. First, each agency must lay out a three-year plan to maintain or reduce its FY 2012 real property footprint. GSA is responsible for calculating and reporting to each agency its baseline measure using a combination of Federal Real Property Profile data, GSA occupancy agreements, and agency leasing agreements (for those agencies with independent leasing authority). Second, each agency must document its current leasing costs as well as provide a plan to control these costs moving forward. Third, each agency must produce an analysis of its actions to increase space utilization and efficiency. Fourth, agencies must describe the internal controls and procedures in place to implement and comply with the Freeze the Footprint policy.

GSA will work with OMB to monitor agencies' domestic office and warehouse space and help agencies maintain or reduce their current footprints. Agencies will be required to submit annual evaluations of their management and utilization of real property. GSA will analyze these reports to measure compliance, validate agency data, and provide analysis and recommendations to OMB about each agency's performance. (Information on agency progress will be available on www.Performance.gov.) As part of the effort to monitor opportunities for agencies to maintain or reduce their current footprints, GSA is also working with OMB to improve the quality of data in the Federal Real Property Profile and identify robust performance metrics.

GSA's Role in Freezing the Footprint

Although GSA directly manages only about 375 million of the nearly 3.3 billion square feet of space under the government's control, we have the statutory authority to acquire, manage, utilize and dispose of real property for most federal agencies. Thus, GSA is well positioned to drive change in this area—and, in fact, has been actively working to do so. As one illustration, in our prospectus-level lease program this fiscal year alone, GSA and our partner federal agencies reduced space needs from a proposed requirement of 3.4 million square feet to just 3.1 million square feet, a reduction of nearly 10 percent.

The design of many of today's federal workspaces reflects a time when the government processed and stored paper and completed daily tasks in regimented and predictable ways. While today's federal employees can accomplish their work in increasingly mobile and flexible ways, the physical office environment has remained largely static. This forces many federal employees to adapt to physical office space inefficiencies and utilize a workplace that doesn't effectively support the kind of work they do, resulting in inefficient agency operations and a real estate portfolio that is larger than needed for those operations.

At GSA, we believe good workplace design supports the work that you do. Cost savings are not the only reason we seek to reduce real property footprints. Improving the utilization of real estate also can encourage a vibrant, collaborative, and productive workplace.

GSA is a government-wide leader in its efforts to maximize and increase efficiency in its utilization of space. We are committed to delivering the best value in real estate by creating workspaces that support collaboration, improve productivity, and optimize utilization. To this end, GSA is implementing innovative workplace strategies, including right-sizing individual and collaborative spaces, desk-sharing, and open-plan design. At the same time, GSA is supporting telework policy and training while providing the technology support to encourage mobility.

One impediment to improved space utilization is the need for upfront funding to reconfigure space. For this reason, the President's FY 2014 Budget Request for GSA includes $100 million for the reconfiguration and renovation of GSA-owned space to support our ongoing work with federal agencies to improve their space utilization, decrease their reliance on costly leased space, and reduce the government's environmental footprint. To ensure that these funds have a broad and immediate impact, GSA has proposed criteria that ensure no single project will exceed $10 million in costs and all projects will provide a payback in less than five years.

Additionally, we have requested funding in the FY 2014 Budget for a number of larger repair and alteration projects designed to renovate buildings and allow for federal agencies to consolidate their space needs, co-locate with other federal agencies, and move out of costly leases and into federally owned space. For example, at the Charles F. Prevedel Federal Building in Overland (St. Louis), Missouri, GSA is pursuing interior space alterations and building systems upgrades that will allow the Veterans Benefits Administration to consolidate operations and eliminate leases projected to cost more than $3.3 million annually. Execution of this project also will make space for second order moves that allow numerous agencies move from leased space into the Robert A. Young Federal Building in downtown St. Louis.

The President's FY 14 budget request for GSA also includes funding for the ongoing construction of the consolidated Department of Homeland Security Headquarters at St. Elizabeths in Washington, D.C. When the Coast Guard Headquarters portion of the campus is complete later this fiscal year, it alone will eliminate five leases and convert nearly one million square feet of space from leased to federally owned space. When the entire project is complete, St. Elizabeths will house 14,000 seats and consolidate more than 50 DHS leases into one campus location. Through implementation of flexible workplace strategies, the 14,000 seat limitation can be leveraged to accommodate more than 14,000 employees. The 30-year, present value cost of this construction project is about $530 million less than the cost of leasing. In other words, this project carries an annual cost advantage of more than $30 million.

Reducing the Footprint of GSA-Occupied Space

Of course, GSA's role in freezing the Federal government's real property footprint starts with the space we occupy ourselves. At GSA, we will not only meet, but exceed, the Freeze the Footprint requirement by shrinking the amount of office and warehouse inventory that GSA occupies by 15 percent through FY 2015. Over the next three years, GSA will reduce its occupancy of government-owned and leased office space by more than 1 million usable square feet.

As an example, we are significantly increasing utilization of GSA's Headquarters Building at 1800 F Street Northwest through a multi-phase modernization and consolidation project. The modernization will ultimately reduce GSA's occupied space in the National Capital Region (NCR) by nearly 38 percent. Upon completion of Phase One, GSA will vacate six leased locations across the National Capital Region and nearly double the capacity of its Headquarters Building by using open offices, shared workspaces, telework, and mobility practices. Phase Two of the project, which is to be funded in a future fiscal year, will modernize the remainder of the Headquarters Building and allow consolidation of approximately 1,700 additional GSA

employees from the NCR Regional Office Building to our 1800 F Street Headquarters. In the meantime, we have consolidated two expiring leases into GSA's Regional Office Building for a reduction of 42,523 rentable square feet and annual lease savings of approximately $1.7 million.

Disposal of Real Property

GSA is the primary real property disposal agent for the federal government, and it has long worked aggressively to identify and target unneeded assets for disposal. The majority of GSA disposals involve property that is not under our jurisdiction or control. In fact, we just sold a 427-acre portion of the former Twin Cities Ordnance Plant, in Arden Hills, Minnesota, on behalf of the Department of the Army. The negotiated sale amounted to $28 million and eliminated 110 buildings and 1.7 million square feet of space from the federal inventory.

Since 2008, we have disposed of 94 GSA-managed properties and received $129.5 million in receipts for the Federal Buildings Fund, while avoiding more than $153.6 million in liability costs. Additionally, we have disposed of more than 650 properties on behalf of other Federal agencies, generating $230.5 million in proceeds.

GSA provides strategic direction and oversees the development of programs related to the utilization and disposal of excess and surplus real property across the federal government. GSA has the specialized skills to assist agencies by developing tailored disposal strategies specific to an asset's characteristics, environmental issues, community interests, market conditions, and other factors that influence the repositioning of the unneeded asset. Similarly, when preparing a property for public sale, GSA develops marketing plans that optimize the public offering. We use tools and techniques designed to reach very broad audiences and we target specific niche interests.

Civilian BRAC

Despite our efforts to use space more efficiently and reduce costs, a number of challenges impede agencies' ability to better utilize their inventory and dispose of unneeded assets, as the Government Accountability Office has repeatedly pointed out.[1] These challenges include the high upfront costs of property disposal, the legal requirements prior to and during the disposal process, and stakeholder resistance.

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

We need a civilian BRAC process to help address these challenges. The Department of Defense's (DOD) BRAC process has yielded significant savings and helped overcome such barriers as red tape and competing stakeholder interests. A year ago, as a senior DOD official, I testified in support of the Department's request for additional BRAC rounds:

> Of all the efficiency measures that the Department has undertaken over the years, BRAC is perhaps the most successful and significant.... The first four rounds of BRAC (1988, 1991, 1993, and 1995) are producing a total of about $8 billion in annual recurring savings, and the comparable figure for BRAC 2005 is $4 billion. This amount ($12 billion) represents the additional costs that the Department would incur every year for base operating support, personnel, and leasing costs had we not had BRAC. These annual savings, or avoided costs, are equivalent to what the Department would spend to buy 300 Apache attack helicopters, 124 F/A-18E-18E/F Super Hornets, or four Virginia class submarines.[2]

Replicating the BRAC process for civilian agencies would further expedite the disposal process and result in additional savings.

In 2011, President Obama proposed a Civilian Property Realignment Act designed to emulate critical characteristics of the BRAC process for the Federal government's civilian properties. The Administration reiterated its support for this proposal in the President's FY 2014 Budget. This proposal has two key features. First, it would create an independent Board of private and public sector leaders to overcome the obstacles to reducing the Federal real estate inventory through sales and consolidations. The Board's actions would increase the number of properties available for disposal, streamline the disposal process, seek new opportunities to help the government realize financial savings, and look for opportunities to consolidate or co-locate similar functions within government. An independent, impartial Board is essential to navigating competing stakeholder interests. Second, the Board would bundle and deliver its recommendations to sell unneeded high-value assets and consolidate other assets in the real estate inventory to Congress for an all-or-nothing, up-or-down vote. Unless Congress disapproves the package as a whole, the Board's recommendations would become effective. This provision prevents the removal of individual properties from the process and further insulates that process from stakeholder resistance.

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[2] Statement of Dr. Dorothy Robyn, Deputy Under Secretary of Defense (Installations and Environment), before the House Armed Services Committee Subcommittee on Readiness (March 8, 2012), *available at* http://www.acq.osd.mil/ie/download/robyn_BRAC_hearing_testimony%2008mar2012.pdf.

We hope to work with Congress to develop this or a similar proposal that addresses these ongoing challenges in managing federal real property.

Conclusion

Thank you for inviting me to appear before you today. Given GSA's expertise in asset management and our statutory authority over government-wide property disposal, we look forward to continuing this dialogue on how to improve utilization and disposal of real property. We welcome the efforts of OMB, this Subcommittee, and other Members of Congress to reform and improve Federal real property management. I am pleased to take your questions.

Questions for the Record for the General Services Administration Subcommittee on Economic Development, Public Buildings, and Emergency Management U.S. House Committee on Transportation and Infrastructure Saving Taxpayer Dollars: Freezing the Federal Real Estate Footprint

Questions Submitted by Chairman Barletta and Ranking Member Norton:

1. **The Subcommittee is aware of the recent decision of GSA to terminate its lease at the Transpoint Building in Washington, DC on Buzzard Point, resulting in the taxpayer paying approximately $48 million for the remaining lease liability for unused space. We understand that over the past two years, the owners of the Transpoint Building have made numerous proposals to mitigate the $48 million in remaining lease liability to cover the two years that GSA will continue to be responsible for under the terms of the lease after the Coast Guard vacates to move in to St. Elizabeths this year. What specific steps have you taken to mitigate this liability?**

GSA is currently evaluating options to mitigate the remaining lease liability at Transpoint and will keep the Committee updated.

2. **Is GSA's inventory is actually shrinking or expanding? Please provide data for the last 5 years of the amount of space owned and leased.**

The below table provides historic square footage figures (in millions) of GSA's inventory over the past five years.

Rentable Square Feet (RSF)					
	08	09	10	11	12
Total	354.5	361.5	370.2	374.6	375.7
Leased	177.9	184.4	191.4	192.7	194.1
Owned	176.6	177.1	178.8	182.0	181.6

It is worth clarifying that the Freeze the Footprint policy requires agencies to reduce or maintain the square footage that they occupy. While the table above answers question 2 regarding GSA's entire inventory within its custody and control, the Freeze the Footprint policy as it applies to GSA will apply only to the square footage GSA occupies.

At GSA, we will not only meet, but exceed, the Freeze the Footprint requirement by shrinking the amount of office and warehouse inventory that GSA occupies by 15 percent through FY 2015. Over the next three years, GSA anticipates that it will reduce its occupancy of government-owned and leased office space by more than 1 million usable square feet.

GSA is a government-wide leader in its efforts to maximize and increase efficiency in its utilization of space. We are committed to delivering the best value in real estate by creating workspaces that support collaboration, improve productivity, and optimize utilization. GSA works with agencies to maximize the utilization of existing facilities and to find properties they no

longer need and should dispose. We shared with other landholding agencies an array of strategies to support new ways of working, with the goal of reducing physical space, increasing space utilization, reducing the cost of space, and increasing its flexibility. These strategies include right-sizing individual and collaborative spaces, desk-sharing, and open-plan design. At the same time, GSA is supporting telework policy and training while providing the technology support to encourage mobility.

GSA has also started a high priority initiative known as the Client Portfolio Planning (CPP) program to assist our customers in improving asset utilization, The overarching goal of the CPP program is to identify, analyze, and report current, ongoing and potential portfolio optimization opportunities for our customers. These opportunities will reduce the federal government's economic and environmental footprints, while fully supporting agency missions.

3. Please provide the Subcommittee an updated housing plan for the Nuclear Regulatory Commission in Rockville, Maryland.

GSA is currently developing the housing plan for the NRC and will send a copy to the Subcommittee when it is complete.

4. What is the average market rental rate, including taxes and expenses, that GSA pays respectively for HHS, DHS, and NRC, in all three jurisdictions in the National Capital Region.

GSA Paid Rates to the Lessor Including Lump Sum Taxes for FY12	
NRC	**Average Rates***
MD	$ 31.32
DHS	
DC	$ 38.68
MD	$ 19.97
VA	$ 31.08
HHS	
DC	$ 46.64
MD	$ 29.82
VA	$ 32.14

**Rates weighted by lease agreement RSF amount*
*** Note that the DHS properties in Suburban Maryland represent a small sample size that includes several warehouses leased at old rates. This average rate is not representative of office space in Maryland, and should not be read as such.*

Questions Submitted by Congressman John L. Mica:

1. **For Solicitation Number: GS-00P-13-CY-A-0052 (Schedule 520 Blanket Purchase Agreement for Real Property Sales and Support Services please provide the following information:**

    a. **The timeline/schedule for moving forward with the BPA?**

The quotes are due in July 2013 and the award is expected sometime in Fall 2013.

    b. **An understanding of whether the BPA only addresses GSA properties?**

One objective of the Real Property Sales and Support Services (RPSSS) BPA is to assist all Federal landholding agencies with meeting the requirements of various Administration policy directives (e.g. June 2010 Presidential Memorandum on "Disposing of Unneeded Federal Real Estate", Freeze the Footprint policy guidance, Executive Order 13327). Other Federal landholding agencies will have access to the BPA's comprehensive and specialized real estate services only through GSA.

    c. **Whether this BPA will be administered nationally or regionally?**

The RPSSS BPA will be administered nationally but is intended for use by all GSA Warranted Contracting Officers both in GSA's regional offices and headquarters. GSA Headquarters will work closely with the regional project managers to manage and monitor BPA Call Requests. GSA Headquarters will have overall responsibility for administering and monitoring use of the BPA, while regional project managers will develop Statements of Work for BPA Call Requests and have input into BPA Holders' performance evaluations, but the COR will have overall responsibility for monitoring and administration of the BPA.

    d. **A complete list of all statutory and regulatory impediments to moving forward with expedited property disposal under the BPA?**

All utilization, asset management, and disposal projects and transactions performed under the RPSSS BPA will have to comply with all existing laws and regulations that govern the use, management, and disposal of Federal real property. The service offerings under the BPA will be available, through GSA, to assist Federal landholding agencies to maintain compliance with statutory and regulatory requirements, and overcome the lack of specialized knowledge and resources required for property disposal activities.

2. **Regarding the Federal Trade Commission, please provide –**

    a. **A detailed one-pager describing the status of and projected costs associated with the FTC consolidation process for constitution center.**

See enclosure.

Status of Federal Trade Commission lease consolidation into Constitution Center

- GSA received the Securities and Exchange Commission's leasehold interest of 270,000 rentable square feet (rsf) in Constitution Center on June 29, 2012.
- GSA executed a supplemental lease agreement with the lessor on November 13, 2012, to backfill a minimum of 270,000 rsf and up to 358,000 rsf at the Constitution Center building.
- The Federal Trade Commission (FTC) is consolidating two existing leases at 601 New Jersey Avenue (217,000 rsf) and 1800 M Street (56,000 rsf) into the Constitution Center building.
- Construction documents for tenant build-out are 80 percent complete with expected completion by July 26, 2013, and completion of construction bidding the following month.
- The space is scheduled to be substantially complete, with all floors delivered, on March 1, 2014. Rent start is March 1, 2014.
- FTC procured an 8A project management integration firm to incorporate the agency's IT and furniture requirements into the overall move plan for Constitution Center.
- The total projected cost for FTC to relocate to Constitution Center remains at approximately $39.9 million. This amount includes FTC's share of tenant improvements, furniture, IT, and telecom costs.
- GSA provided the Committee with the most recent estimate of costs associated with various consolidation scenarios for Constitution Center in June 2012 (see table below).
- In addition to the consolidation of two FTC leases, the National Endowment for the Arts and the National Endowment for the Humanities are scheduled to relocate from the Old Post Office to Constitution Center in January 2014.

	Consolidate Apex and 601 NJ Ave to Constitution Center	FTC HQ remains at Apex; Consolidate leases into Constitution Center
Total RSF Requirement	*383,009*	*244,068*
Total RSF Available	*358,537*	*358,537*
<Shortfall> / Excess	*(24,472)*	*114,469*
Upfront Costs		
601 NJ Ave Aggregate Extension Risk	$7,423,000	$7,423,000
1800 M St Aggregate Vacancy Risk	$0.00	$2,370,000
FTC Relocation Costs	$88,914,000	$39,875,000
Total Upfront Costs *(excluding recurring costs)*	**$96,337,000**	**$49,664,000**
Less FTC Planned Lease Relocation	($34,055,000)	($39,875,185)
Net Upfront Cost	**$62,282,000**	**$9,789,000**
Appraised Fair Market Value Apex Building	*$92,800,000*	
Total Upfront Cost to NGA for Apex Building	**$155,082,000**	

Consolidation of all FTC components to Constitution Center is not shown as Constitution Center cannot physically accommodate even a reduced requirement for FTC.

FTC has received appropriations of $65 million including indirect costs such as bridge rent and unique IT security requirements, some of which are not included in the Lease Relocation Cost estimates.

Testimony of

E.J. Holland, Jr.

Assistant Secretary for Administration

U.S. Department of Health and Human Services

Before the

Subcommittee on Economic Development, Public Buildings, and Emergency Management

U.S. House Committee on Transportation and Infrastructure

May 15, 2013

Good morning Chairman Barletta, Ranking Member Norton, and members of this Subcommittee. My name is E.J. Holland, Jr. and I am the Assistant Secretary for Administration at the U.S. Department of Health and Human Services (HHS). I am honored to join you here today.

Under the leadership of Secretary Kathleen Sebelius, HHS is committed to saving taxpayer dollars through effective management of our real property assets, improving utilization through reduced space requirements, and pursuing alternative workplace strategies that increase utilization and reduce costs. HHS currently has over 4,100 real property assets; slightly more than 3,700 represent buildings that encompass over 53 million gross square feet. Over 2,700 of these buildings are owned, reflecting just under 32 million gross square feet; and the balance of just under 1,000 buildings are leased, reflecting slightly more than 21 million gross square feet. The majority of our leased assets are acquired through the General Services Administration (GSA). We work with GSA in acquiring leases to ensure that we deliver the most efficient and cost effective space to meet the HHS mission requirements.

After President Obama issued his June 2010 memorandum on "Disposing of Unneeded Real Estate," HHS accelerated its efforts to improve utilization of existing assets. Our efforts resulted in identified savings and cost avoidance of over $23 million between FY 2010 and FY 2012 through energy savings, disposals, consolidations, and improved utilization. One policy we immediately began to explore was improved utilization rates for office space.

Most of HHS real property portfolio falls into three major categories of space: Offices, about 36 percent; Laboratories, about 33 percent; and Hospitals and Clinics, about 15 percent. Over 15 million gross square feet or about 71 percent of our leased inventory is office space.

We saw this as an opportunity and, in the Fall of 2010, HHS initiated working sessions among our operating divisions to develop strategies to improve office utilization. In addition to an in depth analysis of our current portfolio, we compared ourselves to office utilization at other federal agencies and in the private sector. We also considered the emerging emphasis on teleworking in the workplace. In addition, working with GSA we identified prospectus lease requirements anticipated through 2014 and projected their impacts on our real property portfolio. In May 2011, we formally issued an office utilization rate policy that reduced authorized useable square feet per person on average to 170 including office and office support space. This policy replaced the previous situation of 215 useable square feet per person. To assist our operating divisions in implementing the policy, in October 2011 we issued detailed implementation guidance. The new policy requires the submission of housing plans for all renovation and construction projects, lease acquisitions, and consolidations including replacement and succeeding leases. These housing plans are reviewed and concurred with by both the HHS Senior Real Property Officer and the HHS Chief Financial Officer as represented by the Office of Budget. The 170 square foot utilization policy for office and related space is based on total useable square feet occupied by an HHS tenant plus a pro-rata share of any joint use space. The policy allows exceptions for mission driven requirements typically not associated with office space. Examples would be evidence or weapons storage in Inspector General space or laboratory space for handling specimens in Food and Drug Administration field offices.

Even before HHS formally issued its 170 square foot utilization policy, we began looking at opportunities within existing projects to improve space utilization. One specific opportunity we explored in early FY 2011 was the Parklawn replacement lease. The replacement lease originally was planned for 2,828 occupants in 772,553 useable square feet for a calculated

utilization rate of 273. The revised schedule for the lease replacement coincided with several major lease expirations within the Department. In early spring 2011 HHS made the decision to consolidate the Agency for Healthcare Research and Quality, the Substance Abuse and Mental Health Services Administration, the Indian Health Service, and the Health Resources and Services Administration into the Parklawn replacement lease. The current planned facility will house 4,517 people in 823,924 useable square feet for a calculated utilization rate of 182. Over the term of the lease the Department expects to save in excess of $215 million in rent costs associated with the four operating divisions.

Concurrently, in the summer of 2011, a number of prospectus level leases that were in the clearance process were revisited based on the 170 utilization rate policy for Office and Related Space. Housing plans for all these replacement leases were updated based upon our review. We project our policy has reduced these major office lease space requirements by about 650,000 useable square feet.

In April 2011, HHS agreed to work with GSA's Office of Client Solutions as part of their proposed Client Portfolio Planning initiative aimed at working with agencies to find long-term costs savings. HHS became one of the pilot agencies and the initial plan focused on reaching the President's goal of $3 billion in savings by the end of FY 2012. GSA worked with the Department and our four landholding operating divisions to optimize our real estate footprint. In addition to savings that we had already identified, GSA looked for targeted opportunities for potential additional savings in managing our portfolio. The original plan identified eight opportunities. Examples were opportunities to optimize lease costs in favorable markets, benchmarking operating costs and pursuing energy efficiencies and renewable energy strategies. By September 2012, six of the opportunities identified in 2011 were implemented or complete.

We continue to work with the GSA team to review potential savings annually. We now are working with GSA to develop a long-term plan that aligns the HHS National Capital Region real estate portfolio with leadership's long range business goals. This plan will change the Department's approach to real estate from a transactional model that manages each separate asset individually to one that takes into account Department-wide planning and goals. The process will begin with evaluation of enterprise strategies and end with several consolidation scenarios, with estimates of the financial costs for each scenario. The goal is to evaluate potential strategies for consolidation and lease replacement over the long term to increase overall efficiencies and utilization of space.

We also have initiated a project with GSA's National Engagement for Workplace Services to create an alternative space-efficient workplace as a pilot within the Hubert H. Humphrey Building. The Office of the Chief Information Officer (OCIO) is consolidating employees currently located in multiple leased locations throughout the National Capital Region, moving them into the Humphrey Building. Doing so will result in a more effective and collaborative working environment for the OCIO team. This consolidation requires the CIO to rethink how office space is designed and used. HHS is working with GSA to better understand how CIO's staff currently uses space and to propose a progressive design that increases utilization and reduces the footprint. The final product of this engagement will recommend changes to the CIO's real estate strategy and provide concept drawings that serve as a basis for the final space plan.

Finally, in response to OMB Memorandum M-12-12, Section 3, which established the "Freeze the Footprint" policy, and the implementing guidance, issued by OMB this year, we are in the process of developing an updated Real Property Cost Savings and Innovation Plan to

support OMB's "Freeze the Footprint" initiative. This plan looks at all square footage changes related to office and warehouse space in the next three years including new construction and renovation projects, lease consolidations, replacement and succeeding leases, as well as disposals of owned and leased assets. We are using tools we already have in place to capture data from the HHS operating divisions, including our real property database and our Three-Year Timeline program that reflects a three year look ahead of planned activities. This data and planned outcomes will be incorporated into our plan to demonstrate the steps we are taking to use our real property assets most efficiently.

HHS is committed to generating savings for the taxpayers through better utilization of its real property assets. We continue to work with our operating divisions to manage both our owned and leased real property, while also pursuing new workplace strategies to better utilize our portfolio. Additionally, we work closely with GSA to identify opportunities for improved efficiencies in our leased portfolio whether through consolidations, improved utilization costs, or innovative workplace solutions. This effort requires Department-wide cooperation and our accomplishments to date are the product of that cooperation.

Thank you for the opportunity to appear here today. I welcome your questions.

Questions for the Record for the Department of Health and Human Services
Subcommittee on Economic Development, Public Buildings, and Emergency Management
U.S. House Committee on Transportation and Infrastructure
"Savings Taxpayer Dollars: Freezing the Federal Real Estate Footprint"
May 22, 2013

Question Submitted by Chairman Barletta and Ranking Member Norton:

Q. During the hearing, Mr. Holland highlighted the consolidation of offices at the Parklawn location in Maryland to improve the utilization rate in that location for the Department of Health and Human Services (HHS). Are there examples of other locations in which HHS is taking similar actions? If so, please explain.

A. HHS has been taking advantage of improving utilization whenever a component is considering a replacement lease or consolidation. In addition to the new Parklawn Building, we have two major consolidations in process into federal office space. These consolidations will result in a long term reduction in our reliance on commercial leased space.

The HHS Assistant Secretary for Preparedness and Response (ASPR) is in the process of relocating four locations into the recently completed Federal Office Building #8 (FOB 8) located at 200 C Street, SW. Although this consolidation was initiated before we established our office space policy of 170 useable square feet (USF) per person on average, the Department is reducing its footprint in commercial office space and improving utilization overall. ASPR occupies space in four locations ranging from a utilization rate (UR) of 188 to 216 useable square feet per person. The consolidated location in FOB 8 will have a UR of 185. In the long term, the consolidation will result in a reduction of over 100,000 USF from the HHS commercial leased space inventory.

HHS is also in the planning phase of consolidating several of its components into the Mary Switzer Federal Building at 330 C Street, SW. The current average UR for HHS components planned for the Switzer Building consolidation is 219; the Switzer program when complete is projected to be an average UR of 166. With this consolidation, HHS will remove six commercial leases from its inventory, reduce operating costs, consolidate operations and occupy existing owned federal space. This consolidation also results in a long term reduction of over 285,000 USF from the HHS commercial lease space inventory.

Questions Submitted by Congresswoman Donna F. Edwards:

Q. On May 22, 2013 you testified before the Transportation and Infrastructure's Subcommittee on Economic Development, Public Buildings and Emergency Management at the hearing "Saving Taxpayers Dollars: Freezing the Federal Real Estate Footprint." Congresswoman Donna F. Edwards inquired about the agencies presence in the National Capitol Region (NCR). Please provide detailed written responses to the questions below:

1. HHS has 97 offices throughout the NCR:

- How many of those offices are located in Prince George's County?
- What is the average distance of these offices from a Metro Station?
- What is the average lease rate per square foot paid by HHS?

A. In the National Capital Region HHS occupies 96[1] owned or leased office buildings. These 96 buildings are located as follows:

- District of Columbia – 14 office buildings totaling 1,632,706 square feet
- Montgomery County, MD – 73 office buildings totaling 8,937,178 square feet
- Prince George's County, MD – 7 office buildings[2] totaling 816,850 square feet
- Arlington, VA – 1 office building totaling 24,291 square feet
- Falls Church, VA – 1 office building totaling 5,005 square feet
- Alexandria, VA – no office buildings
- Fairfax County, VA – no office buildings
- Loudon County, VA – no office buildings
- Prince William County, VA – no office buildings

As noted above, seven office buildings are located in Prince George's County, representing approximately seven percent of the total HHS office footprint in the National Capital Region. As a point of information, Montgomery County has two major HHS campuses with office buildings: the National Institutes of Health in Bethesda and the Food and Drug Administration in Silver Spring (White Oak). These campuses include 23 office buildings totaling 3,642,315 square feet, representing approximately 32 percent of the total HHS office footprint in the National Capital Region.

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[1] Many buildings have multiple HHS tenants that are reported separately in inventory. In the original 97 total buildings, HHS inadvertently counted two buildings twice; and two buildings that were actually in Montgomery, Alabama were mistakenly included in the Montgomery County, MD total. In verifying the data with GSA, HHS identified one building in the District of Columbia that was not captured in original count and GSA classified two additional buildings in Prince George's County as office space.

[2] Two buildings included in the total for Prince George's County are not classified by HHS as being predominantly office space; HHS has not included the distance and annual lease rate for these two locations.

The average distance of office buildings from a Metro Station is as follows:

- District of Columbia – the average distance to a Metro Station is 0.2 miles with the range from one block to 0.5 miles for 13 office buildings
- Montgomery County, MD – the average distance to a Metro Station is 1.7 miles with the range from 0.1 to 10.2 miles for 73 office buildings
- Prince George's County, MD – the average distance to a Metro Station is 2.2 miles with the range from 0.1 to 6.7 miles for 5 office buildings
- Arlington, VA – the distance to the closest Metro Station is 0.1 mile
- Falls Church, VA – the distance to the closest Metro Station is 1.0 mile

The average annual lease rate per square foot for leased buildings only is as follows:

- District of Columbia – $34.06 for 13 office buildings
- Montgomery County, MD – $25.33 for 58 office buildings
- Prince George's County, MD – $33.01 for 5 office buildings
- Arlington, VA – $34.72 for 1 office building
- Falls Church, VA – $26.75 for 1 office building

Jeffery Orner

Chief Readiness Support Officer & Agency Senior Real Property Officer

U.S. Department of Homeland Security

Testimony

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

May 15, 2013

Thank you Chairman Barletta, Ranking Member Norton and Members of the Subcommittee for the opportunity to provide an update on the Department of Homeland Security's (DHS) progress in freezing the federal real property footprint. Today, I will discuss the Department's efforts to improve the management of our real property portfolio while intelligently reducing costs and improving mission readiness. This testimony will provide an overview of the DHS inventory and initiatives to increase utilization of real estate assets. Additionally, we remain committed to fulfilling the Secretary's One-DHS Vision with the Department's Headquarters Consolidation Program (St. Elizabeths). Finally, I will address the progress to date in improving our portfolio management and addressing the challenge of adapting to changes in mission, workplace, and environment.

Improving real property management has been a goal of DHS real estate professionals since the February 2004 issuance of the Federal and Real Property Asset Management Executive Order (EO 13327). Memorandum M-12-12, Section 3 established the "Freeze the Footprint" policy, and the implementing guidance, issued by OMB this year, directs departments and agencies to maintain or reduce the total square footage of domestic office and warehouse inventory, compared to the fiscal year (FY) 2012 baseline. This policy provides the visibility necessary for real property portfolio planning and management to become a management focus. It also provides guidance for continued improvements in our real property portfolio management efforts. In addition, it will also become the catalyst for containing growth through co-location and consolidation.

DHS

DHS was established as a new cabinet level agency 10 years ago and combined 22 separate federal agencies who occupied approximately 70 million square feet. Our real estate portfolio has experienced significant growth in conjunction with the expansion of our mission and related responsibilities. Today our portfolio stands at 100 million square feet. The early rapid growth has subsided and significant real property management challenges are being addressed by DHS leadership with strong support from the Administration, the Office of Management and Budget, General Services Administration (GSA), and Congress.

The Portfolio

Half of the DHS real estate portfolio is DHS-owned and the remainder is either leased through GSA or directly from the private sector. Our annual rental expense is approaching $1.6 billion while the operating and maintenance costs for our owned assets are approximately $310 million. We control domestically and internationally 38,000 properties comprised of 14,000 buildings, 21,000 structures and 3,000 land parcels. DHS manages a variety of real estate assets from offices, warehouses, military family housing, labs, shore facilities, and structures such as navigational aids and utility systems. Our two largest Components, U.S. Coast Guard and U.S. Customs and Border Protection, are responsible for 90 percent of DHS real property assets.

Portfolio Management

DHS is supportive and actively engaged in elevating the practice of real property portfolio management in the federal sector. The primary objective of our portfolio management program is to support our missions while reducing leasing, maintenance and operating costs of our real estate and achieving an optimal real property portfolio. This is accomplished by improving space utilization and continuously refining our real property requirements for both mission and mission support. This effort will improve the performance and sustainability of our real estate portfolio while supporting improvements in cross-departmental management and functional integration to support the Department's missions.

In June of 2010, the President issued an Executive branch-wide memorandum directing $3 billion in cost savings related to the disposal of Federal real estate through FY 2012. DHS responded with a Cost Savings and Innovation Plan including detailed cost savings and avoidances in operating expenses, energy reduction, sales proceeds from disposals, and space cost reductions from flexible workplace strategies. The largest and most significant portion of cost savings will be realized through deploying flexible workplace strategies. Based on early analysis, DHS projects savings of up to $1.2 billion dollars through FY 2018, including a 25 percent reduction in space. DHS, to date, has produced cost savings and avoidances of approximately $240 million.

Change

Improvements in technology coupled with changes in the workplace have provided an opportunity to transition from acquiring additional real property to meet the demands of our missions, to optimizing the capability of a unified portfolio. The old practice of tailoring Component-specific requirements to meet the unique needs of an operation tied to a specific mission service area is becoming the exception. DHS has developed standard departmental specifications for the general office, which are intended to eventually replace Component-specific requirements.

In partnership with GSA's Workplace Solutions group, DHS conducted a space use assessment of headquarters functions followed by the introduction of flexible workplace strategies. Through this process, we introduced concepts of leading edge workplace designs which are resulting in higher space utilization and include hoteling (reserving space as needed) , touchdown spaces (first come first served), and collaboration space. We conducted a pilot redesign of an existing office using these concepts. The redesign, coupled with implementation of a virtual office, cut

the amount of support space required by 50 percent, leading to a cost avoidance of approximately $1 million in rent and transit subsidies. The reduced space accommodated the same number of staff in less space by eliminating traditional cubicles in favor of hoteling, touchdown stations, and huddle rooms. DHS is managing numerous flexible workplace design and redesign projects in the National Capital Region (NCR) and doing so in compliance with and support of our security protocols. Our current focus is on the NCR due to the density of general office space to support headquarters operations, affording us the best opportunity to reduce space and costs. The program will also be applied to the remainder of the inventory emphasizing a close examination and rigorous requirements development for expiring commercial leases.

Our ongoing program to consolidate the DHS Headquarters will increase effectiveness and efficiency, enhance communication, and foster a culture that will optimize Department-wide prevention, protection, response, and recovery capabilities. The Administration remains committed to a consolidated Headquarters in Washington, DC, and will continue to work with Congress to advance consolidation during these challenging fiscal times. Our goal is to significantly reduce the number of locations in the NCR with St. Elizabeths eventually housing the core of DHS leadership and mission functions. As the tenant of the St. Elizabeths campus, we continue to work with GSA to re-evaluate the program's original requirements in order to achieve the overall goals and objectives at the lowest possible cost to the taxpayers.

DHS is continuing to execute co-location and consolidation opportunities in mission administrative support locations as commercial leases expire. Mission execution and operation offices are also strategically located where possible to execute the important homeland security mission.

Closing

DHS has made great strides in the management of its real property portfolio. We've reached these milestones through improvements to business processes, implementation of innovative concepts such as flexible workplace strategies, and improving the alignment of our real property to support mission needs. We remain committed to the foundation principles of real estate portfolio management: the right facility, at the right location, at the right cost.

In the current environment of limited resources, we are committed and focused on identifying opportunities to intelligently reduce our real property footprint and demonstrate cost savings, while executing our primary mission of homeland security.

Jeffery G. Orner
Chief Readiness Support Officer
Department of Homeland Security

Jeffery Orner, a member of the Senior Executive Service since 1999, was appointed by the Under Secretary for Management in April 2012 as the Chief Administrative Officer of DHS. In July 2012 the Under Secretary approved Jeff's re-imagining plan for the organization. That plan included a name change to Chief Readiness Support Officer (CRSO), and refocusing of the organization. In November 2011 Jeff had moved to DHS HQ as the acting Chief Administrative Officer, to assess and re-imagine that office – which leads logistics, asset life-cycle management, environmental, energy and facilities functions across the DHS enterprise, as well as providing DHS HQ operational support. He led a collaborative assessment and visioning focused on how to most effectively and efficiently meet future DHS-wide mission needs, and is now implementing that plan. His focus is affordable readiness, by which he means enabling the mission success of all components across the Department (HQ and field) at the lowest achievable cost. The new organizational name reflects the prime mission of his team. As CRSO, Jeff is one of the Department's line-of-business chiefs, along with the CFO, the CPO, the CSO, CHCO and the CIO. He is also the department's Senior Real Property Officer, chief logistician and environmental officer. In August 2012, Jeff was elected by his interagency counterparts to be the Chairman of the Whole of Government Logistics Council. The Council is focused on improving the efficiency and effectiveness of logistics in response to major domestic and international events, and in support of day-to-day operations, through collaboration and leveraging each other's capabilities and knowledge-base.

From 2005 to 2011, he was the Coast Guard's Deputy Assistant Commandant for Engineering and Logistics, and Chief Administrative Officer. Mr. Orner led the people, nationwide supporting, modernizing and maintaining the Coast Guard's $25 billion capital plant consisting of 200 aircraft, 230 ships, 1,800 boats and 23,000 facilities. He led the team that planned and implemented the Coast Guard's Mission Support Organization. Key to this transformation was putting in place Logistics Centers, structured on a cross-functional product-line basis. He was the lead negotiator with the employee unions throughout the realignment process. These new business process and organizational changes were quickly tested during the massive Deepwater Horizon response, and proved to be highly effective.

Previously he was the Executive Director of the Naval Supply Systems Command. As NAVSUP's number two official, he led a worldwide workforce of over 24,000 military and civilian personnel; oversaw $10 billion in annual spending; was NAVSUP's chief acquisition executive; and he managed the Navy's supply chain operations while leading an enterprise-wide business transformation that created a single customer-focused enterprise out of 14 organizations and institutionalized long-term continuous improvement. In his first year as the Executive Director, he was also the Chief Information Officer, during which time he established a full time SES position for a NAVSUP CIO and realigned functions into a single IT-provider serving the enterprise.

He had a 20 year career at the Naval Sea Systems Command (NAVSEA), the Navy's largest Systems Command. He had a series of diverse assignments in shipbuilding, systems acquisition, maintenance and logistics, culminating in an SES position as NAVSEA's senior logistician, managing the acquisition and in-service logistics and configuration management processes, products, services and information technology to support the Navy's ships and ship systems, world-wide.

In 2010 he was awarded the Presidential Rank Award of Distinguished Executive and in 2005 he was awarded the Presidential Rank of Meritorious Executive. The American Society of Naval Engineers awarded him the Clifford G. Geiger Award. He has also received the Navy Meritorious and the Superior Civilian Service Medals, and was the first recipient of the Chief of Naval Operations' Admiral Stan Arthur Award for Logistics Excellence. Mr. Orner is an acquisition professional, certified at Level III by both DOD and DHS, in Program Management and in Life Cycle Logistics. He is a graduate of Wittenberg University in Springfield, Ohio, with an M.S. from the Kogod School of Business at the American University in Washington, DC. He began his Federal career in 1981 as a cooperative education student.

Question#:	1
Topic:	NCR 1
Hearing:	Saving Taxpayer Dollars: Freezing the Federal Real Estate Footprint
Primary:	The Honorable Donna F. Edwards
Committee:	TRANSPORTATION (HOUSE)
Witness:	Jeffery Orner – Chief Readiness Support Officer
Organization:	U.S. Department of Homeland Security

Question: Mr. Jeffrey Orner Chief Readiness Support Officer Department of Homeland Security

DHS has 50 locations throughout the NCR:

How many of those offices are located in Prince George's County?

What is the average distance of these offices from a Metro station?

What is the average lease rate per square foot paid by DHS?

Response: DHS has over 50 headquarters locations and over 50 mission-support locations in the National Capitol Region (NCR). Although the Department does not currently have any headquarters administrative offices in Prince Georges County, DHS has four mission support office facilities in the County. These include two owned facilities – the Federal Law Enforcement Training Center (FLETC) training facility in Cheltenham, MD and the U.S. Secret Service (USSS) James Rowley training facility in Beltsville, MD; and two leased facilities – the Federal Emergency Management Agency (FEMA) call center for disaster assistance in Hyattsville, MD, and the USSS operational support facility in Landover, MD. The location of future NCR facilities will be determined by the full and open competition to be conducted by the General Services Administration (GSA).

The average distance of the facilities in Prince George's County to a Metro station is 2.3 miles (0.4 miles for leased property and 5 miles for owned property).

The average lease rate per square foot paid by DHS for the leased locations in Prince George's County is $27.24. The average lease rate per square foot is $38.30 for the NCR (see summary table below).

Question#:	1
Topic:	NCR 1
Hearing:	Saving Taxpayer Dollars: Freezing the Federal Real Estate Footprint
Primary:	The Honorable Donna F. Edwards
Committee:	TRANSPORTATION (HOUSE)
Witness:	Jeffery Orner – Chief Readiness Support Officer
Organization:	U.S. Department of Homeland Security

National Capital Region Occupancy Summary for average lease cost and distance to metro:

County	# of Leases / Occupancies*	Avg. Distance to Metro (miles)**	Average Leased Cost/SF***
Alexandria (City)	9	2.3	NA
Arlington	28	0.3	$38.41
Fairfax	28	3.3	$30.28
Loudoun	5	16.0	$39.80
Prince George's	12	2.8	$27.24
Prince William	1	11.0	$21.14
Washington, DC	119	0.3	$40.46
Grand Total	202	1.7	$38.30

*There may be more than one lease/occupancy agreement per building.
**Grand Total is based on average of all lease costs.
***NA reflects that there are no leased assets (only owned) in the County.

Question#:	2
Topic:	NCR 2
Hearing:	Saving Taxpayer Dollars: Freezing the Federal Real Estate Footprint
Primary:	The Honorable Donna F. Edwards
Committee:	TRANSPORTATION (HOUSE)

Question: Once DHS moves into the St. Elizabeth campus it is anticipated that it will 10 locations in the NCR.

Given the campus's proximity to Prince George's County how many of those offices will be in the County?

Response: The Department is currently updating the Headquarters Consolidation Plan. While updating this plan, we will consider the current budget environment and seek to achieve the goals of consolidation through a combination of lease compression and adoption of mobile workforce strategies to increase utilization of St. Elizabeths and other core locations.

Through this revised strategy, DHS will target 15 locations or less as the number of headquarters administrative office locations in the National Capitol Region (NCR). The location of those facilities will be determined by the full and open competition to be conducted by the General Services Administration. The final number of administrative office locations in the NCR will be a result of our efforts to reduce the DHS real property footprint. The delineated areas for any lease replacement procurements will be determined based upon operational requirements, access to public transportation, and sufficient competition to assure value for the taxpayers.

WRITTEN STATEMENT

BY R. WILLIAM BORCHARDT, EXECUTIVE DIRECTOR FOR OPERATIONS

UNITED STATES NUCLEAR REGULATORY COMMISSION

TO THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND

EMERGENCY MANAGEMENT

MAY 15, 2013

Chairman Barletta, Ranking Member Norton, Members of the Subcommittee:

Thank you for the opportunity to discuss the Nuclear Regulatory Commission's (NRC) efforts to reduce office space consistent with the Federal *Freeze the Footprint* policy.

NRC was established in 1975 as an independent Federal agency to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment. As such, we regulate the safety of all 102 operating nuclear power plants, and over 5,000 nuclear materials, medical, industrial, and fuel cycle licensees in the United States.

To fulfill its responsibility, the NRC performs the following regulatory functions: develops regulations and guidance for applicants and licensees; licenses or certifies applicants to use nuclear materials or operate nuclear facilities; regulates the decommissioning of facilities; inspects and assesses licensee operations and facilities to ensure that licensees comply with NRC requirements and takes appropriate follow-up or enforcement actions when necessary; evaluates operations experience of licensed facilities and activities; and conducts research, holds hearings, interfaces with domestic agencies and international partners, and obtains independent reviews to support regulatory decisions. Many of these functions require special facilities, such as: secure hearing spaces, emergency response centers, technical and law libraries, a public document room, public meeting facilities, and numerous collaborative workspaces.

Importance of Collocation

The Three Mile Island nuclear accident demonstrated the need for collocation of NRC's diverse headquarters staff to sustain NRC's operational efficiency, regulatory effectiveness, and emergency response capability. At that time, the NRC headquarters staff was housed in more than ten buildings located in the D.C. metropolitan area. Following that accident, the President's Commission on the Accident at Three Mile Island, headed by John Kemeny, strongly recommended the collocation of headquarters staff. These recommendations were recently reinforced by NRC's experience and that of Japan's in responding to the Fukushima nuclear accident. As observed by NRC technical experts, Japan experienced challenges in coordinating its response efforts that stemmed from a regulatory infrastructure dispersed across multiple ministries and agencies in several locations throughout Tokyo. NRC also experienced challenges in coordinating its support to Japan because of the dispersion of NRC staff experts in multiple Montgomery County, Maryland, locations.

NRC's initial consolidation of its headquarters began in 1986 with the General Services Administration's (GSA) acquisition of the One White Flint North (1WFN) building. At the time of the 1WFN building acquisition, GSA and the NRC agreed that a contract would be entered into by GSA and the lessor (White Flint North LLP) to construct, build, and lease Two White Flint North (2WFN) for purposes of housing the remainder of NRC headquarters employees on one campus. In order to fully integrate the two buildings, the 2WFN building was constructed with surface and sub-surface connectors to 1WFN. Collocation of NRC headquarters staff was achieved in 1994 with the completion of the 2WFN building. In recent years with the growth of the NRC staff, the NRC has had to lease additional space in four different buildings in the Bethesda-Rockville area. Some of this growth was driven by the need to enhance the security-related regulatory framework for NRC licensees following the terrorist attacks of 9/11.

In 2006, a potential nuclear power resurgence was stimulated by projected demands for increased electricity and national policy initiatives contained in the Energy Policy Act of 2005, such as loan guarantees from the Department of Energy. The NRC's projection for applications to construct new, nuclear power plants jumped significantly in FY 2007. The rapid pace at which applications were submitted had an immediate impact on the structure and workload of the agency. In response to the increased workload, the NRC ultimately projected its

headquarters staff would need to be augmented substantially. As a result, the NRC pursued a third building.

On December 26, 2007, the President signed appropriations law (P.L. 110-161) that included a specific provision for the NRC to obtain additional office space collocated with its headquarters buildings in order to maintain NRC's regulatory effectiveness, efficiency, and emergency response capability. GSA signed the lease for Three White Flint North (3WFN) on October 23, 2009.

In the years it has taken to design, construct, and lease Three White Flint North (3WFN), the NRC staffing has increased, but not to the level originally expected. As a result of economic factors and revised business plans of applicants, the number of new license applications under consideration has tapered and NRC's staff growth commensurately stabilized in response. Concurrent with these developments, the Federal government has instituted new guidelines for utilization of real estate. A Presidential Memorandum issued in June 2010 and the Office of Management and Budget (OMB) Management Procedures Memorandum issued on March 14, 2013, set new guidelines for space utilization within Federal buildings.

Soon after arriving at the NRC in the summer of 2012, NRC Chairman Macfarlane became aware of office space issues, including concerns from the Subcommittee on Economic Development, Public Buildings, and Emergency Management regarding the renewal lease prospectus for 2WFN.

Upon learning of these concerns, the Chairman took immediate action by chartering a task force of senior staff to take a thorough look at space utilization and cost estimates. The Chairman charged this task force with delivery of a comprehensive, integrated, and updated business case that rebaselined the space requirements and campus cost profile to achieve both footprint reductions and target utilization rates for office space.

The NRC is committed to ensuring that the agency's footprint is the right size to sustain NRC's mission, is cost effective, and is consistent with the Administration's space utilization policies.

To further that objective, NRC has been working intensively with GSA on developing a building consolidation solution that is designed to address issues identified by the Subcommittee.

Importantly, the NRC Chairman and the Acting GSA Administrator met and subsequently chartered teams that have worked jointly and diligently over the past 5 months to evaluate the NRC's updated business case and develop the financial analysis to support a recommendation to this Committee. The teams have considered a range of scenarios. The resulting housing analysis concludes that even with a reduced utilization rate, the NRC needs approximately two and a half buildings to house NRC staff and perform its functions. The optimal approach for meeting these NRC housing needs is to retain 2WFN in its entirety and for the NRC to relinquish several floors in 3WFN for use by another Federal tenant.

The NRC's preferred path forward is consistent with the *Freeze the Footprint* policy and achieves targets for space utilization set forth in OMB guidelines. The plan is also consistent with the agency's goal to consolidate its headquarters staff on one campus without adversely affecting the agency's safety and security mission responsibilities, while providing effective working conditions for the agency's predominately professional, engineering, and scientific workforce, and providing a working environment that will allow it to recruit and retain a highly qualified, primarily technical, workforce.

Rationale for Maintaining 2WFN

If the lease prospectus is not renewed and the NRC were to vacate 2WFN, the agency would have insufficient space to house its current employees and conduct effectively its nuclear safety mission. A two-building campus consisting of 1WFN and 3WFN would result in an office utilization rate of approximately 100/sf, a utilization rate that is more typically associated with organizations whose employees work predominantly outside of an office (in the field). Government organizations with a large number of professional level, scientific, and engineering staff whose work requires a significant amount of in-office work require significantly more space.

Additionally, vacating 2WFN in its entirety will require NRC to give up mission-critical special-use space that is needed to support various activities required by law, including the Atomic Safety and Licensing Board Panel hearing room, the Advisory Committee on Reactor Safeguards rooms, and the NRC Technical Library. The Atomic Safety and Licensing Board Panel hearing room is specially constructed for conducting hearings regarding licensing actions, including those of a security-sensitive nature, that are pending before the NRC. The statutorily

required Advisory Committee on Reactor Safeguards necessitates special space for the conduct of meetings, often involving sensitive, proprietary, and security-related information to review significant NRC licensing actions. The costs incurred in the construction and configuration of these special-use spaces in 2WFN would be lost were the lease not renewed. As these are mission-critical facilities, new costs would have to be incurred with the construction of replacement facilities, including configuration necessary to meet security standards (Underwriters Laboratories 2050 certified) for security-sensitive hearings.

Vacating 2WFN would also result in the NRC giving up valuable joint use space such as the Government child care facility that was designed and constructed to meet specific siting and licensing requirements. The child care center cannot be replicated in either 1WFN or 3WFN because sufficient space is not available to provide a secure outdoor play area or easy access to a child care facility. Displacement of children from the 2WFN building, and the effect on NRC employees, and other federal employees who use the center, should be taken into account.

NRC and GSA analysis concludes that there are significant financial, logistical, and security-related issues associated with leasing a portion of 2WFN. If the NRC were to share occupancy of 2WFN with another tenant, for security reasons, measures would need to be taken to provide for viable ingress and egress to the 2WFN building. As stated earlier, 1WFN and 2WFN currently share multiple surface and sub-surface connectors; as currently configured vehicle ingress is entirely via 1WFN and vehicle egress is entirely via 2WFN. In light of the security requirements that apply to the NRC, if another tenant were to occupy 2WFN, measures would need to be taken to provide for segregation of the buildings and viable entrances for each tenant would be required. According to GSA preliminary estimates, it would cost approximately $16.4 million and take approximately 54 months, to separate 1WFN and 2WFN to address logistical and security concerns. Separating the buildings would require the demolition, redesign, and reconstruction of numerous above- and below-ground connections and building systems, the renegotiation of easements, Montgomery County approval of a revised site plan, and new security installations between 1WFN and 2WFN.

According to GSA, the Government will be financially responsible for paying rent for all space in 2WFN regardless of whether it is occupied in whole or in part by the NRC, for the entire 54-month time period, because additional occupants could not be permitted until renovations required by the lease and the new tenant are completed. Consequently, any vacant floors in

2WFN will be unmarketable for that period. For the above stated reasons, partial occupancy of 2WFN is not cost-effective to the NRC, the Government, or taxpayers.

The joint analysis by NRC and GSA of available options for right-sizing the NRC campus footprint and minimizing costs suggests that the optimal approach is to retain a campus consisting of 1WFN, 2WFN, and part of 3WFN.

The 3WFN building is a certified silver building under the U.S. Green Building Council's Leadership in Energy and Environmental Design Program and capable of multi-occupancy tenancy. The 3WFN building is more marketable to potential tenants than 2WFN because it is new construction adjacent to a Metro station. Additionally, 3WFN can better sustain level 4 security standards with multiple tenants at lower costs as compared to 2WFN because there will be no need to incur building separation and ingress creation costs that would be required if NRC were to vacate or relinquish space in 2WFN.

Conclusion

In closing, I want to reiterate NRC's commitment to being responsive to the *Freeze the Footprint* initiative, our changing space needs, and the Subcommittee's interest in its efforts to right-size the Government's foot print in a cost-effective and timely manner. We will continue to work with GSA, OMB, and Congress in order to identify a solution that accomplishes these objectives while optimizing the use of the NRC campus in a manner that maintains NRC's regulatory effectiveness, efficiency, and emergency response capability. We will continue to address these issues fully and transparently. We look forward to working with this Committee on this important matter.

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

QUESTION Submitted by Chairman Barletta and Ranking Member Norton:

QUESTION 1 (Submitted by Chairman Barletta)

What percentage of Nuclear Regulatory Commission staff in Rockville, Maryland are responsible for responding to disasters? Please provide a breakdown by function and current location.

ANSWER:

A recent example of NRC activating its emergency response center was to support the United States' response to the nuclear accident at the Fukushima Dai-ichi power reactor facility. NRC activated its headquarters Operations Center and provided expert assessment and advice to the U.S. Ambassador to Japan. Over the course of the accident, approximately 600, or 21 percent of headquarters employees assisted in the response at the headquarters Operations Center in the NRC's White Flint facility. These individuals represented 22 of 24 headquarters offices. Many of the scientific professionals and professionals in other disciplines provided expertise in functions including seismology, health physics, dose assessment, severe accident progression, severe accident mitigation, communications, information technology, security, and international relations.

The individuals present in the Operations Center were crucial to NRC's support because these groups of experts directly collaborated to best understand the complex factors affecting the power plants at risk. When the group needed additional expertise, they called in additional experts from throughout the agency including additional staff from our satellite locations. While working on complex technical evaluations, such as developing recommendations for evacuation or sheltering of U.S. citizens near the accident, the team of experts worked most efficiently and effectively collaboratively, on-site, at NRC headquarters.

If this type of accident were to happen today, with the recent consolidation of some headquarters staff to White Flint complex, it is estimated that 16 percent (of the estimated 600) responders, would be called to headquarters from Rockville satellite locations. With the final consolidation of the White Flint campus, and the release of all of NRC's satellite space, the goal is that all of the responders will be located in one contiguous area. The consolidation and co-location is critical for purposes of achieving effective emergency response capability, nuclear safety, and regulatory effectiveness.

QUESTION 2 (Submitted by Congresswoman Donna F. Edwards):

NRC leases three satellite offices and one warehouse, in addition to its main campus at White Flint:

- **How many of those offices are located in Prince George's County?**
- **What is the average distance of these offices from a Metro station?**
- **What is the average lease rate per square foot paid by NRC?**

ANSWERS:

All of the NRC headquarters offices are located in Montgomery County, Maryland.

The average distance of NRC's main White Flint campus buildings and current satellite locations is less than ¼ mile from the nearest metro station. NRC's warehouse is approximately 1.1 miles from the nearest metro station.

The average market rate lease costs paid by the NRC for its headquarters buildings is approximately $29.00 per square foot. This includes One White Flint North, Two White Flint North, Three White Flint North, and Church Street buildings. The Executive Boulevard (EBB) and Twinbrook buildings are not included as NRC staff vacated the EBB satellite space in May 2013 and will vacate the Twinbrook satellite space in July 2013. The cost of the lease for the warehouse is $15.95 per square foot.

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