OVERSIGHT: FBI HEADQUARTERS CONSOLIDATION PROJECT

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

FEBRUARY 28, 2018

Printed for the use of the Committee on Environment and Public Works



Available via the World Wide Web: http://www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE ${\bf WASHINGTON} \ : 2020$

 $30\text{--}663\,\mathrm{PDF}$

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED FIFTEENTH CONGRESS SECOND SESSION

 ${\tt JOHN~BARRASSO,~Wyoming,~\it Chairman}$

JAMES M. INHOFE, Oklahoma
SHELLEY MOORE CAPITO, West Virginia
JOHN BOOZMAN, Arkansas
ROGER WICKER, Mississippi
DEB FISCHER, Nebraska
JERRY MORAN, Kansas
MIKE ROUNDS, South Dakota
JONI ERNST, Iowa
DAN SULLIVAN, Alaska
RICHARD SHELBY, Alabama

THOMAS R. CARPER, Delaware, Ranking Member
BENJAMIN L. CARDIN, Maryland
BERNARD SANDERS, Vermont
SHELDON WHITEHOUSE, Rhode Island
JEFF MERKLEY, Oregon
KIRSTEN GILLIBRAND, New York
CORY A. BOOKER, New Jersey
EDWARD J. MARKEY, Massachusetts
TAMMY DUCKWORTH, Illinois
CHRIS VAN HOLLEN, Maryland

RICHARD M. RUSSELL, Majority Staff Director Gabrielle Batkin, Minority Staff Director

C O N T E N T S

	Page				
FEBRUARY 28, 2018					
OPENING STATEMENTS					
Barrasso, Hon. John, U.S. Senator from the State of Wyoming	1 2 13 14 15				
WITNESSES					
Mathews, Dan, Commissioner, GSA Public Building Service Prepared statement Responses to additional questions from:	16 19				
Senator Barrasso	26 27 31				
Senator Whitehouse	37 39 41				
ADDITIONAL MATERIAL					
Trump Upends His Own Infrastructure Plan With PPP Comments to Democrats, by Jeff Davis, Eno Transportation Weekly, Week of September 25, 2017	265				
Trump endorses 25-cent gas tax hike, lawmakers say, by Lauren Gardner et al., Politico, February 14, 2018					
Here's How the U.S. Chamber Would Rebuild and Modernize America's Infrastructure, U.S. Chamber of Commerce, accessed March 15, 2018	272				

OVERSIGHT: FBI HEADQUARTERS CONSOLIDATION PROJECT

WEDNESDAY, FEBRUARY 28, 2018

U.S. Senate, Committee on Environment and Public Works, Washington, DC.

The Committee met, pursuant to notice, at 10 a.m. in room 406, Dirksen Senate Office Building, Hon. John Barrasso (Chairman of the Committee) presiding.

Present: Senators Barrasso, Carper, Capito, Fischer, Ernst, Cardin, and Van Hollen.

OPENING STATEMENT OF HON. JOHN BARRASSO, U.S. SENATOR FROM THE STATE OF WYOMING

Senator Barrasso. Good morning. I call this meeting to order. Today's oversight hearing will focus on the status of the FBI Headquarters Consolidation Project. We will hear testimony from the General Services Administration and the Federal Bureau of Investigation.

Last August this Committee held a hearing on the search for a new FBI headquarters. The hearing was in response to GSA's abrupt cancellation of their plan—years in the making—to consolidate FBI headquarters at a new location in either Maryland or Virginia. The plan involved trading the crumbling Hoover Building to partially offset the costs of new construction.

Senators weren't notified of the cancellation in advanced, and first heard of the decision through the press. This isn't what accountable government looks like. Nonetheless, the hearing ended on a positive note.

Both the GSA and FBI committed to return to Congress with a workable solution for the FBI headquarters. The plan was to do that by November 30th. A week before that deadline, GSA and FBI indicated they would require an additional 60 days to develop and submit a report detailing a workable solution.

In response to this request, Ranking Member Carper and I sent a letter emphasizing the importance of receiving a thorough plan from GSA. We granted the extension request to ensure GSA and FBI had ample time to consider differing financing options for the project. The new deadline was set for January 29th of this year, and we expected it to be met. The deadline came and went, and the GSA didn't provide us with the report.

To make matters worse, GSA's ultimate recommendation contained within the report was leaked to the press 2 full weeks before the report was delivered to this Committee. As was the case last

summer, Members of Congress should have been notified well in advance of the media.

On February 12th the Committee finally received GSA's overdue report. The report contains a revised plan which recommends the Hoover Building be demolished to make way for the construction

of a new headquarters facility in the same location.

Instead of consolidating all 10,600 FBI headquarters staff into one campus location, the revised plan would move 2,300 headquarters staff to three new facilities around the country. The plan estimates that the total cost of the new project at \$3.3 billion, and it indicates the Administration will be seeking \$2.175 billion in appropriations to fully fund demolishing and rebuilding the Hoover Building.

While this appropriations request is more than double the \$800 million previously requested by GSA, the report estimates that the new plan's overall cost will be lower than that of the old plan.

The revised plan is a significant departure from previous plans considered and put forward by GSA and FBI. The revised plan eliminates many of the FBI's security requirements: it scraps the concept of a consolidated campus, it abandons the need for a remote truck inspection facility, and it discards the requirement of a detached central utility plan.

Under the old plan, these features were considered critical for FBI's security. Now they are gone, so the question is what hap-

pened.

It has been nearly 7 years since this Committee first directed GSA to follow through on this project. Yet the need for a new FBI headquarters remains as pressing as ever. The men and women of the FBI who work around the clock to keep America safe require a modern and a functioning office building that meets their needs. It is past time for the GSA to implement a workable plan, one

that can hold up to Committee scrutiny and deliver the long overdue replacement for the aging Hoover Building. The members of this Committee want what is best for the American taxpayers and what is best for the hardworking men and women of the FBI.

The Federal Government has already spent over \$20 million in 13 years planning for an FBI headquarters. The revised plan starts the process from scratch. I hope that today's testimony will clarify how this plan will succeed where previous efforts have failed.

I would now like to recognize Ranking Member Carper for his opening statement.

OPENING STATEMENT OF HON. THOMAS R. CARPER, U.S. SENATOR FROM THE STATE OF DELAWARE

Senator Carper. Thanks, Mr. Chairman.

I want to welcome our witnesses today, and I want to thank our colleagues, especially from Maryland, for urging us to have this hearing, and commend you, Mr. Chairman, for holding it.
Our friends from GSA, our friends from the FBI, welcome. We

thank you and your colleagues for the work that you do, especially

at the FBI. Thank you very much.

The hearing today, as the Chairman has said, is a follow up to our hearing in August of last year, a hearing we held on the cancellation of the procurement for a consolidated FBI headquarters. At the conclusion of that hearing the witnesses from GSA committed to providing our Committee with a workable solution to

meet the FBI's needs for a new headquarters.

After an extension the Committee received the promised report on February the 12th, and the report—as the Chairman has suggested—is a complete reversal of a plan for the FBI that was more than a decade in the making. It abandons previous efforts to consolidate FBI's operations away from the Bureau's current location at the J. Edgar Hoover Building. Frankly, this about face is concerning, maybe even troubling.

All members of this Committee should be concerned about this new plan for the FBI; not just the members of the Committee, but Senators who are not on this Committee. It raises serious questions from the impacts on national security to the excess cost of this decision may likely impose on our Federal Government at a time when our budget deficit this year, as my colleagues know, is going to exceed \$1 trillion just in 1 year. The kind of money that we are talking about here is alarming.

I hope that today's hearing can answer some of these questions

and alleviate members' concerns, including my own.

What is not in question today is the fact that the FBI needs a new headquarters. The Chairman has already said that. We agree. The current facility is in dangerous disrepair, which not only affects the day to day operations of the FBI, but also has significant national security implications.

One of the main motivations to consolidate the FBI into one location was to ensure that FBI headquarters maintains necessary security standards. There are also efficiencies to be gained by reduc-

ing departmental fragmentation.

This new plan, however, appears to do just the opposite. Instead of moving people with common tasks closer together, this report recommends moving approximately 20 percent of the current head-quarters staff to locations around the country.

Congress has already appropriated hundreds of millions of dollars for this project, as you know, including the millions of dollars

that have already been spent on the previous procurement.

As stewards of the Federal purse, we should be working to save taxpayer dollars, make our Government more efficient, including with respect to property management. We see examples where consolidation is working or has the potential of working. One is the development of a consolidated Department of Homeland Security campus on the grounds of the former St. Elizabeth's Hospital in Southeast Washington, DC.

Personally, I was initially skeptical of that project. However, after working with the previous Administration, and through oversight conducted as Chairman and Ranking Member of the Homeland Security and Governmental Affairs Committee, I am now convinced that it is in the best interest to have a consolidated campus in the Capital project.

in the Capital region.

At the end of the day, though, we need to do what is right for the hardworking men and women of the FBI, and do so in a manner that makes the most sense for our national security, while also being good stewards of our taxpayer dollars. How we achieve those goals is by ensuring that we have all the information we need to make an informed decision.

As you know, Mr. Chairman, we have had some previous challenges in obtaining information from the GSA that is necessary to carry out our oversight responsibilities. For over a year I have been requesting documents from GSA about the Trump Hotel. Specifically, I have been asking about GSA's questionable determination that the Trump Hotel lease somehow does not violate the ethics requirements that prohibit an elected official from being a party to a Federal lease to financially benefit from that lease.

Sadly, the Administration's response to my questions, to our questions to date has not been satisfactory. Of the almost 12,000 pages worth of documents the GSA provided last fall, only 22 pages—22 pages, one-tenth of 1 percent—were written within the relevant timeframe and directly pertain to the question we raised about the lease. Fewer than one-tenth of 1 percent of those 12,000 pages actually spoke to the question that we had raised. Not a single one of those 22 pages contains the analysis that I was seeking.

Think about that.

In contrast, there are hundreds of pages about the location of a clock, about the location of Starbucks in the hotel, about the maintenance of smoke detectors. Really?

Moreover, GSA told me it was withholding information relating to some of my specific requests. For example, GSA would not tell me whether the Trump Hotel buys Trump wine or other Trump products, the sales of which would clearly benefit President Trump financially. This is unacceptable.

I would ask unanimous consent to submit portions of the GSA response to my letter into the record, Mr. Chairman.

Senator Barrasso. Without objection. [The referenced information follows:]

ENCLOSURE 1

QUESTIONS PERTAINING TO ISSUES RAISED BY CITIZENS FOR RESPONSIBILITY AND ETHICS IN WASHINGTON (CREW)

1. The CREW analysis noted that while President Trump resigned from Trump OPO and Trump Old Post Office Member Corp. on January 19, 2017, "he retained his interest in Trump OPO through The Donald J. Trump revocable Trust ("Trust") which "retains a 77.5% interest in Trump OPO through certain holding companies." CREW additionally noted that public documents and President Trump's attorney state that the President can obtain funds from his Trust at any time upon request. Please explain — and fully document, including through the provision of legal or financial Trust documents, and other documents (including but not limited to emails, letters, telephone logs, memos, and presentations) — GSA's efforts to ensure that funds from Trump OPO cannot be withdrawn by the President from his Trust.

On or around January 23, 2017, CREW filed Citizens for Responsibility and Ethics in Washington v. Donald J. Trump (in his official capacity as President of the United States of America) with the United States District Court for the Southern District of New York. The complaint, as amended, as well as additional filings related to the case, contain various allegations regarding the validity of the lease between GSA and Trump Old Post Office LLC as well as whether or not the lease (including the way it is structured) is "benefitting" the President in such a way so as to violate the Emoluments Clause of the Constitution. Given the significant courses of the Issues raised in your deceler, and the diegations contained in the pending CREW Inwestic It would be inappropriate for GSA to comment in the regarding a parting matter in litigation in othing the United States Instead, such leading should be declared to the design Department of distance.

With the above in mind, and in response to this question, in a letter dated March 20, 2017, Trump Old Post Office LLC (Tenant) specifically agreed "that for the duration of President Trump's term of office, Tenant will not make any distributions to DJT Holdings LLC, or to any other entity in which President Trump has a direct, indirect or beneficial interest." The Landlord's Estoppel Certificate further provides: "This Estoppel Certificate is null and void if Tenant changes the modifications to the operating agreement (as set forth in Tenant's letter dated March 20, 2017) without the written approval of Landlord." ²

¹ Letter from Kevin M. Terry to Donald J. Trump, Jr. at Exhibit 1.C (March 23, 2017), available at https://www.gsa.gov/roference-freedom-of-information-act-folia/electronic-reading-room.
² Id. at page 2, ¶ 9.

In addition, the lease establishes a number of different reporting requirements and audit rights. In particular, Section 5.3(b) requires the submission of an annual audited financial statement that "shall set forth dates and amounts of...distributions made on account of Equity...the amount of the unreturned Equity of each of the members of Tenant, and use commercially reasonable efforts with respect to each other Person holding Equity, together with an IRR calculation applicable to each Person and its Affiliates who hold (individually or in the aggregate) a Threshold Interest." GSA does not have an annual financial statement that would include the time period from March 23, 2017, to the present. In fact, such a statement will not be available until December 29, 2017. In addition to the annual audited financial statement, Section 5.4 of the lease provides GSA with certain audit rights.

GSA expects that it will be in a better position to evaluate this matter more fully after Tenant submits the annual audited financial statement for the time period in question.

2. Did GSA verify, through an examination of the Trust or any amendment thereto, that the President's seemingly unlimited ability to withdraw funds from his Trust does not legally extend to funds obtained from Trump OPO or any of its holding companies? If so, please provide me with documents that establish verification. If not, why not, and does GSA stand by its determination that Trump OPO is in full compliance with the conflict of interest provision of the lease?

On or around January 23, 2017, CREW filed Citizens for Responsibility and Ethics in Washington v. Donald J. Trump (in his official capacity as President of the United States of America) with the United States District Court for the Southern District of New York. The complaint, as amended, as well as additional filings related to the case, contain various allegations regarding the validity of the lease between GSA and Trump Old Post Office LLC. Given the significant overlap of the issues raised in your question and the allegations contained in the pending CREW lawsuit, it would be inappropriate for GSA to comment further regarding a pending matter in litigation involving the United States. Instead, such inquiries should be directed to the U.S. Department of Justice.

With the above in mind, the Contracting Officer's March 23 letter provides a chronology of events that is instructive for purposes of answering this question. As more fully set forth therein, beginning in mid-December 2016 and continuing through Inauguration Day, Tenant submitted a series of letters to GSA advising, in one form or another, that its organizational structure was going to change.³ It was not until January 23, 2017, that Tenant definitively wrote to GSA that the transfers related to its new

³ ld. at pages 2-4.

organizational structure had been consummated.⁴ At that point, GSA requested a meeting with Tenant to discuss the newly proposed organizational structure.⁵ Following meetings and discussions with Tenant, it specifically agreed "that for the duration of President Trump's term of office, Tenant will not make any distributions to DJT Holdings LLC, or to any other entity in which President Trump has a direct, indirect or beneficial interest."⁶

Regarding your request for documents related to this issue, the documents in GSA's possession are provided as Exhibit A to this Enclosure 1. (Please note that the redactions to the list of entities from which Ivanka Trump resigned were made prior to submission to GSA. GSA did not make the redactions.) As noted in his letter, the Contracting Officer listed a number of meetings between GSA and Tenant, including a February 7, 2017, meeting during which time "Tenant, through its attorneys, made additional documents available to GSA representatives for review." Those documents made available to GSA for review, but which are not in our possession, have not been provided.

3. The CREW analysis also notes that any improvements made to Trump Hotel would enhance its value, attract more hotel guests, and further increase the "the value of other Trump Organization properties and the amount the Trump Organization can charge for its licensing, management, and other services ("the Trump brand")," which in turn enriches President Trump by virtue of its financial interest in "hundreds of companies that comprise the Trump Organization." Does GSA dispute that this potential financial benefit to President Trump exists? If so, please explain the basis upon which GSA disputes the existence of this benefit (and provide any Supporting documentation). If not, does GSA stand by its determination that Trump OPO is in full compliance with the conflict of interest provision of the lease?

On or around January 23, 2017, CREW filed Citizens for Responsibility and Ethics in Washington v. Donald J. Trump (in his official capacity as President of the United States of America) with the United States District Court for the Southern District of New York. The complaint, as amended, as well as additional filings related to the case, contain various allegations regarding the validity of the lease between GSA and Trump Old Post Office LLC as well as whether or not the lease (including the way it is structured) is "benefitting" the President in such a way so as to violate the Emoluments Clause of the Constitution. Given the significant overlap of the issues raised in your question and the allegations contained in the pending CREW lawsuit, it would be inappropriate for GSA to comment further regarding a pending matter in litigation involving the United States.

⁴ ld. at page 4.

⁵ ld. at page 4.

Id. at Exhibit 1.C.
Id. at page 2.

Instead, such inquiries should be directed to the U.S. Department of Justice.

It is worth noting, however, that as part of the agency's review of whether Tenant was in compliance with Section 37.19 of the lease, GSA requested from Tenant a written statement providing Tenant's position and analysis regarding its business structure and how Tenant was in compliance with the lease, including Section 37.19.8 Tenant's responses to that agency request asserted, among other things, that by the terms of the clause, Section 37.19 did not apply to elected officials previously admitted to the lease, or to owners or other entities when the lease was for the benefit of that entity.9 In other words, Tenant maintained that "the plain language of Section 37.19 does not prohibit a person who is admitted to a share or benefit of the Lease from continuing to hold and enjoy that share or benefit after becoming an elected official."10 GSA's Contracting Officer considered these arguments, among other things, in reaching his determination that Trump Old Post Office LLC was in full compliance with Section 37.19 of the lease. 11 GSA stands by this determination.

4. The CREW analysis also notes that funds from Trump OPO can be used for any "business activities and purposes," which could include the purchase of wine from Trump Vineyards Estates LLC or coffee or other food products that may be owned or licensed by Trump family businesses (such as Trump Mark Fine Foods LLC). President Trump would be expected to benefit financially from such purchases as well. Does GSA dispute that this potential financial benefit of Trump OPO to President Trump exists? If so, why (and please fully document your response)? If not, does GSA stand by its determination that it is not possible for the President to benefit from Trump Hotel?

On or around January 23, 2017, CREW filed Citizens for Responsibility and Ethics in Washington v. Donald J. Trump (in his official capacity as President of the United States of America) with the United States District Court for the Southern District of New York. The complaint, as amended, as well as additional filings related to the case, contain various allegations regarding the validity of the lease between GSA and Trump Old Post Office LLC as well as whether or not the lease (including the way it is structured) is "benefitting" the President in such a way so as to violate the Emoluments Clause of the Constitution. Given the significant overlap of the issues raised in your question and the allegations contained in the pending CREW lawsuit, it would be inappropriate for GSA to comment further regarding a pending matter in litigation involving the United States.

⁸ Id. at Exhibit 1.A.

⁹ ld. at Exhibits 1.B and 1.C.

¹⁰ ld. at Exhibit 1.B.

¹¹ There was no determination prior to issuance of the Contracting Officer's March 23, 2017 letter regarding Tenant's compliance with Section 37.19 of the lease.

Instead, such inquiries should be directed to the U.S. Department of Justice.

It is worth noting, however, that as part of the agency's review of whether Tenant was in compliance with Section 37.19 of the lease, GSA requested from Tenant a written statement providing Tenant's position and analysis regarding its business structure and how Tenant was in compliance with the lease, including Section 37.19.12 Tenant's responses to that agency request asserted, among other things, that by the terms of the clause, Section 37.19 did not apply to elected officials previously admitted to the lease, or to owners or other entities when the lease was for the benefit of that entity. ¹³ In other words, Tenant maintained that "the plain language of Section 37.19 does not prohibit a person who is admitted to a share or benefit of the Lease from continuing to hold and enjoy that share or benefit after becoming an elected official."14 GSA's Contracting Officer considered these arguments, among other things, in reaching his determination that Trump Old Post Office LLC was in full compliance with Section 37.19 of the lease. 15 GSA stands by this determination.

5. The CREW analysis also notes that if funds from the DJT Holdings capital account are used to pay down the Trump OPO loan from Deutsche Bank, this would reduce the chances of default on the loan, and could also shield the President from personal liability for this loan if he guaranteed it with his personal assets. Does GSA disagree that this potential financial benefit of Trump OPO to President Trump exists? If so, why (and please fully document your response, including through the provision of the Deutsche Bank loan documentation and GSA's analysis thereof)? If not, does GSA stand by its determination that it is not possible for the President to benefit from Trump Hotel?

On or around January 23, 2017, CREW filed Citizens for Responsibility and Ethics in Washington v. Donald J. Trump (in his official capacity as President of the United States of America) with the United States District Court for the Southern District of New York. The complaint, as amended, as well as additional filings related to the case, contain various allegations regarding the validity of the lease between GSA and Trump Old Post Office LLC as well as whether or not the lease (including the way it is structured) is "benefitting" the President in such a way so as to violate the Emoluments Clause of the Constitution. Given the significant overlap of the issues raised in your question and the allegations contained in the pending CREW lawsuit, it would be inappropriate for GSA to comment further regarding a pending matter in litigation involving the United States.

¹² ld. at Exhibit 1.A.

¹³ ld. at Exhibits 1.B and 1.C.

¹⁴ ld. at Exhibit 1.B.

¹⁵ There was no determination prior to issuance of the Contracting Officer's March 23, 2017 letter regarding Tenant's compliance with Section 37.19 of the lease.

Instead, such inquiries should be directed to the U.S. Department of Justice.

It is worth noting, however, that as part of the agency's review of whether Tenant was in compliance with Section 37.19 of the lease, GSA requested from Tenant a written statement providing Tenant's position and analysis regarding its business structure and how Tenant was in compliance with the lease, including Section 37.19. Tenant's responses to that agency request asserted, among other things, that by the terms of the clause, Section 37.19 did not apply to elected officials previously admitted to the lease, or to owners or other entities when the lease was for the benefit of that entity. In other words, Tenant maintained that "the plain language of Section 37.19 does not prohibit a person who is admitted to a share or benefit of the Lease from continuing to hold and enjoy that share or benefit after becoming an elected official." GSA's Contracting Officer considered these arguments, among other things, in reaching his determination that Trump Old Post Office LLC was in full compliance with Section 37.19 of the lease.

6. The CREW analysis also notes that any remaining funds in the DJT Holdings capital account at the end of the President's tenure from Trump OPO will be returned to the President's Trust once he leaves office, and these funds clearly benefit the President. Does GSA disagree that this potential financial benefit of Trump OPO to President Trump exists? If so, why (and please fully document your response)? If not, does GSA stand by its determination that it is not possible for the President to benefit from Trump Hotel?

On or around January 23, 2017, CREW filed Citizens for Responsibility and Ethics in Washington v. Donald J. Trump (in his official capacity as President of the United States of America) with the United States District Court for the Southern District of New York. The complaint, as amended, as well as additional filings related to the case, contain various allegations regarding the validity of the lease between GSA and Trump Old Post Office LLC as well as whether or not the lease (including the way it is structured) is "benefitting" the President in such a way so as to violate the Emoluments Clause of the Constitution. Given the significant overlap of the issues raised in your question and the allegations contained in the pending CREW lawsuit, it would be inappropriate for GSA to comment further regarding a pending matter in litigation involving the United States. Instead, such inquiries should be directed to the U.S. Department of Justice.

¹⁶ ld. at Exhibit 1.A.

¹⁷ ld. at Exhibits 1.B and 1.C.

¹⁸ ld. at Exhibit 1.B.

¹⁹ There was no determination prior to issuance of the Contracting Officer's March 23, 2017 letter regarding Tenant's compliance with Section 37.19 of the lease.

It is worth noting, however, that as part of the agency's review of whether Tenant was in compliance with Section 37.19 of the lease, GSA requested from Tenant a written statement providing Tenant's position and analysis regarding its business structure and how Tenant was in compliance with the lease, including Section 37.19.20 Tenant's responses to that agency request asserted, among other things, that by the terms of the clause, Section 37.19 did not apply to elected officials previously admitted to the lease, or to owners or other entities when the lease was for the benefit of that entity.21 In other words, Tenant maintained that "the plain language of Section 37.19 does not prohibit a person who is admitted to a share or benefit of the Lease from continuing to hold and enjoy that share or benefit after becoming an elected official."22 GSA's Contracting Officer considered these arguments, among other things, in reaching his determination that Trump Old Post Office LLC was in full compliance with Section 37.19 of the lease. 23 GSA stands by this determination.

7. The CREW analysis also notes that the President regularly dines at the Hotel restaurant, and several Cabinet officials also stay or dine there. It is unclear whether the President pays for his meals when he eats there. Additionally, the possibility of eating at a restaurant that is owned and operated by the President while the President is also eating there can reasonably be expected to attract additional restaurant guests. Does GSA disagree that this potential financial benefit of Trump OPO to President Trump exists? If so, why (and please fully document your response)? If not, does GSA stand by its determination that it is not possible for the President to benefit from Trump Hotel?

On or around January 23, 2017, CREW filed Citizens for Responsibility and Ethics in Washington v. Donald J. Trump (in his official capacity as President of the United States of America) with the United States District Court for the Southern District of New York. The complaint, as amended, as well as additional filings related to the case, contain various allegations regarding the validity of the lease between GSA and Trump Old Post Office LLC as well as whether or not the lease (including the way it is structured) is "benefitting" the President in such a way so as to violate the Emoluments Clause of the Constitution. Given the significant overlap of the issues raised in your question and the allegations contained in the pending CREW lawsuit, it would be inappropriate for GSA to comment further regarding a pending matter in litigation involving the United States. Instead, such inquiries should be directed to the U.S. Department of Justice.

²⁰ ld. at Exhibit 1.A.

²¹ Id. at Exhibits 1.B and 1.C.

²² ld. at Exhibit 1.B.

²³ There was no determination prior to issuance of the Contracting Officer's March 23, 2017 letter regarding Tenant's compliance with Section 37.19 of the lease.

It is worth noting, however, that as part of the agency's review of whether Tenant was in compliance with Section 37.19 of the lease, GSA requested from Tenant a written statement providing Tenant's position and analysis regarding its business structure and how Tenant was in compliance with the lease, including Section 37.19.²⁴ Tenant's responses to that agency request asserted, among other things, that by the terms of the clause, Section 37.19 did not apply to elected officials previously admitted to the lease, or to owners or other entities when the lease was for the benefit of that entity.²⁵ In other words, Tenant maintained that "the plain language of Section 37.19 does not prohibit a person who is admitted to a share or benefit of the Lease from continuing to hold and enjoy that share or benefit after becoming an elected official."²⁶ GSA's Contracting Officer considered these arguments, among other things, in reaching his determination that Trump Old Post Office LLC was in full compliance with Section 37.19 of the lease.²⁷ GSA stands by this determination.

²⁴ ld. at Exhibit 1.A.

²⁵ ld. at Exhibits 1.B and 1.C.

²⁶ ld. at Exhibit 1.B.

²⁷ There was no determination prior to issuance of the Contracting Officer's March 23, 2017 letter regarding Tenant's compliance with Section 37.19 of the lease.

Senator Carper. I would also like to express my dismay about the information we received with respect to the FBI project that we

are discussing today.

The Committee learned of both the cancellation of the procurement and the release of this new plan from the press. I am very disappointed that we continue to find out about developments on this project in this manner. That is no way to do business. No way to do business.

As we move forward, it is my hope that GSA and FBI will be more forthcoming with our Committee and members of our Committee so that we can conduct our oversight in an effective and pro-

ductive manner.

Let me just say there used to be a TV show. Mr. Chairman, you and I probably used to watch it as a kid. This was before these ladies were born. But the FBI—and this guy named Jack Webb was an FBI agent, and he would make calls on doing an investigation, and he would say to whoever answered the door, Ma'am, just the facts; we just want the facts.

Well, that is pretty much what we are interested in today, just the facts. And we want them from the GSA and certainly from the

FBI.

I look forward to your testimony. Look forward to working with our colleagues, especially the ones from Maryland, the Mar of Delmarva, to see if we can't get to the truth. If we know the truth, we will not make a mistake.

Thank you so much.

And I will just say I am going to apologize to our witnesses. Simultaneous to this hearing is a markup that is going on in one of my other committees. I will be right back as soon as that is over. Thank you. So bear with me.

Senator BARRASSO. Thank you.

Since both the States of Maryland and West Virginia are involved in this, I would invite, first, Senator Capito to make an opening statement, and then the Senators from Maryland, if you so choose.

OPENING STATEMENT OF HON. SHELLEY MOORE CAPITO, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator Capito. Thank you, Mr. Chairman. And I am going to be going to the Billy Graham event, so I apologize for the quickness. But thank you for granting me this privilege.

With consideration for my colleagues from Maryland, we may

have a bit of a different view on how this could roll out.

And I would like to say welcome to Mr. Mathews, who we served together when I was over in Transportation and Infrastructure on

the House side, so it is nice to see you.

Just briefly, in the revised plan, there is a plan, if consolidation occurs downtown—and Mr. Haley, you refer to this in your remarks—the CJIS Center in Clarksburg, where I just was on Friday, would have several hundred jobs moving into West Virginia. That would be an important development for me, obviously, as that facility continues to grow, become more professional, more highly technological, and we would welcome that prospect of having those employees move out into West Virginia, as many have moved there before and have realized the wild and wonderful life is a pretty

good one out in West Virginia.

So, with that, thank you very much, Mr. Chairman. I know this has been a winding road, and I join with what Senator Carper was saying, we need to hear the facts, and I think those will bear out today. Thank you so much.

Thank you.

Senator Barrasso. Thank you, Senator Capito.

Senator Cardin.

OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, U.S. SENATOR FROM THE STATE OF MARYLAND

Senator Cardin. Thank you, Mr. Chairman.

Senator Capito, let me just say I don't think we are going to have a disagreement here. We want the FBI to consolidate in its most efficient ways, and we understand that some of the functions may be better performed in other locations, so I am not sure we will

have any disagreement on that particular point.

Senator Barrasso, I really want to thank you. The U.S. Senate delegates to this Committee the responsibility for authorization and oversight of public buildings, and Chairman Barrasso has taken this responsibility at a very high level, which I think is very important for our Committee. So I just want to thank our Chairman for paying great attention to this and giving us an opportunity to better understand why the original prospectus was terminated abruptly and now we have before us a totally different recommendation. I thank the Chairman very much for this opportunity.

Mr. Chairman, we are just puzzled. We are puzzled. We have gone through 12 years where the FBI, GSA, intelligence community have all said that the FBI needs a facility to not only meet its current needs, but to meet its needs in the future, and that requires a facility that can handle the personnel and the security needs that is estimated to be between 45 to 55 acres. That has been consistent in the report of 2011, in Kevin Perkins' testimony before the House of Representatives on March 6th, 2013, and Mr. Haley's testimony

before us on March 1st of 2016.

It is hard to understand how that is going to be met on a 6.6-acre site with 2.6 million square feet. It is hard to understand how that is going to meet the security needs as determined by the De-

partment of Homeland Security.

Consistently there has been the issue raised about the security. The J. Edgar Hoover Building does not meet interagency security committee standards for an intelligence committee graded building. That is from testimony of Mr. Haley in August 2017. The report from the FBI in August 2011 points out that the Department of Homeland Security has determined that the FBI headquarters should be housed in an ISC Level 5 facility.

It then goes on to say why. The report from the GSA points out the reasons why this level of security is needed, and I would just like to put that into the record. "Perimeter protection and standoff distances are the most effective means of preventing or limiting damage from a bomb attack. There is no practical way to adequately secure and protect the J. Edgar Hoover Building. The real

risk for inadequate physical security is that the FBI operations are more vulnerable and could easily be disrupted, potentially at a time when these capabilities would be most needed."

Now, all of a sudden, we are changing the direction here. It is

very difficult for us to understand that.

The Chairman and the Ranking Member asked for detailed information about the plans. We got this glitzy 22-page, more photographs than details, about the proposal. And when you take a look at the cost comparisons, many of the costs are not even included in this. For a 20 percent smaller building, you don't include the swing rental issues or building out the new rental spaces.

So, Mr. Chairman, it is difficult for us to understand this. Mayor Bowser has said that she believes that the best use of this space for the people of the District of Columbia is for it to be in private development hands, so we are not even paying attention to the

local community.

So, there are a lot of questions here. I appreciate our witnesses

being here.

I would just make one last comment. I know the urgency of this. The FBI desperately needs new facilities. But it has been the agencies that have delayed this for 12 years. Twelve years. Hundreds of millions of dollars wasted. And now we find out about this information through press accounts. We still don't have adequate information in order to move forward.

We certainly have not delayed this, and to the men and women who work at the FBI, for the people of this Nation who depend upon their work, this has been just a major mishandling by the agencies for them to have adequate facilities to carry out their responsibility.

Senator BARRASSO. Thank you.

Senator Van Hollen.

OPENING STATEMENT OF HON. CHRIS VAN HOLLEN, U.S. SENATOR FROM THE STATE OF MARYLAND

Senator VAN HOLLEN. Thank you, Mr. Chairman. I want to also thank you and the Committee for taking this issue with the seriousness it deserves. This is a textbook example of how the Federal Government should not operate over a period of time. It is an example that people will use for decades to come about how the Federal Government misled people from start to finish, failed to provide information to the Congress when requested, and constantly changed its assessment of what was required for the FBI.

People who were bidding on this project invested lots of money, Mr. Chairman, in proposals, only to see whiplash when the FBI totally changed its testimony and the GSA totally changed its posi-

tion on this.

There are GAO reports from years ago analyzing all the options, including the option that you are proposing here today, to demolish the current building and rebuild. There have been hearings in the House and Senate on this issue for years, and the testimony is all there on the record. I am looking forward, Mr. Chairman, to having a conversation and question for these witnesses, because representatives from the GSA and FBI have made statements repeatedly on the record that are totally at odds with the position that these

agencies are taking today, and that is something that does not give the public any confidence in how their Federal Government is oper-

ating.

So, I hope, Mr. Chairman, we can get to the bottom of all this. All of us want an FBI building that allows them to complete their mission and ensures their security, and is at the best cost for the taxpayer, and I am hopeful that we will arrive at a sensible solution.

I appreciate your holding this hearing.

Senator Barrasso. Thank you, Senator Van Hollen. We will now hear from our witnesses. We have with us Mr. Dan Mathews, who is the Commissioner of the General Services Administration Public Building Service, and Mr. Richard Haley, who is the Assistant Director and Chief Financial Officer for the Federal Bureau of Investigation Finance Division.

I would like to remind you both that your full written testimony will be made part of the official hearing today, so please try to keep your statements to 5 minutes so that we may have time for ques-

tions. I look forward to your testimony.

And we would ask you to please begin, Mr. Mathews.

STATEMENT OF DAN MATHEWS. COMMISSIONER, GSA PUBLIC BUILDING SERVICE

Mr. MATHEWS. Good morning, Chairman Barrasso, Ranking Member Carper, and members of the Committee. Thank you for the

opportunity to be here.

The purpose of my testimony today is to explain why the previous procurement failed, how the recommendation changed from a suburban campus to a new facility on the current site, and why this is the preferred solution for meeting the FBI's mission require-

Please let me be clear. This proposal does consolidate the FBI headquarters. It reduces its real estate footprint significantly and

meets its mission requirements.

Since my arrival at GSA in August, Mr. Haley and I have met on a regular basis with our teams to develop this proposal. Although I did not work at GSA at the time, I do think it is important to explain why the previous procurement was canceled in July.

While the lack of appropriations was a significant factor, and I think that is where most of the discussion has taken place, it is not the only reason. The incorporation of an exchange greatly com-

plicated and increased the risk of that procurement.

Under the contract, the Federal Government was obligated to turn over the existing facility as partial compensation for the new campus. However, without full funding of the appropriated portion of the project, meaning the delta between the estimated value of the Hoover Building and the actual cost of the facility, that new facility could not have been completed. The FBI would have been unable to move, to relocate out of the Hoover Building, and the current site could not have been turned over in accordance with the

The legal and operational risks were simply too great with that type of a structure of the procurement to proceed without full funding in hand.

Although the procurement was terminated, as you all have mentioned, the need and urgency for a new headquarters does continue. Each year delay increases the project costs by about \$84 million by a combination of construction escalation and temporary investments that we need to make in the facility.

When GSA and the FBI project team regrouped in August, we removed the exchange from the project and considered all options for bridging that gap between the project costs and the available funding. The first step in that process was the FBI reassessing the scope and mission requirements of the headquarters in an effort to lower costs. From a real estate perspective, which is what I am really going to be talking about today, the most important change the FBI made was in reducing their personnel requirement for this facility from 10,600 to 8,300.

We applied this smaller requirement to a campus construction scenario, and the total cost savings were less than one would typically expect. This is because the larger campus infrastructure costs are essentially the same for housing 10,600 people as they are for

housing 8,300 people.

This led to the consideration of smaller sites in an effort to reduce land acquisition, perimeter security, and other campus specific costs. Most significantly, the reduction in the personnel requirement made the current Pennsylvania Avenue site a viable op-

tion for housing the consolidated headquarters function.

Again, from a real estate perspective, there are several distinct advantages of the current site over other potential locations. First of all, the current site is federally owned and under GSA's custody and control; demolition costs are considerably less than site acquisition, preparation, and relocation costs; a central utility plant, a new truck inspection facility, because there is an existing one, would not be needed; the classified communications, cabling, and major utility fees that are necessary to serve a facility like this already exist and are in place; the site is served by several Metro lines and existing road networks, eliminating the need for expensive parking garages and transportation infrastructure; and the current site is located in the center of the FBI's key mission partners and departmental headquarters across the street.

GSA and the FBI considered three options for reusing the Hoover site: a phased renovation, a renovation of a fully vacant facility,

and a demolition and rebuild at the current site.

A phased renovation we determined would take almost 15 years and cost more money and deliver a less successful product than demolishing and rebuilding the new structure. New construction allows us to build a facility that can house 8,300 people instead of a smaller number in a renovated facility. In addition, new construction can mitigate security threats more effectively with tailored designs, newer materials, and current construction techniques.

In short, demolishing the current building and replacing it with a new building enables GSA to deliver a more secure and efficient headquarters faster, cheaper, and with less risk than a renovation.

As directed by the Committee, GSA and the FBI considered a variety of funding options, including lease construction, lease with a purchase option, a ground lease lease back arrangement, phased appropriations, and full funding appropriations, which, ultimately, we recommended.

While alternatives were discussed at length, the Bipartisan Budget Act of 2018 provides a unique opportunity to secure appropriations for a new headquarters. That opportunity didn't exist a year ago, and I don't know if it will exist 2 years from now, but it does exist today.

it does exist today.
In conclusion, the proposal achieves a strategic consolidation of the FBI headquarters, reduces its footprint, and provides a good value for the taxpayer.

value for the taxpayer.

Thank you, and I look forward to answering your questions.

[The prepared statement of Mr. Mathews follows:]



Dan Mathews Commissioner, GSA Public Building Services

Daniel Mathews was sworn in as Commissioner of the U.S. General Services Administration's (GSA) Public Buildings Service (PBS) on Thursday, August 3, 2017.

As PBS Commissioner, he manages the nationwide asset management, design, construction, leasing, building management and disposal of approximately 371 million square feet of government-owned and leased space across

the United States and six territories.

Prior to joining GSA, Mathews served as the Republican Staff Director of the House Transportation and Infrastructure Committee's Subcommittee on Economic Development, Public Buildings, and Emergency Management. This committee has jurisdiction over federal buildings and courthouses, the General Services Administration, the Smithsonian, the Kennedy Center, the National Gallery of Art, and numerous other federal facilities.

Prior to serving on the Transportation and Infrastructure Committee, Mathews worked for the House Rules Committee and several California Members of Congress.

Mathews holds a bachelor's in government and philosophy from Georgetown University.

STATEMENT OF MR. DANIEL MATHEWS

COMMISSIONER PUBLIC BUILDINGS SERVICE U.S. GENERAL SERVICES ADMINISTRATION

BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

February 28, 2018

Good morning Chairman Barrasso, Ranking Member Carper, and Members of the Committee. My name is Daniel Mathews, and I am the Public Buildings Service Commissioner of the U.S. General Services Administration (GSA). Thank you for the opportunity to discuss our joint proposal to replace the headquarters facility for the Federal Bureau of Investigation (FBI).

The purpose of this testimony is to help explain why the previous procurement was cancelled, how the Administration's recommendation changed from a suburban campus to a new facility on the current site, and why this is the preferred solution for meeting the FBI's current mission requirements. While I will discuss the real estate implications of the change in the FBI's requirements, my testimony is not intended to explain why the FBI modified its requirements.

I also want to be clear; this proposal consolidates the FBI's headquarters requirement and reduces its real estate footprint significantly. Currently the J. Edgar Hoover (JEH) building houses approximately 5,600 people. Our proposal will increase that number by almost 50 percent and consolidate a total of 8,300 people into the headquarters. Under this proposal the FBI will improve its utilization rate and occupy approximately 25 percent less space than its current footprint.

On August 2nd of last year, GSA and the FBI committed to provide the Members of this Committee a plan for delivering a new consolidated headquarters that meets the FBI's long-term space requirements, as well as a plan for funding the facility. The following day, I was sworn in as Commissioner of the Public Buildings Service.

Since my arrival, Mr. Haley and I have met on a regular, ongoing basis with our teams to fulfill this requirement. I want to acknowledge the positive and productive relationship we have had with the FBI these past six months. Without this partnership we would not have been able to provide this Committee a joint plan that addresses the key challenges faced in the original procurement, reduces the Federal footprint, consolidates 2,700 additional employees into the facility, and provides a good value for the taxpayer.

In order to understand the evolution of this project, I believe it is important to more fully explain why the previous procurement was cancelled in July of 2017. Although I did not work at GSA at the time, I have been briefed on the subject.

While most public attention has focused on the lack of appropriations as the cause of the cancellation, the exchange component of the previous procurement was also a major contributing factor. The incorporation of an exchange of the existing site into the contract greatly complicated and increased the risk of the procurement. Under the contract, the Federal government was obligated to turn over the existing facility as partial compensation for the new campus. This could not physically take place until the new campus was completed and the FBI had moved into the new location. However, without full funding of the appropriated portion of the project, (i.e. the difference between the total project cost and the agreed upon value of the JEH site) uncertainties regarding when the remaining appropriations would be provided increased risks to bidders and created both upward pressure on their bid prices as well as downward pressure on their estimates of value for the current site.

Moreover, without full appropriations, it could not be known when the new facility would be completed, the FBI would relocate, and the current site would be turned over in accordance with the contract. Thus, the exchange value of the site, as presented in bids, was severely reduced as a result of the procurement structure and the exchange was no longer a prudent financial decision for the taxpayer. As a result, the financial, legal, and operational risks were simply too great to proceed without full funding for such a contract, and GSA decided, in consultation with the FBI, to cancel the procurement.

Although the procurement was terminated, the need and urgency for a new headquarters continues to grow. Major mechanical and infrastructure systems in the current building have exceeded their useful lifespan. Plumbing failures occur on a regular basis, internal and external concrete structures have deteriorated, and other system issues are common. In addition, each year of inaction and delay increases project costs by an estimated \$84 million in short-term repairs and construction cost escalation.

When the project team of GSA and FBI staff regrouped in August, we decided to remove the exchange from the project and to consider all options for bridging the gap between the project costs and the available funding. This meant the FBI would reassess the scope and mission requirements of the headquarters in an effort to lower costs, and GSA would explore alternative methods for financing the project. In addition, the project would need to be executable and deliverable in the near term. This is important because of the costs of delay described above and the risk a significant building failure could occur and require large repair costs or an unplanned relocation from the facility.

The first step in this process was for the FBI to reevaluate its mission requirements and look for opportunities to reduce the scope of the project. From a real estate perspective, the most significant program change to come out of the FBI's review was a reduction in the Washington-based headquarters personnel from 10,600 to 8,300. While there are important operational and resiliency reasons for this strategic consolidation, the real estate implications are also significant. This reduced population can be housed in less office space and therefore requires fewer construction dollars to deliver the office space component of the project.

Initially, GSA and the FBI applied this smaller requirement to a campus construction scenario. While the office building portion of the project was reduced, the overall project cost changed to a lesser degree because the campus infrastructure elements largely remain the same in size and cost regardless of the amount of office space they support. For example, the land costs, perimeter security, guard posts, separate truck inspection facility, separate visitors entrance, central utility plant, access roads, and other campus infrastructure costs are essentially the same for a campus housing 10,600 or 8,300 people. This limited impact on the overall project costs led to the consideration of other, smaller sites in an effort to reduce land acquisition, perimeter security, and other campus specific costs. Most significantly, the reduction in the personnel requirement, coupled with a willingness of the FBI to reconsider certain campus elements, made the current Pennsylvania Avenue location a viable option for housing the consolidated headquarters function. In other words, 10,600 people forced a larger suburban site while 8,300 people can be housed at the current site.

The FBI and GSA began to review and seriously consider the possibility of staying at the current location. From a real estate perspective, there are several distinct advantages of the current site over other potential locations. These include the following:

- The site is Federally-owned and under GSA's custody and control.
- Demolition costs were assessed as part of the previous procurement and are considerably less than other site acquisition, preparation, and/or relocation costs.
- · A separate central utility plant would be unnecessary.
- A new truck inspection facility would not be required as the current facility would meet FBI's needs.
- The site is served by several metro lines and existing road and bus networks, eliminating the need for substantive improvements to the transportation infrastructure.
- A separate vehicle parking garage for thousands of vehicles would be unnecessary.
- Classified communications cabling necessary to serve the facility already exist.
- Major utility feeds are already in place to the site.

- The FBI's departmental headquarters is across the street at the Department of Justice headquarters building.
- The site is located in the geographical center of the FBI's key mission partners.

As part of its evaluation of the current site, the FBI and GSA considered three options: a phased renovation of the existing building, a renovation of a fully vacant facility, and a demolition of the current facility and construction of a new building on the site. A four phase renovation of the building is estimated to cost \$3.8 billion, require 15 years to occupancy, and only house 7,750 people. A demolition-rebuild is estimated to cost \$3.3 billion, require 6 years to occupancy, and house 8,300 people.

A renovation of the existing facility also introduces new inadequacies and risks to the project. Compliance with current construction and security standards will be difficult to achieve and the utilization rate of the renovated facility will be worse by approximately 18 percent. A renovation will not allow the FBI to consolidate all 8,300 employees into one facility, requiring additional lease procurement and related costs. In a phased renovation scenario, additional costs will be incurred from delays, re-competing each phase, as well as remobilization. As we have seen in recent history, the uncertainty of Federal appropriations for large phased construction projects often leads to schedule delays, cost escalations, and Federal agencies receiving a facility that does not meet their housing needs and mission requirements. GSA has experienced these risks at the Department of Homeland Security's St. Elizabeth's Headquarters consolidation in Washington, D.C. and the Department of Health and Human Services - Food and Drug Administration's campus in White Oak, Maryland.

New construction has several other advantages over a renovation besides cost and speed of delivery. For example, a new facility will have a much more efficient floor plan than a renovation and house more people in less space. Specifically, a new facility will achieve a 182 usable square foot per person utilization rate as opposed to a 220 usable square foot per person utilization rate in a renovated facility. In addition, new construction can mitigate security threats more effectively with tailored designs, newer materials, and current construction techniques than is possible with the constraints of retrofitting an outdated building. Modern features and materials will be incorporated into the new construction. The FBI and I are available to discuss any security and countermeasure concerns the Members of this Committee may have in a private setting.

In short, demolishing the current building and replacing it with a newly-constructed facility enables GSA to deliver a more secure and efficient FBI Headquarters faster, cheaper, and with less risk than a renovation. From a real estate perspective, this is the preferred alternative for reusing the Pennsylvania Avenue location.

The joint report submitted to the Committee presents several different funding mechanisms and acquisition strategies to deliver a new FBI Headquarters on the JEH site. As directed by the Committee, GSA and the FBI considered a variety of funding mechanisms including lease construction, lease with a purchase option, a ground lease leaseback arrangement, phased appropriations, and a full funding appropriations approach.

The traditional and preferred approach is Federal construction. Under this scenario, Congress would appropriate approximately \$2.175 billion and authorize construction in a single phase. While alternatives were discussed at length, the Bipartisan Budget Act of 2018 provides a unique opportunity to secure appropriations for a new FBI Headquarters.

The Administration's proposal is for the funding to be provided through the Commerce, Justice, Science Appropriations subcommittees. We have chosen this funding strategy in order to maximize the funding available to the Financial Services and General Government subcommittees for other Federal construction needs. Specifically, the additional funding will be used to fund design and construction of: courthouses in Harrisburg, Pennsylvania, Huntsville, Alabama, Fort Lauderdale, Florida, and Chattanooga, Tennessee; land ports of entry in Alexandria Bay, New York, Otay Mesa, California, San Luis I, Arizona, and Calexico West, California, and twelve additional land ports of entry along the northern and southern borders; the construction of additional buildings and infrastructure at St. Elizabeth's for the consolidated headquarters for the Department of Homeland Security in Washington, D.C.; and an FBI field office in St. Louis, Missouri; with the balance of funds going toward maintaining the current Federal inventory and addressing years of deferred maintenance.

While the decision to demolish the current JEH building and construct a new FBI Headquarters on the site is different than the approach of the previous procurement, the Administration believes there are numerous advantages to re-utilizing this Federally-owned site. The FBI will be able to rectify glaring infrastructure and facility needs and deliver the project approximately \$500 million cheaper than the original procurement, all while remaining near its established mission partners. The JEH site is already connected to secured intelligence data feeds, utilities, and benefits from the robust existing transportation network afforded by the Pennsylvania Avenue location. The proposed campus sites would have necessitated costly transportation and utility infrastructure spending by state and local governments to meet Federal requirements. The existing transportation network, with many points of access for FBI employees, will reduce spending by decreasing thousands of parking spaces to hundreds, resulting in a cost reduction of more than \$100 million.

GSA understands that there may be differences in opinion surrounding the site selection and acquisition strategy for a new FBI Headquarters, but what we can all agree on is that the JEH building is not meeting the mission and housing requirements of the FBI and delivering a headquarters that will meet those needs is critical.

In closing, GSA is committed to carrying out its mission of delivering the best value in real estate for the Federal government and the American taxpayer. The need for a modern headquarters remains a priority for all stakeholders. GSA will continue to work with Members of this Committee, the FBI, and others in both the Administration and Congress to meet this need.

I thank the Committee for the opportunity to testify today and look forward to answering your questions.

Senate Committee on Environment and Public Works "Oversight: FBI Headquarters Consolidation Project." February 28, 2018 Questions for the Record for Commissioner Dan Mathews, GSA

Chairman Barrasso:

- 1. Last July, news of GSA's decision to cancel its procurement process first broke through various media outlets the day before the agency gave any official notice to Congressional staff. Likewise, GSA's new plan to keep FBI Headquarters at its current location found its way to reporters two whole weeks before Congress was notified. This is an unacceptable pattern of practice that undermines this Committee's oversight authority. What can GSA do to remedy this issue moving forward?
 - The release of this information was not initiated or condoned by the U.S. General Services Administration (GSA). GSA will continue to stress with all Executive Branch employees the need to manage project-related information appropriately.
- 2. GSA is requesting \$2.175 billion in additional appropriated funds for this project. This is the largest request throughout the course of this project. Does GSA expect all of this money to be appropriated at the start of the project? If so, what does GSA plan to do if Congress is unable to provide full funding at the start of the project?
 - GSA and U.S. Department of Justice Federal Bureau of Investigation (FBI) are requesting all the funds needed for the construction of the new facility prior to the award of this contract. The need for FBI to have a modern, secure headquarters will remain should funding not be provided.
- 3. This project has been ongoing since 2004, and it has been seven years since this Committee authorized GSA to act. Since that time, GSA has spent \$20 million in taxpayer money on ideas and plans. It now appears these concepts have been scrapped. Will the taxpayer get any return for the \$20 million spent to date?
 - GSA and FBI will complete the required due diligence associated with this project by utilizing as much of the prior work as possible. GSA and FBI anticipate that the requirements and procurement documents for the new facility will use a substantial portion of the Program of Requirements developed to date, as well as portions of the previous Draft Environmental Impact Statement and Request for Proposals.
- 4. How is this revised plan an improvement over the flawed proposals previously brought before this Committee?
 - The proposed plan allows FBI to consolidate 8,300 personnel on a Government-owned site, with the necessary transportation and utility infrastructure already present, that allows FBI to carry-out its critical law enforcement and national security missions. The

proposed procurement approach eliminates the uncertainties created by the previously proposed exchange construct, and provides for the faster delivery of this much needed facility.

Senator Cardin:

5. Both the GSA and the FBI have consistently told Congress that the FBI must have a fully consolidated headquarters on a campus with ISC Level V security but the JEH site can provide neither full consolidation nor ISV Level V security. How did the "requirements" change so suddenly? Why have you changed the notion of consolidation?

Following the cancellation of the previous procurement last summer in July 2017, GSA and FBI worked together to reduce project costs, review alternative project sites and evaluate a variety of different acquisition strategies. This effort resulted in FBI modifying its Program of Requirements which, in turn, allowed for reutilization of the J. Edgar Hoover (JEH) site. The challenges and cost of constructing a new facility while FBI personnel remained at this site led to the recommendation to demolish and replace the facility with a new headquarters. GSA and FBI believe this recommendation will provide FBI the headquarters it needs to accomplish its critical law enforcement and national security missions.

6. GSA and FBI were consistent in their position that building a replacement FBI headquarters on the site of the current JEH building was not an option because it could not achieve ISC Level V security. Have the FBI's security needs changed? Has the threat level decreased?

Questions regarding the FBI's security needs should be referred to the FBI. GSA and FBI are confident that the current plan to construct a replacement headquarters facility on the current JEH site will meet all of FBI's security needs.

7. Who in the Executive Branch was involved in the July, 2017 decision to cancel the original procurement? Were there any conversations with anyone from the Executive Office of the President? Is so, please state with whom, when and the reason for the conversation.

GSA, in consultation with FBI, made the decision and subsequently notified the Office of Management and Budget (OMB).

8. Who in the Executive Branch was involved in the development of the plan which was submitted to the Environment and Public Works Committee on February 12, 2018? Were there any conversations with anyone from the Executive Office of the President? Is so, please state with whom, when and the reason for the conversation.

GSA, FBI, and OMB developed the plan submitted to the Environment and Public Works Committee on February 12, 2018. Briefings were made to appropriate White House officials.

- 9. According to GSA's site selection guide, site selections are made by balancing the initial cost of the real estate with the goals of the organization, the functioning of the organization, the overall cost of executing the project, security impacts to the organization, the cost of operating the facility, the benefit to the local community and the environment. Where is the analysis of the JEH site? Can you provide the Committee with a copy of that analysis?
 - As the selected site is already owned by the Government and controlled by GSA, GSA did not undertake a formal site selection analysis when developing the February 12, 2018 plan. Many of the items presented in the Question 9 are addressed in the February plan.
- 10. How many of the 2,300 people whose jobs are being planned to relocate are expected to move to keep their jobs? Where do those 2,300 employees currently live (by State)?
 - GSA respectfully requests this question be directed to FBI.
- 11. What percentage of the 2,300 employees whose jobs are being planned to relocate will be offered Relocation Incentives? Has the Uniform Relocation Assistance Act been applied to the estimated cost to relocate employees to other parts of the country?
 - GSA respectfully requests this question be directed to FBI.
- 12. How will the procurement for the design and construction be run? Will one company do both?
 - GSA has not finalized the selected design and construction strategy. A design/build solution, where a single firm would design and construct the new facility, is an option.
- 13. Will GSA use the P-100 guide for federal construction? Does the FBI have a design guide, and if so, have the features of the guide been incorporated into the overall cost estimating for the new facility?
 - Yes, GSA will use its "Facilities Standards for the Public Buildings Service" (GSA P-100) for this project. GSA is not aware of a similar FBI document.
- 14. Are you aware of any discussions about or with potential developers? How will you ensure competition? Were there any conversations with anyone from the Executive Office of the President? Is so, please state with whom, when and the reason for the conversation.
 - GSA has had no such discussions with potential developers. As with similar GSA procurements, GSA will comply with all applicable notice and competition requirements, and otherwise ensure that all interested firms wishing to participate in this project have the opportunity to do so. Providing full funding for the project, thereby reducing the uncertainties surrounding this effort, will assist GSA in maximizing competition.

15. How much money will it cost to expand existing facilities in Alabama to accommodate the relocation of staff? How will these costs be financed and what Congressional approval will be needed?

The facilities in question are not in GSA's custody or control nor is GSA performing the work for the FBI; therefore, GSA respectfully requests this question be directed to FBI.

16. How much money will it cost to expand existing facilities in West Virginia to accommodate the relocation of staff? How will these costs be financed and what Congressional approval will be needed?

The facilities in question are not in GSA's custody or control nor is GSA performing the work for the FBI; therefore, GSA respectfully requests this question be directed to FBI.

17. How much money will it cost to expand existing facilities in Idaho to accommodate the relocation of staff? How will these costs be financed and what Congressional approval will be needed?

The facilities in question are not in GSA's custody or control nor is GSA performing the work for the FBI; therefore, GSA respectfully requests this question be directed to FBI.

18. Will there be a separate request for funds to demolish JEH? How much money will it cost to demolish JEH? How will these costs be financed and what Congressional approval will be needed?

No, the appropriation request associated with the February 12, 2018 plan includes the funds necessary to demolish JEH. The cost estimate for the demolition of the JEH building is approximately \$40 million. GSA and the FBI are working together to draft a new prospectus for the project that will be transmitted to the Committee later this year for review and consideration.

19. The February 12th report says that the JEH rebuild is less expensive because it will cost \$2.175 billion to house 8,300 staff while the original consolidation plan would cost \$2.4 billion for 10,606 staff but the accurate comparison can only be found by looking at the same number of staff in both scenarios. So if the JEH rebuild costs \$2.175 billion for 8,300 staff don't you need to subtract 20% of the staff count and 20% of the costs from the original plan? And wouldn't doing so brings that number down closer to \$1.6 billion? So isn't the real comparison is \$1.6 billion to build a building for 8,300 staff under the original campus-style plan and \$2.175 to build a new building for 8,300 staff on the current Pennsylvania Avenue site?

The \$2.175 billion figure referenced in the question does not correspond to a project cost, rather it represents a total shortfall in appropriations as noted in the Funding Gap Analysis on Page 11 of the FBI Revised Nationally-Focused Consolidation Plan.

The original plan envisioned a facility located in a suburban campus. A suburban campus requires certain elements, such as increased structured parking garages, perimeter security enhancements, a separate visitors center, and a truck screening facility, that are either not required at the Pennsylvania Avenue site or already exist with respect to the JEH site. These program differences create a non-linear relationship by headcount and cost between the two scenarios.

20. The timeline on Page 10 claims occupancy in 2025 which seems extraordinarily optimistic for a demo-re-build scenario. Please provide details including the dates you anticipate to begin and conclude each of the following components: production of requirements for the swing space; production of the advertisement for swing space; publishing the advertisement for swing space; analyzing offers of swing space; securing Congressional authorizations and appropriations for swing space; signing leases for the swing space; fitting out the swing space; moving JEH employees into the swing space; the production of requirements for the HQ building; securing Congressional authorizations and appropriations for the JEH demolition; the EIS process on the JEH site; remediating the JEH site; demolishing JEH; designing the new building; advertising for developers; analyzing developers offers; securing Congressional authorizations and appropriations for construction of the new HQ; construction of the new building; fitting out the new building and moving employees into the new building.

The timeline provided on Page 10 was developed using informed preliminary market research, an understanding of the program, and professional expertise. The timeline is dependent on several factors beyond the control of GSA and FBI, particularly the authorization and funding of the project. The timing of such impacts many of the requested milestones.

21. What will the swing space for current HQ staff cost per year? How many leases will be required and for how long?

The estimated annual cost for swing space to house current headquarters staff is between \$35-\$40 million with the amount determined by the exact amount of square footage leased and the rental rate agreed to in any lease agreement. The cost may be able to be reduced by further leveraging the existing Government-controlled inventory in the Washington, DC metropolitan area. During the time FBI occupies its swing space, it will no longer be responsible for paying rent and Operations and Maintenance (O&M) costs at the JEH Building, which total approximately \$84 million annually. The expected swing space lease term is five years, and the number of leases is not known at this time.

22. What is the extra cost of hardening the new building to meet the FBI's security needs?

The estimated cost to design and construct the new headquarters, including the referenced hardening, is \$1.93 billion.

23. Is it correct that you will not start the process until the Environment and Public Works Committee and the Transportation and Infrastructure Committee have authorized the project?

GSA does not intend to award a contract prior to receiving prospectus approvals from GSA's House and Senate authorizing committees.

24. Is it correct that you will not award a bid until full funding for this project has been appropriated by Congress?

Yes.

25. How will the FBI's future space needs be addressed after 2025 when the new HQ is occupied? How is the FBI's post-2025 growth being factored into the design and construction of the new building?

GSA respectfully requests this question be directed to the FBI.

26. GSA's Site Selection Guide notes that the Public Buildings Cooperative Use Act and the Federal Urban Land Use Act require GSA to consider local planning efforts in the project development and site selection process. Did GSA involve the National Capital Planning Commission (NCPC) in the production of the plan for the redevelopment of the JEH site? Is GSA aware that in January, 2017 the NCPC published commercial redevelopment plans for the JEH site?

GSA has not yet discussed the current approach with NCPC. GSA is aware of the current Square Guidelines.

27. What conversations have taken place with the District of Columbia regarding the reuse of the JEH site? Did you seek the Mayor's input before recommending the rebuilding of the FBI HQ on the JEH site?

GSA has not had conversations with the Washington, D.C. government about reuse of JEH. GSA has not yet discussed the current approach with the Mayor's office.

Senator Van Hollen:

28. In the letter you sent, dated February 28, 2018, to the Chairman following the hearing (and copied myself and Ranking Member Carper), you clarified your response to my question, "Have you ever had any conversations or communications with the President or any senior White House staff about this FBI project?" In your clarification you stated that you:

Attended one meeting with a senior official at the White House where the primary topic of the meeting was the FBI headquarters project.

Attended one meeting with a senior official at the White House where the FBI headquarters project was discussed briefly as a matter incidental to the subject of the meeting.

Had several meetings with another senior White House official where the FBI headquarters was discussed, but only in the context of a broader discussion of Federal real property acquisition financing.

a. With respect to meetings referenced in the letter above, please provide detailed information on the date, location, participants, topic, summary and decisions made.

The above-referenced meetings occurred at the White House and the Eisenhower Executive Office Building, between November 2017 and January 2018. No decisions regarding the FBI Headquarters project were made at those meetings. Consistent with established executive branch practices, GSA is not authorized to disclose specific communications with senior White House officials.

b. With respect to each of those meetings, did any participant indicate the President's views on the FBI headquarters project? If so, what was the nature of those views?

Consistent with established executive branch practices, GSA is not authorized to disclose specific communications with senior White House officials.

c. Were there any other communications with any other senior staff at the White House or OMB? If so, please provide detailed information for each communication, including the date, location, participants, topic, summary, and decisions made.

Commissioner Mathews had no additional communications with the White House. There were several discussions with OMB officials regarding funding for the FBI headquarters.

d. With respect to any communications with senior staff at the White House or OMB detailed in the response to the prior question, did any participant indicate the President's views on the FBI headquarters project? If so, what was the nature of those views?

Consistent with established executive branch practices, GSA is not authorized to disclose specific communications with senior White House officials.

29. Please provide a fully transparent comparison of the differences in total cost of the new proposed headquarters versus the total estimated cost of building a headquarters based on the February 2016 Prospectus PNCR-FBI-NCR17 submitted to this Committee. This information should include (but is not limited to): cost of demolition of the existing Hoover building, rent for the swing space, cost of continuation of lease payments for

current non-Hoover building employees that have to be continued, and the cost per employee for each location.

Please reference the FBI Revised Nationally-Focused Consolidation Plan. The design and construction cost per employee in a suburban campus scenario with 10,606 employees is approximately \$250,000. In a rebuild scenario at the current JEH site with 8,300 employees, the design and construction cost per employee is approximately \$232,000. The Plan did not include the annual swing space rent.

GSA respectfully defers to FBI on its interim housing needs and costs.

a. On Page 11 of your proposal, you compare the cost to consolidate 11,000 employees into a campus setting and 8,300 employees into a Hoover Building rebuild. This is comparing apples and oranges. Did GSA and the FBI compare the cost of consolidating 8,300 employees in a Hoover rebuild to consolidating those 8,300 employees at a new location?

The previous plan to consolidate the FBI into a suburban campus was based on a different set of requirements than FBI currently has today. These include, among other things, a reduced headcount from 10,600 to 8,300 and FBI's interest in remaining in close proximity to DOJ.

- 30. On August 2, 2017 this Committee requested that GSA and FBI return to Congress in 120 days with a plan for the FBI headquarters with a deadline of November 30, 2017. On December 1, 2017 the Committee approved your request for a 60 day extension with a new deadline of January 29, 2018. This second deadline was missed and your revised proposal was submitted on February 12, 2018.
 - a. When did you start working on the revised proposal for the FBI headquarters?

August 2017.

b. Did any senior White House official or the President provide input or make recommendations to GSA or the FBI prior to submission to the White House or OMB for approval?

Briefings were made to appropriate White House officials. GSA did not submit the final proposal, or any drafts, to the White House.

c. If so, what were those recommendations?

Consistent with established executive branch practices, GSA is not authorized to disclose specific communications with senior White House officials.

d. When was the proposal sent to the White House and OMB for approval?

GSA sent several draft proposals to OMB, and at a certain point, the proposal became a collaborative effort between GSA, FBI, and OMB. GSA sent the proposal to officials at OMB for final review on February 10, 2018, prior to transmittal to Congress on February 12, 2018. As noted above, GSA did not submit the proposal, or any drafts, to the White House.

e. Did the President or any senior White House official request or make any changes to the proposal after you submitted it for approval?

As noted above, GSA did not submit the proposal, or any drafts, to the White House.

f. If so, what were those changes?

As noted above, GSA did not submit the proposal, or any drafts, to the White House.

31. Your proposal states that the, "Two-year budget cap deal provides a unique opportunity to secure appropriations for the FBI headquarters" and in your testimony you stated that the "final recommendation came forward at that same time (as the budget agreement.)" What was GSA and the FBI doing between August 2, 2017 and February 9, 2018 to respond to this committee's request?

Between August 2, 2017 and February 9, 2018, GSA and FBI were evaluating scope, locations, funding and procurement strategies and developing the submitted presentation.

32. Prior to passage of the budget deal in the early morning hours of February 9, 2018, what was the Administration's plan for funding the project?

GSA, FBI, and OMB evaluated a number of funding mechanisms for the project.

33. Putting the Hoover building transfer aside, the often stated reason for cancelling the original procurement was due to lack of funding. Now that potential funding is available as a result of the budget deal, did you consider reviving the framework of the original procurement minus the building swap?

The previous procurement framework was developed for an exchange. In removing the exchange, the previous framework is no longer viable.

34. During the House Oversight and Government Reform Committee hearing on February 14, 2018 you stated that the FBI's role is in defining their mission requirements. When were you notified of the FBI's revised mission requirements?

GSA was notified of the FBI's reduced headcount in fall 2017 and of the FBI's interest in remaining in its current location in November 2017.

35. After you were informed of the revised mission requirements for the FBI, did you consider any of the other surplus or excess facilities in the GSA portfolio and in the larger government wide portfolio in Washington, DC, Virginia, or Maryland as possible locations or facilities for the headquarters?

Remaining in close proximity to its mission partners has always been an integral part of FBI's housing requirements for its headquarters facility. The reduced size of FBI's program of requirements allowed for the effective re-utilization of the current JEH site. Re-utilization of JEH decreases site acquisition and development costs, precludes the need for local jurisdictions to fund costly off-site transportation improvements, and reduces the Government's costs to construct on-site parking for FBI personnel.

36. If nothing in the GSA inventory or the government-wide inventory met the mission requirements, did GSA review private inventory before deciding on new construction?

Given the highly specialized and unique nature of FBI's headquarters facility, and the strategic importance of FBI's mission, GSA focused on Federally-owned properties to meet FBI's long-term housing requirements for its headquarters facility.

37. What were the steps that you went through before deciding that rebuilding on the Hoover site was the best option?

Remaining in close proximity to its mission partners, at a location such as the existing JEH site, is an integral part of FBI's housing requirements. To that end, GSA analyzed both the upfront and lifecycle costs of renovating the existing JEH facility versus demolishing and rebuilding it. The demolition/rebuild option represents a better value for the taxpayer, and is less disruptive to FBI operations than a renovation.

- 38. I believe the safety and security of the men and women of the FBI is of utmost importance and I believe that a strong argument can be made that a campus like facility is more secure than the Hoover site in DC. I agree with the GSA Prospectus for Construction (PNCR-FBI-NCR17) that, "The building was designed at a time when FBI operated differently, and it cannot be redeveloped to provide the necessary space to consolidate the FBI Headquarters components or to meet the agency's physical security and current and projected operational requirements."
 - a. The 2016 Prospectus states that, "The new facility will be built to meet ISC Level V security specifications..." Is it possible to have the same level of security at the Hoover site that was intended for one of the three previously identified sites in MD or VA?

GSA has worked extensively with FBI regarding their facility and operational security requirements, and both agencies are confident that the JEH site can be reutilized in a way that satisfies all of those needs.

b. Is it possible to achieve ISC Facility Security Level (FSL) V standards for a new building at the Hoover site?

GSA has worked extensively with FBI regarding their facility and operational security requirements, and both agencies are confident that the JEH site can be reutilized in a way that satisfies all of those needs.

39. According to the Interagency Security Committee's document, *The Risk Management Process for Federal Facilities: An Interagency Security Committee Standard* published in November 2016, "Each FSL corresponds to a level of risk that related directly to a Level of Protection (LOP) and associated set of baseline security measures." A level V Facility Security Level has a very high level of risk and required a very high baseline level of protection. Has the GSA ever supported a plan for new construction of a building that is deemed to require an ISC Level V Level of Protection but was built to a lower level of protection?

GSA has worked extensively with FBI regarding their facility and operational security requirements, and both agencies are confident that the JEH site can be reutilized in a way that satisfies all of those needs.

40. According to the FBI, in 1995 when Timothy McVeigh detonated a bomb at the Alfred P. Murrah Federal Building in downtown Oklahoma City, "In a matter of seconds, the blast destroyed most of the nine-story concrete and granite building, and the surrounding area looked like a war zone. Dozens of cars were incinerated, and more than 300 nearby buildings were damaged or destroyed."

Knowing this information, and knowing that the FBI headquarters building requires Level V security standards, does the current location of the Hoover building pose any security or other risks to surrounding buildings and structures?

GSA has worked extensively with FBI regarding their facility and operational security requirements, and both agencies are confident that the JEH site can be reutilized in a way that satisfies all of those needs.

41. Has GSA or the FBI consulted with anyone representing Washington, DC Mayor Muriel Bowser or the City Council since the decision was made to cancel the original procurement and the issuance of your new proposal on February 12, 2018?

GSA and FBI met with DC officials on October 18, 2017, following the cancellation of the prior procurement. GSA has not yet discussed the new acquisition approach with the Mayor's office.

42. Has the GSA or FBI consulted with the National Capital Planning Commission (NCPC) or reviewed and considered the new square guidelines established by the NCPC for the land currently occupied by the Hoover building?

GSA and FBI have not yet consulted with NCPC regarding the current acquisition approach. GSA and FBI have reviewed and considered the current Square Guidelines for the Pennsylvania Avenue site.

43. Please clarify your answer to Ranking Member Carper's question, "When does the GSA anticipate transmitting a new prospectus?"

GSA is working with FBI to draft and transmit a prospectus to Congress later this year.

Senator Whitehouse:

44. Have there been any communications between FBI and GSA and any representative of the Trump Organization about this project? If so, will you disclose them to the Committee?

No, GSA is not aware of any such communications.

45. Can you assure the committee that this change in approach has nothing do to who the President is and the Trump Organization's ownership of a nearby hotel?

Yes

46. Who directed the cancellation of the Acquisition by Exchange process?

The GSA Contracting Officer made the final decision to cancel the acquisition.

47. Who decided to reconsider the demolish and rebuild strategy that was previously set aside by GSA as too expensive? How have the numbers changed to now make this not only a viable option, but the most cost effective option?

The last time a demolish and rebuild scenario on the JEH site was studied was in 2006, when the FBI headquarters requirement was projected to be 9,528 personnel in 2011. The demolish and rebuild scenario was not viable at that time due to the size of the site not being able to accommodate FBI's mission needs, not necessarily due to cost. Being able to move 2,300 HQ personnel to other Government-owned facilities now makes this proposed strategy viable.

48. Though the proposal from the FBI and GSA estimates the new demolish and rebuild plan will save around \$200 million from the previous suburban consolidation plan, the new plan does not appear to include estimated costs for relocating the 2,300 staff currently in the DC area that will no longer fit in the new building. How much will it cost to move

those people and renovate or build office space for their new assignments in Idaho, West Virginia, or Alabama? Will those costs be paid for by GSA or the FBI?

GSA respectfully requests this question be directed to the FBI.

49. What security upgrades can be made to the current Hoover Building's location that would compare to what could be possible in a suburban campus which has more room for fencing, security checkpoints, and other protective features?

The need for a secured facility that meets the Interagency Security Committee (ISC) Level V standard for the FBI Headquarters remains a priority and is not specific to any location. Due to the urban characteristics of the JEH site, the security strategy will differ from the suburban options included in the prior procurement. The differences include, but are not limited to, construction methodologies and positioning of sensitive operations. The JEH Building, as currently constructed, does not provide the security countermeasures required for an ISC Level V facility. However, these protections can be achieved at the current site with a new facility built with modern technology and appropriate mitigation measures. The ISC process will be utilized to identify and implement the countermeasures required to meet Level V requirements at the JEH Site.

Senator BARRASSO. Thank you, Mr. Mathews. Mr. Haley.

STATEMENT OF RICHARD L. HALEY II, ASSISTANT DIRECTOR, FBI FINANCE DIVISION

Mr. HALEY. Thank you, Chairman Barrasso, Ranking Member Carper. I appreciate the kind words to the men and women of the FBI, and I look forward to taking that message back.

Members of the Committee, thank you for inviting me to testify

before you today. I will be very short in my oral comments.

The last time I was here we discussed the decision to cancel the prior procurement and difficulties presented by the previous exchange proposed strategy and lack of available funding to move forward. The Building Commissioner has gone into that. GSA and FBI committed at the hearing to provide you with a comprehensive report on the best way forward for the FBI project. As you are aware, that report has been provided to the Committee, and we appreciate the opportunity to discuss it today.

During the past 6 months since we met before, we have reviewed all the funding options that have been available or that could be available and have taken a comprehensive approach on how best

to move forward with this project.

At the core of the review, and I can assure you, in terms of what the FBI's part in this review was to follow the criteria laid out by this Committee: one, to ensure that a way forward best meets the FBI's mission requirements and is in the best interest for the men and women of the FBI, and second, is a good deal for the American taxpayers, and we have not wavered from that commitment to look at those.

As reflected in the report, after looking at all the options, and going back for more than a decade reviewing the lessons learned and studying the core requirements for this project, we, the FBI, have, in conjunction with GSA, agreed that reutilizing the existing headquarters site has been identified as the best path forward. This recommendation has not been provided lightly and is the culmination of a number of factors, and we are aware of the potential frustrations based on that decade-plus of moving this forward have had with a number of individuals, including Senator Cardin, Senator Van Hollen.

First of all, in terms of us looking at it, I think most critical has been us relooking at and redefining what a mission focused, fully consolidated FBI headquarters requires. We strongly believe that a multi-headquarters set of sites across the country will enhance our resiliency and operational effectiveness. This is something that we have talked about to a number of other entities, not just in the Government, private sector. There are a number of private sector companies that are looking for resiliency through other headquarters at this time. That has been part of that learning process.

These other sites that we have identified have been part of our physical portfolio for many years. And while the way forward includes enhancing the use of these sites, these sites are not new to the FBI; we have had a presence in Huntsville, Alabama, since 1971, we have had the Pocatello site since 1984, and our presence, as noted by the Senator a few minutes ago, we have been in

Clarksburg since 1995. Those are all owned sites by the FBI that we are talking about increasing their presence for this resiliency and moving additional headquarters pieces out to those locations.

All of that said, the FBI still requires a strong National Capital consolidation. While we are not talking about the 10,600 positions coming in to the National Capital Region facility, we are still talking 8,300 positions. That is 3,000 more seats than we currently have available at the Hoover Building and over a 50 percent growth.

Second, and part of the piece that we really looked at hard within the FBI, is the day to day mission tempo. We have a unique relationship with the Department of Justice, which is across the street from us, as well as the hundreds of meetings that occur each day with other partners in oversight, including the Congress. This was a piece that had been looked at and not necessarily addressed in the previous plans in terms of not necessarily the director or executives like myself, but how do the men and women, the middle and lower parts of the organization that are all across town, how do they get back and forth in an effective way and get their job done. And this was a big part of what we have looked at for the

We also do not believe we are wavering on an aggressive security requirement improvements. We looked at what the status quo is now, and it is unacceptable, and we believe we are still maintaining an appropriate security posture. What we give up in space obviously needs to be made up for in thickness of concrete and other security ways of getting to those same type of assurances that we are meeting that requirement.

last 6 months.

I think one of the things that is not a physical or necessarily a quantitative part of what we have looked at, and this is a conversation that we have had internally, as well as with GSA, is the FBI's public facing presence. We are indeed a part of the IC community, but we are also part of the law enforcement community, and we are the premier national law enforcement agency, and we believe a public facing FBI is critical, and that has gone into this factor.

Our brethren in the IC, many of them have moved on to campuses not only for the security, but because they actually want to be out of site of the American public for much of what they do and the missions they have; whereas, we believe that is a strong tenet for us to have in terms of our presence on Pennsylvania Avenue.

In closing, what remains clear in this revised strategy is the need for a new facility that meets the mission requirements for the FBI. The current J. Edgar Hoover Building is an impediment to achieving operational effectiveness and continues to decay. As noted by the Building Commissioner, these delays are costing over \$80 million a year. Status quo is not acceptable. The building continues to deteriorate, and we estimate that it is going to cost about \$300 million just to maintain the building at this point for just basic operations.

Chairman Barrasso, Ranking Member Carper, Senator Cardin, Senator Van Hollen, I thank you for the opportunity to come back and testify on the new FBI headquarters project. We appreciate your interest and support, and I am happy to answer any questions you might have.

[The prepared statement of Mr. Haley follows:]



Richard Haley Assistant Director FBI Finance Division

Mr. Haley was appointed Assistant Director (AD)/Chief Financial Officer (CFO) of the FBI's Finance Division in February 2008 after serving as the Deputy AD/Deputy CFO for three years. He is responsible for the FBI's budget, procurement, and financial operations totaling over \$8 billion. Mr. Haley received the FBI Director's Award

for Excellence in Management in 2007 and a Distinguished Presidential Rank Award in 2008.

Prior to joining the FBI, Mr. Haley served as the Deputy Budget Director for the Department of Justice, where he was responsible for financial oversight of the Department's law enforcement and litigating components.

Mr. Haley also served as the Director of the Business Management Fund at the National Oceanic and Atmospheric Administration, U.S. Department of Commerce, where he oversaw the agency's Working Capital Fund. He began his government career as a budget examiner at the Department of Justice and the former Immigration and Naturalization Service.

Prior to his civilian government career, Mr. Haley served as an Intelligence Officer in the U.S. Military. He has earned his Masters Degree in Public Administration and undergraduate degree in Political Science and Economics.



Department of Justice

STATEMENT OF

RICHARD L. HALEY II ASSISTANT DIRECTOR FINANCE, FACILITIES AND REAL PROPERTY DIVISION FEDERAL BUREAU OF INVESTIGATION U.S. DEPARTMENT OF JUSTICE

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

FOR A HEARING CONCERNING

NEW PLAN FOR FBI HEADQUARTERS PROJECT

PRESENTED

FEBRUARY 28, 2018

Statement of Richard L. Haley II Assistant Director Finance, Facilities, and Real Property Division Federal Bureau of Investigation

Before the United States Senate Committee on Environment and Public Works

February 28, 2018

Good morning Chairman Barrasso, Ranking Member Carper, and members of the committee. Thank you for the opportunity to appear before you today to discuss the need for a new Federal Bureau of Investigation Headquarters building. I am pleased to appear before the committee with my colleague from the General Services Administration.

As the committee is aware, the FBI has occupied the J. Edgar Hoover (JEH) building since 1974. Since that time, the mission of the FBI has evolved, but the building itself has not kept pace. The building is falling apart as evidenced by crumbling facades and deteriorating infrastructure. This makes it difficult to address rapidly developing threats and collaborate across divisions and programs. Our nation continues to face a multitude of serious and evolving threats ranging from homegrown violent extremists to hostile foreign intelligence services and operatives, sophisticated cyber-based attacks to Internet-facilitated sexual exploitation of children, violent gangs and criminal organizations to public corruption, and corporate fraud. As an organization, we must be able to stay current with constantly changing technologies that make our jobs both easier and harder. Our adversaries-terrorists, foreign intelligence services, and criminals-take advantage of modern technology, including the internet and social media, to facilitate illegal activities, recruit followers, encourage terrorist attacks and other illicit actions, and to disperse information on building improvised explosive devices and other means to attack the U.S. Keeping pace with these threats is a significant challenge for the FBI. The scale of these threats and challenges are as complex now as at any time in our history, and the consequences of not responding to and countering threats and challenges have never been greater. Fighting the current threat, and preparing for the future wave of threats, requires cuttingedge technology and the foundation for intelligence to flow in and out of the FBI seamlessly. Simply put, the existing J. Edgar Hoover building is obsolete, inefficient, and faces a number of security vulnerabilities.

Aside from the operational shortfalls in the current facility, we also face infrastructure limitations. Because of the manner in which the building was constructed, retrofit efforts are costly, time-consuming, and extremely disruptive. In addition, key components of the building's infrastructure have reached the end of their useful life. Security also remains a crucial challenge. Adding modern protection for blast, chemical and biological radiation, RF shielding, intrusion detection and ballistic protection to the existing J. Edgar Hoover building will not meet

Interagency Security Committee standards. The building also lacks the resiliency necessary should a minor or catastrophic event occur.

That said, the FBI has worked closely with our colleagues at GSA over the past decade to design a solution that meets the needs of the Bureau, while recognizing the considerable challenges of funding such a large and complex project. While we were encouraged that the previous procurement process resulted in considerable interest by the private sector to help secure a new Headquarters facility, it had a shelf life and without full funding, FBI and GSA determined that continuing to move forward with this procurement would have put the government at risk for project cost escalations and resulted in a devaluation of the Hoover property. For these reasons, FBI and GSA jointly made the decision to cancel the prior procurement.

The new plan devised is the result of months of work between the FBI and GSA and recommends the demolition of the current J. Edgar Hoover building and the construction of a new building on the same site. Under this appoach, FBI employees would relocate to "swing space" while the existing facility is under construction. The report provided to this Committee shows that the team explored several acquisition strategies but determined, in light of the recent budget agreements, that Federal appropriations would be the optimal funding solution.

The FBI understands the increasing costs of federal office space, as it has more than 350 locations nationwide for its field and satellite offices (through GSA). However, the FBI has made concerted efforts to reduce space requirements by consolidating case files and evidence storage in centralized locations in lower cost areas and minimizing personal workspace and common areas. Also, the FBI is in the process of moving and consolidating its data centers from costly leased locations in downtown areas to owned facilities in locations that have significantly lower costs of power and infrastructure. The FBI is also uniting its improvised explosive device (IEDs) and weapons of mass destruction functions at Redstone Arsenal and is also relocating training and other functions that cannot be located at the FBI Academy in Quantico, Virginia due to space and capacity constraints. Moving forward, we anticipate that a new Headquarters would dramatically reduce the total square footage, and in coordination with the other FBI-owned facilities across the nation, consolidate or eliminate the need for multiple lease locations in the National Capital Region and save tens of millions in annual lease payments.

In line with this plan to maximize space availability at FBI-owned locations, reduce overall costs, and leverage operational efficiencies, the FBI will be moving more than 2,500 positions – both employees and contractors – to its owned facilities across the nation, including Clarksburg, West Virginia; Huntsville, Alabama; Pocatello, Idaho; and Quantico, Virginia. It is anticipated that several hundred positions could be shifted to FBI facilities in Clarksburg, West Virginia and Pocatello, Idaho, while the remainder would be realigned to Huntsville, Alabama. The FBI already has a substantial presence in each of these communities. The FBI first began operations in Pocatello in 1984 and Clarksburg in 1995. The FBI's presence at Redstone Arsenal

in Huntsville dates back to the establishment of the Hazardous Devices School in 1971. The FBI's long history at these locations suggests that the functions and staff realigned to those locations can be successful in performing mission operations.

In summary, the current J. Edgar Hoover building is an impediment to achieving the operational, organizational, and workforce flexibility required by today's FBI to perform its national security, criminal investigative, and criminal justice services missions and meet the expectations of the American public. To protect this nation from the rapidly developing and evolving threats we face today, the FBI needs an environment to support the highly trained, skilled workforce. A new building will provide a more suitable support system where employees can collaborate across divisions and programs to fashion solutions that mitigate today's threats. Our goal is to have built a consolidated, secure, resilient Intelligence Community-worthy facility. More importantly, relocating to a facility capable of meeting the increased demands of the nation's premier intelligence and law enforcement organization will enhance the goals of the FBI. This building will address the way we will work for the next 50 or more years. In doing so, we are building the security and safety of this nation by creating an environment where the men and women of the FBI can use their significant skills and abilities to live up to the sacred trust placed in us by the American people: to protect them from harm and uphold the Constitution of the United States.

The need for a facility that meets the mission requirements of the FBI has not abated. This new path will provide the FBI with that facility. On behalf of the current and future FBI workforces that will occupy the new facility, I ask for your support. Chairman Barrasso, Ranking Member Carper, and committee members, I thank you for this opportunity to testify on the new FBI Headquarters project. We appreciate your interest and support. I am happy to answer any questions you might have.

Senator Barrasso. Well, thank you both very much for your tes-

timony. There are a couple of questions that we will have.

Starting with you, Mr. Mathews, the report submitted to this Committee indicates the revised plan costs roughly \$200 million less than the previous plan, but to me, the math doesn't all seem to add up. When you are considering the revised plan, it consolidates fewer employees into the Hoover location, it no longer includes a building exchange to offset the costs, it doesn't account for temporary employee relocation costs and rent space, and it asks for significantly more appropriations.

Could you kind of explain this a little bit as to why this is actu-

ally a better deal for taxpayers?

Mr. Mathews. Yes. I would be happy to answer the question about the costs. The first thing I would say, when you are comparing these costs to the previous project, I would say this Committee didn't have the full costs before, and in this report, this is really the first time you have seen the full costs of the previous project, the 10,600-person campus consolidation. You did not see those FBI fit out numbers.

In fact, those are normally kept separate from the project; you usually just see the GSA portion of the project. You are actually seeing all of it here, what we think this project will actually cost to deliver at the best of our ability to estimate those costs at this

point in time.

So, I would start off by saying the comparison, that is why we have it in that report, the left hand side of that column, those are the previous costs of the canceled procurement, and you did not see those before. That is new and we think it is important that you

have a full appreciation for what that project was costing.

You mentioned a number of things—swing space, for example—that this report here shows I believe it is \$427 million for the swing space costs. And what we are showing there are the additional costs to fit out space for the temporary location. Whether we swing them out or if they were sitting in place in the Hoover Building, there is considerable expenses to operate and maintain the Hoover Building.

Those are roughly equivalent to the rental of space cost for swing space, so we left those out because they are basically on both sides of the ledger, no matter what we are doing, and they cancel themselves out. The extra costs that we included were for building out the swing space so that they could occupy it. That would be above

and beyond sort of the normal operating costs.

Again, on reusing the current site, like I said in my testimony, there are some very specific advantages to reusing the current site. We are not building a 2.6 million square foot parking garage. We are not building a separate central utility plant, separate visitor center. In fact, when you look at the structure under the current proposal, we would be building almost 5 million gross square feet of facility. In this one we are building about 2.65 million gross square feet of facility.

The acquisition costs, actually constructing it, is about a third of the lifecycle costs of the facility. So actually having a significantly smaller facility, cost-wise, over time, the lifecycle cost of that facil-

ity is very much tied to how large that facility is.

Senator Barrasso. Thank you, Mr. Mathews. It is disturbing to all the members of the Committee here when you say they aren't costs the Committee has ever seen before. And I understand you weren't in this position at that point, but it is concerning all of us here, both sides of the aisle, when we hear that sort of thing, that we haven't been getting all the information that we, as a Committee and this Congress, have been requesting.

Mr. Haley, over the course of this project, which has spanned now more than a decade, the FBI has consistently indicated the need for a fully consolidated campus. FBI further requested that such a facility be equipped with certain specifications: a remote truck inspection facility, a detached visitor's center, a detached central utility plant. The revised plan, of course, contains none of

these requirements.

Has the FBI, in a sense, lessened its security requirements for this project, and if so, when and why did the requirements change?

Mr. HALEY. Thank you, sir. We do not believe we have lessened our requirements. I think the learning process that we have gone through, and again, I will reemphasize as we have been pursuing the process forward, we have spent a considerable amount of time talking to—myself, probably 35, 40 Fortune 500 companies. We have talked to intel community members not only here in the U.S., but also our partners overseas in terms of how best to get to all of the pieces you are talking about.

A campus provides many opportunities, and we know that from some of our brethren agencies. But we also think that we can get those same capabilities. We have a truck inspection facility, a remote truck inspection facility that is in Maryland today that we would, in this plan, continue to use. We believe that we can meet the requirements of the site, as the Building Commissioner has mentioned. You can't take the current Hoover Building, obviously,

and renovate it or do what would be needed.

We had not, honestly, looked at a new building on that site before. By looking at these other locations, which was really driven by the resiliency, the opportunities in these other locations to get an expanded talented work force, a diversified work force, by getting that number down into that 8,000 person range, we believe this site can still meet the requirements that we have been identifying throughout this project. And again, that public facing piece and that operational tempo were two of the critical pieces then that went into that.

Senator Barrasso. One last question before turning over to Sen-

ator Carper.

Under the revised plan, the FBI is going to be forced to move the entire Hoover headquarters operation to temporary swing space locations, and it seems like it is about for 5 years, at least the way I read this, if everything goes on scheduled time. Is the FBI concerned that this could hinder or compromise the ability to carry on its mission as an agency with all of this activity?

Mr. HALEY. Yes, sir. And I will be honest with you; that is the hardest piece of this whole thing, is how do you maintain that mission tempo in that period of time. And I will not tell you it is not going to be hard. We are looking at this as a 50-year project, so what happens in that 5 years, and that is one of the conversations

that we have had with GSA in terms of we can't take that lightly. How we are going to do that, those pieces that need to be close together, the mission, the operational pieces that have to go into that, that is some of the costs you are seeing in that swing space.

What we believe, though, in the longer picture, is that if we can do that right, put the pencils to paper and noodle that correctly, we will get a longer term better option for the FBI at this point.

Senator Barrasso. Senator Carper.

Senator CARPER. Thanks, Mr. Chairman.

And again, our witnesses, we are grateful to you for your testi-

mony and your responses to our questions.

Let me start, if I could, Mr. Mathews, with a question for you. So far, the GSA and FBI provided limited details on this new proposal. When can this Committee expect in-depth details on the proposal, not solely a 22-page PowerPoint presentation? When does the GSA anticipate transmitting a new prospectus?

Mr. MATHEWS. I don't have a firm date on when a new prospectus could come, but I believe the earliest we could probably

send one up would be later this spring or in the summer.

Senator CARPER. So later this spring could be May, June, or summer lasts until September.

Mr. Mathews. It would be closer to the August recess, June, early June for spring, July.

Senator CARPER. OK.

A question if I could, Mr. Haley, for you. This plan proposes to move staff into temporary swing space while the current Hoover building is demolished and rebuilt. There are, I understand, about 5,600 staff personnel who are located in the current facility. Is that correct?

Mr. HALEY. Yes, sir.

Senator Carper. As I understand, the proposal does not include payments for rental space for temporary swing space. Is that correct?

Mr. HALEY. It doesn't include the rent; it includes what would be required to fit out the swing space, so it is the cost of what that swing space would require in terms of us making that C-grid or top secret required space; it just doesn't include the rent payments. As the Building Commissioner mentioned, the rents that we are currently paying for the Hoover Building through GSA and some of those costs would be offset by what would be going to the temporary swing space.

Senator CARPER. Would it be a wash? Are you suggesting it would be a wash? Because it seems to me that the rental payments

could be actually extraordinary.

Mr. HALEY. We have some estimates on it. When we look at the two projects in total, and we can go through with yourself and your staffs the numbers, we believe in terms of what the project to maintain the downtown location, with all the swing spaces and all those other requirements, when you compare that total cost and things that you offset, where you are not going to have a parking garage, you are not going to have to run utilities and transportation requirements, we believe the costs are comparable. Again, one of our tenets to this was that it be a good deal to the American taxpayer, so we believe that the two costs, the previous plan and

this plan are similar in cost. There are ups and downs on both of them, but we would not coming here, honestly, if we thought this was significantly more expensive, even with the swing space and that requirement.

Senator Carper. We look forward to drilling down on that with you folks.

Mr. Haley. Yes, sir.

Senator Carper. A follow up question, if I could. Does temporary swing space exist that would meet the security requirements of the FBI? And would any new temporary swing space costs include necessary security upgrades? I think you mentioned that, but security upgrades that might need to be made to it?

Mr. HALEY. We have been having discussions already with GSA. In terms of the requirements, there are spaces that we are aware of that are either vacant or becoming vacant. There are intel community spaces that are in the region, so we are looking at all that. I can't tell you today exactly where that would be. All of them would probably require upgrades to security, and that goes into the costs that we have estimated. Our hope would be those costs that you are seeing in the report would come down, but those are kind of the high level watermarks and what we would expect.

Our space generally for the FBI is secret level, and then we have a portion of our operations that are obviously in SCIFs, top secret. So any space we would go into that would meet the mission requirement would have to be brought up to those security requirements as well as the bollards and barricades in that period of time.

Also, in that investment, the other conversation we have had with GSA is as we would vacate those back into the permanent building, that those potential sites would be able to be used for other tenants, so that we would not just be building that out for ourselves; others would be able to use that in the future.

Senator CARPER. OK, thanks.

One last question for Mr. Mathews, for you. In 2016 and in 2017 I sent four letters to GSA regarding its determination that the Trump Old Post Office is in compliance with the conflict of interest lease provisions for a Trump National Hotel. When GSA testified in front of this Committee in August I asked GSA to commit to responding to questions for information from any member of this Committee and was told that GSA would only respond to questions for information from our Chairman.

I know that my colleagues on both sides of the aisle found that to be an entirely unacceptable position. And as I noted in my opening statement a few minutes earlier today, GSA did eventually send me roughly 11,860 pages worth of documents, but as I noted in my opening statement, not a single one actually answers the question I asked, and GSA appears to be using legally questionable reasons for withholding and redacting materials.

So, I am going to ask the question that I asked in August again. Will you provide any member of this Committee the documents and answers that we ask for, whether it relates to the FBI headquarters, Trump Hotel, or any other legitimate area of interest?

Yes or no, Mr. Mathews, will you do that?

Mr. Mathews. As I said when I first arrived here, one of the first things I did is I met with your chief of staff to answer that question, would we respond to the Ranking Member. Absolutely, we will, and we believe we did. What I also said at that time is consistent with past practice in all Administrations, that doesn't mean we can turn everything over all the time, and my commitment was to turn over all the information that we believed we could, and if there were certain things that we believed we could not provide because of privilege or other reasons, we would clearly identify what those were and why we believe we were not able to turn them over. That is what we did.

I know that the crux of this matter for you—one of the key questions was the legal interpretation, the legal advice between the Office of General Counsel and the contracting officer, and that information is internally privileged to the Administration, and we explained that in the letter, and that is why we were not able to turn that over

Senator CARPER. I am not sure I understand that, extremely privileged. I am not sure I understand that at all.

But let me just follow up, if I could, Mr. Chairman, with one last

question.

GSA said it had determined that the President would not benefit from the Trump Hotel lease while he is in office. If the Trump Hotel buys Trump wine the President would be benefiting from the Trump Hotel lease even if the lease proceeds were being held in a trust. So, I believe you are telling me that the question of whether or not the Trump Hotel buys Trump wine is protected by attorney-client privilege. Is that really what you are saying here? I just find that hard to believe.

Mr. Mathews. With respect to that specific question, what we said was the contracting officer found the hotel in compliance with the terms of the lease and that the specific question about beneficial interests, that is the subject of, I think, two pending lawsuits at the moment, and we had to defer to the Department of Justice on that.

Senator CARPER. All right.

Thanks, Mr. Chairman.

Senator Barrasso. Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman.

I thank both of our witnesses.

Mr. Mathews, I am having a hard time accepting what you are saying here, so I want to be perfectly blunt about that. You now say a major reason for terminating the original prospectus was the transfer of the Hoover Building, something that you all wanted, and we didn't want. Congress didn't like that idea, but you said it was something you needed to do to get it done. So now we are supposed to believe that is the reason why you terminated it, for something that you wanted.

Second, the consolidation, one of the major reasons for the consolidation on costs is to save rental costs. That is what you have told us all along, that it is more expensive to have places outside of the central location. And now you are saying it is a wash.

Can you understand why I am having a hard time accepting the

information you are presenting?

Mr. Mathews. Yes, Senator. So, with respect to your first question, the issue of—

Senator CARDIN. Quickly, because we have your written statement on the transfer of the buildings. I agree with you on the transfer of the building. It didn't make sense.

Mr. Mathews. Yes.

Senator CARDIN. But you insisted on it.

Mr. Mathews. Well, personally, I came here in August, and I didn't support it.

Senator Cardin. Your agency insisted on it. In the prospectus that they submitted, they insisted that this be part of the deal.

Mr. MATHEWS. Yes, they did, and I suggest that was a mistake. Senator Cardin. And I suggest that the information you are giv-

ing us right now may be, likewise, a mistake.

Mr. Haley, you have honestly told us that the disruption to the mission of the FBI will be a factor during this transition. Seven years ago we started down this path, and we haven't gotten to the conclusion. Do you honestly believe you are going to be in this new facility by 2025, when we are not going to get the prospectus until—at the earliest—the spring? Don't you recognize the FBI's mission, that if we start down this path, it will be another 12 years, and your mission is going to be compromised during that period of time?

Mr. HALEY. Sir, we definitely don't want another 12 years. The status quo is not acceptable. On those other sites, they will be owned sites; they are not leased sites. When we talk about a consolidation, we still believe we are getting a consolidation in the National Capital Region into this facility.

The other facilities, the Idaho facility is being constructed as we talk; it is part of a larger Department of Justice consolidation of data centers. The CJIS facility, which we have been in for over 25 years, we are going through major renovations out there.

Senator CARDIN. I understand. My point is that you said, very honestly, that you have concerns about being able to carry out the missions as you relocate and are in various locations for the new umpteen years.

Mr. Haley. Yes, sir.

Senator CARDIN. And what I am suggesting to you, make it two times umpteen years, because that is how this process has unfolded.

Mr. Mathews, you acknowledge you are going to send us a new prospectus, and yet I understand there has been a request made that we include money in fiscal year 2018 for this project.

You recognize that you can't proceed without Congress's authorization through our committees, correct?

Mr. Mathews. Yes, that is correct.

Senator CARDIN. And if you take the same position you took before, unless you have every dollar appropriated, you won't proceed, is that correct? That was your position before for terminating this prospectus.

Mr. Mathews. In order to award the contract, yes, we need to have the money in hand.

Senator CARDIN. All the money in hand.

Mr. Mathews. For the contract, that is right.

Senator Cardin. And it is a pretty big sum of money.

Mr. Mathews. Yes, it is.

Senator CARDIN. Did you figure that into your projections, the realities of politics?

Mr. MATHEWS. Yes, we did.

Senator CARDIN. I will just move on.

Let me understand, Mr. Haley. If this building is rebuilt the way you want, 8,300 employees will go into it?

Mr. Haley. Yes, sir.

Senator CARDIN. You have 8,300 people now to go into those positions?

Mr. HALEY. Yes, sir. In the Washington, DC, area we have over 10,000.

Senator Cardin. So 8,300 will actually go into the building.

Now, suppose the mission that you have for those 8,300 by the time you get into this building requires another 500, 600, 700. Can you put them in the building?

Mr. HALEY. We believe that this multi—first of all, I appreciate the question, and we have looked at this. One of the reasons we feel comfortable about this is that we were already looking at Huntsville, especially, but also—

Senator CARDIN. No, my question is if you are going to continue the mission, you have 8,300; you have a limited sized facility. You have to harden it the best that you can, which is going to take some space.

Mr. HALEY. Yes, sir.

Senator CARDIN. You have height limits on how you can build. Mr. HALEY. Yes, sir.

Senator CARDIN. I read every letter that has been sent in. You said you want a facility for today and tomorrow. Do you have a facility for tomorrow? Are you going to be able to put another 500 or 1,000 or 1,200 people in this to carry out the mission that you need in the consolidated facility?

Mr. HALEY. Yes, sir. May I answer the question? So, we have been looking at Huntsville and West Virginia and Idaho for a number of years for that specific purpose, is that we don't want to have a building that is at capacity the day we move in. So these other facilities are not facilities that we just—

Senator CARDIN. But this building will be at capacity. This Hoover rebuilt building will be at capacity.

Mr. HALEY. Even with the previous plan on the campus, if

Senator CARDIN. How many more people could you put in after construction over the 8,300?

Mr. HALEY. When the building gets done, we will still have the ability to put additional positions in.

Senator Cardin. How many?

Mr. Haley. Five hundred to 1,000.

Senator CARDIN. So the square footage that you are giving per employee is not accurate?

Mr. HALEY. No, sir. It——

Senator CARDIN. Well, wouldn't it be less if you put more people into it?

Mr. HALEY. The current building today, which only holds 5,500, is a very inefficient building.

Senator CARDIN. The information that was presented to us shows us a square footage per employee. I take it that is based upon 8,300.

Mr. Haley. Yes, sir.

Senator CARDIN. So now you are saying we can go up to 8,800 or 9,300. What is the answer here?

Mr. Mathews, what is the answer? What is the capacity of this building?

Mr. MATHEWS. Well, if we added people, the square foot per person would decrease, that is right. Right now there are about 180——

Senator CARDIN. Well, I would submit to you that you don't have the capacity to expand onsite, and that was one of the reasons you wanted 45 to 55 acres, wasn't it, so that you would have a facility that could meet the needs today and tomorrow?

Mr. HALEY. We are comfortable that this plan will meet the FBI's requirements for the next 50 years.

Senator CARDIN. OK, one more important question, if I might. And I appreciate the Chairman; he told me originally he would be a little more lenient on the clock.

Do you disagree with GSA, Mr. Haley, where the GSA said that the perimeter protection and standoff setback distance are the most effective means of preventing or limiting damage from a bomb attack? Do you disagree with that?

Mr. HALEY. Setback is a very effective and probably the most easily way to—

Senator CARDIN. And how much of a setback are you going to have on this building?

Mr. HALEY. It won't be the same. It won't be the 300 or whatever

Senator CARDIN. Does that concern you, for the safety of the people, or the attractiveness of trying to do damage because you don't have a setback?

Mr. HALEY. Well, starting from where we are at now, with status quo, this will be a significant improvement.

Senator CARDIN. I understand that, but not like a perimeter security that you have on a campus facility.

Mr. HALEY. Absolutely. But we believe that there are three ways that you can get to security—

Senator CARDIN. I understand that. I understand all about glassproof windows, et cetera. But the bad guys, they want to do something spectacular, and when you are on the road, it gives temptation, does it not?

Mr. HALEY. Sir, we have looked at this, and we believe that we are going to get ample security, and at the same time get a day to day operational tempo. We are going to have that public facing facility—

Senator CARDIN. But not as good as you have perimeter security as you would at a campus facility.

Mr. HALEY. I won't argue with you, a 300-plus setback is an ample way—

Senator CARDIN. Of course, we are going through this now with our embassies, and paying a heavy price around the world because we listened to some people who wanted to be in a particular location, and now we have serious security problems that we are trying

to correct at a high cost to the taxpayers of this country.

Mr. HALEY. And this facility, much of what is going into that security posture is based off of the embassy standards. You are not going to have the setback, but again, as I mentioned earlier, we have had conversations with a number of IC community partners here in the country, as well as some of our foreign IC partners who have similar situations who—

Senator CARDIN. But they had that situation. We are building

that situation today.

Mr. HALEY. We are building it—

Senator CARDIN. We have a choice not to do it, and we are doing it if we follow this recommendation.

Mr. HALEY. Yes, sir, from a risk approach we are looking at it and all those other tradeoffs I mentioned in my opening statement

and that I have repeated with the Chairman.

Senator CARDIN. So the last question I have, with the Chairman's indulgence, is who was in the room when this decision was made? I assume GSA was in the room; I assume the FBI was in the room. Who else was in the room that decided that we were going to rebuild the Hoover Building and not go to a campus facility?

Mr. HALEY. Sir, this is an FBI decision that we have done in

partnership with——

Senator CARDIN. So this is your recommendation, your agency's recommendation? This is what you want, no outside influence at all, is that what you are telling me?

Mr. HALEY. Based on the status quo—

Senator CARDIN. I am asking you a simple question.

Mr. HALEY. Yes, sir, it is an FBI decision.

Senator CARDIN. I understand it is an FBI decision. I asked who was involved in making that decision. Solely FBI?

Mr. HALEY. FBI and GSA have brought this. This has always been about what is—

Senator CARDIN. No input from any other agencies? No input from the White House? This was strictly the two of you, two agencies, is that what you are telling us?

Mr. Haley. GSÅ——

Senator CARDIN. It is a simple answer.

Mr. HALEY. Yes. This is an FBI decision that we—

Senator CARDIN. I know it is an FBI decision. I am asking who else was involved in making that decision.

Mr. HALEY. In the decision that I have been a part of, and our newest Building Commissioner, who we have worked with very well following the last hearing, I have to say the relationship we have with GSA since Mr. Mathews has got there is better than it has ever been in my 25 years.

Senator CARDIN. I asked a pretty simple question.
Mr. HALEY. And I believe I gave you an answer, sir.
Senator CARDIN. No input at all from the White House?

Senator CARDIN. No input at all from the White House?

Mr. Haley. This decision is not—

Senator CARDIN. No input from the White House?

Mr. Haley. This decision—

Senator CARDIN. No input from the White House? Yes or no?

Mr. HALEY. Not on this decision, no.

Senator CARDIN. Thank you, Mr. Chairman.

Senator BARRASSO. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman.

I think you can both understand why we are having major whiplash up here, given the long history of positions that both your agencies have taken on this project.

Mr. Haley, are you familiar with the GAO report that was writ-

ten back in November 2011 about this project?

Mr. HALEY. Yes, sir.

Senator VAN HOLLEN. And as part of that, they looked at the demolish and rebuild option, did they not?

Mr. HALEY. I believe that was one of the pieces that they did look at.

Senator VAN HOLLEN. That is right. That was option two, alternative No. 2. And it said that this was not a preferred option because the FBI's security concerns about its headquarters would remain.

Your testimony today is that rebuilding at the current location would be less secure for the FBI than moving to one of the other campus sites, isn't that correct?

Mr. HALEY. I think my testimony today and what I have said in the opening is that we have looked at a number of factors that were not necessarily—

Senator VAN HOLLEN. I am just trying to get confirmation to what you said within the last 5 minutes. You just told Senator Cardin that those other campus sites would provide more security. Isn't that true?

Mr. Haley. So that a 300-foot setback——

Senator VAN HOLLEN. Isn't it true that the other sites would provide more security than relocating at the current site?

Mr. HALEY. I wouldn't say-

Senator VAN HOLLEN. Yes or no?

Mr. HALEY. I wouldn't say more security. From a setback standpoint, yes, sir, the setback would provide for that aspect of security. There's multiple processes of the security protocols. There are other ways of getting to some of those same security outputs. But yes, you are correct, a 300-foot setback is intuitively better than a 75-foot setback, yes, sir.

foot setback, yes, sir.

Senator VAN HOLLEN. I would suggest it is not just intuitively; that is according to the facts and the experts.

Are you familiar with Mr. Kevin Perkins?

Mr. HALEY. Yes, know him very well.

Senator VAN HOLLEN. Yes.

Mr. HALEY. He was the SAC in Baltimore, Maryland.

Senator VAN HOLLEN. That is right. And he was Associate Deputy Director of the FBI, correct?

Mr. HALEY. Yes, sir.

Senator VAN HOLLEN. OK. And he testified, Mr. Chairman, back in March 2013, at a hearing in the House of the Transportation and Infrastructure Committee, and here is what he said: "But the security concerns are significant for us, especially as we are where we are located at the current time, which is probably the worst of all the agencies in the intelligence community."

Do you agree with that statement from your fellow FBI representative?

Mr. HALEY. I believe he was talking about the current building,

and yes, the status quo today is not acceptable.

Senator VAN HOLLEN. Well, he was referring to the current location. Do you want me to read it again? Do you agree that the current location of the FBI building "is probably the worst of all the agencies in the intelligence community," from a security standpoint?

Mr. HALEY. You are quoting what he said?

Senator VAN HOLLEN. Yes, I am.

Mr. HALEY. I acknowledge that that is what-

Senator VAN HOLLEN. Has the FBI changed its position on that fact?

Mr. HALEY. We believe that the site at Pennsylvania Avenue. with the right construction, protocols, and the other mission requirements can be secured in an appropriate way.

Senator VAN HOLLEN. In an appropriate way, but clearly not as secure as the others, which is so obvious, and you have said it al-

ready, but I think it is important for the record here.

We have also had testimony over the years from GSA, Mr. Mathews. Dorothy Robyn, did she have the position you currently have?

Mr. Mathews. Yes, that is correct, Senator.

Senator VAN HOLLEN. That is right. And she also testified at that March 13th hearing of the Transportation and Infrastructure Committee and she indicated, and I quote, "The building, with its high profile location and limited perimeter setback, cannot meet and will not meet, cannot meet and does not meet the FBI's requirements for level 5 security under the Interagency Security Committee standards."

Have you changed your position, has the GSA changed its position on that?

Mr. Mathews. She was correct, the current building could not meet that.

Senator Van Hollen. Here is what she says. She says, "With its high profile location and limited perimeter setback." It still has a limited perimeter setback; we just heard that, right?

Mr. MATHEWS. Yes, but it is connected to the building, and that current building cannot withstand—well, the current building has very significant limitations.

Senator Van Hollen. Well, as I mentioned, Mr. Chairman, we have looked at the demolish option in the past.

Mr. Haley, when the GSA decided that it would not go forward with the original options, that is when the FBI decided to take another look at its mission requirements, right?

Mr. Haley. Absolutely, yes, sir.

Senator VAN HOLLEN. And prior to that, you were fully prepared

to go forward with the other options, isn't that right?
Mr. HALEY. Yes, sir. If the funding would have been provided in the previous procurement, we would have a construction site most likely going on right now; yes, sir.
Senator VAN HOLLEN. All right. Well, I want to get to that point

because I think it is really important, the funding. Did the GSA

and FBI request funding for this project as part of the previous Administration's budget request?

Mr. Mathews. Yes, it did.

Senator VAN HOLLEN. How much did it request?

Mr. MATHEWS. I believe the combination was—the last request was, I think, 700-some million dollars.

Senator VAN HOLLEN. It didn't request full funding, did it?

Mr. MATHEWS. It wasn't enough, no.

Senator VAN HOLLEN. Right. So the Administration's position at the time was we want to move forward with these other options, but we are not going to provide full funding. But now it is because, supposedly, Congress didn't provide full funding. The Congress actually provided more funding than the Administration requested, didn't they?

Mr. HALEY. Well, in the previous request, with the exchange included, the funding that was being asked for, if it would have been appropriated, would have allowed the project to move forward.

Senator VAN HOLLEN. OK. Let me just say at the time of the decision last July, Mr. Chairman, where the GSA decided to pull the plug on the other options, the statement from GSA, from Mr. Michael Gelber, stated, and I quote, "It's fair to say that the cancellation of the procurement was not the desired outcome."

Does that remain the position of the FBI, that that was not the

desired outcome, the cancellation of the original?

Mr. HALEY. Well, in Senator Cardin's point, the longer that this project doesn't move forward is the longer we are in this disruptive state, yes, sir. So, just to clarify, the funding that was being asked for in the previous Administration's budget request, along with the exchange, was the amount needed, \$1.4 million with the exchange, to move forward. Only \$500 million was provided. So, it was because of that and the fact that that procurement was going beyond its original expected time period.

There were considerations in that contract that if the FBI wasn't out of the building at a certain point, we were going to be paying penalties back. There were costs that were included. The teams that the different construction entities were putting together, all of that, as it was aging, was making that procurement ineffective. So, without the funding, the FBI agreed with GSA's consideration that

the contract needed to be canceled.

But you are absolutely right, if that project would have moved forward, we would be building at one of the three sites today, most likely. The Committee—and in good faith, when we came up here before, and what we have done in the interim, is go back and look at everything involved in this project; not just the brick and mortar, definitely the security, but we have also looked at all the operational pieces as well, and that is where we are coming forward today.

Senator VAN HOLLEN. I understand. Just because time is limited, you mentioned security. It is very clear that this is obviously a less secure facility.

And I was—Mr. Mathews, I have to say, a little amused by your referencing the bipartisan budget agreement as the path forward for additional funding. That budget agreement was reached here on the Hill after you had already made your decisions to move for-

ward, right? I mean, that was just a couple weeks ago. Isn't that the case?

Mr. MATHEWS. Actually, the final recommendation came forward at that same time.

Senator VAN HOLLEN. But if it is a funding issue, which is what the testimony was with respect to the decision, Mr. Chairman, to not move forward, given the bipartisan budget agreement, I would suggest that we now can look at the funding for the original project, which would have gone through at one of the other three facilities and met what the FBI has told us for years would meet its mission requirements.

The last question I have, Mr. Chairman, has to do with the swing space rental payments. I am really confused about this. You are in a current building; you are paying some rental payments now, I don't know how much, and now you are going to move for a period of 5 to 6 years to other locations, we don't know where right now, and you have not included the costs. This PowerPoint specifically says you have not included the costs of those rental payments. Can you get back to this Committee, please, and give us what the costs of those rental payments will be? Because a lot of people who have looked at this believe those dramatically change your cost assessments.

Mr. MATHEWS. Yes, we would be happy to get back to you with those additional figures.

What I was trying to say, explain earlier, is there is a cost of currently occupying the Hoover Building. Under this scenario, they would move out. Those costs would end; they would terminate because we would demolish the building.

So we wouldn't be paying to operate and maintain the Hoover Building, and that is what I am suggesting is offsetting the base rental payments for the swing space. But to occupy a swing space, as Mr. Haley said, we would have to bring that up to the standards, and that is the \$479 million that is detailed here.

Senator VAN HOLLEN. You have the rental payments.

Mr. Chairman, if I could one last.

Senator Cardin asked you a little bit about this, but Mr. Mathews, have you had conversations with the director of OMB about this project, Mr. Mulvaney?

Mr. Mathews. I have not, but this is part of the budget submission of the Administration, so this is absolutely supported by OMB. The funding request was part of that fiscal year 2018 additional request that was put forward, so this is an official budget request; it has the approval of the OMB——

Senator VAN HOLLEN. Are either of you gentlemen—are either of you familiar with any conversations that any members of your agency have had with the President of the United States about this decision with respect to the FBI building? And I mean the decision to not move forward with the original alternatives and the decision to remain at the current location. Are you aware of any conversations that anybody in the Administration has had with the President of the United States about this project?

Mr. Mathews. Again, this was a joint decision—

Senator VAN HOLLEN. That is just yes or no. Are you aware of any conversations had by any member of the Administration with the President of the United States about this project?

Mr. HALEY. What I would say-

Senator VAN HOLLEN. That is a yes or no.

Mr. HALEY. I don't think it is, sir.

Senator VAN HOLLEN. It is.

Mr. Chairman, I think the Committee deserves an answer to that question. It is a yes or no question whether people are aware of any conversations that anyone in the Administration has had with the President about this project.

Mr. HALEY. I was going to try to answer it. With respect to the decision of staying in the downtown location, this decision, and any conversations that have happened with that decision, and the Building Commissioner and I have had summary conversations at the worker level of OMB on what this decision is; we obviously didn't come out here without a coordination with our OMB oversight, but with respect to the decision of staying at 935 Pennsylvania Avenue, tearing down the current building and building back, that is an FBI driven decision, in coordination with GSA.

I am not aware, in terms of that decision, regardless of whether it has come up in any other venue, the decision to stay at 935 Pennsylvania Avenue is an FBI decision, and we have had that conversation with GSA. Any entities outside of the FBI and GSA, whether they have been informed about it, whether it has come up in conversations, it hasn't been a factor in the decision of that project.

Senator VAN HOLLEN. That was not my question. My question was not whether any conversations had with other people outside the FBI were a factor. My question is very simple: Are you aware of any conversations or communications that any member of the Administration has had with the President of the United States about the project?

Mr. HALEY. I can't speak for the Building Commissioner. I have

not been a part of any of those conversations.

Senator VAN HOLLEN. I didn't ask that. I didn't ask whether you have been a part of that. I understand that you were not talking to the President of the United States about this. I am asking about whether you are aware of any conversations that anyone in the Administration had with the President of the United States about this project, meaning either the decision not to go forward with the original plan or the current alternative.

Mr. HALEY. I don't believe I am in a position to answer that question because I was not privy to those conversations. I have not

been part of those conversations.

Senator Van Hollen. That is not my question. My question is not whether you know the content. My question is whether you were aware of any conversations having been had.

Mr. HALEY. I don't believe I am in a position to answer that

Senator VAN HOLLEN. Mr. Chairman, I would hope—I mean, this is a Committee that is trying to take its responsibilities of oversight seriously. This is a legitimate question for the public.

Senator BARRASSO. And I think that the witnesses have tried to answer to the best of their abilities, and the question has been asked and answered a number of times.

Senator VAN HOLLEN. Mr. Mathews, the same question to you. Mr. MATHEWS. Same answer, Senator.

Senator VAN HOLLEN. OK. Just for the record, neither witness has answered the question, Mr. Chairman. I think it is pretty clear from the record.

Senator BARRASSO. We will head to a second round if people have additional questions.

Let me just ask one.

Mr. Mathews, GSA indicates the total cost of the project under the revised plan is \$3.3 billion. The plan assumes the entire project is going to take 5 years, and these employees will be able to return to the new headquarters within that timeframe, relocation, demolition, new construction, to get back to the new headquarters.

My experience has been projects take longer and cost more than predictions are. Do you really believe that we can complete the en-

tire project in this budget in 5 years?

Mr. Mathews. I believe it is possible if we have the funding. This will be done as a maximum price contract. A lot of the unknowns that are typical with construction projects, given that this is an existing site, we know this site, we know the demolition costs, those came forward in the previous procurement.

We had a variety of estimates for that, so we feel pretty good and confident about those estimates. Again, we know that site, we control the site, so a lot of those types of things that come into play that can hold up a project at the initial phases really aren't present here

But again, it comes down to funding. If we have the funding, and we would need to have the funding in hand for the design and construction portion of the contract in order to award a contract. This would not lend itself to a phased approach. We can't build a foundation and then wait for money and then build the next piece; we would have to have the design and construction component of it up front.

But if we have that in hand, we should be able to meet this project. The key would be to make sure that we avoid change orders. As with any large project, we need to make a plan, what we are going to build, and stick to it and not change it midway, once we start.

Senator Barrasso. Avoid change orders. For any of us that have had involvement in any kind of remodeling project, whether it is just a home building project—

Mr. Mathews. Yes. It is the bane of cost control.

Senator Barrasso. Senator Carper. If not, or Senator Cardin, whichever.

Senator CARPER. I am interested in the truth. I think that is what is expected of you; it is what is expected of us. Sometimes my colleagues hear me quote Thomas Jefferson: "If the people know the truth, they won't make a mistake." And I think the question that Senator Van Hollen has posed is not an easy question, not an easy question maybe to answer.

Chris, would you just state once again the question that you have asked both witnesses?

Senator VAN HOLLEN. Yes, Senator Carper. The question was pretty straightforward: whether either of these gentlemen are aware of any conversations that took place between any member of the Administration and the President of the United States about this FBI project, meaning the decision not to move forward with the original alternatives or the decision to rebuild at the current site.

Are you aware of any? I am not asking if you were in the room; I am not asking you for the content; I am asking whether you are aware whether any such conversations took place.

Senator CARPER. And I am not a big fan of yes or no questions and answers, but this really is one, and we would like for you to tell us the truth.

Mr. HALEY. Sir, I am the Chief Financial Officer and Head of Facilities for the FBI. I have meetings with all types of people in the Department of Justice, at OMB and other places. When the question is presented as am I aware of anybody in the Administration that has talked—

Senator Carper. No, that was not the question. That was not the question. With all due respect, Mr. Haley, that was not the question. It is a pretty straightforward question, and I think it deserves a straightforward answer.

Mr. HALEY. I think I have answered it as best I can.

Senator Carper. Mr. Mathews, have you answered that question as best you can?

Mr. MATHEWS. My answer is I am not in a position to answer that question.

Senator CARPER. Well, the ways you have responded to that question certainly raise for me, and I suspect for a number of my colleagues, the question whether the President did somehow intervene and express a view. The way that you are answering it simply encourages suspicion.

Mr. HALEY. I am not trying to bring suspicion on whether there was—I have tried to be, at least from an FBI perspective, very explicit on whether there was any intervening from the Administration or the White House, and when I tell you that the FBI has come to this decision and we would not be putting forward a decision, and I say this with emphasis from our leadership, we would not be putting forward, nor would we be agreeing to an approach that did not meet the FBI's mission requirements, so—

Senator CARPER. Let me just say this. If the President did not intervene in some way, and you are aware that he did not intervene in any way, just say that. Just say that, and this suspicion just goes away. But your inability to say that, or refusal to say that, simply heightens, heightens that suspicion, and that is not a good thing for anybody.

OK, my time has expired. I will have some questions for the record. Thank you both for being here.

Senator Barrasso. Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman.

Senator CARDIN. I just want to underscore the point that Senator Van Hollen made in regards to the congressional appropriations on

the original project.

Mr. Mathews, you have indicated there were two reasons for the termination of the original contract: one, you didn't like the Hoover Building exchange, which was the Administration's proposal, not ours. We didn't like it. We gave you a lot of different options to pay for it. Second is you didn't have all the money in hand, and yet you

never asked for all the money in hand from Congress.

We gave you more money than you asked for. So, I just want the public to understand and the FBI to understand we should be breaking ground today but for the Administration. But for the Administration, we should be breaking ground today in Virginia or Maryland, and you would get the type of facility you need a lot faster; you would be able to carry out your mission. I am going to tell you it is going to be less costly and a very valuable piece of property ultimately would find its way into helping the people of the District of Columbia.

Second point I want to follow up on, because I agree with Senator Van Hollen, I don't understand the math here; you have been telling us consistently that it is better to use Government facilities for costs than outside rental facilities for costs. Now we are being told it is a wash.

And then I am looking at the bookkeeping here, where you are being charged internally for the costs of the Hoover Building, and you are telling us that that is going to be a wash, but it doesn't seem like it is going to be a wash for the taxpayers of this country, and they are the people we represent. It does seem like there is

going to be an additional cost.

Now, I want to tell you we did some of our own analysis on this with our economic development people, and admittedly, we don't have the information you have. And the number we came up with is about \$1.2 billion additional cost because of the swing space. And if that is accurate, or even half-accurate, then we are spending a lot more to rebuild the Hoover Building with, I would suggest, less results for the FBI certainly today, and very concerned about the future expansion and needs of the FBI, because you are going to be really restricted in the rebuilding of the Hoover Building.

So, if I could just make that one request that the Chairman made and the Ranking Member earlier, I hope, before you send us a prospectus for our consideration, that we have all of the detailed information available to us. The one thing you said, Mr. Mathews, that really concerned me is that we didn't know all the costs. Was it our responsibility to try to find out all the costs? I thought that is your responsibility. So why didn't Congress have that informa-

tion originally?

Mr. Mathews. I can't speak for the previous Administration, why they didn't provide it, but I can say that we are providing it,

and we are giving you a complete-

Senator CARDIN. Well, you are not providing it right now because you are not giving us the swing space comparisons. We need a lot more information you have given us; don't you agree?

Mr. Mathews. We will give you more information on the swing space, but at this point in time we have given you what we have.

And with respect to your question about long term leasing, short term leasing makes a lot of financial sense for the Government; long term, for 30 years for a requirement to house out in a single lease location, that is where we start getting into some cost issues, but for temporary requirements, rental space is a great solution.

Senator CARDIN. So we should take our Government buildings and take short term leases rather than having people in our build-

ings?

Mr. Mathews. Well, of course, this would be replaced with a Government owned, Government constructed facility.

Senator CARDIN. I understand.

Mr. Mathews. This is temporary housing.

Senator Cardin. What you are saying defies logic. What you are saying is that the FBI can save money if it starts taking its employees out of the Hoover Building and putting them into temporary short term leases. Doesn't make sense.

Mr. Mathews. Well, we looked at renovating the facility with them in place, and that makes far less sense.

Senator CARDIN. Right.

Mr. HALEY. To clarify, in terms of what was in the report, and we definitely will get back to you, the swing space amounts that you are seeing in the report are those above standard, secure pieces that we believe that the rent costs—and we still are going to pursue, whether it is in the Government inventory, the intel community has space that we are aware of, whether that meets our mission needs, that would offset some of the rent.

But the only piece that we don't believe that is in the report right now is the actual, what that final rent payment. And what the Building Commissioner articulated earlier, to just clarify, is we think that will be an offset to what we are currently paying.

There is no question to your point that there may be, in that interim period, that 4 or 5 years, where we will be paying some marginal amount more for that temporary space, but then in the longer picture, when we get back into the owned facility, we think that is a better place to be.

So you are correct that there could be a marginal amount different in the rent. But for the most part, we think that that piece, that widget, is going to be offset with what we are already paying.

Senator CARDIN. And I would hope you would give us the analysis on the Hoover Building getting less cost reimbursement from GSA that has to be made up someplace else by Federal taxpayers.

Thank you.

Senator Barrasso. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman.

And just for Mr. Mathews, have you ever had any conversation or communication with either the President of the United States or any senior White House staff about this FBI project?

Mr. MATHEWS. I have not.

[The additional response of Mr. Mathews follows:]

I write to clarify my response to a question posed by Senator Van Hollen near the end of the hearing. Specifically, the Senator asked me: "Have you ever had any conversations or communications with the President or any senior White House staff about this FBI project?" During the hearing, I misheard the question and believed the question was only referring to conversations or communications with the President. I responded by saying: "No, I have not." Since my response was intended only to reflect whether I have had conversations or communications with the President

regarding the FBI headquarters project—not senior staff—I believe it is appropriate for me to further clarify and extend my response to the Senator's question.

As such, I would first restate that I have not had any conversations or communications with the President regarding the FBI headquarters project. However, I have attended one meeting with a senior official at the White House where the primary topic of the meeting was the FBI headquarters project. Additionally, I attended one meeting with a senior official at the White House where the FBI headquarters project was discussed briefly as a matter incidental to the subject of the quarters project was discussed briefly as a matter incidental to the subject of the meeting, and I have had several meetings with another senior White House official where the FBI headquarters project was discussed, but only in the context of a broader discussion of Federal real property acquisition financing.

Senator VAN HOLLEN. Mr. Chairman, I would just ask if I could put into the record some of the documents I cited during my questioning, as well as a Washington Post column discussing the President's interest in keeping the FBI building in its current site as potential financial interest.

Senator Barrasso. Without objection. Senator VAN HOLLEN. Thank you. [The referenced information follows:]

United States Government Accountability Office

GAO

Report to Congressional Committees

November 2011

FEDERAL BUREAU OF INVESTIGATION

Actions Needed to Document Security Decisions and Address Issues with Condition of Headquarters Buildings



GAO-12-96



Highlights of GAO-12-96, a report to congressional committees

Why GAO Did This Study

Since September 11, 2001, the Federal Bureau of Investigation's (FBI) mission and workforce have expanded, and the FBI has outgrown its aging headquarters, the J. Edgar Hoover Building (Hoover Building). As a result, the FBI also operates in over 40 annexes, the majority located in the National Capital Region. In the explanatory statement accompanying the 2009 Omibus Appropriations Act, GAO was directed to examine the FBI's headquarters facilities. In response, GAO examined the extent to which (1) these facilities support the FBI's security, space, and building condition requirements and (2) the FBI and the General Services Administration (GSA)—the real property steward for the Hoover Building—have followed leading capital decision-making practices in identifying alternatives for meeting the FBI's facility needs. GAO reviewed security, space, and condition assessments and planning studies; visited FBI facilities; and interviewed FBI and GSA officials.

What GAO Recommends

The FBI should document decisions about, and track its implementation of, all security recommendations for the Hoover Building and the FBI's headquarters annexes. GSA should reassess its decision to limit recapitalization investments in the Hoover Building, since the FBI is likely to stay in it for several more years while its long-term facility needs are being planned. The FBI agreed with these recommendations GSA indicated it is working to implement GAO's recommendation.

View GAO-12-96. For more information, contact David C. Maurer at (202) 512-9627 or maurerd@gao.gov or David J. Wise at (202) 512-2834 or wised@gao.gov.

FEDERAL BUREAU OF INVESTIGATION

Actions Needed to Document Security Decisions and Address Issues with Condition of Headquarters Buildings

What GAO Found

According to FBI and GSA assessments, the FBI's headquarters facilities—the Hoover Building and the headquarters annexes—do not fully support the FBI's long-term security, space, and building condition requirements. The FBI has addressed many security concerns at the Hoover Building by implementing protective measures. Furthermore, in response to a recommendation GAO made in a law enforcement sensitive version of this report issued in July 2011, the FBI has updated its security assessment of the Hoover Building in accordance with security standards issued in 2010. The assessment includes recommendations but does not indicate whether recommended actions will be implemented. While this is reasonable given the short period of time since GAO's July 2011 report, documentation of decisions on the recommendations and tracking implementation is important because of facility planning and budget implications—for both the Hoover Building and a new headquarters—and time needed to coordinate with GSA. FBI officials told GAO that the annexes will be assessed against the 2010 security standards. The officials noted, though, that the dispersion of staff in annexes creates security challenges. The Hoover Building's original design is inefficient, according to GSA assessments, making it difficult to reconfigure space to promote staff collaboration. Staff dispersion across annexes likewise hampers collaboration and the performance of some classified work. Furthermore, the condition of the Hoover Building is deteriorating, and GSA assessments have identified significant recapitalization needs. However, GSA has decided to limit investments in the Hoover Building to those necessary to protect health and safety and keep building systems functioning while GSA assesses the FBI's facility needs. This decision increases the potential for building system failures and disruption to the FBI's operations

Through studies conducted over the past decade, the FBI and GSA have considered three broad alternatives, each with variations, to try to meet the FBI's facility needs—(1) modernize the Hoover Building, (2) demolish the Hoover Building and construct a new headquarters on the existing site, and (3) acquire a new headquarters on a new site. In doing so, the FBI and GSA thus far have generally followed leading practices for capital decision making. To varying degrees, these alternatives would improve security, space, and building conditions, but each would take several years to implement. Estimates of the alternatives' costs, developed in the studies, are not comparable because they were prepared at different times and for different purposes. The FBI and GSA plan to discuss the FBI's facility needs with the Office of Management and Budget, and GSA and the FBI will need to present a business case, including current, comparable cost estimates, to support the choice of a preferred alternative and financing strategy. The FBI's 2011 security assessment of the Hoover Building, as well as information on any security improvements that may be needed at the annexes, could inform the agencies' decisions and help ensure that limited budgetary resources are allocated effectively.

This is a public version of a law enforcement sensitive report that GAO issued in July 2011, which has been updated, including a modification to a recommendation, to reflect recent FBI actions. Information that the FBI and the Department of Homeland Security deemed sensitive has been omitted.

United States Government Accountability Office

Contents

ætter		1
	Background	5
	FBI Headquarters Facilities Present Security, Space, and Condition Challenges	11
	Consistent with Leading Practices Thus Far, the FBI and GSA Have Identified Alternatives for Better Meeting the FBI's Facility	
	Needs and Are Developing an Approach for Moving Forward	24
	Conclusions Recommendations for Executive Action	34 35
	Agency Comments and Our Evaluation	36
Appendix I	Objectives, Scope, and Methodology	38
Appendix II	FBI and GSA Studies Related to FBI Headquarters Planning	42
Appendix III	Financing Strategies Available for Capital Projects	50
Appendix IV	Comments from the Federal Bureau of Investigation	53
Appendix V	Comments from the General Services Administration	55
Appendix VI	Comments from the Department of Homeland Security	57
Appendix VII	GAO Contacts and Staff Acknowledgments	59
rigures		
	Figure 1: J. Edgar Hoover Building Facing Pennsylvania Avenue and 10th Street	6

Page i

Figure 2: Map Showing the J. Edgar Hoover Building and	
Surrounding Streets	7
Figure 3: Design Features That Limit the Hoover Building's	
Efficiency	18
Figure 4: Conditions GAO Observed at the Hoover Building	22
Figure 5: Timeline of FBI and GSA Studies of FBI Facility	
Requirements	25
Figure 6: The Baseline Status Quo and Alternative 1 Consider	
Continued Use of the Hoover Building	29
Figure 7: Alternatives 2 and 3 Consider New Construction on the	
Existing Hoover Site or a New Site	30

Abbreviations

DHS	Department of Homeland Security
FBF	Federal Buildings Fund
FBI	Federal Bureau of Investigation
FPS	Federal Protective Service
FSL	facility security level
GSA	General Services Administration
ISC	Interagency Security Committee
LEED	Leadership in Energy and Environmental Design
NCPC	National Capital Planning Commission
OMB	Office of Management and Budget
SCIF	sensitive compartmented information facility

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



United States Government Accountability Office
Washington, DC 20548

November 8, 2011

The Honorable Barbara A. Mikulski Chairwoman The Honorable Kay Bailey Hutchison Ranking Member Subcommittee on Commerce, Justice, Science and Related Agencies Committee on Appropriations United States Senate

The Honorable Frank Wolf Chairman The Honorable Chaka Fattah Ranking Member Subcommittee on Commerce, Justice, Science and Related Agencies Committee on Appropriations House of Representatives

The Federal Bureau of Investigation (FBI), within the Department of Justice, acts to protect and defend the United States against crime terrorism, and foreign intelligence threats. Since September 11, 2001, the FBI's antiterrorism mission has greatly expanded and its efforts in other areas—such as cyber crime—have also grown. The agency's total headquarters workforce has increased by approximately 5 percent annually since 2001. As a result, the FBI has outgrown its main headquarters facility, the J. Edgar Hoover Building (Hoover Building) in Washington, D.C. Headquarters staff who cannot be accommodated in the Hoover Building are dispersed in over 40 leased annexes (annexes), the majority of which are located in the National Capital Region. FBI officials report that the dispersion of staff, combined with condition deficiencies at the Hoover Building and site, affects security and creates operational inefficiencies. In addition, these security, space, and building condition issues have raised congressional concerns about how well the Hoover Building and annexes meet the FBI's security requirements and operational needs. In its 2005 Asset Management Plan, the FBI identified the need for a new headquarters facility to support its strategic objectives, which include providing security for personnel and information in an efficient and cost-effective workspace. To meet these objectives, the FBI has taken steps to document its headquarters facility requirements and, in collaboration with the General Services Administration (GSA), the

government's real property steward, has studied a number of alternatives for meeting its needs.

Congress directed us, in the explanatory statement accompanying the 2009 Omnibus Appropriations Act, 1 to review the Hoover Building and associated off-site locations in light of its concerns about the security posture of the Hoover Building and its inability to house the current FBI Headquarters workforce. We examined (1) the extent to which the Hoover Building and annexes support the FBI's operational requirements for security, space, and building condition and (2) the extent to which the FBI and GSA have followed leading capital decision-making practices in identifying alternatives for meeting the FBI's operational requirements and the extent to which each alternative would address these requirements.

This report is a public version of a law enforcement sensitive report that we issued in July 2011. It communicates the publicly releasable aspects of our findings while omitting information that the FBI and DHS considered sensitive about the FBI's operations, the security posture of the FBI's facilities, and measures the FBI has put in place to protect its workforce. The overall methodology used for both reports is the same.

To determine the extent to which the Hoover Building and annexes support the FBI's operational requirements for security, space, and building condition, we visited the Hoover Building and five annexes—which we selected to illustrate different facility security levels and degrees of staff fragmentation—to examine conditions firsthand and interview onsite representatives from FBI divisions (programs) and security officials about those conditions. More specifically:

For security, we compared past site-specific facility security
assessments (security assessments) for the Hoover Building and 15
of the annexes to federal security standards. For the Hoover Building,
we also assessed whether recommendations to improve security were
implemented. We spoke with agency security officials about the
security assessments, risks, and challenges resulting from dispersed
operations. Following our issuance of the law enforcement sensitive

¹Explanatory statement in the 2009 Committee Print of the House Committee on Appropriations on H.R. 1105, at 1764 accompanying the 2009 Omnibus Appropriations Act, Pub. L. No. 111-8, Div. B, Title II, 123 Stat. 524, 574 (2009).

version of this report in July 2011, the FBI updated its security assessment of the Hoover Building, which we reviewed.

- For space, we reviewed the size and location of current facilities and programs, and we interviewed FBI program officials to understand the effects on operations of having different programs housed in several locations. We also compared attributes of the Hoover Building—such as its efficiency (how much of its space is usable for mission needs) to GSA standards and guidance.
- For building condition,² we analyzed assessments of the Hoover Building's physical condition and compared this information to GSA policies for building condition. In addition, we examined GSA's asset business plan for the building³ and other studies to identify completed maintenance projects, deferred maintenance, and planned major repair and recapitalization projects, and we asked FBI and GSA officials about their assessments of the Hoover Building's condition.⁴

To determine the extent to which the FBI and GSA have followed leading capital decision-making practices in identifying alternatives for meeting the FBI's operational requirements, we compared the FBI's and GSA's planning actions against leading practices we have reported on in this

²GAO has reported that buildings require adequate maintenance, repair, and recapitalization—replacing systems at the end of their useful life—to keep them in good condition. See GAO, Federal Real Property. Government's Fiscal Exposure from Repair and Maintenance Backlogs Is Unclear, GAO-09-10 (Washington, D.C. Oct. 16, 2008).

³An asset business plan is a repository for critical facts about a GSA asset and is used to guide business decisions and to track the asset's financial performance and progress toward mandated building performance criteria.

⁴Since 1994, GSA has delegated routine maintenance and operations authority for the Hoover Building to the FBI, but GSA retains responsibility for major capital repair and replacement projects in the building. One of GSA's objectives as the government's real property steward is that the physical condition of federal buildings will be maintained to reflect market standards. In general, the responsibility for maintenance and repair of the annexes resides with the building landlord, and therefore we did not assess the physical condition of annex spaces.

area.⁵ In addition, we reviewed FBI and GSA studies of the FBI's facilities and operational requirements and identified the alternatives discussed in these studies for meeting the requirements. We determined that the alternatives fell into three broad categories—(1) modernize the Hoover Building, (2) demolish the Hoover Building and construct a new headquarters on the existing site, and (3) construct a new headquarters on a new site—each of which included a number of variations. For our analysis, we focused on the categories, since the appropriateness of the variations could not be determined without further study and would depend on site-specific conditions. We then assessed the extent to which each alternative would address the FBI's security, space, and building condition requirements.

We did not independently analyze the FBI's requirements for security, which are based on its assessments of the threats it faces and their probability of occurrence; its requirements for space, which are based on its projections of each FBI program's future staffing and space needs. such as the need for secure conference rooms; or its process for deciding which programs to house in a new consolidated facility. In our view, such analyses were outside the scope of our review and would require extensive reviews of classified intelligence on threats and hostile groups, as well as of programmatic mission justifications for FBI branches and their associated staffing levels. We did, however, determine that the FBI senior leadership was involved in deciding which FBI programs should be colocated. Furthermore, because the FBI and GSA are still in the early stages of the facility planning process and had not finalized cost estimates for budgetary purposes at the time of our review, we did not validate cost estimates for new construction or past cost estimates for modernizing or redeveloping the Hoover Building and site. Appendix I contains a more detailed discussion of our scope and methodology

We conducted this performance audit from July 2010 to November 2011, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain

⁵Our assessment was based on past GAO work, including Executive Guide: Leading Practices in Capital Decision-Making, GAO/AIMD-99-32 (Washington, D.C.: Dec. 1, 1998). Public-Private Partnerships: Factors to Consider When Deliberating Governmental Use as a Real Property Management Tool, GAO-02-46T (Washington, D.C.: Oct. 1, 2001); and Budgel Issues: Alternative Approaches to Finance Federal Capital, GAO-03-1011 (Washington, D.C.: Aug. 21, 2003).

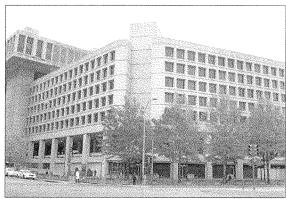
sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In 1964, the National Capital Planning Commission (NCPC) approved the design concept for FBI headquarters. Construction started in 1967, and in 1974, FBI personnel began moving into the new building, which was named for the FBI's first director, J. Edgar Hoover (see fig. 1). Situated on one entire city block in downtown Washington, D.C., and containing approximately 2.4 million gross square feet of space, the building is bounded by four major city streets—9th, 10th, and E Streets and Pennsylvania Avenue—all of which are open to public traffic (see fig. 2). The building is a concrete structure, 7 stories high on its Pennsylvania Avenue side and 11 stories high on its E Street side. A dry moat⁶ protects the building in addition to numerous antivehicular barriers.

 $^{^6}$ This moat is a trench that helps to limit how close pedestrians and vehicles can get to the building and directs access to specific entry points.

Figure 1: J. Edgar Hoover Building Facing Pennsylvania Avenue and 10th Street



Source: GSA.

E Street NW

J. Edgar Hower Building

My Jeans Maria Alva NW

Asmshrania Alva NW

Madison Drive NW

Madison Drive NW

National Mall

Figure 2: Map Showing the J. Edgar Hoover Building and Surrounding Streets

ource: National Park Service

When the FBI first occupied the Hoover Building, it was primarily a law enforcement organization. Since then, its mission has grown in response to evolving threats and now includes counterterrorism, counterintelligence, weapons of mass destruction deterrence, and cyber security. Accordingly, use of the Hoover Building has changed to support

new programs in these areas. For example, the Hoover Building originally housed a crime laboratory, and more space was dedicated to records storage. These functions have since been transferred to off-site locations, making space available for new programs in the Hoover Building.

The FBI's headquarters workforce has grown as the agency has assumed new mission responsibilities. In 2001, the FBI had 9,700 headquarters staff, 7 working in 7 locations. Today, the FBI has 17,300 headquarters staff, including those housed in more than 40 annexes, the majority of which are located within the National Capital Region.⁸ According to the FBI, programs in 21 of these off-site locations and in the Hoover Building should be colocated to meet the agency's mission requirements.⁹ In projecting its staffing levels from fiscal year 2010 through fiscal year 2018, the FBI estimated that its headquarters workforce will grow by a total of 7 percent during that period.

The FBI's headquarters facilities, like all facilities in the United States occupied by federal employees for nonmilitary activities, are subject to the Interagency Security Committee's (ISC) baseline facility security standards. The ISC, chaired by the Department of Homeland Security (DHS) and composed of representatives from all major federal departments and agencies, is tasked with coordinating federal agencies' facility protection efforts, developing security standards, and overseeing the implementation of security measures. ¹⁰ In 2004, the ISC issued security criteria for federally owned facilities and space leased by agencies (hereafter referred to as the 2004 ISC standards), ¹¹ establishing facility security standards for space owned or leased by the federal government. In 2010, the ISC issued new standards that superseded the 2004 standards. The new security criteria (hereafter referred to as the

⁷Staff counts include both federal and contractor positions.

⁸A few FBI headquarters annexes are located outside the National Capital Region.

⁹The other FBI annexes that are not proposed to be colocated house functions such as warehousing, records management, continuity of operations, and a van shop.

¹⁰Following the bombing of the Alfred P. Murrah federal building in Oklahoma City, Executive Order 12977 was issued and called for the creation of an interagency security committee to address the quality and effectiveness of physical security requirements for federal facilities by developing and evaluating security standards.

¹¹ISC, "2004 ISC standards" (Washington, D.C.: 2004).

2010 ISC standards) were intended to make security an integral part of the operations, planning, design, construction, renovation, or acquisition of federal facilities—whether in owned or leased space. ¹² The 2010 ISC standards establish a baseline set of protective measures (countermeasures) to be applied at each facility according to its security level and outline a risk management process for agencies to follow as they assess the security of their facilities. ¹³

To determine the security level of a federal facility, the ISC uses criteria that it issued in 2008. Factors considered in determining the facility security level (FSL) include the criticality of an agency's mission, the symbolism of the facility, and the building's size and population. The Hoover Building is categorized at the same FSL applied to the headquarters facilities of other agencies with national security missions, such as the Central Intelligence Agency and the Department of Defense. The FSLs of the FBI's annexes in the National Capital Region vary.

In meeting its needs for office space, the FBI generally works through GSA, although it has received direct appropriations to construct specialized facilities, such as the FBI laboratory and academy training facilities, ¹⁴ and has entered into leases on its own. GSA can use government-owned or leased facilities to meet an agency's space needs. ¹⁵ If a facility is not available to meet the agency's needs and the estimated cost of a new facility exceeds a defined dollar threshold, ¹⁶ GSA can request congressional authorization to construct or lease a new

¹²ISC, "2010 ISC standards" (Washington, D.C.: 2010).

¹³The ISC released its 2010 standards as an interim standard with a 24-month validation period. The validation period is intended to allow for user input to inform the final standard.

¹⁴In those instances, the facilities were constructed on a Department of Defense site in Quantico, Virginia.

¹⁵40 U.S.C. § 584 provides that the Administrator of General Services may assign or reassign space for an executive agency in any federally owned or leased building after consultation with the head of the affected agency and a determination by the Administrator that the assignment or reassignment is advantageous to the government in terms of economy, efficiency, or national security.

¹⁶The fiscal year 2011 threshold for proposed new construction, alterations, and leases was \$2.79 million.

facility by submitting a project prospectus.¹⁷ GSA typically funds new federal construction and the acquisition of leased space from the Federal Buildings Fund (FBF). ¹⁸ Agencies occupying GSA-controlled space (owned or leased) pay rent to GSA, which GSA deposits into the FBF. GSA then pays the landlord from the FBF for those buildings it leases.¹⁹ In addition to federal construction or leasing, GSA has the authority to enter into a sale-leaseback²⁰ or a ground lease and leaseback²¹ arrangement through which GSA sells or leases federal land to a developer that builds a facility on the site and leases it back to GSA.²² We have previously reported that the FBF is not large enough to meet GSA's construction and major repair needs²³ and that alternative financing

¹⁷A prospectus is a document containing project and cost information that GSA submits to the Office of Management and Budget and Congress for approval as part of the authorization process for new construction or leasing projects.

¹⁸The FBF is a revolving fund managed by GSA that finances—from rent charged to occupants of GSA-controlled space—real property management and related activities of GSA's Public Buildings Service. Principal activities include the operation, maintenance, and repair of GSA-owned and -leased buildings and the construction of new federal facilities. The FBF also provides for the rental of space in privately owned buildings. In this report, we refer to property that is owned by the federal government and under the control and custody of GSA as GSA-owned property.

¹⁹If an agency enters into a lease with a private building owner or through another federal agency, the agency would pay rent directly to one of those entities and not to GSA.

 $^{^{20}}$ Under a sale-leaseback arrangement, a federal agency sells an asset and then leases back some or all of the asset from the purchaser.

²¹Under a ground lease and leaseback arrangement, a federal site is leased to a developer and a facility is constructed to government specifications and leased back to the government. The title to the parcel never leaves government ownership. At the expiration of the lease, the title to the building passes to the United States.

²²40 U.S.C. § 585(c) authorizes GSA to lease a federal site to a developer and then pay rent for space, for a period of not more than 30 years, in buildings erected on land owned by the government. Also, Section 412 of Pub. L. No. 108-447 118, Stat. 2809, 3259, enacted in 2004, provides GSA with additional authority to dispose of and use its real property by various means, including leaseback arrangements.

²³GAO, Federal Buildings: Funding Repairs and Alterations Has Been a Challenge— Expanded Financing Tools Needed, GAO-01-452 (Washington, D.C.: Apr. 12, 2001).

strategies may be viable options for GSA to meet agencies' facilities needs.²⁴

GSA has generally provided space in leased facilities for the FBI's expanded headquarters staff. We have also reported that GSA has used operating leases extensively to meet agencies' long-term space needs, even though building ownership is generally less costly. ²⁵ Both GSA and the FBI have generally concluded that the FBI has long-term space needs and that its operations should be consolidated to achieve greater security and efficiency. Working with GSA, the FBI has studied a number of alternatives for consolidation.

FBI Headquarters Facilities Present Security, Space, and Condition Challenges

The Hoover Building Does Not Meet the FBI's Long-Term Security Requirements According to FBI officials, the Hoover Building does not meet the FBI's long-term security requirements. ²⁶ We found that planning for the FBI's headquarters security requirements has evolved over time. A 2005 GSA study and a 2009 FBI study cited different planning assumptions about the security requirements for a new FBI headquarters. The 2010 ISC standards do not prescribe security requirements for federal facilities like the Hoover Building or new facilities that an agency proposes to construct or lease. Instead, the 2010 standards indicate that, in establishing requirements for existing or new facilities, agencies should determine what combination of countermeasures would provide an appropriate level of protection against identified threat scenarios that the ISC refers to as

²⁴GAO, Public-Private Partnerships: Pilot Program Needed to Demonstrate the Actual Benefits of Using Partnerships, GAO-01-906 (Washington, D.C.: July 25, 2001). In addition, Congress may also appropriate moneys from the General Fund of the Treasury to the FBF as it deems necessary.

²⁵GAO, Federal Real Property: Reliance on Costly Leasing to Meet New Space Needs Is an Ongoing Problem, GAO-06-136T (Washington, D.C.: Oct. 6, 2005).

 $^{^{26}\}mbox{Our}$ previously issued law enforcement sensitive report contains additional information on the security posture of the Hoover Building and the FBI's security requirements.

the "design-basis threat." Furthermore, the 2010 ISC standards indicate that whenever an agency-determined threat level deviates from the ISC design-basis threat baseline, the factors that influenced the agency's threat assessment must be documented and fully supported by detailed information as part of the assessment.

In addition to the Hoover Building not meeting the FBI's long-term security requirements, FBI security officials told us on our site visits that they have some security concerns—to varying degrees—about some of the headquarters annexes, including the following:

- Proximity of non-FBI tenants to FBI employees performing sensitive operations. At least nine annexes are located in multitenant buildings, where some space is leased by the FBI and other space is leased by nonfederal tenants. While this arrangement does not automatically put FBI operations at risk, it heightens security concerns.
- Lack of control over common areas. FBI security officials also cited a lack of control over common areas in multitenant buildings. For example, at one annex we visited, FBI officials told us that the building's landlord denied the FBI's request to implement some recommended countermeasures made in 2007 and in 2009 by DHS's Federal Protective Service (FPS), which conducts security assessments of facilities under the control or custody of GSA. The landlord chose not to implement the countermeasures, citing costs and concerns about inconveniencing nonfederal tenants in the building.

 27
- FBI Police response. According to FBI officials, security at the annexes is primarily handled by contract guards, local police, or the FBI's internal police force, the FBI Police, depending on the location and circumstances. The FBI Police does not physically station its personnel at the annexes; rather, it periodically conducts patrols of annexes.

²⁷We have previously reported on the challenges associated with protecting leased space in facilities with nonfederal tenants, such as the lack of control over common areas like building lobbies and elevators. This lack of control stems, in part, from the inability of federal tenants to negotiate changes to those areas, such as the installation of X-ray machines, because private landlords frequently believe that such countermeasures would inconvenience other tenants and the public. See GAO, Building Security. New Federal Standards Hold Promise, But Could Be Strengthened to Better Protect Leased Space, GAO-10-873 (Washington, D.C.: Sept. 22, 2010).

FBI Has Implemented Several Countermeasures to Improve the Security of the Hoover Building Over the past several years, the FBI has implemented countermeasures at the Hoover Building to improve security, including

- upgrading the building's exterior windows;
- moving and upgrading the security of the FBI business visitor center so that it now provides internal queuing for identification checks, an Xray screening area, a badge office, and a secure waiting area;
- strengthening barriers to prevent unauthorized access;
- installing new doors to the building to meet the FBI's requirements for protection against forced entry;
- securing air intakes to keep airborne contaminants out of the building;
- paying the District of Columbia government to restrict public metered parking along one side of the building in order to prevent unscreened vehicles from parking or idling near the building.

Although the FBI has implemented these countermeasures, others have yet to be implemented, and FBI officials did not provide historical documentation of the agency's rationale for not implementing them. FBI security officials we spoke with were not part of the earlier decision making, but suggested that some past recommendations were not implemented because of their high cost and potential impact on operations. A 2005 GSA study concluded that some of the recommendations would have been costly and disruptive to the FBI's operations within the building. Because FBI officials did not provide historical documentation of the FBI's rationale for not implementing some recommendations, it is difficult for us to determine why the FBI and GSA did not pursue them. More recently, in 2008, the FBI received approval from NCPC for one security project at the Hoover Building, but FBI officials reported they were unsuccessful in obtaining funding for the project before NCPC's approval expired. The FBI said it intends to resubmit its request for NCPC approval at the end of fiscal year 2011. and if the request is approved, it may attempt to obtain funding in fiscal year 2012.

While implementing recommended countermeasures may not always be feasible—because of physical limitations or budgetary restrictions, for example—the 2010 ISC standards require agencies to document any

decision to reject or defer the countermeasures' implementation, including whether the agency is willing to accept risk and whether there are any alternative strategies to meet the agency's required level of protection. This ISC standard is consistent with a component of our risk management framework that calls for agencies to identify and evaluate alternatives to mitigate risk, taking into account the alternatives' likely effect on risk and their cost.²⁸

FBI Recently Performed a Comprehensive Security Assessment of the Hoover Building and Intends to Have the Security of Its Annexes Assessed against the 2010 ISC Standards FBI officials performed a comprehensive security assessment of the Hoover Building in 2011 using the 2010 ISC facility security standards. This assessment, which the FBI provided to us after we issued our law enforcement sensitive version of this report in July 2011, was the FBI's first comprehensive review of the building's security since 2002, although FBI officials told us they had assessed the security of selected portions of the building during the interim. For federal buildings under the control or custody of GSA, such as the Hoover Building, FPS normally conducts periodic security assessments unless the tenant agency waives the requirement for FPS to do so. The FBI waived the requirement for FPS to conduct security assessments of the Hoover Building, acknowledging that it would assume responsibility for conducting the assessment sitself. However, the FBI did not conduct a comprehensive assessment of the Hoover Building from 2002 until 2011 because, according to FBI officials, the FBI had concluded that an updated assessment would be unlikely to vield new information.

Under the current ISC standards, agencies are to conduct security assessments of their facilities at regular intervals, depending on the building's FSL. The requirement for the Hoover Building is every 3 years. The ISC also requires agencies to document their security assessment findings in a report, including the threats and vulnerabilities they have identified and the specific countermeasures they have recommended based on their building's FSL. Conducting regular security assessments is also an important component of one of our key practices in protecting federal facilities—allocating resources using a risk management approach. This practice emphasizes the need to identify threats and

²⁸GAO, Homeland Security: Further Actions Needed to Coordinate Federal Agencies' Facility Protection Efforts and Promote Key Practices, GAO-05-49 (Washington, D.C.: Nov. 30, 2004).

assess vulnerabilities in order to develop countermeasures and to prioritize the allocation of resources as conditions change.²⁹

In July 2011, we reported that an updated security assessment would allow the FBi to fully assess the building against the 2010 ISC standards, evaluate if additional security technologies could be implemented, and document decisions about whether to implement certain recommendations or accept risk going forward. We also noted that an updated security assessment would provide the FBI with current information to help prioritize its allocation of security-related resources across all of its facilities. We recommended that the FBI update the Hoover Building's security assessment using the 2010 ISC standards, including (1) documenting threats, (2) analyzing the building security requirements, and (3) indicating whether recommendations would be implemented.

Subsequent to our July 2011 law enforcement sensitive report, the FBI completed a security assessment of the Hoover Building. This security assessment was conducted by the FBI's Physical Security Unit and coordinated with the FBI Police and the FBI's Facilities and Logistics Services Division. FBI security staff evaluated security conditions against specific criteria outlined in the 2010 ISC standards. According to our analysis, the assessment covered some areas that were not covered in the 2002 assessment. Moreover, the assessment documented both the security posture of the Hoover Building and the FBI's building security requirements in relation to baseline ISC requirements. Where appropriate, the assessment included recommendations, and those recommendations were recently forwarded to the FBI's executive management for consideration. Currently, the FBI is in the process of determining its response to these recommendations, some of which would require capital investments in the building. FBI needs time to make final decisions on some recommendations and may need to reach agreement with GSA as the federal steward for the building. As the FBI determines its response to the recommendations, it is important that it document decisions because of their budget implications and effect on the planning for its long-term facility needs.

²⁹GAO, Homeland Security: Greater Attention to Key Practices Would Improve the Federal Protective Service's Approach to Facility Protection, GAO-10-142 (Washington, D.C.: Oct. 23, 2009).

According to FBI security officials, they were not aware of any countermeasures that needed to be implemented at the annexes. Although they indicated that they do have security concerns about headquarters annexes, such as lack of control over building common areas, the officials told us the annexes generally meet the 2004 ISC standards for leased space.

We received security assessments or other security-related information—from both FPS and the FBI—for most, but not all, of the 21 annexes. 30 According to the FBI, it intends to request that FPS assess the annexes' compliance with the 2010 ISC standards when the new standards are fully implemented and then evaluate the need for any additional countermeasures. 31 Tracking the implementation status of all countermeasures recommended in FPS or FBI security assessments will provide the FBI with complete, current information on any security vulnerabilities at its annexes, and help it determine the extent to which the annexes meet the 2010 ISC standards and the FBI's security requirements

The Hoover Building's Design Limits Space Efficiencies and Hampers Collaboration; Dispersion of Staff Causes Operational and Logistical Challenges Although the Hoover Building is large, occupying an entire city block, much of its approximately 2.4 million gross square feet of space is unusable, and the remaining usable space 32—according to a 2007 study conducted for GSA and the FBI—is not designed to meet the needs of today's FBI. 33 According to a 2008 GSA market appraisal of the building, its design is inefficient and functionally obsolete. 34 According to the FBI.

³⁰For those FBI annexes under the control or custody of GSA, the extent to which FPS assesses the security of the building depends on whether the FBI is the sole tenant or one of several federal tenants. In cases where the FBI is the sole tenant in the facility, the FBI usually signs a waiver stating that the FBI is responsible for conducting its own assessments. FPS officials stated that for multitenant buildings, FPS normally assesses the security of the facility's exterior and the common areas within the building, but does not enter the office space in which the FBI conducts its operations.

³¹See footnote 13.

 $^{^{32}}$ Usable square footage is space that is generally assignable for the tenant's use, such as office space, conference rooms that are not shared, computer server rooms, and tenant storage areas. It does not include nonassignable space, such as vertical ducts and public elevators and stairs.

³³GSA, "Space study" (unpublished study, 2007).

³⁴GSA, "Real estate appraisal" (unpublished opinion, 2008).

the space is laid out as efficiently as possible, but the original design of the building's floor plates is inefficient. ³⁵ For example, the building provides a lower percentage of usable square footage for office and mission functions than a federal office building built to current design standards. In its 2010 facilities standards, ³⁶ GSA established a space efficiency target of 75 percent for new federal office buildings, based on the ratio of usable to gross square footage. ³⁷ The Hoover Building's efficiency ratio is 53 percent. Figure 3 illustrates some of the features that limit the building's efficiency.

³⁵A floor plate refers to the entirety of the floor layout, including both the usable space and the nonassignable space. The design of the nonassignable space and the size of the building elements within that space, such as elevators and stairs, influence the space efficiency of the building.

³⁶GSA, Facilities Standards for the Public Buildings Service (November 2010).

 $^{^{37}{}m GSA}$ defines space efficiency as the minimum necessary space for an agency's desired functions to be properly accommodated, with minimum "waste" between usable area and gross area.

Building structural elements—such as load-bearing columns and trusses associated with cantilevered upper stoles—limit apportunities to reconfigure interior spaces and convert some closed office areas to open space.

Work areas are too deep—from the windows to the building core area—which limits access to natural daylight. Today's federal construction standards advocate access to daylight as a means of improving energy and environmental efficiency.

Source: GAO analysis of a GSA-commissioned space effectiveness study and GSA facility design standards.

To accommodate additional staff at the Hoover Building, the FBI has reconfigured parts of the building's interior, including converting about 200,000 square feet of basement, cafeteria, and storage space to offices. Renovations were implemented reactively as the agency's mission grew. Some areas could not be renovated as open spaces, as desired, because the building's original design hampered such changes. While converting building support space has provided the FBI with some additional offices in the Hoover Building, GSA's facility condition assessment³⁸ indicates that those offices may not be adequately ventilated and cooled. As a result, some space may provide an uncomfortable working environment for staff. GSA has a project planned to address ventilation requirements. While the project was proposed as early as 2004, we found that GSA has been unable to get the design approvals needed to implement the

³⁸GSA, "Building evaluation" (unpublished study, 2011).

project.³⁹ FBI officials we spoke with also indicated that the building lost some functionality—for example, they said less space was available for meetings—after those spaces were converted to offices to accommodate the agency's rapid growth.

The FBI and GSA have concluded that the Hoover Building's interior design remains a significant barrier to staff collaboration and information sharing across teams. ⁴⁰ Furthermore, GSA has concluded that the building's structure constrains further increases in its efficiency. ⁴¹ For example, a 2007 study for GSA and the FBI found that the Hoover Building's long corridors and closed office suites result in significant fragmentation among working groups that hampers communication and collaboration and that the building's inflexible design is incompatible with changing mission needs. FBI officials told us that whereas newer office buildings with modular designs can be quickly and cost-efficiently reconfigured to accommodate new missions or staff growth, the Hoover Building would likely require months of modernization work to achieve similar results. ⁴² According to senior FBI and GSA officials, space restrictions at the Hoover Building limit the FBI's ability to meet two GSA workplace goals for the next decade—to improve collaboration and communication and to make more efficient use of space. ⁴³

Because the Hoover Building cannot readily be modified to accommodate new mission needs and staff growth, and because core headquarters

³⁹In 2007, the Commission of Fine Arts requested that GSA revise the proposed design to address the commission's concerns about proposed architectural details. Established in 1910 by an act of Congress, the commission reviews and approves designs for buildings erected by the federal government in the nation's capital.

⁴⁰GSA, "Space study" (2007).

⁴¹FBI space-programming studies show that if the FBI were to consolidate into more efficient, modern space, it would need approximately 2.2 million rentable square feet compared with the 3.1 million rentable square feet that it occupies today in the Hoover Building and 21 off-site annexes.

⁴²At one location we visited, where the FBI leases space from another intelligence agency, FBI officials identified "smart walls" that can easily be modified to meet new task forces' operational and security requirements. For example, one official said that the FBI transformed a conference room area into secure office space for 15 workstations within a week.

⁴³GSA, The New Federal Workplace: A Report on the Performance of Six Workplace 20-20 Projects (Washington, D.C.: June 2009).

staff are therefore dispersed among multiple annexes, the FBI now faces several operational and logistical challenges. According to FBI officials, space constraints at the Hoover Building and the resulting dispersion of staff sometimes prevent the FBI from physically locating certain types of analysts and specialists together. For example, according to an FBI report, one FBI division within the Hoover Building is not able to embed analysts within other offices—to facilitate greater collaboration—because of the lack of available space. During our site visits, FBI officials reported logistical challenges as well, including a lack of facilities at a few annexes for discussing some classified information, known as sensitive compartmented information facilities (SCIF). As a result, some FBI personnel told us they have to travel to meetings in different locations across the National Capital Region, resulting in inefficient use of their time and the FBI's transportation resources. Furthermore, FBI officials at three annexes we visited reported that the private landlords responsible for building maintenance at their sites were often slow to respond to maintenance requests from the FBI, such as requests for repairs to malfunctioning heating and cooling systems.

To mitigate the operational and logistical challenges of dispersion and to avoid further complications as its workforce continues to grow, the FBI has centralized its real property management functions for headquarters and has begun to take a more focused approach to managing its space needs. In 2005, the FBI established a central Space Management Unit⁴⁴ and started assessing its headquarters space needs twice a year. In addition, it initiated an interim phased plan to consolidate some leases into fewer facilities based on the lease expiration dates until it can obtain a facility designed to consolidate operations in the Hoover Building and in the 21 annexes it has determined should be colocated.

⁴⁴In 2004, the FBI Director proposed the establishment of a Facilities and Logistic Services Division to consolidate and standardize real property management throughout the FBI. In June 2005, the Attorney General approved the establishment of this division. Within that division, a headquarters Space Management Unit was created to better manage the growth in FBI headquarters space needs by standardizing and formalizing space assignments, allocations, and projections, and by coordinating new leasing actions.

The Hoover Building Is Aging and Showing Signs of Deterioration, but Needed Repairs and Recapitalization Projects Have Been Deferred Although the Hoover Building is nearing its life-cycle age and exhibiting signs of deterioration, 45 GSA has decided to limit major repair and recapitalization investments to those systems or components that affect life safety and building functionality until it is determined whether the FBI will remain a long-term occupant of the building.46 According to GSA, its investments have been appropriate to ensure that FBI operations are not at risk. For example, since 2004, GSA has spent approximately \$22 million to upgrade components and systems in the Hoover Building.⁴⁷ Nevertheless, a 2009 GSA physical condition survey estimated that the building requires about \$80.5 million in further repairs and upgrades. The condition survey identifies repair needs to the building's air-handling distribution systems and ductwork (\$44.2 million), electrical switchgear (\$23.3 million), and elevators (\$2.3 million), among other systems. 48 GSA officials told us these repairs have been deferred. GSA also has plans to repair the building's concrete façade (\$8.9 million)49 and to replace the entire fire alarm system (\$22 million), but has not yet obtained funding for either project. GSA officials indicated that the fire alarm system replacement would most likely be included in any future renovation of the Hoover Building.

During a tour of the Hoover Building given by FBI officials, we observed several signs of exterior and interior deterioration. One FBI official stated

⁴⁵The National Research Council has reported that facilities and their building systems—such as the electrical system—generally have a finite, expected useful life, over which time proper maintenance should occur and after which time the systems may need to be replaced. Most buildings are designed for a minimum service life of 30 years, but with proper maintenance may perform for 40 to 100 years.

 $^{^{\}rm 46}$ in 2010, GSA awarded a maintenance contract that provides for routine operations and maintenance of the heating, ventilation, and cooling systems in the Hoover Building.

⁴⁷Since 2004, GSA has completed or is in the process of completing several recapitalization projects at the Hoover Building, including an \$11.4 million chiller replacement, a \$5 million upgrade to the building's electrical closets, and a \$5.2 million project to install energy-efficient lighting.

⁴⁸GSA's Public Buildings Service assesses the physical condition of GSA assets regularly through the use of a physical condition survey. Every 2 years, a team of Public Buildings Service associates, including the asset manager and the property manager, physically inspect a building to assess its current condition and needs and to document changes in condition over time using a series of questions contained in the survey.

 $^{^{49}}$ GSA plans to treat the building's concrete façade with a chemical consolidant to make it less porous and thus less susceptible to deterioration.

that some areas of the upper-level exterior façade have deteriorated over time, heightening the risk that pieces of concrete could fall and strike pedestrians below. As a precautionary measure, GSA and the FBI have installed netting around the upper level of the building to catch any falling debris. In addition, water infiltration from the courtyard has corroded parts of the parking garage ceiling. The basement is also prone to flooding from the interior courtyard during periods of rain. Figure 4 depicts conditions we observed during our tour.

Figure 4: Conditions GAO Observed at the Hoover Building







Recycling bin rigged with a plastic chute to direct rainwater runoff that infiltrated the basement.

At the time of our review, the Hoover Building was categorized as a "core asset" in GSA's asset business plan. 50 However, this categorization was inconsistent with GSA's decision to limit major repair and recapitalization investments in the building. GSA core assets generally have a long-term holding period of at least 15 years. For buildings with a long-term holding

 $^{^{50}\}mbox{GSA},$ "Asset Business Plan for the J. Edgar Hoover Building" (unpublished plan, May 24, 2010).

period, GSA policy states that reinvestment will be funded to ensure maintenance of the building's quality and condition at levels appropriate to meet continuing mission and customer needs. §1 This includes all preventative maintenance, necessary upgrades, and enhancements to the building and its systems to maintain the asset in appropriate condition. GSA's near-term maintenance policy for the Hoover Building is more consistent with GSA's policy for a "transition asset." A transition asset typically has a 6- to 15-year holding period as its tenant prepares for relocation to a new federal building or a leased building. For such an asset, GSA funds projects that meet basic needs in transition, but avoids any major reinvestment. In its technical comments on our draft law enforcement sensitive report, GSA reported that it has recently recategorized the Hoover Building as a transition asset to reflect the FBI's concerns about the building's security, condition, and efficiency, as well as GSA's own decision to limit investments in the building. GSA further reported that its categorization of the building may change again if the FBI moves or further study of the asset points to a change. Regardless of how the building is categorized, it will likely be used for several more years, and its large backlog of deferred maintenance, major repairs, and recapitalization requirements increases the potential for systems or components to fail and potentially disrupt FBI operations.

⁵¹GSA, "FY10 Asset Management Plan" (unpublished plan, 2010).

Consistent with Leading Practices Thus Far, the FBI and GSA Have Identified Alternatives for Better Meeting the FBI's Facility Needs and Are Developing an Approach for Moving Forward

FBI and GSA Planning Actions Have Been Generally Consistent with Applicable Leading Practices in Capital Decision Making Over the past decade, the FBI and GSA have conducted a number of studies (see fig. 5) to assess the FBI headquarters facilities' strategic and mission needs. Through these studies, they have determined the condition of the FBI's current assets and identified gaps between current and needed capabilities, as well as studied a range of alternatives to meet the FBI's requirements. (See app. II for more detail on the studies undertaken by the FBI and GSA.) These activities are consistent with applicable GAO leading practices in capital decision making.⁵²

⁵²See GAO/AIMD-99-32. We developed our leading practices for use in conjunction with the Office of Management and Budget's Capital Programming Guide, a supplement to its Circular A-11, which provides detailed guidance to federal agencies on planning, budgeting, acquiring, and managing capital assets.



Source: GAO analysis

GAO Capital Decision-Making Practices 1 and 2: Assess Requirements and Determine Gaps between Current and Needed Capabilities Consistent with our first two leading practices in capital decision making—to conduct a comprehensive assessment of needs to meet an agency's mission goals and objectives and to identify the current capabilities and condition of existing assets (i.e., facilities) to meet those needs—the FBI and GSA conducted facility condition and security assessments of the Hoover Building in 2001 and 2002⁵³ and identified recommendations in both areas. For example, the poor condition of the Hoover Building was identified as a gap in the FBI's need for a functional headquarters. In addition, as noted, the FBI's 2005 Asset Management Plan⁵⁴ identified

 $^{^{53}\}mathrm{As}$ we discussed earlier in this report, the FBI updated its security assessment of the Hoover Building in 2011.

^{**}Security of the state of the

the need for a new headquarters facility to safeguard personnel and information within efficient and cost-effective workspace, and the FBI has worked with GSA to identify its strategic facility and space requirements. Also in 2005, the FBI Director and a Deputy FBI Director—with input from assistant directors—decided which FBI programs should be colocated in a headquarters facility to meet the agency's strategic and mission requirements. According to their analysis, the FBI Director; the National Security Branch, including its counterterrorism and intelligence divisions; the Criminal, Cyber, Response, and Services Branch; and other FBI headquarters functions, such as the Information Technologies Branch, would need to be colocated. Throughout the decision-making process, FBI senior officials have consulted with senior GSA regional and national officials to discuss the FBI's requirements and the range of alternatives to meet the FBI's needs. In 2007, GSA and the FBI found that the need to colocate certain FBI programs—to better enable collaboration and facilitate information sharing⁵⁵—could not be met in the Hoover Building and the annexes and that the FBI's operations in the Hoover Building and 21 of its annexes in the National Capital Region should be consolidated.56 This decision to consolidate is also consistent with a 2010 presidential memorandum directing federal agencies to eliminate lease arrangements that are not cost-effective, pursue consolidation opportunities, and identify reductions when new space is acquired, as the FBI pointed out in its 2010 consolidation report.⁵⁷

In the studies they conducted from 2005 through 2009, the FBI and GSA identified security requirements for a consolidated FBI headquarters facility. Our previously issued law enforcement sensitive report describes these security requirements. The 2005 through 2009 planning studies also identified space requirements for an FBI headquarters facility. For example, a formal space programming study performed by the FBI's architectural consultant established space requirements for approximately 11,600 personnel and for support headquarters spaces, such as conference rooms and SCIF space. This personnel figure was based on current staffing levels

⁵⁵ According to the FBI, efforts to improve collaboration and communication also respond to recommendations—made to the nation's intelligence community—by the National Commission on Terrorist Attacks Upon the United States and the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction.

⁵⁶GSA, "Space study" (2007).

⁵⁷Presidential Memorandum—Disposing of Unneeded Federal Real Estate (June 10, 2010).

for the functions that the FBI had determined should be colocated in a headquarters facility, adjusted to allow for limited future growth. To further identify the FBI's headquarters space requirements, the architectural consultant and staff from the FBI's Facilities and Logistics Services Division met with representatives from the FBI's branches and their divisions to assess their operational needs, such as access to SCIF space or proximity to another organization or function. In addition, the FBI Facilities and Logistics Services Division established space standards for staff after reviewing GSA and industry benchmarks.⁵⁶ According to the FBI, it requires modern, open-plan office space for its operations and shared team spaces to promote collaboration and information sharing across mission teams.⁵⁹ and to permit easy reconfiguration to meet changing needs, such as space for newly formed internal and interagency task forces.⁶⁰ The FBI also identified requirements for large SCIFs to fully support its divisions' classified discussion and processing needs.

 $^{^{58} {\}rm The\; FBI's\; space\; standards\; call\; for\; an\; average\; workstation\; of\; 49\; square\; feet\; (7\; feet\; by\; 7\; feet).}$

⁵⁹Our review of FBI planning documents shows that the FBI considered using alternative workplace strategies—such as teleworking—to help address its space needs but determined that because most of its work is highly classified, teleworking is not a practical option and also does not support its mission need to bring teams together.

⁶⁰GSA's federal workplace goals for the next decade call for open-space floor plans that promote collaboration and provide greater flexibility to reconfigure space to meet the changing needs of building occupants.

GAO Capital Decision-Making Practice 3: Identify Alternatives to Close Gaps Consistent with our third leading practice in capital decision making—decide how best to meet a gap by identifying and evaluating alternative approaches—the FBI and GSA, in their 2005 through 2009 planning studies, identified and analyzed a range of alternatives, together with their estimated costs and benefits, for meeting the gap between the FBI's current and needed space. These alternatives fall into three categories: (1) modernizing the Hoover Building, ⁶¹ (2) demolishing the building and constructing a new facility on the existing site; ⁶² and (3) acquiring a new consolidated headquarters facility—through federal construction or lease—on a new site. ⁶⁵ Figures 6 and 7 provide summary information about these three alternatives and the status quo, which we include because the Office of Management and Budget (OMB) requires agencies to submit baseline information when they propose a major capital acquisition. ⁶⁴

⁶¹GSA, "Site study" (unpublished study, 2006).

⁶²GSA, "Site study" (2006).

⁶³GSA, "FBI headquarters housing strategy" (unpublished study, 2005); FBI, "Relocation study" (unpublished study, 2009); and FBI, "Consolidation report" (unpublished, final draft report, 2010).

⁶⁴Some alternatives included variations. For example, the modernization alternative included four variations that ranged from vacating the entire building during the renovation to renovating the occupied building floor by floor.

Baseline: FBI remains in the Hoover Building and annex offices and implements upgrades over

- A Security: The FBI's security concerns about its headquarters facilities would remain.
- ↑Operations: Operations would remain fragmented. Fragmentation could increase if the FBI headquarters workforce grows by an estimated 7 percent total by
- Ocondition: The Hoover Building would continue to age, and system deterioration would continue if major projects were not initiated.
- \$ Costs: Total annex lease costs would increase it more leased space were needed to meet FBI's growing needs.
- @ Time to implement: Life-cycle life-safety, and security upgrades would be implemented over time as needed and as funding became available.

Alternative 1: The Hoover Building modernized, leases consolidated

- Security: The FBI's security concerns about its headquarters facilities would
- ↑ Operations: Operations would remain fragmented because usable space within the Hoover Building would not greatly increase. Fragmentation could increase the Hoover Building would not greatly increase. Fragmentation could increase and disruption would occur during implementation of the building modernization as staff move into swing space—outside the Hoover Building—during renovation. Also during renovation, staff could have difficulty accessing space suitable for classified work. After the renovation, ragmentation would continue but might be alleviated as leases at the annexes expire and if FBI and GSA could consolidate those annexes into fewer, but larger, facilities. However, FBI's projected growth would likely result in more staff being located in annexes outside of the Hoover Building.
- Condition: The Hoover Building's physical condition would improve with modernization. A modernization could meet some Leadership in Energy and Environmental Design (LEED)* standards, but it would not be comparable to a new building meeting LEED gold criteria as GSA requires for newly constructed read at least standard. federal facilities.
- \$ Costs: GSA's preliminary cost estimate for modernization is about \$1.7 billion based on 2007 construction cost factors.
 - The costs did not include any additional leased annex space that would be required to meet the FBI's projected staffing growth by 2018.

 According to a report by one of GSA's consultants, modernization costs
 - would significantly exceed new construction costs.
 - According to GSA officials, generally, the cost of providing similar levels of security to an existing building is more expensive than including those items
 - in the construction of a newly designed building.

 According to GSA officials, the Hoover Building could be modernized at less cost for another federal agency—one without the FBI's high security needs—if the FBI vacated the facility and the construction contractor renovated the building before the new tenant moved in.
- Time to implement: This project is estimated to take approximately 14 years to complete assuming a phased approach with swing space provided for FBI operations during construction.

*The U.S. Green Building Council's Leadership in Energy and Environmental Design green building rating system defines sustainable features for buildings and includes a set of performance standards that can be incorporated into the design and construction of buildings. When the standards are met during facility design and construction, credits are earned to enable buildings to be certified in accordance with an established four-level scale—certified, silver, gold, and platinum.

Figure 7: Alternatives 2 and 3 Consider New Construction on the Existing Hoover Site or a New Site

Alternative 2: The Hoover Building is demolished, new building built on existing site

- Security: The FBI's security concerns about its
- ↑ Operations: Operations would remain fragmented because any new facility on the Hoover Building site would still not have enough square footage to meet the FBI's operational needs. The new building would likely be smaller than the existing facility. Fragmentation would also increase while FBI staff were relocated during construction. Finding appropriate swing space, including space for classified work, could be difficult.
- Condition: The facility would be designed to meet LEED certification requirements and GSA design and workplace standards.
- \$ Costs: In 2006, a GSA contractor estimated construction costs of \$850 million. The estimate does not include the costs of:
 - tenant-specific operations (e.g., the costs of constructing SCIF space in the new building), leasing swing space for employees, moving twice, and constructing temporary SCIFs in swing space; and
 - additional leased annex space that would be required to meet the FBI's projected staffing growth by 2018.
- Time to implement: This project is estimated to take approximately 9 years to complete.

Alternative 3: New consolidated headquarters facility built on new site

- ⊕ Security: The new consolidated headquarters facility should be able to fully meet the FBI's security requirements based on the 2010 ISC security standard.
- ↑ Operations: Efficiency would increase because the new facility would allow for the optimal organization of divisions to include FBI's projected stafting growth. Space within the new facility would be designed, using an open-plan concept, to allow for future reconfiguration in response to changes in FBI's mission.
- Condition: The new facility would be located on about 50 acres of land and accessible to public transportation systems. The facility would be designed to meet LEED certification requirements and GSA design and workplace standards.
- \$ Costs: In 2010, the FBI and GSA estimated a project cost of approximately \$1.2 billion to acquire a new site and design and construct a new headquarters facility on it. The estimate does not include the costs of:
 - meeting FBI requirements for equipment, system furniture, moves, and other items;
 - private financing incurred by a private developer—such as the costs of securing a construction loan and paying any interest on tit—should GSA contract with a developer to construct the building and lease it to GSA; and
 - the developer's return on investment and a possible lease increase when the lease was renewed.
- Time to implement: This project is estimated to take approximately 7 years to complete.

Source: GAO analysis.

The cost estimates in figures 6 and 7 cannot be compared because the studies and estimates were completed at different times, for different purposes, by different consultants, using different methodologies and facility specifications.

GAO Capital Decision-Making Practice 4: Establish a Review and Approval Framework As the FBI and GSA continue to advance through the capital planning process, our leading practices in capital decision making can help guide their efforts, as well as inform decision makers' evaluations of any preferred alternative and other alternatives considered. Our fourth leading practice—establish a review and approval framework that is supported by analyses⁵⁵—encourages management reviews and approvals, supported by the proper financial, technical, and risk analyses that are critical in making sound capital investment decisions.

OMB's guidance, together with GSA's Capital Planning Program Guide, provides a capital asset review framework such as our fourth leading practice describes. OMB's guidance requires GSA-if GSA constructs or leases a headquarters facility for the FBI's use-to submit a capital asset business case in support of the project. According to OMB's guidance, the FBI and GSA need to partner to develop the business case providing input on the estimated project costs and financing strategies 66but the design and construction budget request would be part of GSA's annual budget submission to OMB if the construction is to be funded through the FBF. (See app. III for information on the FBF.) This business case should include the total estimated life-cycle costs-for the preferred alternative and the other alternatives the agencies considered⁶⁷ including the costs of acquisition, operations, maintenance, and disposal.68 In addition, GSA's guide directs GSA to conduct a variety of reviews, such as site feasibility studies and environmental analyses, designed to ensure that projects are feasible and in compliance with all federal construction requirements.

⁶⁵See GAO/AIMD-99-32.

⁶⁶The FBI would also need to identify its contributions to the other related project costs that are not part of the design and construction estimate—such as the costs of moving, systems furniture, and security equipment. Funding for these costs would be requested separately through the FBI's budget submission.

⁶⁷OMB Circular A-11, Part 7, "Planning, Budgeting, Acquisition, and Management of Capital Assets" indicates that in selecting the best capital asset, agencies should identify at least three viable alternatives in addition to a baseline representing the status quo. In addition, agencies should identify specific qualitative benefits, as well as quantitative costs and benefits, to be realized.

 $^{^{68}\}text{GSA}$ would need to consult with OMB as to whether the disposition or reuse of the Hoover Building and site should be factored into the business case analysis.

GAO Capital Decision-Making Practice 5: Rank and Select an Alternative As GSA develops a capital asset business case for OMB with input from the FBI, it will have to rank the alternatives the agencies considered and select a preferred alternative. This ranking, when weighed against other relative priorities that the FBI and GSA will have to evaluate, would be consistent with our fifth capital decision-making practice—rank and select projects based on established criteria. FBI officials have preliminarily concluded that their security and space requirements can be met only through the construction of a new headquarters facility on a new site. GSA officials have thus far generally concluded that the FBI has longterm space needs and that FBI operations should be consolidated to achieve greater security and efficiency, but have not finalized their construction cost estimates. According to GSA officials, the FBI and GSA will discuss the FBI's needs with OMB, and a final decision will be based on the results of a more comprehensive analysis that GSA will complete with FBI input for OMB. For the preferred alternative, GSA officials said they will need to undertake a final due diligence process to revalidate the FBI's program requirements, update costs, and initiate feasibility studies—such as an assessment of the likelihood that sites are available in the National Capital Region-so as to develop a detailed prospectus for formal OMB approval and congressional consideration.6

Our leading practices state that prudent decision makers also should consider various funding options available to them. In the case of real property, that means considering other funding alternatives in comparison to funding new construction or a modernization through the FBF. In separate interviews, both GSA's Deputy Administrator and Director of the Office of Real Property Asset Management indicated that GSA will undertake a thorough analysis of a range of financing strategies as part its due diligence. (See app. III for a description of some of the financing strategies that GSA may consider.) According to GSA, it almost always recommends federal construction using the FBF because this is usually the lowest cost alternative. However, GSA reports that in the current budgetary environment, it believes that alternative strategies such as the ground lease and leaseback arrangement—providing for eventual

⁶⁹The prospectus shall include, among other things, a brief description of the space, the location of the space, an estimate of the maximum cost to the United States, and a statement of how much the government is already spending to accommodate the employees who will occupy the space. Prospectus requirements also apply to alterations of public buildings. For large federal construction projects, GSA typically submits an initial prospectus to request authorization for site acquisition and design funding and a second prospectus for construction funding. See 40 U.S.C. § 3307.

ownership of the building by the government—may need to be considered.70

After GSA and the FBI identify a preferred alternative and financing strategy, and if the alternative entails constructing a new federal facility through the FBF, GSA will have to rank the need for any FBI headquarters capital project against other FBI and governmentwide facility needs. GSA ranks projects from all agencies that have identified requirements—first by GSA region and then nationally. The GSA Administrator decides which major prospectus projects to propose within GSA's budget based on recommendations and input from the Commissioner of the Public Buildings Service, among others. While GSA has general criteria for prioritizing capital construction and major modernization needs, it does not specifically include security among its ranking criteria. Instead, according to a GSA official, the agency relies on its customers to convey their mission-critical needs in a way that reflects which issues, such as security, are critical to them. At this time, GSA officials could not indicate how a new FBI headquarters facility—or a major modernization of the Hoover Building—might be ranked in relation to other competing federal asset needs. FBI staff we spoke with indicated that a new headquarters project has the support of the FBI Director, but it is unclear whether a new headquarters is the most important facility need for the FBI or whether regional field office facility needs may be more important.

The FBI and GSA plan to continue working together to reach a decision with OMB on how best to meet the FBI's needs. GSA reports that fiscal year 2014 is likely the earliest that any budget request and prospectus might be put forth for congressional consideration. Based on that insight and our review of preliminary FBI and GSA schedules, we estimate that the earliest that any project could be completed would be fiscal year 2020.

 $^{^{70}}$ lf a facility were constructed by a developer and leased for the FBI's use, annual rent would be requested by the FBI in the appropriate budget year to coincide with its occupancy of the new facility. Rent is then paid to GSA and deposited into the FBF. GSA then pays the landlord from the FBF.

Conclusions

With its employees dispersed throughout the National Capital Region and many of them housed in the aging and inefficient Hoover Building—a facility constructed prior to current ISC standards governing security countermeasures—the FBI is under pressure to find an alternative that will meet its security, space, and building condition requirements. Any alternative will take years to implement and is likely to cost over a billion dollars. It is therefore important that the choice of an alternative be based on up-to-date assessments of the FBI's security, space, and building condition needs. In the interim, the FBI and GSA may have opportunities to further enhance security and address condition deficiencies at the FBI's current facilities.

For the next several years or more, the FBI's headquarters workforce will be dispersed between the Hoover Building and the headquarters annexes. During this time, it is important that the FBI and FPS conduct security assessments of the annexes, as required by the 2010 ISC standards, and that the FBI track the implementation status of recommended countermeasures for all its headquarters facilities. For the FBI, documentation of decisions to implement recommendationswhether made in its 2011 security assessment of the Hoover Building or in future assessments of its headquarters annexes against the 2010 ISC standards-could inform decisions on how best to meet the FBI's long term headquarters facility needs. Complete, current information on security needs and the status of recommended countermeasures—some that have budget implications—at both the Hoover Building and the annexes could indicate to the FBI whether it is allocating its security resources as efficiently as possible to mitigate risks. Such information could also help the FBI and GSA evaluate alternatives to the FBI's current dispersed headquarters structure and develop a business case to support a budget request for the alternative that they determine would best meet the FBI's security needs.

Given the likelihood that FBI employees will be housed in the Hoover Building for several more years no matter which alternative is ultimately selected, and that the building may remain in GSA's portfolio whether it is occupied by the FBI or another federal tenant, it is important to ensure that GSA's current strategy for maintaining the facility is appropriate. The deferred maintenance, repairs, and recapitalization projects that have accumulated under this strategy could lead to system or component failures and potentially disrupt FBI operations. Allowing the building to deteriorate further could also make it difficult to house another agency in the Hoover Building if the FBI moves to a different location.

Ultimately, decisions about the future of the FBI's headquarters facilities will require careful consideration of policy matters related to the FBI's mission and security needs and competing budget priorities, as well as other factors, such as the availability of a suitably sized site in the National Capital Region where the FBI's headquarters operations could be colocated. Currently, planning for a new FBI headquarters is ongoing, and GSA has yet to submit a business case for a preferred alternative to OMB, which is essential in the decision as to which specific alternative and financing strategy to pursue.

Recommendations for Executive Action

To ensure that complete, current security information is being used to minimize risks to FBI facilities, operations, and personnel and to inform a final decision on how best to meet the FBI's long-term facility requirements, we recommend that the Attorney General direct the FBI Director to take the following two actions:

- Document whether any recommendations from the FBI's 2011 security assessment will be implemented at the Hoover Building.
- Track the implementation status of all recommendations made in FPS or FBI security assessments—of both the Hoover Building and the FBI's headquarters annexes—using the 2010 ISC standards. Where recommendations are not implemented, document the rationale for accepting risk, including any alternate strategies that are considered.

Given that the FBI will likely remain in the Hoover Building for at least the next several years, we also recommend that the GSA Administrator direct the Commissioner of the Public Buildings Service to take the following action:

 Evaluate GSA's current strategy to minimize major repair and recapitalization investments and take action to address any facility condition issues that could put FBI operations at risk and lead to further deterioration of the building, potentially affecting continued use of the Hoover Building by the FBI or any future tenant.

Agency Comments and Our Evaluation

We provided a draft of the law enforcement sensitive version of this report to the Department of Justice, GSA, and DHS for review and comment. In that law enforcement sensitive report we also recommended that the Attorney General direct the FBI Director to update the Hoover Building's security assessment using the 2010 ISC standards-to include undertaking an analysis of its building security requirements, documenting if threat scenarios exceed the ISC design-basis threat, and indicating whether recommendations would be implemented. Given that the FBI took action to address part of the recommendation—subsequent to our July 2011 law enforcement sensitive report but prior to this public version—we modified the recommendation to reflect the FBI's recent security assessment. Specifically, the security assessment documents threats and analyzes building security requirements consistent with ISC security standards, but does not indicate whether recommended actions will be implemented. This is reasonable given the short period of time since our report and the FBI's ensuing analysis. We therefore revised the first recommendation above to focus on the need for the FBI to document decisions on the 2011 security assessment's recommendations.

Our July 2011 law enforcement sensitive report also recommended that the FBI track the implementation status of all recommendations in FPS or FBI security assessments. We will continue to monitor the FBI's decisions and actions related to its security assessment of the Hoover Building—and the security assessments of the FBI headquarters annexes—as indicated in the recommendations above.

For security reasons and for clarity, we made additional modifications to the language used in the above recommendations to the Attorney General compared to the language we used in our July 2011 law enforcement sensitive report.

We received written comments from the FBI on our law enforcement sensitive report on behalf of the Department of Justice. We also received written comments from GSA and DHS on that report. The FBI concurred with our recommendations and said that its primary concern in finding a long-term solution for its headquarters facility needs is to mitigate the operational impact of a fragmented workforce located at multiple sites across a wide geographic area. The FBI also cited concerns that its current headquarters housing is inefficient and expensive, and stated that a new, consolidated headquarters facility is one of the FBI's highest priorities. GSA indicated that it is currently taking appropriate action to implement our recommendation and remains committed to making all necessary investments in the Hoover Building to ensure ongoing

operations until a long-term solution for the FBI can be developed. Written comments—on our law enforcement sensitive report—from the FBI, GSA, and DHS are reprinted with sensitive information redacted in appendixes IV through VI, respectively. The FBI, GSA, and DHS provided additional clarifying and technical comments, which we incorporated throughout the report as appropriate in consideration of sensitivity concerns.

In addition, we provided a draft of this public report to the FBI, GSA, and DHS for review. Those agencies provided no additional comments.

We are providing copies of this report to appropriate congressional committees, the Attorney General, the Director of the Federal Bureau of Investigation, the Administrator of the General Services Administration, the Secretary of Homeland Security, and other interested parties. In addition, this report will also be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staffs have any questions about this report, please contact David C. Maurer at (202) 512-9627, maurerd@gao.gov, or David J. Wise at (202) 512-2834, wised@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VII.

David C. Maurer

Director, Homeland Security and Justice Issues

David J. Wise

Director, Physical Infrastructure Issues

David J. Wise

Congress directed us, in the explanatory statement accompanying the 2009 Omnibus Appropriations Act, to review the J. Edgar Hoover Building (Hoover Building)—the main headquarters building for the Federal Bureau of Investigation (FBI)—and the FBI's off-site locations (annexes), which support headquarters and are dispersed throughout the National Capital Region. We conducted our review to examine (1) the extent to which the Hoover Building and annexes support the FBI's operational requirements for security, space, and building condition and (2) the extent to which the FBI and the General Services Administration (GSA) have followed leading capital decision-making practices in identifying alternatives for meeting the FBI's operational requirements and the extent to which each alternative would address these requirements.

To determine the extent to which the Hoover Building and annexes support the FBI's operational requirements for security, space, and building condition, we visited the Hoover Building and five annexes. We selected the five annexes to represent different facility security levels (FSL); different FBI divisions, such as Cyber and Counterterrorism; and varying degrees of staff fragmentation. While visiting these annexes, we examined security, space, and building condition issues firsthand and interviewed on-site program and security officials about the FBI's operational requirements and the extent to which the annexes do, or do not, meet those needs.

For security-related issues at the five annexes, we reviewed site-specific facility security assessments (security assessments) that were conducted by either FBI security officials or the Department of Homeland Security's Federal Protective Service (FPS) in relation to Interagency Security Committee (ISC) security standards that are applicable to owned and leased federal buildings. We also discussed with FBI officials the extent to which countermeasures recommended in those security assessments had been implemented. In our July 2011 law enforcement sensitive report, we recommended that the FBI conduct a new security assessment in accordance with updated security standards issued in 2010. In response to our recommendation, the FBI conducted such an assessment, which we also reviewed.

¹Explanatory statement in the 2009 Committee Print of the House Committee on Appropriations on H.R. 1105, at 1764 accompanying the 2009 Omnibus Appropriations Act, Pub. L. No. 111-8, Div. B, Title II, 123 Stat. 524, 574 (2009).

During our site visits, we interviewed FBI security officials about the security assessments, security risks and challenges, and actual security incidents or breaches at each facility. We also asked FBI officials whether any security challenges at the annexes were a direct result of operations not being colocated at the Hoover Building. To learn more about security issues at the Hoover Building, we toured the building while FBI officials reported on security vulnerabilities and some countermeasure improvements that had been implemented, and we interviewed FBI security, police, and facilities officials with knowledge of these improvements.

In addition, we interviewed FBI security and facility officials about outstanding security projects to determine why they had not been implemented. To identify these projects, we reviewed FBI, FPS, GSA, and National Capital Planning Commission documents, including the FBI's 2002 security assessment of the Hoover Building, as well as numerous FBI and GSA planning studies that identified security requirements for the building. We interviewed FPS security officials about the security standards for federal facilities, both past and present, and the FSL determination process. We reviewed FPS's 2000 Policy Handbook and the ISC standards from 2004 and 2010. Furthermore, we reviewed and analyzed GSA's design standards related to security ² In addition, we relied on internal security experts from GAO's Office of Security and Forensic Audits and Investigative Service to verify security assumptions and requirements.

For space-related issues, we reviewed the size and location of current facilities and programs; reviewed FBI and GSA reports that tracked annex leases, space use, and the Hoover Building's efficiency (how much of its space is usable for mission needs) and how the existing space does, or does not, meet the FBI's operational needs; and interviewed FBI program officials to understand the effects on operations of having different programs housed in several annexes. We reviewed FBI and GSA planning studies that identified which FBI programs or functions should be colocated. We compared attributes of the Hoover Building, such as its efficiency, to GSA standards and compared the Hoover Building to other agency headquarters in the National Capital Region. We asked FBI officials about the systems they use to manage their real property data

²GSA, Facilities Standards for the Public Buildings Service (November 2010).

and how frequently they update their leasing and space planning data. We used GSA's asset business plans to cross check the real property data reported to us by the FBI to ensure reasonable consistency in the facility data, such as the ownership status and size (i.e., square footage) of facilities. Furthermore, we reviewed and analyzed GSA's design standards related to building efficiency and space planning.

For building condition issues, we analyzed assessments of the Hoover Building's physical condition and compared this information to GSA policies for building condition. We also asked GSA how often it conducts facility condition assessments of owned buildings. We examined GSA's asset business plan and other studies of the Hoover Building to identify completed maintenance projects, deferred maintenance, and planned major repair and recapitalization projects. We also asked FBI and GSA officials about their assessments of the Hoover Building's condition.

To determine the extent to which the FBI and GSA have followed leading capital decision-making practices in identifying alternatives for meeting the FBI's operational requirements, we compared the FBI's and GSA's planning actions against leading practices we have reported on in this area. In addition, we reviewed FBI and GSA studies of the FBI's facilities and operational requirements, identified the alternatives discussed in these studies for meeting the requirements, and reviewed relevant laws relating to real property. We determined that the alternatives fell into three broad categories, each of which included a number of variations. For our analysis, we focused on the categories, since the appropriateness of the variations could not be determined without further study and would depend on site-specific conditions. We then assessed the extent to which each alternative would address the FBI's security, space, and building condition requirements.

We did not independently analyze the FBI's requirements for security, which are based on its assessments of the threats it faces and their probability of occurrence; its requirements for space, which are based on its projections of each FBI program's future staffing and space needs; or the FBI's process for deciding which programs need to be colocated at a

³See GAO, Executive Guide: Leading Practices in Capital Decision-Making, GAO/AIMD-99-32 (Washington, D.C.: Dec. 1, 1998).

⁴See GAO-03-1011.

single location. In our view, such analyses were outside the scope of our review and would require extensive reviews of classified intelligence on threats and hostile groups, as well as of programmatic mission justifications for FBI branches and their associated staffing levels. We did, however, determine that the FBI senior leadership was involved in deciding which FBI programs should be colocated. Furthermore, because the FBI and GSA are still in the early stages of the facility planning process and have not yet prepared final cost estimates for the Office of Management and Budget (OMB), we did not validate preliminary cost estimates for new construction or past cost estimates for modernizing or redeveloping the Hoover Building and site.

We conducted this performance audit from July 2010 to November 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This appendix provides summary information about eight studies that provide information on the condition of the Hoover Building and the FBI's facility needs. The studies, issued from 2001 through 2010, are presented in chronological order.

1. Condition assessment, 2001

In 2001, a facility engineering consultant conducted a facility condition assessment for GSA of the Hoover Building and identified numerous building deficiencies including deferred maintenance and life-cycle replacement projects. The study concluded the building was in poor condition. The contractor prepared three funding scenarios to provide GSA with insight into how the condition of the building would be affected based on various investment assumptions over 20 years. One scenario included improving the building condition to an industry-acceptable level.

2. Security assessment, 2002

In 2002, the FBI conducted a security assessment of the building, and with the assistance of two consultants, identified recommendations to further improve the building's security.

3. Headquarters housing strategy, 2005

In 2005, a real estate services consultant contracted by GSA studied the FBI's facility needs. According to the consultant, the FBI's mission was impaired by a fragmented headquarters organization that caused staff to be dispersed across the Hoover Building and 16 annexes at that time in the National Capital Region. In addition, the consultant documented space inefficiencies in the Hoover Building. To address these deficiencies, the consultant developed a strategic housing plan and facility requirements for FBI headquarters. These requirements included

- · meeting ISC security standards,
- · making maximum use of open-plan office space,
- providing enough secure space for handling classified information,
- planning building systems to support current and future information technology needs, and
- providing extensive emergency backup power as well as state-of-theart air filtration systems.

The consultant developed three consolidation alternatives¹ for addressing identified deficiencies and meeting the FBI's headquarters facility needs based on projected 2011 staffing levels:²

- one-site consolidation with both headquarters national security and law enforcement located together;
- two-site consolidation (option A) with national security functions at one site and law enforcement functions at a second site; and
- two-site consolidation (option B) with a more even distribution of FBI headquarters elements (compared to option A) and no split between national security and law enforcement functions.

A preliminary financial analysis, which estimated the net present value of savings for each alternative over 30 years, showed that each alternative was more economically beneficial than the status quo. The savings were largely due to the planned consolidation of 3.1 million rentable square feet into 2.3 million rentable square feet.

According to a draft timeline, it would take nearly 3 years for GSA to complete its analysis, develop a project prospectus for congressional authorization, and identify a site. Another 3 years was estimated for design, construction, and move-in.

Citing detailed cost estimates for a project of similar size for another intelligence agency, the consultant predicted a total project cost of over \$1.5 billion.

¹Each of the three consolidation alternatives would provide approximately 2.3 million rentable square feet of space. Each of the three consolidation alternatives also included a small downtown Washington, D.C., location for elements that need to coordinate closely with Congress, the Department of Justice, or the White House as well as an administrative annex outside the downtown area.

²Staffing projections assumed an annual growth rate of 5 percent during fiscal years 2005 through 2011. The projected fiscal year 2011 staffing level was 9,500 personnel. In January 2011, the FBI reported that if a move to a consolidated campus occurred in January 2011, an estimated 10,000 staff—500 more than projected in 2005—would be relocated to the new headquarters.

³To provide an equal-size comparison, the status quo baseline in the plan considered that GSA would acquire an additional 610,000 rentable square feet of leased space to accommodate the FBI's projected growth during fiscal years 2005 through 2011.

4. Site study, 2006

In 2006, another real estate services consultant hired by GSA studied a range of scenarios for use of the Hoover Building and site. This study was intended to inform GSA management decisions on optimizing the value of the Hoover Building as a GSA real property asset and was not necessarily performed to identify alternatives for meeting the FBI's headquarters facility needs. The study did, however, consider the impact on operations if the FBI remained as the building tenant. The consultant identified five scenarios:

- maintain and operate the building "as is,"
- · vacate the building and sell the asset,
- modernize the building,⁴
- vacate and demolish the building and redevelop the site,⁵ and
- partially demolish the building to redevelop the front side facing Pennsylvania Avenue and renovate the back portion that faces E Street.⁶

Estimated costs to modernize the Hoover Building ranged from \$850 million to \$1.1 billion. Estimated costs to demolish the Hoover Building and redevelop the site ranged from \$853 million to \$1.4 billion.⁷

The study concluded that no alternative was a definite best option for GSA.

⁴Four variations were considered, including (1) vacating the building and renovating it; (2) renovating by floor; (3) renovating by quadrant; and (4) renovating by floor and building out the open-air second floor and mezzanine.

 $^{^5\}mbox{Two variations}$ were considered, including (1) constructing a single secure building and (2) constructing three buildings.

⁶The front of the Hoover Building is triangular in shape and includes the building's central courtyard. The concept envisioned a more efficient structure built on this portion of the sita

 $^{^{7}\}mbox{The cost estimates do not include costs for swing space to house personnel while construction takes place.$

The study reported that a modernization, in general, would not improve the building's gross and rentable square footage. In addition, this alternative would create a demand for swing space and could adversely affect the FBI's operations if the FBI remained as the building's tenant during the modernization. According to the study, the modernization would be least costly if the FBI vacated the entire building to give the construction contractor unrestricted access.

According to the study, redeveloping the site with a new building or buildings would not meet GSA's required rate of return on investment, and constructing a new secure facility would sacrifice tremendous value associated with a highly marketable location.

5. Space study, 2007

In 2007, GSA hired an architectural design and planning consultant to assess the condition of the Hoover Building and determine the extent to which it supports the FBI's mission. The consultant assessed the Hoover Building's design and use of space against industry standards and compared the Hoover Building to facilities used by other intelligence agencies.

According to the report, the FBI's work process is dynamic, requiring intelligence gathered by one team to be shared with multiple teams for whom the intelligence may also be relevant. To respond to the FBI's work process and mission, the consultant determined that the FBI's workplace should promote collaboration and communication among staff and be easily reconfigured. The study found that the Hoover Building does not generally meet these criteria because of its structural characteristics and inherent inefficiencies. For example, the study found that aspects of the building—including the location of structural elements and hard wall partitions—result in an inherently inefficient use of space. According to the consultant, these characteristics limit the degree to which the FBI can reconfigure space to optimize its operations and respond to mission changes. The consultant concluded that the Hoover Building is a significant barrier to the FBI's performance and operational effectiveness and no longer effectively supports the FBI's mission.

The consultant also indicated that the renovations necessary to make the Hoover Building viable, feasible, and desirable may be unjustifiable given the costs and disruption they would entail. The consultant concluded that relocating the FBI to a new facility would likely lead to a significant improvement in performance at a lower cost.

6. Real estate appraisal, 2008

In 2008, GSA hired a real estate appraisal firm to develop a market-value opinion of the Hoover Building and site to inform GSA's asset management strategy. The appraisal firm considered three valuation approaches: (1) a cost approach; (2) a sales comparison approach; and (3) an income capitalization approach.⁸

The appraisal firm described the construction quality of the existing building as average and the condition of the building as below average. It also found the building inferior to other office buildings constructed during the same period. In particular, the consultant reported the building windows are very small compared to modern office building windows and that larger windows are generally required to attract tenants to higher-priced leased space. The firm reported that GSA had estimated a cost of over \$200 million to modify the structure and replace its windows.

GSA provided the appraisal firm with a list of planned recapitalization projects totaling over \$460 million, to be implemented over 10 years; however, the appraiser reported that GSA's Property Manager had indicated that, for lack of funds, none of the planned capital expenditures would likely be made. Therefore, the appraiser did not consider the value of any planned recapitalization projects in the estimated value. However, the appraiser reported that even if the planned capital expenditures were made, the Hoover Building would not be considered a Class A office building.⁹

The appraiser reported that the site was zoned to permit retail, office, housing, mixed, and public uses, and the appraiser concluded that no reasonably probable use of the site would be likely to generate a higher

⁸The cost approach assumes a buyer would pay no more for a property than what it would cost to construct a like property with the same utilify. The sales comparison approach assumes a buyer would pay no more than what it would cost to acquire a similar existing property. The income capitalization approach reflects the market's perception of a relationship between a property's potential income and its market value.

⁹The Building Owners and Management Association International defines Class A office buildings as the most prestigious buildings that compete for premier office users with rents above average for the area. Such buildings have high-quality standard finishes, state-of-the-art systems, exceptional accessibility, and a definite market presence. Class B office buildings compete for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area, and systems are adequate.

value than office use. Accordingly, the appraiser identified office use, developed to the level permitted by the zoning, as the highest and best use of the property.

The appraiser reported that the site, if redeveloped, could accommodate a building area of approximately 2.5 million gross square feet based on the current zoning regulations. The appraiser also noted that the existing Hoover Building is 2.4 million gross square feet and therefore a building on the redevelopment site would likely be similar in size. The appraiser noted that the existing building is set back farther from Pennsylvania Avenue greater than is typical for a commercial office building downtown but not far enough where demolishing the building to capture the space would be cost-effective. Redevelopment would enable a developer to construct a new Class A office building.

7. Relocation study, 2009

In 2009, the FBI contracted with an architectural and planning firm to develop a housing plan, space requirements program, and conceptual site plans for consolidating its headquarters in a new facility onto a single site. While the 2005 GSA study examined space requirements at a macro level, it did not provide a detailed housing plan and space requirements program. Thus, to more fully define its requirements, the FBI established goals for the 2009 study. These goals were to

- develop a housing plan that identified the FBI branches and divisions to be located on-site;
- summarize staffing levels by branch and division, including both FBI personnel and contractors;
- summarize future staffing growth factors;
- · develop space-planning standards and workspace types;
- develop a space requirements program for branches and divisions based on those staffing and space standards;
- identify required adjacencies;
- outline common shared support spaces and special space requirements;

- recommend an ideal floor plate size for a new building that would maximize future flexibility;
- · identify circulation factors for the building;
- calculate total gross and usable square footage of a new facility;
- · develop conceptual site plans; and
- identify design criteria, including Leadership in Energy and Environmental Design, security, and building code requirements.

The consultant collected data by walking through the FBI's headquarters spaces, using a space requirements questionnaire, and interviewing FBI personnel in the facilities, security, and information technology groups to verify information from the questionnaire. Each FBI branch and division reviewed the consultant's data.

Using FBI personnel counts from 2008 with projections for future growth through 2013 and 2018, the consultant derived overall square footage tabulations. FBI's Resource Planning Office provided the personnel counts and growth projections.

Based on the space and security requirements for the main headquarters building, the consultant developed planning estimates for the site acreage required.

The consultant developed two site concepts: (1) a suburban office campus and (2) a more urban site located near the Washington beltway. Preliminary cost estimates for a new headquarters were developed based on the consultant's analyses of space and security requirements. FBI costs for special security equipment, communications and information systems, modular systems furniture, and moving were not included in the construction-related costs but were separately estimated and are not considered GSA project costs.

Land costs were estimated on the basis of comparable land sales over the past several years in a variety of locations inside and outside the beltway. The suburban and beltway property costs were each averaged to determine average expected prices. The land costs were added to the GSA project cost summary and increased by 10 percent to reflect potential increases in land value, which may occur before a property is acquired.

The study identified a need for a headquarters facility containing an estimated 2.6 million gross square feet—including 2.1 million useable square feet—to house nearly 11,600 personnel. Required site sizes were estimated at between 55 and 65 acres based on zoning assumptions for suburban and more urban locations.

8. Consolidation report (Final Draft), 2010

In 2010, the FBI's Facilities and Logistic Services Division prepared an executive-level report to summarize past FBI and GSA findings and conclusions about the Hoover Building and both agencies' studies of the need for a new headquarters facility. The report was intended to update FBI leadership on the current headquarters planning, costs, and recommendations prior to discussions with GSA and OMB. The report outlines a range of acquisition strategies that GSA and the FBI could use to acquire a new consolidated headquarters and identifies the FBI's preferred strategy.

According to the report, the FBI's mission-critical headquarters operations are dispersed in 22 separate locations including the Hoover Building, up from 17 when GSA first studied the issue in 2005. Citing space and staffing requirements, the report identifies the need for a facility with 2.5 million gross square feet, 2.2 million rentable square feet, and 1.9 million usable square feet to house an estimated 11,500 personnel. The report further anticipates a reduction of approximately 873,400 rentable square feet when the 22 current locations are consolidated, as well as an estimated annual savings of at least \$30 million in leased housing costs.

Appendix III: Financing Strategies Available for Capital Projects

This appendix describes potential financing strategies that may be considered in acquiring a new headquarters for the FBI.

Federal Construction Using the Federal Buildings Fund

- Construction or modernization is funded through GSA's Federal Buildings Fund (FBF).
- We have previously reported that although ownership through federal construction is often the most cost-effective option, pursuant to budget scoring rules, the full cost of construction of a capital project is recorded up front in the budget.
- The FBF is the primary means of financing the operating and capital costs associated with federal space owned or managed by GSA. GSA's Public Buildings Service charges federal agencies rent, the receipts of which are deposited in the FBF. Congress exercises control over the FBF through the annual appropriations process, setting annual limits on how much of the fund can be used for various activities. In addition, Congress may appropriate additional amounts for the FBF. Among the activities the FBF is used for are new construction, building repairs and alterations, building operations, and rental of space.

Lease of Federal Site to a Developer Who Constructs a Facility On-site and Leases It Back to the Government (i.e., Ground Lease and Leaseback)

- GSA officials report that lease construction by a developer could be pursued using GSA real property authorities in 40 U.S.C. § 585(c) or Section 412 of Public Law 108-447 (hereafter referred to as Section 412) 2
- 40 U.S.C. § 585(c) authorizes GSA to lease federal property—for not
 more than 30 years—to a developer who would build a facility on a
 site owned by the government and lease it back to GSA. The title to
 the parcel never leaves government ownership, and at the expiration
 of the lease, the title to the building passes to the United States.

¹GAO, Federal Real Property: Reliance on Costly Leasing to Meet New Space Needs Is an Ongoing Problem, GAO-06-136T (Washington, D.C.: Oct. 6, 2005).

²Pub. L. No. 108-447, 118 Stat. 2809, 3259 (2004)

Appendix III: Financing Strategies Available for Capital Projects

- Section 412 provides GSA with new, additional authorities to dispose
 of and use its real property inventory by sale, lease, exchange, and
 leaseback arrangements. Section 412 does not specify any limit on
 the term of the lease.
- According to GSA, it has attempted to use 40 U.S.C. § 585(c) only once as a development authority, and it ultimately did not complete the project using this authority. GSA has never used Section 412 as a development authority.
- Section 412 also authorizes GSA to retain the net proceeds from its real property disposals. Section 412 might enable GSA to use the proceeds of a sale—if the existing Hoover Building or site were sold to pay for some of a new project's costs.
- How a leaseback is structured will determine how it is scored, and it
 may be treated as a capital lease with the amount equal to the asset
 cost recorded up front in the budget.³
- Given the current budgetary environment, this type of arrangement may be more feasible now than in the past. Furthermore, even though GSA told us that it almost always recommends the traditional funding strategy—federal construction—it has said that in the current budgetary environment, it believes that alternative strategies such as a ground lease and leaseback arrangement may need to be considered.
- FBI officials believe that if a ground lease and leaseback arrangement were to be pursued, the agency may be able to move into a new consolidated facility 2 or 3 years earlier than it could with a direct federal appropriation for design and construction, given the demands on the FBF.

³For more information, see OMB Circular No. A-11, Appendix B, "Budgetary Treatment of Lease-Purchases and Leases of Capital Assets" (2010).

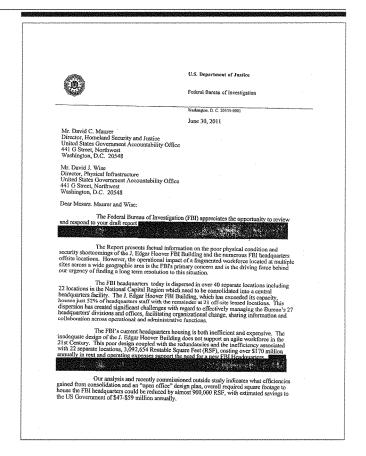
Appendix III: Financing Strategies Available for Capital Projects

Lease Construction (i.e., Leasing)

- The government acquires space through an operating lease.
- The government has no ownership of the land or the facility at any time
- We have previously reported that operating leases tend to be the
 most expensive approach to meeting long-term federal space needs
 and that over the last decade, GSA has relied heavily on operating
 leases to meet new long-term needs because it lacks funds to pursue
 ownership.⁴ GSA currently leases more space than it owns.

Use of this approach has grown because only the annual lease payment needs to be recorded in GSA's budget request, reducing the up-front funding commitment but generally costing the federal government more over time.

Appendix IV: Comments from the Federal Bureau of Investigation



Appendix IV: Comments from the Federal Bureau of Investigation

Messrs. Mauer and Wise

The FBI cannot afford to continue the status quo, from an operational effectiveness or a fiscal stewardship perspective. A new consolidated FBI beadquarters facility is urgently needed and we view this as one of our highest priorities for the foresceable future.

In conclusion, the efforts of the GAO in completing this Report are greatly appreciated. Upon review of the Report, the FBI concurs with the two recommendations directed to the FBI.

Sincerely

T. J. Harrington Associate Denuty Director

2

Appendix V: Comments from the General Services Administration

The Honorable Gene L. Dodaro Comptroller General of the United States Government Accountability Office Washington, DC 20548

The U.S. General Services Administration (GSA) appreciates the opportunity to comment on the draft U.S. Government Accountability Office (GAO) report

in addition to recommendations made to the Department of Justice and the Federal Bureau of Investigation (FBI), the report recommends that the Commissioner of the Public Buildings Service take the following action:

Evaluate GSA's current strategy to minimize major repair and recapitalization investments and take action to address any facility condition issues that could put FBI operations at risk and lead to further deteroration of the building that could affect continued use of the Hoover Building by the FBI or any future tenant.

GSA is taking appropriate action to implement this recommendation. We give priority to both life safety projects and other work necessary to maintain tenancy in the building. GSA remains committed to making all necessary investments to ensure ongoing operations until a long-term solution for PSI can be developed. In addition, enclosed are technical comments that update and clarify statements in the draft report.

If you have any additional questions or concerns, please do not hesitate to contact me or Mr. Robert A. Peck, Commissioner, Public Buildings Service. Mr. Peck can be reached at (202) 501-1100. Staff inquires may be directed to Mr. Flavio Peres, Deputy Assistant Commissioner for Portfolio Management. Mr. Peres can be reached at (202) 206-1230.

Martha Johnson Martha Johnson Administrator

Appendix V: Comments from the General Services Administration

GAO Draft Report for Agency Comment GSA Technical Comments 6.14.11

Page R: 20
Reference: 'Although the Hoover Building is nearing its life-cycle age and exhibiting signs of deterioration, GSA has decided to limit major repair and recapitalization investments to those systems or components that affect life safety and building functionality until it is determined whether the FBI will remain a long-term occupant of the building.'
Comment: GSA has made appropriate mid-term investments to ensure 'fBI operations aren't at risk and remains committed to making all necessary investments to ensure ongoing operations until a long-term solution can be developed. This strategy provides for maintaining the asset as functional for the FBI's headquarters, reducing conditions that put fBI operations at risk, and addressing life safety issues.

headquarters, reducing conditions that put FBI operations at risk, and addressing life safety issues.

Page 8: 22

Reference: "GSA's decision to limit major repair and recapitalization investments is inconsistent with its categorization of the Hoover Building in its saset business plan as a "core asset." GSA core assets generally have a long term holding period of a less 15 years, for buildings with a long term holding period, GSA policy states that reinvestment will be funded to ensure maintenance of the building's quality and condition at levels appropriate to meet continuing mission and customer needs. This includes all preventative maintenance, necessary upgrades, and enhancements to the building or asystems to maintain the asset in appropriate comment. GSA's policy for a "transition" asset. A transition asset typically has a 6-to 15 years holding period as its tenant prepares for relocation to a new federal building or a leased building. For such an asset, GSA funds projects that meet basic needs in transition, but avoids any major reinvestment. According to GSA officials, the Hoove Building's categorization could change as they continue to study the FBI's needs and the building's potential for reuse by another agency should the FBI relocate to a new facility. While the categorization of the Hoover Building's categorization could change as they continue to study the fBI's needs and the building's picture of the GBI relocate to a new facility. While the categorization of the Hoover Building's categorization can cause set could change, the building will fisely be used for several more years, and its large backlog of deferred maintenance, major repairs, and for scent review of this asset, GSA has changed the portfulio segment category of the Hoover building or for scena systems or components to fail and potentially disrupt FBI operations."

Comment: During the course of its recent review of this asset, GSA has changed the portfulio segment category of the Hoover building or from the this scena for the buildin

Appendix VI: Comments from the Department of Homeland Security

June 23, 2011

Mr. David C. Maurer
Director
Homeland Security and Justice
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Draft Report

Doar Mr. Maurer:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO's) work in planning and conducting its review and issuing this report.

The Department is pleased to note the report's positive acknowledgement of the DHS role as Chair of the Interagency Security Committee (ISC), tasked in part with developing baseline facility security standards and coordinating federal agencies' facility protection efforts. The report also recognizes the role of DHS's Federal Protective Service (FFS) in conducting periodic security assessments of federal buildings such as the Federal Bureau of Investigation's (FBI's) floover Building.

Although the report does not contain any recommendations specifically directed at DHS, the Department remains committed to continuing its work with interagency partners, such as the FBI and the General Services Administration, to identify and mitigates security-related vulnerabilities at federal facilities, as appropriate. For example, FPS is prepared to assist the FBI in updating the Hoover Building's security assessment using the 2010 ISC standard, if called upon to do so.

Appendix VI: Comments from the Department of Homeland Security

Again, thank you for the opportunity to review and comment on this draft report. We look forward to working with you on future homeland security issues.

Sincerely,

Jm. H. Crumpacker

Director

Departmental GAO/OIG Liaison Office

Appendix VII: GAO Contacts and Staff Acknowledgments

GAO Contacts

David C. Maurer, Director, Homeland Security and Justice Issues, (202) 512-9627 or maurerd@gao.gov

David J. Wise, Director, Physical Infrastructure Issues, (202) 512-2834 or wised@gao.gov

Staff Acknowledgments

In addition to the individuals named above, Michael Armes, Assistant Director; Sandra Burrell, Assistant Director; John Bauckman, Analyst-in-Charge; Kevin Craw; Daniel Hoy; Bess Eisenstadt; Susan Michal-Smith; Linda Miller; Sara Ann Moessbauer; Joshua Ormond; Thomas Predmore; and Janet Temko made key contributions to this report.

GAO's Mission	The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.	
Obtaining Copies of GAO Reports and Testimony	The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."	
Order by Phone	The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, http://www.gao.gov/ordering.htm.	
	Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.	
	Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.	
Connect with GAO	Connect with GAO on Facebook, Flickr, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts. Visit GAO on the web at www.gao.gov.	
To Report Fraud,	Contact:	
Waste, and Abuse in Federal Programs	Website: www.gao.gov/fraudnet/fraudnet.htm E-mail: fraudnet@gao.gov Automated answering system: (800) 424-5454 or (202) 512-7470	
Congressional Relations	Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400 U.S. Government Accountability Office, 441 G Street NW, Room 7125 Washington, DC 20548	
Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548	





THE FBI HEADQUARTERS CONSOLIDATION

(113-5)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

MARCH 13, 2013

Printed for the use of the Committee on Transportation and Infrastructure



Available online at: http://www.gpo.gov/fdsys/browse/ committee.action?chamber=house&committee=transportation

> U.S. GOVERNMENT PRINTING OFFICE WASHINGTON : 2013

79-895 PDF

For sale by the Superintendent of Documents, U.S. Government Printing Office Internet: biodestore.gpo.gov Phone: toll free 1866 512-1800; DC area (202) 512-1800 Fax: (202) 512-2104 Molt: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

BILL SHUSTER, Pennsylvania, Chairman

DON YOUNG, Alaska THOMAS E. PETRI, Wisconsin HOWARD COBLE, North Carolina JOHN J. DUNCAN, JR., Tennessee, Vice Chair JOHN L. MICA, Florida FRANK A. LOBIONDO, New Jersey GARY G. MILLER, California SAM GRAVES, Missouri SHELLEY MOORE CAPITO, West Virginia CANDICE S. MILLER, Michigan DUNCAN HUNTER, California ERIC A. "RICK" CRAWFORD, Arkansas LOU BARLETTA, Pennsylvania BLAKE FARENTHOLD, Texas LARRY BUCSHON, Indiana BOB GIBBS, Ohio PATRICK MEEHAN, Pennsylvania RICHARD L. HANNA, New York DANIEL WEBSTER, Florida STEVE SOUTHERLAND, II, Florida JEFF DENHAM, California REID J. RIBBLE, Wisconsin THOMAS MASSIE, Kentucky STEVE DAINES, Montana TOM RICE, South Carolina MARKWAYNE MULLIN, Oklahoma ROGER WILLIAMS, Texas TREY RADEL, Florida MARK MEADOWS, North Carolina SCOTT PERRY, Pennsylvania RODNEY DAVIS, Illinois VACANCY

NICK J. RAHALL, II, West Virginia PETER A. DEFAZIO, Oregon ELEANOR HOLMES NORTON, District of Columbia JERROLD NADLER, New York CORRINE BROWN, Florida EDDIE BERNICE JOHNSON, Texas ELIJAH E. CUMMINGS, Maryland RICK LARSEN, Washington
MICHAEL E. CAPUANO, Massachusetts TIMOTHY H. BISHOP, New York MICHAEL H. MICHAUD, Maine GRACE F. NAPOLITANO, California DANIEL LIPINSKI, Illinois TIMOTHY J. WALZ, Minnesota STEVE COHEN, Tennessee ALBIO SIRES, New Jersey DONNA F. EDWARDS, Maryland JOHN GARAMENDI, California ANDRÉ CARSON, Indiana JANICE HAHN, California RICHARD M. NOLAN, Minnesota ANN KIRKPATRICK, Arizona DINA TITUS, Nevada SEAN PATRICK MALONEY, New York ELIZABETH H. ESTY, Connecticut LOIS FRANKEL, Florida CHERI BUSTOS, Illinois

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

LOU BARLETTA, Pennsylvania, Chairman

THOMAS E. PETRI, Wisconsin JOHN L. MICA, Florida ERIC A. "RICK" CRAWFORD, Arkansas BLAKE FARENTHOLD, Texas, Vice Chair MARKWAYNE MULLIN, Oklahoma MARK MEADOWS, North Carolina SCOTT PERRY, Pennsylvania VACANCY BILL SHUSTER, Pennsylvania (Ex Officio)

ELEANOR HOLMES NORTON, District of Columbia
MICHAEL H. MICHAUD, Maine
DONNA F. EDWARDS, Maryland
RICHARD M. NOLAN, Minnesota
ANN KIRKPATRICK, Arizona
DINA TITUS, Nevada
TIMOTHY J. WALZ, Minnesota
NICK J. RAHALL, II. West Virginia
(Ex Officio)

131

CONTENTS	Page
Summary of Subject Matter	iv
TESTIMONY	
PANEL 1	
Hon. Steny H. Hoyer, a Representative in Congress from the State of Maryland	4 4
ginia	-
Maryland	4
Panel 2	
Dorothy Robyn, Commissioner, Public Buildings Service, U.S. General Services Administration Kevin L. Perkins, Associate Deputy Director, Federal Bureau of Investigation	12 12
PREPARED STATEMENTS SUBMITTED BY MEMBERS OF CONGRESS	
Hon. Chris Van Hollen, of Maryland Hon. Robert J. Wittman, of Virginia	36 37
PREPARED STATEMENTS AND ANSWERS TO QUESTIONS FOR THE RECORD SUBMITTED BY WITNESSES	
Hon. Steny H. Hoyer Hon. Frank R. Wolf Hon. James P. Moran Hon. Donna F. Edwards Hon. Gerald E. Connolly Dorothy Robyn:	38 40 42 44 47
Prepared statement Answers to questions from the following Representatives:	50
Hon. Lou Barletta, of Pennsylvania	53 55
Prepared statement Answers to questions from the following Representatives:	58
Hon. Lou Barletta, of Pennsylvania Hon. Donna F. Edwards, of Maryland	62 66
SUBMISSIONS FOR THE RECORD	
Hon. Donna F. Edwards, a Representative in Congress from the State of Maryland, submission of the following items for the record: U.S. General Services Administration, "Report of Building Project Survey for the Federal Bureau of Investigation, Headquarters Consolidation, Washington, DC, Metropolitan Region," (2011) Brookings Institution Center on Urban and Metropolitan Policy, "A Region Divided: The State of Growth in Greater Washington, DC," (1999)	69 76

iv



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

Vill Shuster Chairman Mashington, DC 20515

Nick I. Rahail, II Ranking Member

March 1, 2013

James H. Zuin, Deraneral Stali 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 "FBI Headquarters Consolidation"

PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Wednesday, March 6, 2013, at 10:00 a.m. in 2167 Rayburn House Office Building to receive testimony related to the proposal for a consolidated headquarters for the Federal Bureau of Investigation (FBI) in the National Capital Region. At this hearing, the Subcommittee will review the need for a new FBI headquarters, consider the best solution to meet the needs of the FBI and protect the taxpayer, options for financing this major project, and how and whether the existing FBI headquarters building can and should be leveraged. The hearing is intended to inform the Committee as the Committee considers whether to authorize the General Services Administration (GSA) to proceed with the project. The Subcommittee will hear from Members of Congress representing states and districts in the National Capital Region, GSA, and the FBI.

BACKGROUND

General Services Administration

The Subcommittee has jurisdiction over all of GSA's real property activity through the Property Act of 1949, the Public Buildings Act of 1959, and the Cooperative Use Act of 1976. These three Acts are now codified as title 40 of the United States Code. The Public Buildings Service (PBS) is responsible for the construction, repair, maintenance, alteration, and operation of United States courthouses and public buildings of the Federal government. Additionally, PBS leases privately owned space for Federal use. GSA owns or leases 9,600 assets and maintains an inventory of more than 362 million square feet of workspace. GSA acts as the "landlord" for the Federal government, obtaining and managing space to meet the space needs of other Federal agencies.

Federal Bureau of Investigation Headquarters

The FBI headquarters building, named the J. Edgar Hoover Building ("Hoover Building"), is located on Pennsylvania Avenue in Northwest Washington, D.C. and occupies over a full city block of prime real estate located in the Nation's Capital between the U.S. Capitol and the White House. The building was first occupied in 1974. Since that time, security requirements have changed significantly, and the FBI has outgrown the building. Currently, elements of the FBI headquarter functions in the National Capital Region occupy more than 3 million square feet of space, costing \$168 million annually, dispersed over 21 separate locations, and the Hoover Building now only houses 52 percent of the headquarters staff.

Over the last decade, various studies have been conducted related to consolidating the FBI headquarters. In 2004, FBI Director Mueller requested that GSA recommend a strategy for consolidating the FBI headquarters. In 2005 and 2006, GSA commissioned studies on a housing strategy and a site analysis on repositioning the Hoover Building. In 2010, the FBI commissioned an initial project report for the FBI consolidation. In 2011, the Urban Land Institute also conducted a focused study on an FBI headquarters consolidation. Also, in 2011, the Government Accountability Office (GAO) completed a study related to security recommendations pertaining to the Hoover Building.

Senate Action

In July of 2011, the Senate Committee on Environment and Public Works (Senate EPW) passed a committee resolution directing GSA to investigate the feasibility and need to construct or acquire a replacement consolidated headquarters facility for the FBI. In August of 2011, the FBI submitted to Senate EPW and House Committee on Transportation and Infrastructure the results of its commissioned report. In October 2011, the GSA submitted its response to the Senate EPW request. In December 2011, the Senate EPW adopted a committee resolution to authorize GSA to enter into a lease transaction, on federally-owned land, for a consolidated FBI headquarters consistent with the survey completed by the FBI. The Senate resolution also required:

- GSA ensure the lease transaction resulted in ownership;
- To the maximum extent practicable, the new headquarters to be located within 2 miles from a Metro rail station <u>and</u> 2.5 miles from the Capital Beltway (I-495);
- The site not exceed 55 acres and provide for Level V security;
- The building not exceed 2.1 million square feet with an office utilization of not more than 109 square feet per person and an overall utilization of 174 square feet per person.

On January 9, 2013, GSA issued a Request for Information (RFI) to obtain responses from the development community, local and state jurisdictions, and other interested parties on the potential of a consolidated FBI headquarters in the National Capital Region. The deadline for submissions is March 4, 2013. The new FBI headquarters would reduce the current FBI footprint by roughly 1 million square feet and allow for the consolidation of their 21 locations across the region.

FBI and GSA Responses to Senate EPW Resolution

Both the FBI and GSA submitted responses to the Senate EPW's original request to investigate the feasibility of a consolidated FBI headquarters. Both studies concluded that the current Hoover Building no longer meets the requirements of the FBI due to growth, security, and information technology requirements. However, the studies came to two different conclusions as to the most cost effective option for a new consolidated headquarters. The GSA response recommended Federal construction. The FBI response recommended a lease transaction.

Both the FBI and GSA looked at various options for financing a new headquarters. Specifically, these options are:

- <u>Federal Construction</u> using Federal funds to construct the facility on Federal land.
- <u>Lease Construction</u> entering into an agreement with a private developer to build the facility and lease to the Federal government.
- Ground lease/lease back leasing federally-owned land to a private entity, which
 would then construct the facility and lease the building back to the Federal
 government.
- Acquisition by Exchange leveraging the value of the Hoover Building by exchanging it for a new facility.

Below is a comparison chart of the cost analyses tompleted by GSA and the FBI for each:

Transaction Type	GSA	FBI
Federal Construction	\$1.862 billion	\$2.985 billion
Lease Construction	\$2.5 billion	\$2.405 billion
Ground Lease/Lease Back	\$2.1 billion	\$1.957 billion
Acquisition by Exchange	\$1.933 billion	N/A

Another factor discussed in both studies is the cost of the land. If the Federal government had to acquire unimproved land for a new headquarters, such an acquisition would impact the costs.

The Senate EPW resolution authorizing a new consolidated headquarters identified the FBI's preferred solution of a lease transaction, most likely a ground lease/lease back arrangement. The GSA RFI seeking information on possible arrangements and solutions for a new FBI consolidated headquarters also indicated GSA would consider the exchange of the Hoover Building as part of a potential transaction.

¹ Cost analyses calculated at the 30-year net present values.

Legal Authorities

GSA has broad authorities to enter into certain transactions. GSA has various authorities, largely contained in title 40 of the United States Code, to construct, acquire, lease, and exchange properties, subject to authorization through committee resolution by the Senate EPW and the House Committee on Transportation and Infrastructure. In addition, Congress provided GSA with additional authorities, specifically intended to encourage public-private partnerships. For example, section 412 of the fiscal year 2005 Consolidated Appropriations Act (commonly referred to as "412 authority"), allows GSA to retain net proceeds from dispositions of its real property through sale, lease, exchange, or otherwise, including leaseback arrangements. In addition, GSA also has authority under section 585 of title 40 of the United States Code to enter into 30 year ground leases with a private entity, such as a developer, and lease back the space as proposed by the FBI.

The authorities contained in sections 412 and 585 provide GSA with significant authority to sell or redevelop underutilized properties and enter into public private partnerships to offset costs associated with renovating or creating Federal space. Section 585 would likely be the primary authority used for the FBI transaction – issuing a ground lease of Federal land to a private entity which would build the facility and lease it back to the Federal government. In addition, GSA's exchange authority may be used if the Hoover Building is a part of the transaction.

Potential Issues

Given the size and complexity of the proposed project, there are a number of issues that could complicate the project and unnecessarily increase costs to the taxpayer. In addition, the Committee will need to decide, as it considers whether to authorize this project, what limitations and parameters should be included in a committee resolution to help mitigate against any potential issues. Potential issues include:

- Cost to the Taxpayer/Hidden Costs While a ground lease/lease back arrangement would lower upfront costs to the taxpayer since Federal construction would be avoided, the overall costs of the project will impact the taxpayer through:
 - a. Factors impacting the rental rate of the new facility
 - i. Determining a reasonable rental rate;
 - Avoiding unnecessary and expensive tenant improvement costs that would translate into a higher rental rate.
 - b. Use of Federal, donated, or purchased land
 - Purchasing property would add significant costs and may not be appropriate.
 - ii. Should the transaction be bifurcated one for the site selection and another for the construction facility to avoid hidden costs (e.g. a "donation" of land in which the costs are incurred through higher lease payments).

- Valuation of the Hoover Building If the Hoover Building is used in the transaction to
 offset costs of the new facility, ensuring the full value of the Hoover Building is realized
 becomes both more critical and more difficult.
- Maximize Competition The Senate EPW resolution requires, to the extent practicable, the new location be 2 miles from a Metro rail station and 2.5 miles from the Capital Beltway. If GSA were to follow this instruction, it could significantly limit competition of sites in all three potential jurisdictions (Virginia, D.C., and Maryland).
- Management of Transaction Given the size and complexity of this project, what
 mechanisms will GSA and the FBI put into place to ensure the project is carried out and
 managed appropriately.
- 5. <u>Budgetary Scoring Concerns</u> The Office of Management and Budget (OMB) scoring guidelines for leases create considerable uncertainty about the scoring treatment of a public private development partnership for a new consolidated headquarters. If the OMB scores a lease as a capital lease, then the project would require up front the budget authority to cover the full costs of the development.

Possible Committee Action

GSA's Public Building Service activities are funded primarily through the Federal Building Fund, an intra-governmental fund into which agencies pay rent for the properties they occupy. Any excess funds generated by the rental system are used for building repairs and new construction. Each year, GSA submits to the Committee on Transportation and Infrastructure and Senate EPW its Capital Investment and Leasing Program (CILP) for the subsequent fiscal year. The CILP submission includes what are known as prospectuses for each project, detailing the project scope, need, and estimated costs. For FY 2013, a prospectus is required for any project in excess of \$2.79 million.

As noted, while the FBI project was not included as a part of the annual CILP, resolutions by both committees will be required for GSA to proceed with the FBI project. Title 40 of the United States Code, requires the Committee on Transportation and Infrastructure and Senate EPW to pass resolutions authorizing projects for construction, repair, alteration, or leasing of space prior to an appropriation of funds. The annual appropriations bills also include limitations on GSA's funds to include only those "prospectus-level" projects that have been authorized by committee resolutions. As mentioned, Senate EPW has already passed a committee resolution authorizing GSA to proceed with the development of a new headquarters.

ix

WITNESS LIST

The Honorable Benjamin L. Cardin (D-MD)
United States Senator

The Honorable Tim Kaine (D-VA)
United States Senator

The Honorable Steny Hoyer (D-MD)

Democratic Whip

Member of Congress

The Honorable Frank Wolf (R-VA)
Member of Congress

The Honorable Jim Moran (D-VA) Member of Congress

The Honorable Gerald E. Connolly (D-VA)
Member of Congress

Dr. Dorothy Robyn
Commissioner
Public Buildings Service
U.S. General Services Administration

Mr. Kevin L. Perkins Associate Deputy Director Federal Bureau of Investigation

THE FBI HEADQUARTERS CONSOLIDATION

WEDNESDAY, MARCH 13, 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 notice, at 10:10 a.m. in Room 2167, Rayburn House Office Building, Hon. Lou Barletta (Chairman of the subcommittee) presiding.

Mr. BARLETTA. The committee will come to order. Welcome to our first subcommittee hearing. And thankfully it was not rained out

today.

I would like to thank Chairman Shuster for the opportunity to chair this subcommittee. I also look forward to working with Ranking Member Norton and continuing this subcommittee's bipartisan tradition. Let me also thank our distinguished colleagues from the House for testifying today. Your presence speaks volumes about your concern for the FBI and your communities. And finally, let me welcome Dr. Robyn from GSA and Mr. Perkins from the FBI.

I chose the FBI headquarters for our first hearing, because it is one of the most significant projects we may consider this year. Several studies have documented the functional, operational, and security problems with the Hoover Building on Pennsylvania Avenue.

The FBI has a vital mission. It has made a compelling case for relocating its headquarters function. However, a new facility would cost over \$1 billion, and financing it in today's budget climate will be extremely challenging. Direct appropriations are doubtful, and OMB scoring rules typically preclude leases that result in Federal ownership. In fact, I have been told OMB has not approved a long-term ground lease with a Federal lease-back, as the FBI is proposing, since the scoring rules changed in the early 1990s. Yet, if we are successful, this has the potential for becoming a model for public-private partnerships in the future.

When it comes to this proposal, the committee has two general goals: the project should meet the security and operational requirements of the FBI, and it needs to be a good deal for the taxpayers. Achieving these goals raises a host of questions that need to be ad-

dressed.

For example, if the FBI must leave Pennsylvania Avenue, is a consolidated campus the best alternative? How can Congress limit the financial risks to the taxpayer by such a large and complex project? How can the committee ensure a fair and competitive site selection process? Can a consolidated facility be constructed or pur-

chased for a reasonable cost? What is the value of the current site on Pennsylvania Avenue, and what should be done with it? Is GSA capable of managing such a complex project?

These are some of the important questions we hope to explore during today's hearing so we can ensure the FBI's requirements are met and the interests of the taxpayer are protected. I look forward to our witnesses' testimony.

I now call on the ranking member of the subcommittee, Ms. Nor-

ton, for a brief opening statement.

Ms. Norton. Why, thank you very much, Mr. Chairman. And I congratulate you on your first hearing. I look forward to working with you. I note that both you and Chairman Shuster have started this committee and this subcommittee off to a very fast and a very good start, taking up important issues from the get-go. And I appreciate the start you have made.

I am pleased, especially, to welcome all of today's witnesses, and especially my colleagues from across the region. But I think it is important to clarify what is before us today. What is before us today is simply a hearing on the GSA's Request for Information. That is all that the GSA has asked for, all it has solicited, information only.

Now, an RFI, as we call it, can lead to an actual request for proposals. In this case, to consolidate the FBI into a new head-quarters. And there is agreement by the FBI, by the GSA, and by the GAO, that a new headquarters is necessary. The Pennsylvania Avenue headquarters has been falling apart now for many years. And it does not allow even key personnel to be housed in its head-quarters building.

As important as the FBI is as an agency, constructing a new or otherwise obtaining a new FBI is really no different from any other Federal construction. The GSA and the GSA alone must conduct a competition. And the GSA must make the decision in the best interest of the taxpayer. And I can say in more than 20 years on this subcommittee, Mr. Chairman, I have never seen any political decisions made by the GSA, and I am sure they will keep that very strong record up.

Everybody here hopes that their site will be selected, including the site from the District of Columbia. And everyone here is, of course, doing the right thing to market their sites. Sites are marketed not only by developers, they are also marketed by Members of Congress. I regard my role, however, as ranking member, to ensure that there is fair competition, so that the taxpayer gets top value.

The staff memo raises important questions. And the responses from the GSA today are going to be very important to the subcommittee in evaluating this process. I appreciate the clarification in the staff memo, working with my friends on the other side, because there is a—the Senate resolution—do we have that? Do we have that? The Senate resolution—and isn't it interesting, when I say there should be no political interference? The Senate resolution has not been adopted by the GSA, and has led some members of the press to believe that the site could be spread throughout the region.

It is clear that the RFI is in the GSA—is the GSA resolution. And it says the location of the new FBI headquarters must be no more than 2 miles from a Metrorail station, not 2.5 miles from the Capital Beltway. And the resolution is drawn that way to maximize competition and because of the longstanding policy of this committee, especially in this congested region, that we must facilitate the use of Metrorail and mass transportation.

We know that the 20 locations of the FBI has made it impossible for the agency to conduct its business as a security agency should be. We are looking for lower space allocations. We believe that the GSA could consolidate in as little as 2 million square feet. Its appropriation, if it were not leasing space as it is now across the region, would be cut by nearly \$45 million. The GSA is compelled by the policy of the administration and of this subcommittee to use the new space utilization, which reduces substantially the amount of space for each employee. As for the space on Pennsylvania Avenue, the headquarters on Pennsylvania Avenue, it is the ugliest building in town. Good riddance.

The focus of the first panel will be, of course, on their preferred sites. It is the second panel that is critical to our work, especially the use that the RFI proposes to make of Section 412 authority that allows it a range of options to engage in transactions, and does

not require upfront spending by the Federal Government.

I appreciate that Chairman Barletta has focused also on the OMB's scoring rules, which do not align with CBO's rules. And those scoring rules have cost the Federal Government billions of dollars over time. And I believe that Congress may have to intervene if those rules come into play again.

The project presents many challenges, but it also presents many opportunities, and very specifically the opportunity on the part of GSA to engage in a normal real estate transaction, instead of treating real estate as a commodity, losing money for the taxpayer. Thank you very much, Mr. Chairman.

Mr. BARLETTA. Thank you, Ranking Member Norton. At this time I would like to recognize the chairman of the full committee,

Mr. Shuster.

Mr. Shuster. Thank you, Mr. Barletta, and thanks for holding this hearing today. This is an important hearing. Obviously, we are joined by four distinguished colleagues of ours, and two from Virginia, two from Maryland. So it is obviously important to the region, as well as the ranking member, who, of course, represents the District of Columbia. But I welcome you here to the committee today.

And again, I appreciate you holding this hearing, Mr. Chairman. The FBI is one of the most important institutions in this Nation. It keeps us safe. We need to make sure that we find them a location that is best suited for them, and making sure that it is efficient, it is modern, and it is secure.

So, as we move through this process, I look forward to getting input and hearing from everybody. And again, thank all of you for being here. And thank you, Mr. Chairman, for holding this hearing.

Mr. BARLETTA. Thank you, Mr. Chairman. I now call on the ranking member of the full committee, Mr. Rahall.

Mr. RAHALL. Thank you, Mr. Chairman. I have no opening com-

ments. I want to hear from my colleagues first.

Mr. Barletta. Thank you. We will have two panels today. The first is a Members panel that includes the Honorable Steny Hoyer, the Honorable Frank Wolf, the Honorable Jim Moran, the Honorable Donna Edwards, and the Honorable Gerald E. Connolly.

I ask unanimous consent that our witnesses' full statements be

included in the record.

[No response.]

Mr. Barletta. 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.

Representative Hoyer, you may proceed.

TESTIMONY OF HON. STENY H. HOYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND; HON. FRANK R. WOLF, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA; HON. JAMES P. MORAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA; HON. DONNA F. EDWARDS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND; AND HON. GERALD E. CONNOLLY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. HOYER. Thank you very much, Mr. Barletta, and I want to thank Chairman Shuster, Ranking Member Norton, and Ranking Member Rahall for their attendance. I thank the committee for holding this hearing to examine the possibility of a new consolidated FBI headquarters, and for the opportunity to testify on the merits of relocating to Prince George's County, Maryland, where I grew up and where I now represent, and have for the last 32 years.

The J. Edgar Hoover Building is in disrepair and does not comply with today's high-security standards. I think everybody agrees on that. The agency suffers from space constraints and security challenges. To restore the current building is neither cost effective nor feasible. In addition, roughly half the headquarters staff are in leased space around the capital region because there is insufficient

space within the J. Edgar Hoover Building.

Consolidation will save money and enhance the FBI's ability to do its work. The dispersion of staff negatively impacts the FBI's ability to perform its mission. Consolidating and relocating the headquarters in a timely manner will help ensure that the FBI can carry out that mission and save our taxpayers at least \$44 million annually in the process.

Any new location for a possible new consolidated FBI headquarters must meet several requirements. First, it must have a minimum of 45 to 50 acres. Secondly, it must be located within the national capital region. Thirdly, it must have access to public transportation, such as Metrorall. And it must have space to house

approximately 11,000 personnel.

With a variety of potential sites in close proximity to Washington with sufficient available acreage and close to mass transit, I believe that Prince George's County is an ideal location for the new head-quarters. We will try to make that case over the next months, and

we will look forward to working with our colleagues towards that end.

Prince George's County, Mr. Chairman, as you may know, has ample undeveloped land near the Metro. In fact, more so than any other jurisdiction: the MARC commuter rail, the Capital Beltway, a variety of Metro and county transit bus lines and regional bike trails. The sites can provide a secure and convenient campus set-

ting.

Twenty-five percent of the region's Federal workforce resides in Prince George's County, and our State is already home to a plurality of the FBI's employees. According to a Maryland State study released in September, 43 percent of FBI headquarters employees live in Maryland, 17 percent live in Washington, DC, and 33 percent we understand live in Virginia. FBI personnel and their families, I suggest, could benefit from a lower daily transportation expense, Prince George's County's vibrant neighborhoods, and an easier commute.

In addition, Maryland has recently seen unprecedented growth in the field of cybersecurity, which would provide the FBI with greater access to experts in the field, as well as a highly skilled workforce. Our State is home to—and I think this is very important: the U.S. Cyber Command at Fort Meade; the National Security Agency; the Defense Information Systems Agency; the National Cybersecurity Center of Excellence headquarters at the National Institute of Standards and Technology; the Department of Defense's Cyber Crime Center, known as DC3; and the Intelligence Advanced Research Projects Activity, IARPA.

Our State's institutions of higher education, including the University of Maryland at College Park, just a few miles from the projected site, and Bowie State University, also just a few miles from the projected site, both located in Prince George's County, are training the next generation of leaders in cybersecurity. Numerous companies and contractors in the field of cybersecurity are located in Prince George's County as well, Mr. Chairman, not far from oth-

ers operating in Montgomery and Anne Arundel County.

I think that Prince George's County will make its case with several potential secure and convenient locations, and a significant portion of the region's Federal workforce is the right choice for the new FBI headquarters. I will continue to work with you, Mr. Chairman, with your ranking member, Ms. Norton, and with Mr. Shuster and Mr. Rahall as we go forward assessing the merits of each of these sites. Local officials in Maryland and the Governor advocate for any proposed consolidated FBI headquarters to be relocated in Prince George's County. Our State is united in that effort, including, as you just recently heard, the leadership of Montgomery County, Mr. Leggett.

So, I thank you for this opportunity to appear, look forward to working with you. We believe that the Prince George's County proposal will prove to be, from the taxpayers' standpoint, which is obviously our principal concern, and from the FBI's standpoint and national security, to be the best site. And we look forward to work-

ing with you towards that end.

I thank you, thank the chair and the committee for its attention.

Mr. BARLETTA. Thank you for your testimony, Representative Hoyer.

Representative Wolf, you may proceed.

Mr. Wolf. Sure. Thank you, Mr. Chairman. Thank you and also Ms. Norton, too. I will try to summarize quickly.

Obviously, I am here to support the Bureau moving its headquarters to the State of Virginia. The entire Virginia delegation,

the Governor, everyone, is in complete agreement.

It is a logical choice. A number of FBI agents live in Virginia. The Washington field office resident agency is in Virginia. The FBI Academy is in Virginia at Quantico, the back-and-forth and back-and-forth between the two. The FBI new record facility is slated to be built in Virginia. The recordkeeping fingerprint is out in West Virginia, which is relatively close. The CIA is in Virginia. The CIA is in Langley. The CIA is in Herndon. The CIA is in Reston. The CIA is on Route 28. The NRO is in Virginia. And I could go on. But having the proximity—FBI, NRO, CIA, all these agencies together, along with the West Virginia and the new recordskeeping in Winchester, it makes a big difference.

There are a number of potential sites in Virginia that meet the needs of the Bureau. I am not coming in for any one particular site, whether they are in Fairfax County, Prince William County, or in

Loudoun County.

As the process gets underway there, I think it is important that the Government get the best deal. And I would encourage or end by this last comment. If I say anything that sticks, hopefully this will be. I would encourage the subcommittee not to limit its search to sites no further than 2.5 miles from the Capital Beltway as the Senate prospectus requires. That would arbitrarily prevent sites in Loudoun and Prince William. We expect the procurement process to be open and fair. So open and fair, and remove any strictures that sort of, when you write them down, you in essence are not saying the name but you are forcing it to go. It ought to be open and fair.

And with that, I thank you for the hearing very much.

Mr. BARLETTA. Thank you for your testimony, Representative Wolf.

Now, Representative Moran, you may proceed.

Mr. MORAN. Thank you, Chairman Barletta and Shuster and Ranking Members Norton and Rahall. We appreciate the opportunity to get our views before this subcommittee as a region.

Now, I, along with a united Virginia congressional delegation, do believe that northern Virginia would make the ideal location for the new FBI headquarters. And the reasons are the following, and they do mirror exactly what Mr. Wolf had to say, although we didn't confer in advance. But I think you will find the same conclusions that we came to.

Northern Virginia is home to a majority of FBI personnel in the region. FBI people live in northern Virginia, for the most part. The FBI Academy and the FBI Laboratory, the premier crime lab in the U.S., employ over 500 scientific experts and special agents. They are both located in Quantico, Virginia. The northern Virginia resident agency, field office for several hundred agents, is located in Prince William County. And Winchester, Virginia, will be the fu-

ture home of the FBI's central records complex. A headquarters location in northern Virginia would provide substantial logistical

benefits and collaborative opportunities.

In addition, the FBI occupies a number of discreet facilities elsewhere in northern Virginia, and the region is also home to the National Counterterrorism Center and the headquarters of the Central Intelligence Agency. An FBI headquarters location in Virginia would increase opportunities for cross-agency coordination and promote increased operational efficiency, saving time and transportation costs.

Northern Virginia offers geographically advantageous locations roughly equidistant from Quantico and Washington, DC, offering easy access to other Federal agencies, Congress, and the aforementioned major FBI facilities. Our region also has some of the best schools in the country and is consistently ranked one of the best places to live, work, and raise a family. Taken together, these attributes would help to minimize the adverse transition and transportation effects on employees assigned to the new headquarters.

Now, my top priority, of course—our top priority—is to support efforts to locate the FBI headquarters in Virginia. But I would like to mention a couple of facilities in particular. There is a Center for Innovative Technology property, their substantial amount of land is located right at the—at Route 28 and the Dulles Toll Road, and

it will have access to the Silver Line Metro station.

Another property that I believe would be ideal for this facility is a GSA warehouse located in Springfield, Virginia. It is situated on approximately 60 acres. It could easily accommodate over 3.5 million square feet of highly secure office space, and would allow for the productive use of underused Government-owned real estate. It is right at a Metro station. It would provide ample space for the FBI to accommodate potential future growth.

Given recent local challenges that were created by BRAC relocations, I think this subcommittee should consider sites that would require the least amount of off-site infrastructure. It is expensive, it is time-consuming, and I don't think that it is appropriate to have to invest in substantial infrastructure to accommodate a new

FBI building.

In this regard, though, the Springfield location is unique, because we have substantial improvements to Interstate 395, on which it is located. We have the express lane project on the beltway, and the completion of the Fairfax County Parkway to Fort Belvoir, all going along this site. So more than \$1 billion has been invested in the road network in and around this particular GSA warehouse site. It is also located, as I say, next to the Franconia-Springfield Metro station, next to Amtrak, and next to VRE rail lines, and it is served by a very extensive bus system. So the presence of a high-quality road network and mass transit options would promote efficient traffic flow and minimize the impact on the local community.

Now, as GSA proceeds with its selection process, I know that this competition will be conducted in a completely open and fair manner. Unlike the Senate-passed prospectus, I would hope that we would not prevent consideration of potential sites in the Dulles area. I urge the subcommittee to oppose unnecessary restrictions

on the location of the new FBI headquarters. The Senate was more restrictive; I don't think there is a need for the House to do so. The decision of where to locate this facility should be based solely on what is best for the FBI's ability to fulfill its vital law enforcement and national security missions through a transparent process, free of political considerations.

I am fully confident that sites in Virginia will stand out among all the options, and I thank you again for inviting us to testify and for your continued efforts to ensure the best possible location is chosen as the new headquarters for the FBI. Thank you, Mr.

Chairman.

Mr. BARLETTA. Thank you for your testimony, Representative Moran.

Representative Edwards, you may proceed.

Ms. EDWARDS. Thank you, Chairman Barletta and Ranking Member Norton. I really appreciate the ability to testify today. And I look forward to our work together, as a subcommittee, to make sure that we are reporting a resolution that adequately reflects the needs of the FBI, but also is respective of the needs of taxpayers.

The future location of the FBI headquarters is vital to the men and women of the Bureau and to their mission. But it is also vital to the people of my congressional district, specifically in Prince George's County, where I live, which Congressman Hoyer and I represent here in this chamber. We are here today because it is critical that the FBI consolidate its operations to optimize the agency's ability to meet its vital mission and make the best use of taxpayer resources.

It has been my experience on this committee that when we have considered—and Ranking Member Norton understands this—when we have considered these matters in front of our committee, our goal is about fairness of process, to make sure that there is the most open competition possible that then maximizes the taxpayers' dollars.

It has been almost 40 years since the FBI actually moved to the Hoover Building, and we know it has outgrown it. We know that it can no longer provide the security, infrastructure needs, and space required of the world's premier law enforcement agencies. In addition to its responsibilities here at home today, the FBI is a key leader, globally, in meeting our law enforcement needs.

Here in the national capital region, the FBI occupies more than 3 million square feet of space over 21 locations that results in \$168 million of leasing costs alone. It is pretty staggering. But surprisingly, the Hoover Building currently only houses 52 percent of the FBI's headquarters staff. This dispersed office structure is impeding the Bureau's ability to meet its core mission, due to challenges in managing its headquarters, divisions, and offices effectively, and while also collaborating and sharing information across functions.

It—to comply with 9/11 security—post-9/11 security requirements, the FBI has looked to consolidate facilities into one head-quarters. In response to a 2011 GAO study, the FBI conducted a security assessment that documented threats and analyzed building security requirements consistent with the Interagency Security Committee standards. And so it is a critical component of our Na-

tion's security apparatus that the agency has to comply with these enhanced standards.

So, I want to talk for a minute about Prince George's County. Prince George's County offers an appropriate, I think, opportunity for development and for the FBI to relocate its headquarters. I think it offers a competitive combination, as Mr. Hoyer has indicated, that meets the requirements of the FBI, also meets the requirements of the resolution that came out of the Senate, and has taxpayer value with the finest location and access to world-class facilities.

Joint Base Andrews, the President's airport, is in Camp Springs in Prince George's County. That would provide the FBI with a secure facility from which to depart anywhere in the world to meet its global responsibilities for our domestic law enforcement needs. Fort Meade is home to the National Security Agency, the Nation's largest leader in cybersecurity and its intelligence-gathering apparatus. It is another secure facility located in nearby Anne Arundel County, a part of which I also have the honor of representing.

As Mr. Hoyer has indicated, the University of Maryland, Bowie State University, also provides nationally ranked disciplines in criminal justice, computer forensics, biological sciences, language, homeland, cyber, and national security. It is home to the Department of Homeland Security's Center of Excellence and terrorism studies, and a national consortium of leading terrorism studies programs across the country.

Prince George's County is also home, as we have heard many times in this committee, to 15 Metro stops, which is the most in this region, offering all kinds of accessibility throughout the county, and provides easy access to the White House, downtown Washington, DC, the Capital Beltway, the Department of Homeland Security's new campus at St. Elizabeths, and our region's airports, while also having the lowest real estate prices in—around nearby Metro facilities throughout our region.

In addition, over 67,000 Federal employees reside in Prince George's County and, as you have heard, 43 percent of the workforce at the FBI. Prince George's County is the right fit for the FBI, and it will do right by the FBI.

And if a consolidated headquarters becomes a reality anywhere within the parameters already set by the Senate resolution, the District of Columbia also stands to gain. The Hoover Building on Pennsylvania Avenue would free up a block on the most important and prominent street in America, allowing the District of Columbia to have a tax-generating tenant and a building that adds to the aesthetic value of Pennsylvania Avenue. And that would complement the soon-to-be developed Old Post Office site, which Chairman Norton worked very much on in the last Congress, and was championed by this committee, as well.

Again, Chairman Barletta and Ranking Member Norton, thanks for allowing me to testify today. It is not our job here to figure out who gets the competition, but it is our job to make certain that it is a fair, it is an open and competitive process, and I have every confidence that Prince George's County will meet that competition.

Thank you.

Mr. Barletta. Thank you for your testimony, Representative Edwards.

And now, Representative Connolly, you may proceed.

Mr. CONNOLLY. Thank you, Mr. Chairman, Ranking Member Norton, Mr. Shuster. And I know Nick Rahall just stepped out. I have a prepared statement; I am not going to read it to you. It repeats an awful lot of what has already been said. So let me just summarize.

I want to echo what my colleague, Donna Edwards, just said. We look forward to a fair, open, and transparent process, free of political influence. And we believe that if there is such a process, frankly. Virginia is the likely new site of an FBI headquarters for several reasons, one of which is the FBI is already there. The FBI is in Quantico with a very large footprint. The FBI new recordskeeping complex is going to be in Winchester, Virginia. We already have the northern Virginia residency, of course, in Prince William County in Virginia.

Virginia offers-northern Virginia offers one of the most skilled workforces in the United States, one of the highest performing school systems in the United States. It is a place from which we can draw skilled labor. And we have George Mason University, now the largest public university in a stellar public university State, the State of Virginia. We have the third largest community college, Northern Virginia Community College, in the United States, in Virginia, all of which provide criminal justice courses and forensics

training in large numbers for law enforcement.

The nexus for the FBI is logically in Virginia. And I believe that with a fair and open and transparent process, Virginia is going to be more than competitive in sites that are served by transit, particularly the GSA site in Springfield, but also the CIT site proximate to Dulles Airport that will be served by the silver line that

is under construction right now.

So, we are very proud of the sites that have been proffered. We look forward to a fair, open, transparent process. We hope that this committee, in drawing its criteria, will, frankly, be more flexible and more open than maybe the Senate was in drawing its. And as I said, we are confident that, if that is the process, we are going to be more than competitive.

Thank you, Mr. Chairman, and thank you so much for giving us

this opportunity this morning.

Mr. BARLETTA. Thank you. I would like to thank each of you for your testimony here this morning. I know how busy you all are. But we all know how important this project is. It is critical to the FBI that their new location will be somewhere where it will be

functional. And obviously, security is a major role.

But the questions we have today that we want answered is why, where, and how. And your testimony today informing our subcommittee is very important to all of us. So again, I want to thank each of you for your time.

We will excuse the panel, and-

Mr. RAHALL. Mr. Chairman? Since I didn't make an opening comment, may I make a comment to the panel-

Mr. BARLETTA. Yes, you may.

Mr. RAHALL [continuing]. Before they depart? Let me just cite a

couple well-known facts, if I might, to the panel.

First, the FBI in my home State of West Virginia, which Mr. Wolf has referred, already have a successful partnership. As we know, in fact, the largest division of the FBI, the criminal information service division, is located in Clarksburg. The heart of the CGIS complex is a 500,000-square-foot main office building on 980 acres of land owned by the FBI. It features a beautiful 600-seat cafeteria, 500-seat auditorium. It has an atrium for visitors and employees, and a 100,000-square-foot computer center.

The campus already employs some 2,500 employees. In fact, FBI owns nearly 1,000 acres of land in Clarksburg, plenty of room for

expansion.

[Laughter.] Mr. RAHALL. In addition, the Internet crime complaint center, collaboration between the FBI and the National White Collar Crime Center, has a facility in Fairmont, West Virginia. It has been reported, following the division's move from downtown Washington, DC, to Clarksburg, West Virginia, that FBI executives cited sharper lower employee absentee rates, improved employee retention rates, higher worker productivity and morale.

The benefits of West Virginia as a home for Federal facilities are abundant. And other agencies would do well to consider the community where the FBI and other Federal employees have thrived

over the past 20 years.

So I would say while these titans of the beltway lock horns, let us all remember that there is a calm, safe, and serene atmosphere in "Almost Heaven," where our dedicated and hard-working FBI employees can work and live. Thank you, Mr. Chairman.

Mr. Shuster. Will the gentleman yield?

Mr. RAHALL. Yes, I yield. Ms. NORTON. Mr. Chairman?

Mr. Shuster. I just would like to remind everybody that the Pennsylvania State line is less than 100 miles from here, and there is wide open spaces all over south central Pennsylvania. Yield back.

Mr. HOYER. Mr. Chairman, if I could just say that I have had a discussion with the new chairman of the Appropriations Committee, and she has told me how much she admired the work of the former chairman of the Appropriations Committee.

[Laughter.]

Mr. MORAN. Mr. Chairman, would it be inappropriate to ask the ranking member of the full committee for his estimated ETA for the Metro system to arrive in West Virginia?

[Laughter.]

Mr. MORAN. And how we are going to pay for it?

Mr. RAHALL. With high-speed rail, anything is possible.

Laughter.1

Mr. CONNOLLY. Mr. Chairman, I just want to say that if it can't be in the preferred location, Virginia, we would be proud to have it in our sister State, West Virginia.

Mr. Barletta. I will call on our second panel of witnesses: Dr. Dorothy Robyn, commissioner, Public Buildings Service of the Gen-

eral Services Administration and Dr. Kevin Perkins, associate deputy director of the Federal Bureau of Investigation.

I would like to welcome our witnesses, so I ask unanimous consent that our witnesses' full statements be included in the record.

[No response.]

Mr. Barletta. 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; AND KEVIN L. PERKINS, ASSOCIATE DEPUTY DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

Ms. ROBYN. Thank you, Chairman Barletta, Ranking Member Norton, Congressman Rahall. I appreciate the opportunity to be here before you this morning. That was a hard act to follow.

Under new leadership, GSA has refocused on its mission of delivering the best value in real estate acquisition and technology serv-

ices to Government and the American people.

With respect to the real estate mission, GSA faces three key challenges: an aging inventory of buildings; limited availability of Federal dollars with which to maintain our existing buildings and construct new ones; and, as a result of the first two challenges, a growing reliance on leased space. To address these challenges, we are working to improve agencies' utilization of space, and thereby reduce their requirement for space, particularly costly leased space. We are seeking to reduce the cost of operating our buildings. Finally, we are using the authorities Congress gave us to leverage private capital to deliver better and more efficient space to Federal agencies.

The subject of today's hearing is an illustration of these very challenges and our efforts at GSA to address them. Let me briefly

summarize the challenge and our proposed response to it.

As you heard from the last panel, and I would concur, the J. Edgar Hoover Building is no longer suitable as a headquarters facility for the FBI. Opened in 1974, when the FBI was primarily a law enforcement agency, the building was principally designed to store vast amounts of paper documents. It was also intended to be accessible to the public, as evidenced by the large central courtyard and the second-floor veranda for parade-watching along Pennsylvania Avenue. These features, among others, now represent deficiencies.

The building is highly inefficient, from the standpoint of space utilization. Of the 2.4 million gross square feet of area, only 1.3 million square feet are usable to FBI personnel. This inherently poor use of space, together with the growth of the agency since 9/11, means that the Hoover Building now accommodates only about half of the agency's headquarters staff. The rest are located, as you have heard, in some 20 leased locations around the national capital region. This dispersion of staff inhibits the kind of collaboration and communication that the FBI has sought to encourage in the aftermath of 9/11.

Second, the design of the building as, in effect, a large filing cabinet discourages collaboration and communication within the building. In particular, sturdy interior walls of cement block, which line corridors wide enough to accommodate the movement of large blocks of paper files, make it hard to reconfigure the space into the kind of open, collaborative workspace that the FBI needs and that they are creating in their field offices around the country.

And then, finally, the building, with its high-profile location and limited perimeter setback cannot meet and will not—cannot meet and does not meet the FBI's requirements for Level V security

under the Interagency Security Committee's standards.

Mindful of these deficiencies, in early December GSA issued a Request for Information from private developers interested in building a new headquarters for the FBI somewhere in the national capital region. The RFI made clear that GSA wants to consider an exchange of the Hoover Building for a new facility of up to 2.1 million square feet that would consolidate personnel from Hoover and the multiple leased locations in the national capital region

What exactly do I mean by "exchange"? Real property exchange is a tool that Congress has given GSA with which it can dispose of properties that no longer meet the Federal need and/or with which we can leverage the equity of some of our Government's less suitable or efficient buildings to get other, more suitable and efficient ones. This could—in this case, this could involve the construction of a new facility on land that a developer owns, the construction of a new facility on land that the Government owns or acquires. Alternatively, it could involve an exchange for an existing building somewhere in the NCR.

Under any of these scenarios, at the end of the process the developer would own the Hoover Building and the Federal Government

would own its replacement facility.

Now, I want to emphasize that our current initiative and the RFI are not limited to the exchange approach. But use of our exchange authority appears to be promising. The J. Edgar Hoover Building is functionally obsolete, and we believe the Pennsylvania Avenue site has considerable potential for higher and better use than as a headquarters of a Federal agency. We hope to unlock that hidden value and apply it to the creation of a new facility in the NCR.

The deadline for responses to our RFI was March 4th. As you can imagine, the response was very enthusiastic. We got 35 responses. We are now in the process of evaluating them. Based on the information we obtained, we may issue a Request for Proposals. That

would be the next step.

In sum, this is an important project, one that I believe can materially improve the FBI's ability to perform its mission. We are seeking to meet this challenge using innovative authorities that Congress has given us. We will work closely with Congress as we go forward, using a transparent process that emphasize competition and minimization of risk to taxpayers. And every jurisdiction in the NCR will get fair consideration.

Thank you and I look forward to answering your questions. Mr. Barletta. Thank you for your testimony, Dr. Robyn.

Now, Mr. Perkins, you may proceed.

Mr. Perkins. Thank you, Mr. Chairman. Chairman Barletta, Ranking Member Norton, Ranking Member Rahall, members of the subcommittee, and all the distinguished guests here today, I want to thank you for the opportunity to discuss the FBI's need for a new consolidated FBI headquarters building. I am pleased to appear before you today, and I am truly honored to be here with my colleague from the General Services Administration, Commissioner Robyn.

As you know, the FBI has occupied the J. Edgar Hoover Building on Pennsylvania Avenue since its completion in 1974. Since then, and particularly since 9/11, the FBI has undergone significant changes in its structure and its management: information technology systems, interagency collaboration, and its overall mission. These changes have transformed the Bureau into a national security organization that fuses traditional law enforcement and intelligence missions, enabling us to successfully identify and combat new and emerging threats, head on.

As its mission has grown, the FBI has also adapted the use of the Hoover Building to meet mission requirements, and to increase operational efficiencies. For example, we relocated our crime lab to Quantico, instituted an electronic system of record, relocated our paper records, and converted nonpersonnel and equipment-intensive spaces into office space to accommodate our growing number of employees. As a result, today's FBI has over 10,000 head-quarters staff in multiple locations throughout the national capital region

In fact, the Hoover Building houses only just over half the Bureau's headquarters staff. The dispersal of employees has created significant challenges with regard to effectively managing the Bureau's headquarters divisions and offices, facilitating organizational change, and sharing information across operational and administrative functions.

Now, to address these concerns, numerous assessments of the current Hoover Building and other headquarters offsite locations have been conducted over the last few years. All have concluded that consolidating the FBI headquarters operations will improve information sharing and collaboration, eliminate redundant space, and enhance security, while at the same time saving significant tax dollars.

Housing critical FBI headquarters elements in a single location will reduce space needs by over 800,000 square feet, a reduction of almost 30 percent, which, in turn, results in significantly lower rent payments, especially when you compound them over time. Our August 2011 headquarters consolidation project report concludes this will result in a savings of at least \$44 million annually.

Working with our partners at GSA, we have proposed locating a new headquarters within the national capital region. Generally, the site must be served by mass transit, have adequate surrounding highway infrastructure, and must be in substantial conformance with local land use plans. Just as importantly, the FBI headquarters building should be housed in a facility meeting the highest standards of security, a level of protection reserved for agencies with the highest level of risk related to their mission functions,

which are critical to national security and continuation of Govern-

We will continue to work with the GSA and with Congress in order to identify and implement a solution that meets the FBI's needs not only now, but well into the future.

I want to thank you again for the opportunity to be here before you today. It truly is an honor. And I now look forward to answer-

ing any questions you may have. Thank you.

Mr. Barletta. Thank you for your testimony, Mr. Perkins. I will now begin the first round of questions, which will be limited to 5 minutes for each Member. If there are any additional questions following the first round, we will have additional rounds of questions, as needed.

As I said in my opening statement, this is an important, yet complicated proposal. The committee wants to be helpful and find a new home for the FBI, but I do not envision the committee writing a blank check. As a result, we are looking for reasonable limitations on the size, scope, and cost of the project in order to protect the taxpayer from overbuilding and overspending.

We have many questions along these lines and limited time. So it would be most helpful if you could attempt to keep your re-

sponses as brief and to the point as possible.

We have some detailed questions regarding the FBI's 2011 report. If it would be helpful, Mr. Perkins, I would invite Mr. Pat Findlay to join you at the table at your discretion, if you feel that that would be helpful. Without objection, so ordered.

Mr. Findlay, would you state your name and your title?

Mr. FINDLAY. Yes. Patrick Findlay, assistant director for facilities, FBI.

Mr. BARLETTA. Thank you. Dr. Robyn, GSA recommended Federal construction in this 2011 project survey report. My question would be if this is GSA's current recommendation. If not, what is GSA's current recommendation? As you know, this report recommends Federal construction. In today's budget climate and fiscal climate, we know that is not possible. So if this report is not the true recommendation, what is GSA recommending?

Ms. ROBYN. Federal construction, Mr. Chairman, as you know, is always the least expensive approach, the best approach, in terms of cost to the taxpayer. So we always prefer that. We are pursuing that at St. Elizabeths, but you can see from the delays at St. Elizabeths the problems associated with consolidating an agency headquarters relying solely on Federal construction.

So, we are looking at our exchange authority. We are not looking exclusively at that, but we want to explore that as an alternative,

and a way to do this in a more accelerated way.

Mr. BARLETTA. When will the committee receive an OMB-ap-

proved prospectus requesting the project?

Ms. ROBYN. Well, I would say that OMB approved the RFI to go out. So I think that should give you some comfort that the approach that we are pursuing is one OMB is comfortable with.

I think it is premature to talk about sending up a prospectus. I think we are—we just got the replies from the RFI in last week. We are evaluating them. Because there are so many, it is going to

take us a while. We will be happy to brief you along the way on them, but I think it is premature to talk about a prospectus.

Mr. Barletta. Mr. Perkins, would you please describe the FBI's recommended strategy in its 2011 report? And can you tell me, is the FBI formally requesting the committee to authorize that strat-

egy?

Mr. Perkins. Well, not formally requesting that authorization at this point. The strategy that is put forth in the 2011 report is that of a public-private partnership that, as you correctly noted earlier, in this fiscal environment in which we are in, we believe that would serve as the method by which would require the least upfront cost for the taxpayers, have the least impact on Federal spending, and be able to leverage the private sector's ability to come up with financing and development of a project with the least cost to the taxpayer.

So, overall, we believe, in the end, we would have a facility that would meet our needs and our requirements, both security and operational, as well as having the least cost to the taxpayer on the

front end.

Mr. BARLETTA. And could you please present the financial case for the FBI's proposal? And what does the FBI spend now to home the headquarters? And what would it spend under a new proposal?

Mr. Perkins. Certainly. Right now we spend approximately \$168 million annually in rents across 21 different facilities within the national capital region. Under this new process, and a single campus, I believe that number would go somewhere approximately \$124 million to \$125 million in annual rent. The annualized net present value over the term of any type of public-private partnership and lease agreement would save us at a minimum of \$44 million a year over what we are paying in rent, currently.

Mr. Barletta. And for each of you—Mr. Perkins, you first—is the ultimate Government ownership of a new headquarters nec-

essary? And is that in the best interest of the taxpayers?

Mr. Perkins. Yes. Ultimately, in the proposal that we looked at and really went forward with in our review, the public-private partnership would involve the facility being build on Federal land. After a term of approximately a 30-year lease, would come back in ownership to the Federal Government, yes. Ultimately, the facility would become a Federal facility.

Mr. BARLETTA. Dr. Robyn, same question.

Ms. ROBYN. I think everyone agrees that this should be a Federal facility, a federally owned facility, sooner or later. We typically resort to leased space only for very general purpose space that we can get on the regular commercial market. If the facility needs to be specialized to an agency's needs, it is better to have it be federally owned space. The FBI's proposal would eventually have it be federally owned, but not initially.

Mr. BARLETTA. Dr. Robyn, as I see it, OMB scoring is our biggest obstacle to the FBI's proposal.

Ms. ROBYN. You said that, sir, not—

Mr. Barletta. We all know we don't have \$2 billion in appropriations, and GSA has never been able to get OMB to approve the type of lease arrangements proposed by the FBI.

My question is this. Please explain the scoring issues with this proposal. And, two, what is OMB's position? Is OMB prepared to

allow this project to advance as an operating lease?

Ms. Robyn. Well, I don't want to speak for OMB, but let me tell you what I think the scoring issue is. And I want to say that we certainly have not ruled out the out-lease lease-back approach that the FBI report recommended. That is an innovative authority that this committee gave us. We still hold out hope that we can identify a way to do that. So we have not ruled that out.

I think, in terms of scoring, the philosophical foundation for scoring is risk. It is the concept of risk. Does—is the Federal Government bearing the risk, or does the private sector have skin in the game? That is really what it comes down to. So when something scores—and typically OMB and CBO are—look at the world in very similar ways—it is typically because they feel like the private sector isn't bearing as much risk as Government, or the scoring is—

depends on the amount of risk.

So, I think the issue for an out-lease lease-back approach would be can we do that in a way that the private sector has enough skin in the game, that is what it would come down to. We think we are on better footing with an exchange. We think that—I think it is—the reason I emphasize that OMB had approved the RFI is because the RFI that we put out, it did not limit it to exchange, but it did make clear that we were interested in the possibility of an exchange of the Hoover Building for a new headquarters. And that RFI passed muster with OMB.

So I think we feel that we are on better footing in terms of potential scoring with an exchange. But we have certainly not ruled out

other approaches.

Mr. BARLETTA. Thank you. I will recognize Ranking Member

Norton for questions.

Ms. Norton. Thank you very much, Mr. Chairman, and I want to thank both of you for very helpful testimony. Dr. Robyn, the RFI is different from the Senate resolution. And I note that the staff memo, which is a memo from the staff of both sides here, is not a Democratic or Republican staff memo, has a section or question, or actually is a statement. It says that the Senate EPW resolution requires, to the extent practicable, the new location to be 2 miles from a Metrorail station and 2.5 miles from the Capital Beltway. If GSA were to follow this instruction, it could significantly limit competition of sites in all three potential jurisdictions: Virginia, DC, and Maryland.

Is the delineated area in your RFI necessary for competition, for full and fair and open competition? And is it likely to be the delineated area in any forthcoming RFP or Request for Proposals?

Ms. ROBYN. We made clear in the RFI that the area we are interested in is the national capital region. We did not limit it any more than that. And we did not refer to—

Ms. NORTON. And you recognize that the Senate resolution does

Ms. ROBYN. Yes. Yes, I do. We tried to make the RFI as broad as possible. We want to encourage as much creativity and interest at this stage as we can. And the RFI does not talk about being 2.5 miles from a Metro or the beltway. That is not in the RFI. I think

we used those criteria for purposes at—one point for purposes of trying to estimate the value of land in various parts of the national capital region. But that—we didn't—we explicitly did not put that into the RFI.

Ms. Norton. So that standard isn't even in your—and you don't

anticipate it being in the RFP?

Ms. ROBYN. I don't know. I think we are very mindful of the proximity to transit. I think the FBI, as I think we are, I——

Ms. NORTON. I don't think you have any choice about transit.

Ms. ROBYN. Yes.

Ms. NORTON. That is the policy of the United States, when it comes to construction. But this 2.5—the linking of the 2.5 miles from the beltway, to deliberately exclude most of the District of Columbia was an affront, frankly. And it didn't sound like the GSA usually does business. We, of course, wrote to the Senate and we didn't think that that could pass muster. But it is important for that to get on the record here.

You talk about the national capital region.

Ms. Robyn. Yes.

Ms. NORTON. And, of course, about distance from Metro stations. And that, of course, is fair, free, and open, and nobody gets excluded.

Could I ask Mr. Perkins? Are you seeking to leave the District of Columbia? Do you object to being in the District of Columbia? Do you see any advantages to being in the District of Columbia? Mr. Perkins. Ranking Member Norton, I will start by saying

Ms. NORTON. Is your microphone on?

Mr. Perkins. Oh, yes, ma'am. It is set. I am sorry. I will start by saying that we have absolutely no objection to being within the District of Columbia, whatsoever. Our central mission here is to come up with a property, whether it is in either Maryland, Virginia, or in the District, that meets two major criteria: one, our operational mission needs; and two, providing adequate security for the facility and the workers who are coming and going from there. So there is absolutely no objection to the District. There is no objection to any of the proposals that are out there at this point.

Obviously, as we have already discussed, adjacent—near highways, transportation, public access, and the like, very, very important, as we have already mentioned in the record. But no, we have

no objection whatsoever to that.

Ms. Norton. Thank you. Could I ask both of you? The RFI has an enormous acreage, 40 to 55 acres, for a new consolidated FBI. Bear in mind that you are talking to the committee that developed these new standards that puts everybody into smaller amounts of space. You have 40 to 45 acres. We understand that has a lot to do with security.

Could this requirement be mitigated if other factors were taken into consideration so that it wouldn't take up so much land, and have you consider mitigation of that large amount of land, 40 to

55 acres? Dr. Robyn?

Ms. ROBYN. Yes. We have—there is a trade-off between the amount of land for a setback and alternative approaches to getting that same level of security through the building, physical ways the

building is constructed. So there is a trade-off there. Again, we are trying not to prejudice the process at this point. We are saying we are open to a variety of approaches. But we recognize that is a serious issue.

I have continually thrown out the idea of whether this should possibly go on a military base for exactly that reason, because you would not need to have the same setback. I don't know that there are many other people who support my thoughts there.
Ms. NORTON. Horrible idea. Is it a horrible idea.

Ms. ROBYN. I hear that. I heard that from Congresswoman Edwards, as well, earlier. But it is another-

Ms. NORTON. We will strike that from the record.

[Laughter.]

Ms. NORTON. We have had—and I know my time is over—we have had some dealings, Dr. Robyn, with you and with force protection standards that harmed this entire region, which we think are gone forever.

Ms. ROBYN. They are, yes. I worked to change those.

Ms. NORTON. That required the kind of setbacks that would mean that you could locate almost nothing of the Federal Government in this region.

Ms. ROBYN. No. Well, that is—I think—so let me just clarify, because—so, first of all, those, the standards, were changed.

Ms. NORTON. Yes.

Ms. ROBYN. And I think I had something to do with that, and thank you-

Ms. NORTON. And I thank you for that.

Ms. ROBYN [continuing]. For your support on that. But secondly, my thought of-and it is just an idea that I have thrown out, and it has not gotten a lot of support, but is that if one were to put this new headquarters at, say, Andrews Air Force Base or Anacostia-Bolling, you would not need the large setbacks, because it would already be within a secure perimeter. So it would be precisely to get away from the large setback that one would want to consider that.

Mr. BARLETTA. Thank you, Ranking Member Norton. We will have a second round, if there are more questions. But now I would like to recognize former full committee chair, Mr. Mica.

Mr. MICA. Well, thank you. And thank you, Mr. Chairman, I appreciate your leadership in chairing this important subcommittee, and continuing to deal with Ms. Norton. Both of those deserve high praise.

Ms. Norton, did you hear that?

[Laughter.]

 $Mr.\ MICA.\ Well,$ she will—staff will inform her later and she will

get even with me. But pleased to participate today.

I have been involved, of course, with GSA prior to becoming chair of the full committee. We produced a report entitled, "Sitting on Our Assets: The Federal Government's Misuse of Taxpayer-Owned Assets," and we tried to pick up, when we gained the Majority, looking at—and the beginning of that report, if you read it—I think it is still online-focusing on GSA and their dealing with public buildings.

And the largest trustee of public assets I think we have is GSA and, of course, the Federal Government, has some broader jurisdiction across the hall in Government reform, and we will continue that, which we have done most recently—we had a narrow scope in this committee—much broader. And I am absolutely appalled at what I am finding as we continue our work, looking at these.

First of all, Ms. Robyn, how many square feet is the new building

going to require?

Ms. ROBYN. The RFI says up to 2.1 million.

Mr. MICA. Square feet. All in one location. OK. Secondly, youto do that you have to make a decision on how you are going to do it. That would cost quite a bit of money. What is the estimate that it would cost to build 2 million square feet?

Ms. Robyn. We have not made an estimate of that.

Mr. MICA. Well, come on. You are-

Ms. Robyn. I will defer to-

Mr. MICA [continuing]. GSA. Tell me what it would cost to build a Federal building.

Ms. Robyn. It is

Mr. MICA. Were you doing \$1,000, \$500 a square foot?

Ms. ROBYN. It is a substantial amount of money. But, sir, I

Mr. MICA. But I want to know the range, OK? And you are not going to get it from this Congress or the next Congress, I don't believe. Is that—has that money been appropriated?

Ms. ROBYN. No.

Mr. MICA. OK. So you are not going to have the money. So you look at your alternatives. The agency has recommended that possibly a lease and then a eventual possession by the Federal Government. That is one of your options, right, since you don't have the money?

Ms. Robyn. Yes.

Mr. MICA. Have you made a decision on how you are going to approach this to get them out of there?
Ms. ROBYN. No, sir. We have—

Mr. MICA. You have an evaluation that we see in the report. They are right now sited downtown and you have other spaces. Is that correct?

Ms. ROBYN. They-

Mr. MICA. Sir? Mr. Perkins?

Mr. Perkins. Yes, sir, that is correct.

Mr. MICA. How many total square feet do you occupy now?

Mr. Perkins. Just over 3 million square feet.

Mr. MICA. And you are going to consolidate that? You can get by with 2.2 million?

Mr. PERKINS. Yes, sir, the-

Mr. MICA. So there would be some savings?

Mr. Perkins. There would be considerable savings.

Mr. MICA. And that would have some value to the Government.

Mr. Perkins. Yes, sir.

Mr. MICA. Do you know how much that would be? Ms. ROBYN. Well, the FBI's number is \$44 million.

Mr. MICA. OK.

Ms. ROBYN. That is an-

Mr. MICA. And that has some value to the Federal Government.

Ms. ROBYN. Yes.

Mr. MICA. If you multiply it out over the number of years.

Ms. Robyn. Yes.

Mr. MICA. So, when you-you are not going to get the money from the Federal Government. So somebody has got to make a damn decision of moving forward. When do you expect that will be?

Ms. ROBYN. We-in my opening statement I made clear that we are looking principally at the potential to exchange the value of the J. Edgar Hoover for a new facility-

Mr. MICA. OK.

Ms. ROBYN [continuing]. An exchange.

Mr. MICA. And you are negotiating that. OK. Ms. ROBYN. We are not negotiating yet—

Mr. MICA. How long will you let that go on?

Ms. ROBYN [continuing]. We are—we put out an RFI.

Mr. MICA. OK.

Ms. Robyn. The responses were due——

Mr. MICA. When is-

Ms. ROBYN [continuing]. March 4th. We got 35 responses.

Mr. MICA. And how long-Ms. ROBYN. We are working-

Mr. MICA [continuing]. Will it take you to evaluate them?

Ms. ROBYN. It will take-

Mr. MICA. Give me a date. Come on. This is business.

Ms. ROBYN. It will take a couple of months to go through 35 re-

Mr. MICA. OK. So 60 days you will have an answer. That is the problem with Government versus business in the private sector. Nobody can make a decision or meet a timeline.

Now, I just got through being down at the-Miami to look at the Federal courthouse. Sitting empty, a Federal building, for more than 5 years. They knew 2 years before that that building was going to be empty. And nobody has made a damn decision yet on what to do with it, costing \$1.2 million a year. A total of just 5 years is \$6 million to keep an empty building maintained.

Now, do you have a plan? Are you going to-are they going to

vacate the building downtown, sir? That is the plan?

Mr. PERKINS. That is one of the options-Mr. MICA. That is your major, principal location.

Mr. Perkins. Yes, sir.

Mr. MICA. Do you have a plan to do something with that build-

Mr. PERKINS. With J. Edgar Hoover? We would-

Mr. MICA. Are you starting that process now?

Ms. ROBYN. The-

Mr. MICA. I will bet there isn't plan one.

Ms. Robyn. Sir-

Mr. MICA. I will bet there isn't a clue as to what to do with it.

Ms. ROBYN. Could-

Mr. MICA. Now, if I really want to go after you, the FTC building, again, we have down the street. The consolidation of that, we propose, would save a half-a-billion dollars. But God forbid we should do that or consolidate it all in one location.

Ms. Robyn. The nature of an exchange is that we would, in effect, auction off the Hoover Building——

Mr. MICA. Yes.

Ms. ROBYN [continuing]. To a developer. And in exchange for that value, they would build a new facility.

Mr. MICA. Well, thank you.

Ms. ROBYN. That would be up to the developer—

Mr. MICA. I don't mean to give you a hard time. And thank you for also building in the power station. This week you announced that it went online auction. And we held a hearing in the vacant 2.08-acre power station. Just for the record, that will bring in \$19.5 million.

Ms. ROBYN. Yes.

Mr. MICA. We also have the Old Post Office building, and I hope that deal is moving forward.

Ms. Robyn. Yes.

Mr. MICA. But we have—I think we had 14,000 properties. I only

have 13,994 more to go.

Thank you and yield back the rest of my time. If you have a second round, I will be here and I will also submit questions for the record. Thank you.

Mr. BARLETTA. Thank you, Chairman Mica. Now I would like to

recognize Ms. Edwards for 5 minutes.

Ms. EDWARDS. Thank you, Mr. Chairman. And thank you also to the witnesses this morning. I appreciate the insight that I have already gotten from our discussion thus far.

I want to clarify something, because I am looking at the Senate Environment and Public Works Committee-approved resolution, and just want to be clear about what your understanding of that resolution is, and whether you believe that it excludes sites within the District of Columbia from also competing in this eventual competition.

Ms. Robyn. I would have to ask our general counsel to interpret it. I would just say here that we intentionally cast the RFI more broadly so as to encourage the maximum amount of ideas and interest at this stage. So we didn't—we did not limit the RFI based on the Senate resolution. I don't know whether, as a legal matter, whether the Senate resolution would——

Ms. EDWARDS. It would be helpful, perhaps not here, but to have your counsel's interpretation of that for our consideration.

Ms. ROBYN. OK.

Ms. Edwards. I want to ask you about the—in the GSA study report, on page 4 specifically, I just want to read to you what your report says, that "the location of the facility is assumed to be within 2.0 miles of the Metro station and 2.5 miles of—and I emphasize "of" because it is a different preposition—"the Capital Beltway with site costs similar to those found in the more developed, close-in suburban areas as a means to estimate the maximum cost the Government would incur."

And so, I want to make sure that we are also following—as we move forward, Mr. Chairman or Ranking Member—that we are also following the recommendations that were laid out in the GSA report, and that we come as close to that as possible in our own work.

Ms. ROBYN. Could I just clarify?

Ms. Edwards. Yes.

Ms. ROBYN. The—those figures were used for purposes of doing a valuation, valuation of property at various locations in the national capital region. They were not inserted as a siting criterion. So that is an important distinction. They were for purposes of valuing land.

Ms. EDWARDS. Thank you for the clarification. Excuse me.

I also want to know how the Hoover Building fits into a potential financial structure for the new headquarters building. Mr. Perkins,

if you could, clarify that for us.

Mr. Perkins. Certainly. I may draw upon my GSA colleague in assistance with that, but the Hoover Building, the way it is being proposed in the FBI's report, would serve as part of the public-private partnership to where we would exchange that facility and that property with a developer who has a plan to be able to build a facility for us in an acceptable area. At that time, then, at the end of the construction, if I am correct, the Hoover Building—that property would become the property of the developer, to develop as he or she sees fit, going forward. And then we would then eventually acquire possession of the new facility, as it is completed, and over the lease term.

And correct any of the technical aspects of that.

Ms. EDWARDS. That was a yes, Ms. Robyn, right? Let me ask you as well, Dr. Robyn, if the GSA has gotten any independent expert advice regarding the actual valuation of the J. Edgar Hoover Build-

ing. And, if so, from whom? And what did you learn?

Ms. ROBYN. It has been appraised at several points along the way. I don't feel comfortable throwing those numbers out. They are not—I don't think they have ever been widely circulated. There was a Jones Lang LaSalle report in 2005, 2006, that included an appraisal done by a subcontractor to them. I believe we did another one later, within the last year or two. And typically, they appraise the value as-is, and then the value of the unimproved land, as well as a number of other variations on those.

I just don't—those numbers are out there. I would be happy to brief you on them privately. I don't feel comfortable sharing them

more broadly.

Ms. EDWARDS. At what point will, as part of this process, will we have some sense of the real valuation of the property for the purposes of figuring out whether the savings to the taxpayer is \$44 million in, you know, in opportunities around, or perhaps the savings might even be more, depending on the valuation of that prop-

erty in exchange.

Ms. Robyn. Well, I think that we—I mean, ultimately, one doesn't know the value of a piece of property until you sell it. The market tells you what the property is worth. We think we can—we would certainly do everything we could to raise that value before we sold it, by working with the District of Columbia on the historic status of the building, on, you know, possible other changes that would allow for maximum use of that very desirable property.

I think we can get a sense of what it is worth from an appraisal. But ultimately, one doesn't know until you actually sell the property.

Ms. EDWARDS. Thank you.

Mr. BARLETTA. Mr. Perkins, the FBI report and the Urban Land Institute report each have detailed cost figures for the proposed FBI headquarters. Can you briefly summarize what it will cost to build a new headquarters? And can this committee rely on those numbers for the purpose of authorizing a new headquarters?

Mr. Perkins. Yes, sir. I can give some approximate numbers on that. The Urban Land Institute was actually brought in following our conducting our own internal study to really check our math and put a second set of eyes on the document. The findings they

came up with were fairly on par with what ours did.

As far as the actual cost of what we would take, in looking at that type of a facility, looking at approximately \$1.2 billion coming up with the square footage we needed to put that together. And that is over the term. That is the construction plus—well, that gives us the 2.2 million square feet, including the land costs involved in that.

Mr. BARLETTA. Can the FBI's proposal be financed through a lease utilizing—without utilizing the value of the Pennsylvania Av-

enue property?

Mr. Perkins. I will take a stab at that, and will also defer to my colleague from GSA. I would say that is going to be a very difficult road to go down, if not—especially in the current fiscal climate in

which we are operating.

Mr. BARLETTA. Dr. Robyn, how does GSA and FBI propose to pay a developer for any difference between the value of the Hoover Building and the cost to build a new FBI headquarters complex? It is questionable whether the Hoover property will provide sufficient funds to—as an option for a 2-million-square-foot new facility. And how do you propose that they will pay for that?

Ms. ROBYN. That is a fair question. I am not ready to concede that the value of Hoover won't cover the value of a headquarters. I think we don't know what the value of Hoover is. But I think it—a lot of it comes down to land, whether the land—whether the Federal Government would be purchasing the land, or whether we would be getting the land for nothing. So, it is not obvious to me

that one would cost more than the other.

A major question that we put out in the RFI was—to developers was if there is a—if you think there is a disparity, how would you propose to cover it? There are a variety of ways. There may be other property, other GSA property that we would be willing to also exchange, or that we would propose to exchange to add to the value. One could do continued leasing some space for the FBI. One could do something in phases, like we are doing at St. Elizabeths, although we would like to avoid that.

Mr. BARLETTA. Is there a list of properties that you may look at

as an option?

Ms. ROBYN. In the national capital——Mr. BARLETTA. To add to the exchange.

Ms. ROBYN. No, no. I am putting that out as a conceptual alternative, but I don't have other—a short list of other properties.

Mr. BARLETTA. Assuming GSA proceeds with the project and gets to the point of issuing a request for proposals, is GSA taking any steps to seek and use outside expertise to advise GSA in the proc-

ess? And if you could, please explain.

Ms. ROBYN. Yes, we have. The FBI and GSA began talking about this 9 years ago. Director Mueller and the then-head of the GSA, Perry, met in 2004. We have both done a series of studies that have drawn on outside experts to do housing studies to look at the condition of the Hoover Building, to appraise the value, a variety of things.

So, we have done two things: one, reach out to outside experts, and then draw on the best and brightest we have inside GSA to

work on this project. And we will continue to do that.

Mr. BARLETTA. OK, thank you. I will turn to Ranking Member Norton.

Ms. NORTON. Just a few more questions, Mr. Chairman. I want to get back to this 2.1 million square feet. That was in the initial report. One thing I believe this subcommittee will hold GSA to is its requirements for smaller amounts of space and square footage.

Do you believe that perhaps, given the new requirements, that 2.1—that less than 2.5 million square feet may do for a new head-

quarters?

Ms. ROBYN. We were clear to say in the RFI "up to," up to 2.1 million. So we haven't locked in on that number. I think it——

Ms. NORTON. Well, how did you get to that number? Did that number include the space allocations that the administration now has mandated, as well as this committee?

Ms. ROBYN. Yes. That represents taking those people that the FBI believes need to be in the consolidated headquarters and allocating a—it is a pretty conservative space number for them.

Ms. Norton. Well, I mean, is it—does it keep—first of all, I am not sure that that—that may have been issued before the mandate for—

Ms. ROBYN. Yes. Well, we—yes. We—I mean we have been working——

Ms. NORTON. So all I am asking is have you-

Ms. Robyn. Can it go further? I——

Ms. NORTON. The mandate was—came down from the administration, it came down from this committee. For example, the Coast Guard headquarters—

Ms. Robyn. Right.

Ms. NORTON [continuing]. Was done before that mandate. And what I am asking you is—was the 2.1 million square feet, up to 2.1 square feet, did it take into account the mandate that says you must reduce the per-employee space in Federal buildings?

Ms. ROBYN. It represents a 30-percent reduction in space. So,

yes, it did.

Ms. NORTON. That is my only question.

Ms. ROBYN. Yes. An apples-to-apples comparison, would—the FBI would be going from, I think, 3.1 to 2.1—3 to 2.1. So it is a 30-percent reduction. Even before the OMB mandate, we have been very aggressively pushing agencies to downsize their footprint. And that—and the FBI is very much on board, because it supports their effort to go to more collaborative, open workspace.

Ms. NORTON. Well, does the building take into account—well, first of all, let me ask Mr. Perkins. Do you see further growth in the FBI? And does the—will the new site take into account for the

growth, if you do see further growth in the FBI?

Mr. Perkins. Yes, ma'am, it does. It accounts for the growth over the coming years. And the key point to remember here is in shrinking down from 21 facilities to a single facility, you are eliminating a significant number of overlapping space, great inefficiencies. When you are dropping 800,000 square feet, it is easy to be able to put all of us into 1 facility at 2.1, versus the 21 that are out there, or the 20-plus headquarters.

So—but to answer your question, yes indeed, it does look at the future growth of the FBI and the potential for that, going forward.

Ms. NORTON. Mr. Perkins, did you have any role in the RFI delineation?

Mr. PERKINS. I had no direct role in the development of the RFI.

Ms. NORTON. Were you consulted?

Mr. Perkins. Yes, ma'am. Well, our assistant director for facilities, who is in my chain of command. Yes, ma'am. The FBI was consulted in that.

Ms. NORTON. Let me ask about the role—I can understand it was, of course—it is always advisable to consult the agency. But Dr. Robyn, you may know that this subcommittee has repeatedly criticized GSA for allowing agencies disproportionate authority over what happens in the agency, including where things could go. I mean we have agencies on K Street who could have gone to other parts of the region and the city.

In order for me to get people to go to NOMA, which is a stone's throw from the Senate, I had to beat—if you will forgive me—GSA about the head and shoulders. There have been some, I am going to say, disparaging remarks made about going to one part of the region. So I have got to ask. What role will the FBI have when the

ultimate authority under the statute is with the GSA?

Ms. ROBYN. On this issue, as on others, we have—we wear two hats. On the one, we try to be customer-friendly to our Federal agency customers. At the same time, we do—we play a sheriff role. And downsizing square footage and getting agencies out of leased space and into less expensive space is also part of our role. So we play that dual role here, as we do in other places.

Ms. Norton. Dr. Robyn, all I am saying is—and you have to play a dual role. The role of sheriff has been much overcome in the past, so that agencies have cost the taxpayers billions of dollars, just by essentially having the final say on matters that were within the authority of this agency. And that is something we will be watch-

ing.

If I could ask one more question, Mr. Chairman, and that is about the Old Post Office. What is the status of the Old Post Office,

which has been a virtual project of this subcommittee?

Ms. ROBYN. Yes, and thank you very much for your support. You know, we announced a year ago that the Trump organization is the preferred developer. We said that we are going to need a year to negotiate it. These things take time when you are talking about—and we are at that point. We are still negotiating, but we are hopeful that we will—you know, we are not going to take a bad deal,

but we are hopeful that we will have—that we will complete our negotiations relatively soon.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. BARLETTA. Thank you. I would like to recognize Mr. Mica.

Mr. MICA. That is astounding, that it has taken you a year to negotiate. What the hell would you doing, when you should have been having a deal that was close to just sewing up? It is unbelievable.

Mr. Chairman, maybe you need to go do another hearing in that vacant building down there. This is appalling, the way we manage our Federal properties. It is just beyond the pale.

OK. You said you got \$44 million in savings, right? Mr. PERKINS. Yes, sir.

Mr. MICA. Perkins? OK. You multiply that about 27 years, that is worth about \$1 billion-10 times 44 is 440, 27, 28 years, that has got \$1 billion value.

Did you tell, or somebody testify that you had—it would cost you about 300—you need 60 to 70 acres. Is that right, 50 to 70?

Mr. PERKINS. Between 45 and 50-

Mr. MICA. Forty-five? OK. But your estimate in cost is about \$300 million, right? Just a guess. In the capital region, you are going to—it is going to cost you that much? Give me a ballpark. Quarter of a million?

Mr. Perkins. The value of the land. Yes, sir.

Mr. MICA. Yes, OK. Sorry, Ms. Norton, you got screwed in this whole process, I saw, with the Senate resolution. Figured this one out. They kind of excluded you from—this is neat, the way they craft it. They just don't happen to have a Senator, so they screwed her.

[Laughter.]

Mr. MICA. But thank you, GSA, for helping her, because your RFI, whatever, your Request for Information, actually allowed the District to be considered, property in the District. Is that right?

Ms. ROBYN. All parts, yes.

Mr. MICA. So we—this isn't a request even for proposal, folks. This is a request for information. But that is the game that is

being played there, interestingly enough.

Now, if someone was doing their job in GSA, you would look at the Federal properties that we have, so we could save \$300 million to start. We have \$1 billion we could save there. If this thing is going to cost you \$2 billion, that is a \$700 million deficit that we would have to make up for, get the private sector to-there may be more than that, but the Federal Government, in the meantime, would be paying an average of \$44 million.

Just thinking this thing out, there are plenty of properties. I was stunned to find out that there is 7,000 acres in Beltsville at the Agricultural Research Service station at Beltsville, Maryland, 7,000 acres. This is one of the principal buildings out there. Can you see it from here? From there? I know I had a big blowup. I don't have it. This is the Food and Drug Administration building, windows knocked out. There are rows of office building. Seven thousand acres. You need 45 to 70?

Mr. Perkins. Yes, sir.

Mr. MICA. Then I went across the other way to-and I am not picking sides in this fight. That is Maryland. Here is a site we could save \$300 million, \$250 million, or whatever.

I went out to Springfield. At the Metro stop-I took the Metro back, folks, to save money on gas. Didn't charge the taxpayers for it. The Metro stop, how many acres, 70 acres out there? They use it for storage, storing files and storing doors and stuff. I went out and looked at it myself. A million square feet on about 70 prime acres we could use.

So. I would think someone would put a deal together, or at least your RFI would say we have the opportunity to use some Federal buildings. Those are only two sites, one in Maryland, one Virginia—not picking sides. Ms. Norton has one in—what is it the staff told me? Yes, OK. Not that I am a fan of the District, and I have my little war going with her on things, but we have sites. Nine years? Did you say 9 years that they have been going back

and forth, talking about this? Ms. ROBYN. Yes.

Mr. MICA. And then you gave me 60 days for the Request for Information? You think you would have a Request for Proposals after

Ms. ROBYN. Well, I don't think it will be 60 days, no. I think it

is going to take-

Mr. MICA. Do you need more direction from Congress? You want something from this side of the aisle? Is this enough to work with? Ms. ROBYN [continuing]. Take longer. We always welcome-

Mr. MICA. OK. But again, it is so frustrating. We could save money, we could house our chief law enforcement agency, the FBI, and provide some of this space, if somebody would start thinking, if we had people with a little bit of common sense.

Again, I have to go back to you all looking at—the thing that stuns me, like when I went out to Beltsville, I know it is the Department of Agriculture. Nobody has a plan of what to do with this. There are 500 buildings on that property, 200 of them are vacant,

vacant or smashed in, like this. And no one has a plan.

Do you-and I saw the information you provide on real estate assessments from the agency that almost all the information is incorrect. In fact, some of them have vacant buildings and smashed out buildings like this that they report as in good shape. This is a broken system, when we are closing down and sequestering vital services of Government, and we have billions of dollars of waste, and nobody is doing anything about it.

Ms. ROBYN. And, sir, I have told you in an-first of all, as you know, that is not GSA property. And I have stressed to you, coming from 3 years in the Defense Department, that we need a civilian

BRAC.

Mr. MICA. Ah, Defense.

Ms. Robyn. We need a civilian BRAC.

Mr. MICA. Post Office, Defense. It is more than a BRAC, and I yield back-

Ms. Robyn. We need a-

Mr. MICA [continuing]. The balance of my time.

Ms. ROBYN. Can I-I want to just point out something, that the conversation about building the J. Edgar Hoover Building began in the early 1960s. The building was finished in 1974. The reason was lack of funding. Lack—so this is an old—you know, these things—this is the dilemma that we——

Mr. MICA. So we are following that pattern again.

Ms. ROBYN. Well, it is an age-old problem. The Old Executive Office Building, the same thing. It took two decades——

Mr. MICA. God forbid we should drag ourselves into the—

Ms. ROBYN. It is not—

Mr. MICA [continuing]. 21st century of fiscal responsibility. Amen.

Mr. BARLETTA. Thank you, Mr. Mica. And Ms. Edwards?

Ms. EDWARDS. Thank you, Mr. Chairman. And I just want to say to Mr. Mica that I would be happy to work with him on making sure that the Beltsville agricultural property becomes the new campus of the FBI.

[Laughter.]

Ms. Edwards. Well—and I am sure that as the GSA and FBI move forward on going from where we are right now to a Request for Proposals, that you will make certain that this process is open and fair, and that sites like the Beltsville agricultural property can be part of this consideration.

I want to ask you, actually, Mr. Perkins, if you have any concern—and this is actually somewhat related to Beltsville—if you have any concerns in a new FBI headquarters would be adjacent to support of mixed use development to enhance the overall work environment for the workforce. Do you have any concerns about that, or—any security concerns or otherwise?

Mr. Perkins. No, ma'am. I believe, as I have noted, I want to make sure that whatever facility we wind up in allows us to carry out our mission and keeps our workforce secure. Those are the two main issues. And if—depending on what the adjacent properties were, their types of usage would all be considered in any kind of a request. We would hope to be a part of that discussion.

Obviously, to meet those security requirements it would require certain offsets and all, as you know. But no, in answer to your question, it would not be a major concern if the adequate offset in

space was available.

Ms. Edwards. Thank you. I wonder also if you could—when we go to those security concerns—if the FBI headquarters has to be built to satisfy Interagency Security Committee Level V security specifications, that with that in mind, what would be your view, in terms of the area that would ideally be encompassed for a new and consolidated headquarters? Do you have any thoughts about that?

Mr. Perkins. Well, I think I have really—with the requirements we have put out, we are going to lean heavily on the GSA to come up with that location. I think there are locations in each of the areas that we have discussed today that would be adequate to meet our needs, just based on what we know at this point.

There are pluses and minuses. There are—there has been reference to where FBI employees live and commute from. I don't have the exact numbers of where all of our people reside, but I do know we have an adequate and representative number in each of both Maryland, Virginia, and the District.

I will note that the three top officials within the FBI, one lives in each of those areas. We have one of us in the District, one in Maryland, and one in Virginia. So there is, ironically, an equal representation there.

But the security concerns are significant for us, especially as we are—where we are located at the current time, which is probably the worst of all of the agencies in the intelligence community.

Ms. Edwards. Thank you. And Dr. Robyn, I want to go to something that our Ranking Member Norton suggested as she was asking questions, and that goes to the concern that, whether it is true or not—and we can go around and around about that—that there, at least in my jurisdiction, has been some perception that the GSA has not always acted as a fair arbiter and that, in fact, building on what Ranking Member Norton discussed, that, in fact, that GSA, in some instances, has been perceived to actually favor agency requests that can sometimes take a back seat to what is the best benefit of the bargain for the taxpayer.

And I would only say this, that this is a new day. This is a new Congress. And this is a new process for the FBI and for the GSA. And I would just strongly, strongly urge you to take those criticisms into consideration, and to move forward in a very different kind of way. Because there are a lot of eyes watching the GSA. And when you look at the amount of money that is currently spent by the FBI on its operations, on its leasing operations, \$168 million, if there is any potential, given the choices, to make sure that the taxpayer saves a boatload of money, all of us have an interest in doing that in this very constrained fiscal environment.

And, at the same time, we want to make sure that the agency and its workforce are able to meet the mission of the Bureau in a location that is acceptable and is secure, and that the process itself is open, and that GSA is the one who is leading the process, and not following, because of one agency head or other. And that is not to disparage at all the FBI, but to say that we just want a fair and open process, and all of our jurisdictions want to have the capacity to compete. Thank you, Mr. Chairman.

Mr. BARLETTA. Thank you, Ms. Edwards. And, Mr. Perkins, what would be an appropriate limit for the cost of a new facility on a per-square-foot basis?

Mr. Perkins. I would have to get back to you with an exact answer on that, sir, as far as the per-square-foot basis goes. I think in an earlier—I wanted to clarify something as well on one of the questions on the facility itself involving the J. Edgar Hoover Building. If we were to trade the Hoover Building, it would be for the land cost involved. And thus, we would then utilize, in the public-private partnership, the funding and financing of a private entity to build and construct that building over time.

Mr. BARLETTA. The reports have some cost. Would they be accurate? Can we rely on the report?

Mr. PERKINS. Ğo ahead, Pat.

Mr. FINDLAY. Yes. We have checked any changes in construction design cost, and they are very, very close. And there was some contingencies and allowances built in, so those still appear to be very valid.

Mr. Barletta. And what is the proposed rental rate or cap you would propose for a consolidated headquarters without the Hoover

Building exchange?

Mr. FINDLAY. Both our report and, really, the private sector through Urban Land Institute confirmed that that could definitely be done at around \$54 per square foot. If I could point out, though, the estimate is the Government would be receiving something in excess of \$5 per square foot for the ground lease per the approach that we are using.

Mr. Barletta. And what would the estimated rental rate be with an exchange?

Mr. FINDLAY. A whole lot better.

Mr. Barletta. Dr. Robyn, how can Congress ensure adequate cost controls? And is setting a maximum rental rate one way to control those costs?

Ms. ROBYN. I don't—I am not sure what the answer—I mean I think working—we will work closely with you. I don't know whether that is the best way. I mean I think the—we will rely fundamentally on competition to get the best rate. I am not sure how else to answer that.

I mean we do set—we set caps within the national capital region on leased rental rates. And you know, frankly, as an economist, I have mixed feelings about that. It kind of amounts to rent control, but we do that. We limit the amount that agencies can pay for leases. So it is a—but at the end of the day we are relying on competition to get us the best deal for the taxpayer.

Mr. BARLETTA. Mr. Perkins, one of the areas that can cost to increase are obviously change orders and changing requirements. How will the FBI ensure that its requirements are all thoroughly identified upfront, so there are no costly change orders or in-

creases, once the project begins?

Mr. Perkins. One of the most important ways is we will have a complete development team formed within the FBI that will work closely with the GSA to go forward. We are quickly—well, we have already realized the mammoth scope of what this undertaking would be that would require significant oversight internally within the FBI, as well as with our partners at GSA, going forward. So we would have a dedicated team of individuals who would solely be working on this project to ensure those issues and to ensure both requirements were met and cost controls were in place.

Mr. Barletta. Thank you. Ms. Norton?

Ms. NORTON. So far as you know, Dr. Robyn, has the GSA ever engaged in developing a facility using the flexibility that we have now given you?

Ms. ROBYN. You mean the exchange——

Ms. NORTON. Have you ever had any experience?

Ms. ROBYN. Using the exchange authority? Is that—

Ms. NORTON. Or 412 authority, 585 authority, the different authorities, some of which you already had——

Ms. ROBYN. Yes.

Ms. NORTON [continuing]. But the subcommittee made it even more explicit a number of years ago. Have you any experience using flexible authority?

Ms. Robyn. We have——

Ms. NORTON. To develop a construction.
Ms. ROBYN. We have used the exchange authority in limited

ways, nothing this large.

Ms. NORTON. Because there will be some who wonder whether you can manage this authority. It took you so long to use it, took GSA so long to use it.

Ms. ROBYN. Well, it-

Ms. NORTON. It is not exactly unknown to people engaged in real estate, but—and many of your staff have come out of, of course,

professional real estate.

But how do you plan to organize internally to do what you have never done before, and what you seemed unwilling to do before? And I must say, as I ask this question, that I am cheered that your administrator is Mr. Tangherlini. This is an administrator who comes from OMB, and that may have something to do with the fact that OMB now understands more about the costs it puts on the agency by not allowing that flexibility.

But now that you have it for the FBI, and you have never really used it, how will you organize the GSA to use it? Or will you bring

in consultants to help you manage this authority?

Ms. Robyn. I think both. Let me just speak to why we haven't used it. And I am new here, I have only been here 6 months. But I think our preference, as I have said, is always to do Federal construction. That is always the-

Ms. NORTON. No, I understand that.

Ms. ROBYN [continuing]. The least cost approach. So in-

Ms. NORTON. I understand that. But, for example, you are not going to be able to do that-

Ms. ROBYN. Right.

Ms. NORTON [continuing]. With the remainder of the Department of Homeland Security, and we have heard nothing from the GSA about how it purports to continue building that facility, also a secure facility. And, of course, this is going to end up being a pilot, because if you can do it here-

Ms. ROBYN. Yes.

Ms. NORTON [continuing]. Perhaps you can do it—

Ms. ROBYN. Right.

Ms. NORTON [continuing]. There.

Ms. ROBYN. Yes, yes. I-

Ms. Norton. But we know what—everybody knows that if the chairman and I wanted to buy a house, and we had the cash to put down, it would cost us less than taking a mortgage. So we understand that.

Ms. ROBYN. Right.

Ms. NORTON. And nobody does that, even those who can afford it don't do that. So you can't afford it this time. You have not done it before. How will-how are we to have confidence that you can do it? Are you relying only on staff that you have who have been building, for example, the Department of Homeland Security so well? Or will you be relying as well on others who have-

Ms. ROBYN. Well-

Ms. NORTON [continuing]. Who have had this experience?

Ms. ROBYN. I think our-I mean we have asked for-I don't think that there has been a problem with the way we have managed the Department of Homeland Security. We have not gotten the funding----

Ms. NORTON. You managed it very well, but you weren't using this authority.

Ms. ROBYN [continuing]. That we requested—well, yes.

Ms. NORTON. We got you more than \$2 billion.

Ms. ROBYN. Right.

Ms. NORTON. And I am asking you-

Ms. Robyn. Yes.

Ms. NORTON [continuing]. When you now have new flexibility that you haven't used before, can you tell this subcommittee that you can manage that? And if so, is it going to take reorganization of some kind within the GSA? Are you relying on consultants? That is my direct question.

Ms. Robyn. It is both. It is not going to require a reorganization of the agency. We have done headquarters projects before. The Department of Transportation headquarters project you are very familiar with. That is one where it is a capital lease. We will be paying rent on the Department of Transportation headquarters for 30 years, and then we will have to sign another lease and pay rent for another 30 years. We don't want to do that. So we are trying another approach.

But it is not fundamentally different than what we were—what we have been doing. And I think it does reflect the acting adminis-

trator's knowledge of OMB and scoring challenges.

Ms. NORTON. Well, I agree with you, Dr. Robyn. I think you have all along had the capacity and the skill to do it. You haven't had the will to do it. And now that Mr. Tangherlini has stepped up and you have that kind of leadership, that increases my confidence that the agency can pull it off.

Thank you, Mr. Chairman. Mr. BARLETTA. Ms. Edwards?

Ms. Edwards. Mr. Chairman, I just have one last question. And it relates to the question that you were asking of Dr. Robyn, and it has to do with the idea of—that you either encourage competition, as you have done—as you suggested, through the RFI process, or setting maximum lease rates.

And I want to ask you about that, because there has been some concerns expressed over a period of time by me and others on this committee that when you set—when GSA sets maximum lease rates, that that actually has not been done fairly through the region, which has greatly disadvantaged some jurisdictions over other jurisdictions.

And so, if the GSA chooses to go that route, do we have assurances that the—a maximum lease rate that you would set would be equally set in the region, so that everybody in the region would be competing fairly? Or would you continue the process which is only true here in the Metropolitan Washington area, where one county or one jurisdiction has a different rate than another jurisdiction, which really discourages competition?

Ms. ROBYN. Those rates apply to a scenario where we would be leasing space. And I would hope we would not be leasing space. So I will leave it at that.

I think you are raising a broader issue, and I am torn on that broader issue. I can see arguments on both sides. But for purposes of this, I would hope that won't be an issue, because I would hope

that we won't be in leased space.

Ms. EDWARDS. Well, I am just suggesting to you right now that, going forward, even if that were ever a consideration, I just think it would be a nonstarter for GSA again to pursue a route of valuing leased space differently in the same metropolitan region where all of us have to operate under the same constraints.

Ms. Robyn. Yes.

Ms. EDWARDS. And—but I do share the view that the preference is the kind of competition that you envision that allows all of us in the region to compete fairly.

Ms. ROBYN. Let me just add that when we set rents, even in our own space, it does—we do it using commercial methodology, and it

reflects the commercial rents in the area.

So, it is—we don't set it for the entire NCR, we do—but it does—it reflects what commercial rents are in the area. But—

Ms. EDWARDS. As I finish, just to reiterate—

Ms. ROBYN. Yes.

Ms. EDWARDS [continuing]. The Metropolitan Washington area is the only——

Ms. ŘOBYN. Yes.

Ms. Edwards [continuing]. Region in the country where you do that. Every other region, those kind of rates are set regionally, except here, with zero justification, zero explanation. And I—we digress from the FBI, but I want to make this very clear for our record, because time and again GSA has appeared before this committee and can't even offer a history, a record, an explanation about why those differences exist, except that they do. And they greatly disadvantage my county in Prince George's County. And we are not going to go forward like that. Let's just do a competition.

Mr. Chairman, I yield back.

Mr. Barletta. Thank you. Dr. Robyn, earlier you said that it was premature to talk about a prospectus for the project. Yet the committee needs a prospectus, or least a cost information that is included in the prospectus, in order to authorize the project. So when will the GSA provide the committee with the information and the request for the committee to move forward?

Ms. ROBYN. I think we need to digest the 35 responses that we got to the—one of them was larger than a bread box, so there is a lot of material for us to digest. But as soon as we have something meaningful, I would be happy to have—to brief you on that. I don't want to commit to—I am not—you know, hopefully the next step will be an RFP, but I don't want to make any commitments until we see what we got.

Mr. BARLETTA. I will take you up on that offer.

Ms. ROBYN. Thank you.

Mr. BARLETTA. If there are no further questions, I would ask unanimous consent for the record 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 hearings.

[No response.]

Mr. BARLETTA. Without objection, so ordered. I would like to thank our witnesses again for their testimony today.

If no other Members have anything to add, the subcommittee stands adjourned.

[Whereupon, at 12:08 p.m., the subcommittee was adjourned.]

CHRIS VAN HOLLEN 82+ DOYNET, MARYLAND

COMMITTEE ON THE BUDGET

757 LONGOVENTY BROKE QUEEK BUREIN ... Wrose marrow, DC 20515 42071 728: 5341

> \$45 (Inc.) \$156,0.55 51 Melainos Stanen, #507 Bernen, 4, MD 20650 (301) 474-3561

Congress of the United States Bouse of Representatives

Washington, DC 20515

Congressman Van Hollen Statement to the
Economic Development, Public Buildings, and Emergency Management Subcommittee on
FBI Headquarters Consolidation

Chairman Barletta, Ranking Member Norton, I appreciate the opportunity to submit testimony today on the consolidation of the Federal Bureau of Investigations (FBI) headquarters in the National Capital Region. As you know, this is a significant lease, consolidating 11,000 employees in a single location. The Senate prospectus for this project calls for up to 2.1 million square feet on up to 55 acres.

As the General Services Administration (GSA) and FBI explore possible locations for this project, I strongly urge them to consider the full range of options in suburban Maryland with the GSA's criteria to find the best value for the taxpayer and the best space for their employees.

Additionally, as the Committee considers prospectuses in the National Capital Region, I would like to call attention to the ongoing issue of jurisdiction rent caps. As you know, the National Capital Region is the only region in the nation where GSA sets rental cap rates by jurisdiction rather than by project. This has been a problem for suburban Maryland, where the current \$35 cap is particularly restrictive. Often, in order to remain competitive, local jurisdictions must subsidize lease construction projects with tax abatements and other incentives. I look forward to working with the Subcommittee, GSA, and my colleagues in the region to find a fair and equitable solution that ensures maximum competition and taxpayer value.

Again, I thank you for the opportunity to submit brief testimony today and look forward to continuing to work with the Subcommittee as it finalizes its resolution and continues oversight of this important project.

Adag With

Statement of Representative Robert J. Wittman (VA-01)
Subcommittee on Economic Development, Public Buildings and Emergency Management
Hearing on "FBI Headquarters Consolidation"
March 13, 2013

Chairman Barletta, Ranking Member Holmes Norton, and members of the subcommittee:

Thank you for holding this important hearing to receive testimony on the future of the FBI Headquarters. I appreciate the opportunity to submit my remarks for the record. I am pleased to join my colleagues from Virginia to ensure that the benefits of locating the FBI in the Commonwealth are known to the members of this subcommittee.

As you may know, the Virginia Congressional Delegation has been working with Virginia Governor Bob McDonnell, numerous partners in the private sector, and multiple localities in the Commonwealth that are interested in providing a home to the FBI. We believe Virginia is an ideal location for the FBI and will continue to work together to advocate for FBI relocation to Virginia.

On December 5, I joined with my colleagues Representatives Frank Wolf, Jim Moran, Gerry Connolly, and Senators Mark R. Warner and Jim Webb in sending a letter to the administrator of the General Services Administration (GSA) urging consideration of Northern Virginia for the new FBI Headquarters location following GSA's Request for Information seeking input on a location for a consolidated FBI Headquarters in the National Capital Region. Specifically, we requested the GSA undertake a qualitative "source selection" procurement that gives appropriate weight to qualitative factors other than just cost. I strongly support providing the FBI with a secure headquarters location that meets the needs of its workforce, allowing them to more effectively carry out their vital law enforcement responsibilities. I am pleased to share my views on some of these critical factors with the subcommittee.

There are many factors which would make a location in Northern Virginia the best choice for not only the FBI and its employees, but also for the taxpayer. As you know, the FBI Academy and the FBI Laboratory are located on a 385-acre complex in Quantico, Virginia, and the Northern Virginia Resident Agency is located in Prince William County, Virginia. Furthermore, Winchester, Virginia, is the future home of the FBI's Central Records Complex and proximity to the National Counterterrorism Center and the Central Intelligence Agency make a headquarters location in the region convenient for inter- and intra-agency activities.

Most importantly, a significant majority of the FBI workforce calls the Commonwealth home and will be directly impacted by the decision to relocate headquarters. A location in the Commonwealth would minimize adverse effects, particularly transportation and commuting concerns, on these employees. Furthermore, Virginia has some of the best schools in the country, and is consistently ranked one of the best places in the nation to live, work, and raise a family.

I look forward to working with you and the subcommittee as you seek to meet the needs of the FBI and provide the best value to the taxpayer.

STENY H. HOYER
DEMOCRATIC WHIP



Congress of the United States

House of Representatives Washington, DC 20515-6502 March 6, 2012

Testimony by Congressman Steny H. Hoyer (MD-5) Before the House Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings and Emergency Management on the FBI Consolidated Headquarters

I thank Chairman Lou Barletta, Ranking Member Eleanor Holmes Norton, and Members of the Committee for holding this hearing today to examine the possibility of a new, consolidated FBI Headquarters — and for the opportunity to testify on the merits of relocating it to Prince George's County, Maryland.

The J. Edgar Hoover building is in disrepair and does not comply with today's higher security standards. The agency suffers from space constraints and security challenges. To restore the current building is neither cost-effective nor feasible.

In addition, roughly half the Headquarters' staff is in leased space around the national Capital Region because there is insufficient space within the J. Edgar Hoover building. This dispersion of staff negatively impacts the FBI's ability to perform its mission.

Consolidating and relocating the Headquarters in a timely manner will help ensure that the FBI can carry out that mission – and save our taxpayers an estimated \$44 million annually in the process.

Any new location for a possible new consolidated FBI Headquarters must meet several requirements. First, it must have a minimum of 45-50 acres of land. It must be located within the national Capital Region. It must have ready access to public transportation, such as metro rail. And it must have space to house approximately 11,000 personnel.

With a variety of potential sites in close proximity to Washington with sufficient available acreage and close to mass transit, Prince George's County is an ideal location for the new Headquarters.

Prince George's County has ample, undeveloped land near the Metro, the Marc commuter rail, the Capital Beltway, a variety of Metro and county transit bus lines, and regional bike trail networks. These sites can provide a secure and convenient campus setting.

Twenty-five percent of the Region's federal workforce resides in Prince George's County, and our state is already home to a plurality of the FBI's employees.

According to a Maryland state study released in September, 43% of FBI Headquarters employees live in Maryland, 17% live in Washington, D.C., and 33% live in Virginia.

DEMOCRATIC WHIP OFFICE: H-148, THE CAPITIC WASHINGTON, DC 20515 (202) 225-3130 (202) 225-0663 (Fax) http://democraticwhip.house.gov WASHIMATON, DC OFFICE: GRE
1708 Lowmorm House Overce Shrone
WASHIMOTON, DC 20515 6500
(202) 223-4131
(202) 223-4130
(202) 223-4100
(202) 223-4100
PRINTED ON REDYCLED PAPER

GREENBELT DISTRICT OFFICE:
U.S. DISTRICT COURT HOUSE
6500 CHERRYHOOD LANE, SURE 210
GREENBELS, MO 20770
(301) 474-4019
(301) 474-4697 (FAX)

WALDORF DISTRICT OFFICE: 401 POST OFFICE ROAD, \$202 WALDORF, MD 20602 (301) 843-1577 (301) 843-1331 (FAX) FBI personnel and their families could benefit from lower daily transportation expenses, Prince George's County's vibrant neighborhoods, and an easier commute.

In addition, Maryland has recently seen unprecedented growth in the field of cyber security, which would provide the FBI with greater access to experts in the field, as well as a highly-skilled workforce.

Our state is home to the U.S. Cyber Command at Fort Meade, the National Security Agency, the Defense Information Systems Agency, the National Cyber Security Center of Excellence Headquarters at the National Institute of Standards And Technology, the Department Of Defense's Cyber Crime Center, and the Intelligence Advanced Research Projects Activity.

Our state's institutions of higher education, including the University Of Maryland, College Park and Bowie State University – both located in Prince George's County – are training the next generation of leaders in cyber security.

Numerous companies and contractors in the field of cyber security are located in Prince George's County as well – not far from others operating in Montgomery and Anne Arundel Counties.

Prince George's County, with several potential secure and convenient locations and a significant portion of the region's federal workforce, is the right choice for the new FBI Headquarters.

I will continue working with our Senators, Members of the Maryland delegation, and local officials to advocate for any proposed consolidated FBI headquarters to be relocated to Prince George's County, which would be a win for the FBI, its employees, our regional economy, and our national security.

Thank you.

Testimony of Rep. Frank Wolf (Virginia) Subcommittee on Economic Development, Public Buildings and Emergency Management House Transportation and Infrastructure Committee March 6, 2013

Chairman Barletta and Ranking Member Holmes Norton, thank you for holding today's hearing.

Let me begin by saying there is no doubt the FBI needs a new headquarters' building. I have been there on numerous occasions in my capacity as chairman of the House Commerce-Justice-Science Appropriations subcommittee, which funds the bureau.

The present building is severely outdated and the working conditions are very poor. It is a relic of another era, and since 9 / 11 the bureau has assumed more responsibility as the nation's lead counterterrorism agency. Even today its mission is growing with the growing cyber threat. As it has added more responsibility it has more than outgrown its present space.

Obviously, I am here to support the bureau moving its headquarters to Virginia.

It is the logical choice, especially considering: A number of FBI agents live in Virginia. The Washington Field Office's Resident Agency is in Virginia. The FBI Academy is in Virginia. The FBI's new records facility is slated to be built in Virginia. There are also a number of other critically important facilities in northern Virginia with ties to the FBI, including the National Counterterrorism Center and other law enforcement and intelligence agencies. Having all these facilities within close proximity of each other makes sense and will allow for greater collaboration and operational efficiency.

There are a number of potential sites in Virginia that meet the needs of the bureau; whether they are in Fairfax County, Prince William County or Loudoun County.

They are all near major arteries and have access to mass transit. Most are within a 30 minute drive to the White House and Capitol Hill and all would meet the necessary security requirements.

Northern Virginia also is home to some of the best schools in the nation and I like to think it is a great place to live, work and raise a family. I raised all five of my children in northern Virginia and all are graduates of the Fairfax County public schools. Virginia colleges and universities also have a number of programs and training opportunities the FBI can take advantage of.

As this process gets underway, I think it is important the relevant committees and GSA work to ensure that the federal government is getting the best deal it can. It is for this reason that I encourage the subcommittee not limit its search to sites no further than 2.5 miles from the

Capital Beltway, as the Senate prospectus requires. That would arbitrarily prevent sites in Loudoun and Prince William counties from being considered.

In early December I joined with other members of the northern Virginia congressional delegation in writing GSA to say we expect the procurement process to be open and fair. I hope that will be the case. We also said we stand ready to assist with any additional information in support of the selection of a site in northern Virginia.

The bureau desperately needs a new headquarters and putting it in Virginia makes the most sense.

Again, thank you for allowing me to testify this morning.

March 6, 2013

Testimony by Congressman James P. Moran (VA) before the House Transportation and Infrastructure Committee, Subcommittee on Economic Development, Public Buildings and Emergency Management

Chairman Barletta and Ranking Member Holmes Norton, thank you for allowing me the opportunity to testify before this subcommittee regarding the consolidation of the headquarters for the Federal Bureau of Investigation (FBI).

As you know, the General Services Administration (GSA) recently issued a Request for Information (RFI) to obtain suggestions from the development community, local and state jurisdictions, and other interested parties for a new headquarters facility for the FBI within the National Capital Region (NCR). I, along with a united Virginia congressional delegation, believe that Northern Virginia would make the ideal location for the new FBI Headquarters.

Northern Virginia is home to a majority of FBI personnel in the region. The FBI Academy and the FBI Laboratory, the premier crime lab in the U.S. employing over 500 scientific experts and special agents, are both located in Quantico, Virginia. The Northern Virginia Resident Agency, field office for several hundred agents, is located in Prince William County, and Winchester, Virginia, will be the future home of the FBI's Central Records Complex. A headquarters location in Northern Virginia would place it closer to these important FBI facilities.

In addition, the FBI occupies numerous clandestine facilities elsewhere in Northern Virginia. The region is also home the National Counterterrorism Center and the headquarters of the Central Intelligence Agency. A FBI Headquarters location in Virginia would increase opportunities for cross-agency coordination and promote increased operational efficiency.

Finally, Northern Virginia offers geographically advantageous locations, roughly equal distance from Quantico and Washington D.C., offering easy access to other Federal agencies, Congress, and the aforementioned major FBI facilities. Our region also has some of the best schools in the country, and is consistently ranked one of the best places to live, work, and raise a family. Taken together, these attributes would help to minimize the adverse transition and transportation effects on employees assigned to the new headquarters.

While my top priority is to support efforts to locate the FBI Headquarters in Virginia, I would like to mention one location in Virginia's 8th District that I believe would be ideal for this facility, a GSA warehouse located in Springfield, Virginia. Situated on approximately 60 acres, the location could easily accommodate over 3.5 million square feet of highly-secure office space and allow for the productive use of underutilized government-owned real estate. The property also provides ample space for the FBI to accommodate potential future growth.

Given recent local challenges created by BRAC relocations, I believe this Subcommittee should consider sites that would require the least amount of offsite infrastructure to support the traffic that would result from the relocation. In this regard, the Springfield location is unique. Between extensive improvements to Interstate 395, the Express Lane Project on the Beltway, and the completion of the Fairfax County Parkway to Ft. Belvoir, over \$1 billion has been invested in the road network in and around the this site. The Springfield site is also located next to the Franconia-Springfield Metro station, Amtrak and VRE rail lines, and is served by an effective bus system. The presence of both a high quality road network and mass transit options will help to promote efficient traffic flow and minimize the impact on the local community.

As GSA proceeds with its selection process, I encourage the Subcommittee to ensure that this competition is conducted in a completely open and fair manner. Unlike the Senate-passed prospectus, which would prevent consideration of potential sites in the Dulles area, I urge the Subcommittee to oppose unnecessary restrictions on the location of the new FBI Headquarters. The decision of where to locate this facility should be based solely on what is best for the FBI's ability to fulfill its vital law enforcement and national security missions. Through a transparent process free of political considerations, I am fully confident that sites in Virginia will stand out among all the options.

Thank you again for inviting me to testify and for your continued efforts to ensure that the best possible location is chosen as the new headquarters for the FBI.

Donna F. Edwards

The Honorable Donna F. Edwards (MD-4th)
"New Consolidated FBI Headquarters Building in the Washington, DC Area"
Hearing by the House Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management
March 13, 2013

Chairman Barletta and Ranking Member Norton,

Thank you for the opportunity to testify. The future location of the FBI headquarters is vital to the men and women of the Bureau and their mission. It is also vital to the people of Maryland's 4th Congressional District, and specifically Prince George's County, where I live and which Congressman Hoyer and I represent in this Chamber.

We are here today because it is critical the FBI consolidate its operations to optimize the agency's ability to meet its vital mission and make the best use of the taxpayer's resources.

It has been almost 40 years since the FBI moved into the Hoover Building. We know the Burcau has outgrown it, and that it can no longer provide the security, infrastructure needs, and space required of the world's premiere law enforcement agency. In addition to its responsibilities here at home, today's FBI is a key leader globally in meeting our law enforcement needs.

We know in the National Capital Region alone, the FBI occupies more than 3 million square feet of space over 21 locations, resulting in \$168 million in leasing costs alone.

Yet, surprisingly, the Hoover Building only houses 52 percent of the FBI headquarters' staff. This dispersed office structure is impeding the Bureau's ability to meet its core mission due to challenges in managing its headquarters, divisions, and offices effectively, while collaborating and sharing information across functions.

The fact that the FBI continues to operate at such a high level is a testament to the commitment, dedication, and hard work of our men and women who do their jobs above and beyond the call of duty.

To comply with post-9/11 security requirements, the FBI has looked to consolidate its facilities into one headquarters. In response to a 2011 GAO study, the FBI conducted a security assessment that documented threats and analyzed building security requirements consistent with the interagency Security Committee standards. As a critical component of our country's national security apparatus, the agency must comply with these enhanced security standards.

We are here today because our public servants deserve one consolidated facility that honors their commitment, provides the best environment to achieve their missions, and saves taxpayer money.

The Senate's prospectus requires the new headquarters to be located within 2 miles of a Metro station and 2.5 miles from the Capital Beltway, while providing Level 5 security. This language is intended to ensure a fair, competitive process that includes sites within the District of Columbia and the nearby National Capital Region. Our taxpayers deserve such a process and I support it whole heartedly.

Let me say why I believe Prince George's County offers the most competitive combination to effectively meet the needs of the FBI, the Senate-approved Committee Resolution, and taxpayer value, with the finest location and access to world class facilities.

Joint Base Andrews, the President's airport, in Camp Springs in Prince George's County, would provide the FBI with a secure facility from which to depart anywhere in the world.

Fort Meade, home to the National Security Agency and the nation's leader in cyber security and its intelligence gathering apparatus, is another secure facility located nearby in Anne Arundel County, a part of which I also have the honor of representing.

The University of Maryland, in College Park in Prince George's County, has nationally ranked disciplines in criminal justice, computer forensics, biological sciences, language, homeland, cyber, and national security. It is also home to the Department of Homeland Security's Center of Excellence in Terrorism Studies, a national consortium of leading terrorism studies programs in the country.

Prince George's County is home to 15 Metro stops – the most in our region. It provides casy access to the White House and downtown Washington, DC, the Capital Beltway, the Department of Homeland Security's new campus at Saint Elizabeth's and our region's airports, while having the lowest prices of real estate near Metro facilities throughout our region.

In addition, over 67,000 federal employees reside in Prince George's County and the County has shown a strong commitment to attracting economic development and providing an affordable high-quality of life for its residents. Prince George's County is right for the FBI, and it will do right by the FBI.

If a consolidated FBI Headquarters becomes a reality anywhere within the parameters set by the Senate Committee Resolution, the District of Columbia still stands to gain.

The Hoover Building on Pennsylvania Avenue would free up a block on the most important street in America - allowing the District of Columbia to have a tax-generating tenant and a building that adds to the aesthetic value of Pennsylvania Avenue. That would complement the soon to be developed Old Post office site that was championed by this Committee in the last Congress.

Again, Chairman Barletta and Ranking Member Norton, thank you for allowing me to testify. Hook forward to continue working with both of you in passing a Transportation and

Infrastructure Committee Resolution that establishes an open and fair competitive process to consolidate the FBI headquarters into one facility a reality.

Wednesday, March 6, 2013 Congressman Gerald E. Connolly (VA-11th) Member Statement re: FBI Headquarters Consolidation Hearing hosted by the T&I Subcommittee on Economic Development, Public Buildings and Emergency Management

Chairman Barletta and Ranking Member Holmes Norton,

Thank you for holding today's hearing on the FBI's proposal to consolidate its dispersed local workforce into a new campus-like headquarters within the National Capital Region. Today's discussion also will cover the GSA's subsequent proposal to use an innovative public-private-partnership development model that has attracted widespread interest. I appreciate the opportunity to testify as I represent a Northern Virginia district in which a significant portion of the FBI's workforce lives and works and which is home to locations that would be particularly well-suited to the FBI's needs. Given the national security interests involved and the magnitude of the development proposal, which would no doubt be one of the largest undertakings by the GSA and could establish a new model for future federal property management, close Congressional oversight will be paramount. I share the subcommittee's desire to ensure the best use and value for federal property, and I have no doubt that a fair and open competition will allow us to achieve that result here.

The FBI and GSA have been studying alternatives to its current headquarters in the J. Edgar Hoover Building for at least a decade. The Hoover building is an iconic landmark here in our nation's capital and has historical significance for the Bureau itself, but the aging building no longer meets the operational and security needs to match the Bureau's expanding mission within our national security network. Simply refurbishing the Hoover building was considered, but the building houses just 52% of the FBI's headquarters staff with the rest dispersed among 21 leased locations throughout the National Capital Region. Those leases alone cost more than \$170 million annually. This situation has led to inefficiencies and redundancies that do not support an agile 21st century law enforcement workforce. The FBI estimates consolidating its operations and personnel in one location could reduce its current footprint by as much as 1 million square feet and yield a savings of as much as \$60 million annually.

In December 2011, the Senate Committee on Environment and Public Works adopted a resolution authorizing the FBI and GSA to proceed with planning for the proposed consolidation. That resolution establishes a set of criteria to guide site selection, specifying that any potential property be located within 2 miles of a Metro station and within 2.5 miles of the Capital Beltway and that it be on a federally-owned site not larger than 55 acres. As this subcommittee begins drafting its companion resolution to move this process forward, I hope members will consider more flexible language that will allow for a fair and robust competition. A Request for

Information issued by the GSA in December 2012 solicited ideas from both the public and private sectors with the enticement of "swapping" the Hoover Building and its redevelopment potential for construction of a new FBI headquarters facility within the region. Such a proposal represents not only a new approach to federal property management, but also an economic development opportunity for the District of Columbia. An industry day hosted by GSA in January attracted a standing-room only crowd of more than 300 real estate and development professionals, demonstrating a high level of interest that could yield some innovative proposals.

Multiple locations throughout the National Capital Region would suit the FBI's needs. From a Virginia perspective, we have several sites that would offer strategic benefits to the FBI, its workforce, and taxpayers. Virginia already is home to a majority of the FBI's workforce and several of its critical operations, including the FBI Training Academy and Laboratory at Quantico, the Northern Virginia Resident Agency in Prince William County, and the future Central Records Complex in Winchester. Proximity to those operations would benefit the headquarters staff and reduce cross-regional traffic. A Virginia location also would offer proximity to the National Counterterrorism Center and the CIA, creating a nexus of national security operations and facilitating improved collaboration. In addition, a location in Northern Virginia would provide easier access to the metropolitan region's premier international gateway at Dulles International Airport.

There are at least half a dozen properties in Northern Virginia with proximity to current and future mass transit connections, which should be a key consideration in any site selection. We must learn from the mistake made at the Mark Center in Alexandria as part of the Base Realignment and Closure process. In that instance, the Pentagon relocated 6,000 jobs previously accessible by Metro to a new building alongside Interstate 395 accessible only by automobile, which only increased congestion on our region's already-clogged roads. One site, in particular, that I believe warrants serious consideration is a property the federal government already owns, the GSA's own warehouse facility in Springfield. The 70-acre property is grossly underutilized when you consider its location at the center of the regional transit and road network, including Metro, Virginia Railway Express, Interstate 95, and the Fairfax County Parkway. In the current climate of austerity, I don't think we can afford to overlook a parcel that we already control and that offers so many location advantages.

While that property would meet the criteria in the Senate Resolution, I also proudly represent neighboring Prince William County, which has put forth a proposal with great merit as well. That is why I respectfully request that the Subcommittee not arbitrarily limit the scope of its companion Resolution. If this process moves forward in an open, competitive fashion in which proposals are judged based on their merits, I have every confidence that a location in the Commonwealth of Virginia will prevail. The Virginia delegation is committed to working in a

bipartisan fashion with the Subcommittee, the FBI, and GSA to ensure we find the best location to meet the Bureau's operational and security needs and to achieve the best value for taxpayers.

STATEMENT BY DOROTHY ROBYN, COMMISSIONER, GENERAL SERVICES ADMINISTRATION'S PUBLIC BUILDINGS SERVICE BEFORE THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS & EMERGENCY MANAGEMENT OF THE HOUSE TRANSPORTATION & INFRASTRUCTURE COMMITTEE

March 6, 2013

Chairman Barletta, Ranking Member Norton, and Members of the Subcommittee, my name is Dorothy Robyn. I am Commissioner of the General Services Administration's Public Buildings Service. It is a pleasure for me to have this opportunity to appear before you.

Under new leadership, GSA has refocused on its mission of delivering the best value in real estate, acquisition, and technology service to government and the American people. In the Public Buildings Service, GSA is using the authorities Congress gave us to leverage private capital to deliver better and more efficient space to our partner federal agencies.

One example of this new approach is the subject of today's hearing. In early December, we issued a Request for Information (RFI) seeking private sector input on exchanging the FBI's J. Edgar Hoover Building—an outdated but valuable property on Pennsylvania Avenue—for the construction of a new headquarters somewhere in the National Capital Region.

In my testimony today, I would like to explain why the existing FBI headquarters building is no longer suitable to meet the agency's needs, how we hope to utilize the exchange process to obtain a replacement facility that will allow the FBI to achieve its mission in the most cost effective manner, and the benefits this effort will have in advancing GSA's commitment to creating a more efficient and sustainable federal building inventory.

Why is the J. Edgar Hoover Building no longer suitable as a headquarters facility for the

The answer to this question encompasses challenges with the building's design, the changes that have occurred in the FBI's mission since 9/11 and the very real challenges of modifying the building to accommodate current and future FBI needs and requirements.

The Hoover building opened in 1974. This was an era in which the FBI was primarily a law enforcement agency. The building was designed to store vast amounts of paper documents. It included a crime lab and a firing range. It was intended to be accessible to the general public, both for formal tours and for access to a second floor outdoor veranda located on top of space intended to house street-level retail establishments along Pennsylvania Avenue.

Remarkable for a building this new, the Hoover building has a gross area of 2.4 million square feet, but only 1.3 million square feet are usable to house FBI personnel and equipment. As a result, this facility now accommodates only a portion of the FBI's D.C. staff.

It also is structured in such a way that is largely incompatible with close collaboration of various staff and operations. It has interior walls of cement block lining corridors wide enough to accommodate the movement of large blocks of paper files. Whereas the FBI is making great strides in developing collaborative work spaces in its field offices around the country, there is limited ability to do that here.

The FBI's evolving mission encompasses combating new world threats including those posed by terrorism and breaches in cybersecurity. As such, consideration needs to be given to achieving the secure perimeter setback that is advised under the Interagency Security Committee's standards.

So, where do we go from here?

On December 3, 2012, GSA issued a Request for Information (RFI) seeking to tap the expertise of the real estate community on alternatives for replacing the J. Edgar Hoover building. Responses were due on March 4, at the beginning of this week, and we are now in the process of evaluating them.

We are prepared to "exchange" the Hoover building for a new facility of up to 2.1 million square feet that would consolidate personnel from the Hoover building and multiple leased locations.

What do I mean by "exchange"?

The exchange concept is one tool for GSA to dispose of our properties that are not meeting the Federal need, allowing us to leverage the equity of some of our buildings in the inventory to get new and highly efficient ones. Already we have put in motion a number of potential real property exchanges that can provide considerable savings to taxpayers.

In Los Angeles, we announced that we are pursuing the exchange of an outdated Courthouse for a new, highly efficient Federal building. Here in the National Capital Region, in addition to our FBI initiative, we are seeking ideas from the real estate community to exchange five existing federal buildings in Southwest Washington for new federal workspace and an innovative, mixed use eco-district.

These initiatives are part of a broader effort to more fully utilize all of GSA's existing authorities and realize the benefits to business, government, and communities.

Our FBI RFI is seeking the best ideas from the private sector for meeting the FBI headquarters needs and leveraging the value of the current headquarters site on

Pennsylvania Avenue. If an exchange were to occur, we would transfer title in fee simple for the Hoover Building in return for a new facility. This could involve a developer offering to build a new facility on land he or she owns, or build on land the government owns or acquires, or exchange for an existing building.

Based upon information that we obtain, we may issue a Request for Proposals. If there is a successful offeror, we would also expect the successful bidder to accommodate FBI staff housed in the Hoover Building until the new facility was ready for occupancy.

At the end of the process, the developer would own the Hoover Building, and we would own its replacement facility.

Throughout this process, we have not focused on a single location in the National Capital Region.

If we are correct, the Pennsylvania Avenue site has potential for higher and better use than as the headquarters of a Federal agency. This property, we think, should produce significant value toward creating a new FBI headquarters facility.

In addition, a new facility would advance GSA's efforts to create a more sustainable inventory of federal assets. We propose to consolidate as many as 11,000 FBI employees now occupying a total of 3 million square feet of space into a much smaller Federal footprint.

I anticipate that this is but one of many conversations we will have about our efforts to find a suitable headquarters for the FBI, and our exploration of alternative mechanisms to find innovative ways to enable our federal customers to carry out their agency missions at less cost to the American taxpayer.

Thank you for inviting me here today, and I look forward to answering any questions you may have.

Questions for the Record

Subcommittee on Economic Development, Public Buildings, and Emergency Management House transportation and Infrastructure committee

FBI Headquarters Consolidation

April 24^{ff}, 2013

FBI Infrastructure

Perimeter Fence and IT Security

Who will be responsible for the cost of a perimeter fence on a FBI campus? Who will be responsible for maintaining the Information Technology (IT) and security for the perimeter fence? Is the cost expected to be amortized in the rent?

The funding source for a perimeter fence has not been determined at this time. GSA is committed to a cost-effective approach to a potential new FBI Headquarters.

Buildings

Does FBI intend to have one building or have multiple buildings on the site that will house federal employees? How will power be distributed to these structures? Will there be a master plan for the site?

The number of buildings required has not been identified yet as this number will be determined by characteristics of the selected site. GSA will use the most cost effective means to distribute power to these buildings.

Energy Distribution

How will energy be provided on the 40-55 acre site? Will there be an energy co-generation plant? What is the expected cost of the energy co-generation plant? Is the cost expected to be amortized in the rent?

The means of providing energy on the site will be site dependent and will be an important criterion in the selection of the site. A project of this size typically requires a co-generation plant. GSA would seek the most cost effective means.

Parking garage

If there is a parking garage on the site, what is the expected source of construction funds for the parking garage? Is the cost expected to be amortized in the rent? Will the number of parking spaces conform to National Capital Planning Commission standards on large government developments? Is the ratio of employees to parking spaces expected to be 4:1 or 3:1?

Determinations related to parking will be dependent on a number of factors, including location and distance to public transit. Parking ratios are also dependent on the location of the project and distance to public transit. GSA will seek the most cost effective means for realizing parking.

Roads

What is the expected cost of the internal road circulation for a campus? Is the cost expected to be amortized in the rent?

Minimizing the cost of internal road circulation, along with all other site development requirements, will be an important criterion in site selection. Until a site is selected, that exact cost will not be known.

Sensitive Compartmentalized Information Facility (SCIF) Space

How much SCIF space will be needed in the new facility? Is this amount of space expected to have a significant financial impact on a project?

GSA defers to FBI on this question.

Total costs

Both GSA and FBI have estimated that the total cost to build a new FBI building will be roughly \$1 billion.

Does that cost estimate include costs associated with infrastructure necessary to provide Level 5 security for a new FBI headquarters?

Yes, GSA estimates included costs associated with Level 5 security, however many of these costs will be tradeoffs between building and site costs, and subject to specific site characteristics.

 Does the FBI expect all the costs associated with this project to be folded into the rent? What costs will be included in the operational costs? What costs will be included in the market rent?

The acquisition strategy for a consolidated FBI headquarters has not yet been determined.

What additional costs would the FBI have to pay outside of the rent charges to build a new headquarters?

The acquisition strategy for a consolidated FBI headquarters has not yet been determined.

 What is the range of fully serviced rent that is expected in order to have a FBI campus?

The acquisition strategy for a consolidated FBI headquarters has not yet been determined

Transportation and Infrastructure's Subcommittee on Economic Development, Public Buildings, and Emergency Management Questions for the Record Congresswoman Edwards

1. The Senate resolution passed by the Environment and Public Works Committee in 2011 sets location criteria for a potential headquarters site for the FBI. In the interest of having an open, fair, and competitive process that benefits the FBI and our taxpayers, does the Senate resolution prioritize any one region over another?

GSA appreciates the Senate Environment and Public Works Committee's support for the FBI Headquarters project and looks forward to continuing to work with it and other oversight committees in Congress. GSA is committed to a fair, transparent, and open process that includes consideration of all areas in the metropolitan area.

The Senate resolution requires, to the maximum extent feasible, that the FBI Headquarters be located within 2 miles of a Washington METRO station and 2.5 miles from the National Capital Region Beltway. GSA has not yet commenced any acquisition activity. The agency issued a Request For Information (RFI) on January 9, 2013, to obtain the widest possible range of options on how best to consolidate FBI Headquarters operations.

Does the Senate Environment and Public Works Committee-approved resolution exclude sites within Washington, DC?

See response to Question 1

- 3. What is the timeframe for GSA to review the responses to the Request for Information?
 - GSA expects to complete the review during the Summer of 2013.
- 4. How will the responses to the Request for Information be used in determining how to proceed with a formal Request for Proposals?

The responses will be one of several sources of information and ideas that GSA will utilize to develop a project strategy. The responses will be analyzed individually and as a group to ensure the best ideas from each are evaluated.

- 5. Has GSA gotten any independent expert advice regarding valuation of the J. Edgar Hoover building?
 - a. If so, from who and what did GSA learn?

Like all buildings in the GSA inventory, the J. Edgar Hoover building is appraised

on a periodic basis. Those appraisals are confidential.

6. To evaluate the value of the current site of the FBI's Headquarters, have you looked at the value of comparable property on Pennsylvania Avenue, such as the Newseum and the Old Post Office Pavilion?

Standard procedure for GSA appraisals is to consider comparable properties in the vicinity.

- In the Request for Information, GSA mentioned the use of exchange authority as a way to dispose of the Hoover Building property and establish a new FBI Headquarters at another site.
 - a. Can you describe the mechanics of how such an exchange would be carried out?

The acquisition strategy for a consolidated FBI headquarters has not yet been determined. Use of the exchange process is one of several possible alternatives for establishing a new FBI Headquarters. In the event that an exchange is pursued, there are several alternatives for how an exchange could be structured. One example would involve a potential developer providing a building(s) to meet some or all of FBI's space needs. When this facility is ready for occupancy, ownership would transfer to the Federal Government. At the same time, ownership of the current FBI Headquarters would transfer to the developer.

b. How would each property be valued?

Each property would be valued through some form of market competition; GSA would seek to maximize the value to the Government, while providing for FBI's requirements.

c. If a site that is owned by a unit of government is selected, would that foreclose the possibility of such an exchange, or can there still be an exchange?

No, use of the exchange process would still be one of several possible alternatives for establishing a new FBI Headquarters. In the event that an exchange is pursued, there are several alternatives for how an exchange could be structured. One example would involve a potential developer constructing a building(s) to meet some or all of FBI's space needs on federally owned land. GSA is willing to consider proposed concepts involving privately owned property, property owned by state and local governments, or federally owned sites. GSA is also interested in exploring potential donations of usable sites for FBI's needs.

The following questions were directed to both GSA and FBI

1. How would phased construction of a new headquarters building be done to coincide with

consolidation of current FBI office locations?

Where practical, lease terms would be negotiated to coincide with the projected completion of the new facility in order to minimize lease exposure.

2. How far do both of you believe that employees will be willing to walk from a metro station to a new FBI Headquarters?

One applicable benchmark is GSA's standard lease solicitation that provides that buildings less than 2,640 walkable linear feet from a Metrorail station are not required to provide shuttle service to/from the Metrorail station.



Department of Justice

STATEMENT

OF

KEVIN PERKINS ASSOCIATE DEPUTY DIRECTOR FEDERAL BUREAU OF INVESTIGATION

BEFORE THE

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

AT A HEARING ENTITLED

"PROPOSAL FOR A NEW CONSOLIDATED FBI HEADQUARTERS BUILDING IN THE WASHINGTON, D.C. AREA"

PRESENTED

MARCH 13, 2013

Kevin Perkins Associate Deputy Director Federal Bureau of Investigation

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

"Proposal for a New Consolidated FBI Headquarters Building in the Washington, D.C. Area" March 13, 2013

Chairman Barletta, Ranking Member Holmes-Norton and Members of the Subcommittee, thank you for the opportunity to discuss the Federal Bureau of Investigation's (FBI) need for a new consolidated FBI Headquarters Building in the Washington, D.C. area. I am pleased to appear before the Committee with my colleague from the General Services Administration (GSA), Dorothy Robyn.

The FBI has occupied the J. Edgar Hoover (JEH) building on Pennsylvania Avenue since its completion in 1974. When the FBI first moved into the building, we were primarily a law enforcement organization. At that time, in addition to office space, the building housed a crime lab and was used to maintain thousands of files and paper records.

Since then, and particularly since 2001, our mission and organization have grown in response to evolving threats. There has been significant growth in the Counterterrorism Division as well as the creation of the National Security Branch, Directorate of Intelligence, Cyber Division, and Weapons of Mass Destruction Directorate. In support of the FBI's expanded mission, we have worked to ensure that our infrastructure can continue to support FBI functions. This has required an increase in Information Technology personnel and a Resource Planning Office, as well as significant growth in our Security Division, Human Resources Division, Facilities and Logistics Services Division, and Office of the General Counsel.

The FBI has adapted the use of the JEH building over time to increase efficiency – the crime lab is now at Quantico, our paper records are housed elsewhere, we instituted an electronic system of record in July 2012, and we have converted non-personnel and equipment intensive spaces into office space to accommodate more employees. However, despite these efforts, the FBI's current headquarters housing is obsolete, inefficient and expensive.

In the 2009 Omnibus Appropriations bill, Congress directed the U.S. Government Accountability Office (GAO) to review the JEH building and associated FBI Headquarters offsite locations in light of its concerns about the security posture of the JEH building and its inability to house the current FBI Headquarters workforce. In November 2011, GAO issued a public report that identified both security and design deficiencies with the existing facility.

1

Furthermore, in response to issues raised in connection with the GAO review, the FBI conducted a security assessment in 2011 that documented threats and analyzed building security requirements consistent with Interagency Security Committee (ISC) security standards. These reviews demonstrate that a new consolidated FBI headquarters facility is urgently needed and we view this as one of our highest priorities for the foreseeable future. We are committed to working with Congress and our partners at GSA to explore options for a new facility.

The FBI currently has over ten thousand headquarters staff in multiple locations throughout the National Capitol Region. In fact, the JEH building houses just over half of our headquarters staff. The dispersal of employees has created significant challenges with regard to effectively managing the Bureau's twenty-seven headquarters divisions and offices, facilitating organizational change, and sharing information and collaboration across operational and administrative functions. It is our hope that consolidating FBI headquarters operations will improve information sharing and collaboration and eliminate redundancy.

The design of the JEH building presents a challenge to staff collaboration and information sharing. The compartmentalized structure of the building confounds an agile workforce; there is limited ability to realign organizational elements and adjust staffing to address shifts in our mission and changes in the threats we are addressing. We believe it is both time consuming and costly when many organizational elements involved are housed in different locations.

The FBI has evaluated its mission and determined that not all elements of FBI headquarters must be consolidated. Certain FBI divisions engage in less frequent direct coordination with other FBI headquarters elements and others in the D.C. law enforcement and intelligence communities. Among these Divisions are the Criminal Justice Information Services Division, Laboratory Division, Training Division, Operational Technology Division, Records Management Division, and Hazardous Devices School.

The FBI conducted an extensive assessment of the current JEH building and other headquarters offsite locations and determined the physical security to be inadequate based upon current ISC and FBI standards. In short, the FBI headquarters building should be housed in a facility meeting the highest level of protection as designated by the ISC. This standard of protection is reserved for agencies with the highest level of risk related to mission functions critical to national security or continuation of government. Simply put, current conditions of the JEH building do not provide an appropriate level of protection against threats.

The FBI has implemented some countermeasures at the JEH building to improve the security of the facility, but those efforts are not a substitution for relocating FBI headquarters employees to a location that affords the ability to provide true security in accordance with ISC standards.

Working with our partners at GSA, we have proposed locating a new Headquarters within the National Capital Region. Generally, the site should be served by mass transit, have adequate surrounding highway infrastructure, and be in substantial conformance with local land use plans. Several strategies have been proposed by various parties and, as the Committee

knows, at the end of 2012, GSA issued a Request for Information seeking ideas from the development community for exchanging the current JEH facility for a new consolidated FBI Headquarters. We will continue to work with GSA and with Congress in order to identify and implement a solution that that meets the FBI's needs now and in the future.

62



U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

June 18, 2013

The Honorable Lou Barletta Chairman Subcommittee on Economic Development, Public **Buildings and Emergency Management** Committee on Transportation and Infrastructure U.S. House of Representatives Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed please find responses to questions for the record arising from the appearance of Kevin Perkins, Associate Deputy Director, Federal Bureau of Investigation, before the Subcommittee on March 13, 2013, at a hearing entitled "FBI Headquarters Consolidation." We hope that this information is of assistance to the Subcommittee.

Please do not hesitate to contact this office if we may provide additional assistance regarding this or any other matter. The Office of Management and Budget has advised us that from the perspective of the Administration's program there is no objection to submission of this letter.

Sincerely,

Peter J. Kadzik

Principal Deputy Assistant Attorney General

Enclosure

The Honorable Eleanor Holmes Norton Ranking Member

Questions for the Record Associate Deputy Director Kevin Perkins Federal Bureau of Investigation U.S. Department of Justice

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

> "FBI Headquarters Consolidation" March 13, 2013

Questions Posed by Chairman Barletta

1. Who will be responsible for the cost of a perimeter fence on a FBI campus? Who will be responsible for maintaining the Information Technology (IT) and security for the perimeter fence? Is the cost expected to be amortized in the rent?

Response:

We will not be able to answer these questions until determinations are made regarding site configuration and design features.

2. Does FBI intend to have one building or have multiple buildings on the site that will house federal employees? How will power be distributed to these structures? Will there be a master plan for the site?

Response:

There will be a master plan for the site. We are not able to answer the remainder of these questions at this point in the process because these answers will depend on the characteristics of the selected site, the available infrastructure, and the site's utility components.

3. How will energy be provided on the 40-55 acre site? Will there be an energy cogeneration plant? What is the expected cost of the energy co-generation plant? Is the cost expected to be amortized in the rent?

1

Response:

We are not able to answer these questions at this point in the process. The FBI will work with the General Services Administration (GSA) to identify the least expensive and most reliable sustainable options for obtaining power and other utilities.

4. If there is a parking garage on the site, what is the expected source of construction funds for the parking garage? Is the cost expected to be amortized in the rent? Will the number of parking spaces conform to National Capital Planning Commission standards on large government developments? Is the ratio of employees to parking spaces expected to be 4:1 or 3:1?

Response:

We are not able to answer these questions at this point in the process because these answers will depend on the site selected, how the site location affects parking needs and parking configuration, and the estimated costs and benefits of the parking options. Together with GSA, the FBI will carefully evaluate standards and local zoning requirements for all sites under consideration. We are open to considering all appropriate means of funding parking and other aspects of this project.

5. What is the expected cost of the internal road circulation for a campus? Is the cost expected to be amortized in the rent?

Response:

We are not able to answer these questions at this point in the process because these answers will depend on the site selected. While internal road circulation is often addressed as a site improvement accomplished as part of overall site development, whether the cost of internal road circulation might be handled separately in this particular case has not been decided.

6. How much SCIF space will be needed in the new facility? Is this amount of space expected to have a significant financial impact on a project?

Response:

We are not able to answer these questions at this point in the process. Although it has not yet been determined whether the site will include existing facilities or will require new construction, in either case the FBI intends to minimize the costs associated with Sensitive Compartmented Information Facility (SCIF) build out by minimizing the number of individual SCIFs and constructing entire floor plates as "SCIF ready." This approach will greatly reduce the amount of specialized SCIF wall construction because

only the walls around the perimeter and the building's core/elevator lobby will need to be built to SCIF standards.

- 7. Both GSA and FBI have estimated that the total cost to build a new FBI building will be roughly \$1 billion dollars.
- a. Does that cost estimate include costs associated with infrastructure necessary to provide Level 5 security for a new FBI headquarters?

Response:

Estimates of \$1.4 billion based on FBI studies do include the infrastructure needed to provide a facility at ISC Level V.

b. Does the FBI expect all the costs associated with this project to be folded into the rent? What costs will be included in the operational costs? What costs will be included in the market rent?

Response:

The FBI expects the project to follow typical federal practices with respect to the costs included in the rent paid by tenant agencies. The FBI will require that the facility be constructed to commercial building standards to the maximum extent possible and will minimize the number of specialized features.

c. What additional costs would the FBI have to pay outside of the rent charges to build a new headquarters?

Response:

The FBI anticipates that typical outfitting costs and the specialized tenant improvements associated with a minimal number of unique FBI requirements will be funded outside of rent payments.

d. What is the range of fully serviced rent that is expected in order to have a FBI campus?

Response:

While the FBI defers to GSA with respect to the range of expected rent, we note that the rental cost will depend on the nature and location of the selected site.

Questions Posed by Representative Edwards

8. Can you discuss the reduction in footprint, the increase in efficiencies, and the cost savings that will come from a consolidation of the FBI headquarters?

Response:

The consolidated FBI Headquarters (FBIHQ) would reduce the needed square footage from over 3 million square feet to approximately 2.1 million, resulting in an estimated saving of \$44 to \$54 million annually. The space reduction will result from eliminating the duplication of support spaces at multiple locations, configuring the new space using a highly efficient open space concept with smaller workstations, climinating many private offices, and aligning office space with the benefit of the guidance provided in GSA's 2012 "Workspace Utilization and Allocation Benchmark."

- 9. The 2010 Interagency Security Committee (ISC) standards established a baseline set of protective measures (countermeasures) to be applied at each facility according to its security level and outlined a risk management process for agencies to follow as they assess the security of their facilities.
- a. What are some of the security requirements that the FBI will require for its new headquarters under the ISC standards?

Response:

Meeting Interagency Security Committee (ISC) standards will require the incorporation of a variety of security features, including perimeter fencing, physical setback, visitor and vehicle screening, access controls, security alarms, and cameras.

b. From a security perspective, is it important that the new FBI headquarters be located on land that is part of a larger campus?

Response:

We appreciate that the greater Washington National Capital Region is a heavily developed area and that land is a costly and limited resource. All options will be evaluated based on security, transportation access, street access, and other factors.

c. Is there any concern about the new FBI headquarters being adjacent to a mixed use development that might enhance the overall work environment for FBI employees?

Response:

Each prospective land parcel will be evaluated based on security, transportation access, street access, and other factors.

10. The FBI headquarters must be built to satisfy ISC security specifications. With that in mind, what in your view would encompass the ideal setting for a new consolidated Headquarters?

Response:

An acceptable site must allow us to address concerns related to employee and facility security, employee transportation, and downtown access.

11. Without getting into classified information or compromising safety, can you please provide the total number of employees and contractors at the FBI Headquarters who live in Virginia, Maryland, and DC (not breaking down by jurisdiction or by zip code)?

Response:

FBI employees and contractors live in all three jurisdictions in the Washington, D.C. metropolitan area. Demographic employee distribution will not be used as a site-selection factor. Through changing duty assignments and attrition, the geographic distribution of the residences of our employees and contractors changes over time. The new FBIHQ facility will house over 11,000 employees and contractors.

12. Given the need for the FBI to be near the White House, the Justice Department, and other government offices and facilities located in Washington, DC, how far away can the site be from DC by car and Metro at the furthest?

Response:

Access to major arteries and mass transportation is important to allow easy access to downtown Washington, D.C. Although a shorter travel time from the new FBIHQ to downtown is preferable to a longer travel time, no absolute limits have been established.

13. Can you provide information concerning the travel time from the various locations submitted in response to the Request for Information for a proposed new FBI Headquarters to Washington, DC?

Response:

Review of the responses to the Request for Information is not yet complete.

205

68

14. How would phased construction of a new headquarters building be done to coincide with consolidation of current FBI office locations?

Response:

Although we are not able to answer this question at this point in the process, current leases will be extended or renewed as necessary to coincide with the relocation schedule.

15. How far do both of you believe that employees will be willing to walk from a metro station to a new FBI Headquarters?

Response:

GSA has recommended that the walking distance from the nearest Metro station to the new FBIHQ facility not exceed 1/2 mile. It is anticipated that any greater distance would require shuttle service.



GSA Administrator

Domo F. Edwards

October 17, 2011

The Honorable Barbara Boxer Chair, Committee on Environment and Public Works United States Senate Washington, DC 20510

Dear Chairman Boxer:

In accordance with section 3315 (b) of Title 40, United States Code, I am submitting the enclosed Report of Building Project Survey for the Federal Bureau of Investigation, Headquarters Consolidation, Washington, DC, Metropolitan Region. The U.S. General Services Administration has prepared this report in response to a resolution adopted by the Senate Committee on Environment and Public Works.

If you have any questions or concerns, please do not hesitate to contact me. Staff inquiries may be directed to Associate Administrator, Office of Congressional and Intergovernmental Affairs. He can be reached at Associate Administrator.

Sincerely,

Matha Johnson

Martha Johnson

Administrator

Enclosure

U.S. General Services Administration 1275 First Street, NE Washington, DC 20417 www.gsa.gov GSA PBS

REPORT OF BUILDING PROJECT SURVEY FEDERAL BUREAU OF INVESTIGATION HEADQUARTERS CONSOLIDATION WASHINGTON, DC, METROPOLITAN REGION

Report Number: BDC-13001 Congressional Districts: DC 00 MD 4,5,8 VA 8,10,11

INTRODUCTION

In accordance with a resolution adopted on July 13, 2011, by the Committee on Environment and Public Works of the United States Senate, the U.S. General Services Administration (GSA) has investigated the feasibility and need to construct or acquire a replacement consolidated headquarters facility to house the Federal Bureau of Investigation (FBI) in the Washington, DC, Metropolitan Region. GSA has identified several alternate funding strategies, all of which include leveraging the value of the existing headquarters, the J. Edgar Hoover Building (JEH), in Washington, DC.

BACKGROUND

The mission of the FBI is to protect and defend the United States against terrorism and foreign intelligence threats, to uphold and enforce the criminal laws of the United States, and to provide leadership to Federal, State, municipal, and international agencies and partners. The FBI has grown and changed tremendously since the September 11 terrorist attacks, having added to its law enforcement responsibilities those of intelligence gathering. Key FBI Headquarters (HQ) elements have become fragmented, which hampers information sharing and collaboration.

The FBI has identified a need to consolidate its HQ to support information sharing, collaboration, and integration of strategic priorities. Currently, FBI HQ elements are dispersed over 21 separate locations in the greater Washington, DC, area, occupying 3,033,702 rentable square feet of space, at a total cost to the Federal Government of \$139 million annually. This dispersion and fragmentation has created significant challenges to effective command and control and to facilitating organizational change. Dispersion diverts time and resources, hampers coordination, decreases flexibility, and impedes the FBI's ability to rapidly respond to ever changing, asymmetric threats.

ANALYSIS OF SECURITY ISSUES

JEH and all 20 offsite leased facilities (with one exception) do not meet the applicable Interagency Security Committee (ISC) Standards. The U.S. Department of Homeland Security's Federal Protective Service states that the FBI Headquarters building should be an ISC Level-V facility. Level V is the highest security standard and is reserved for agencies with mission functions critical to national security or continuation of Government. Senate Report 110-397 - Departments of Commerce and Justice, Science, and Related Agencies Appropriations Bill, 2009, also concluded that JEH does not meet the ISC physical security criteria. As the central headquarters for the management of intelligence and national security programs, the FBI HQ facility must have high reliability and survivability of utilities and infrastructure.

Perimeter protection and standoff (setback) distance are the most effective means of preventing or limiting damage from a bomb attack. JEH lacks adequate setback and other security features comparable to other agency headquarters in the intelligence community or the U.S. Department of Defense. There is no practical way to adequately secure and protect JEH. GSA, in its 2007 Site Analysis and Repositioning Study, examined seven different renovation or redevelopment scenarios for JEH, but only one scenario improved security to the ISC Level IV; and that was accomplished by demolishing the entire existing building and then redeveloping the site within a 100 foot setback.

Almost all leased locations also have less physical security than that recommended for Federal facilities because the majority of off-sites are collocated with other tenants in private sector buildings. While the FBI-HQ spaces may be renovated to improve physical security, the overall facility may only meet existing commercial building security requirements, which are inadequate for FBI. The real risk from inadequate physical security is that FBI operations are more vulnerable and could easily be disrupted, potentially at a time when these capabilities would be most needed.

ANALYSIS OF INFORMATION TECHNOLOGY ISSUES

The FBI has taken measures to move the main data center offsite to a separate location. The move will be completed by the end of 2011. However, the relocation of the main data center does not address the shortcomings in IT infrastructure and access to IT systems in many FBI locations. IT infrastructure in JEH has reached capacity and cannot be expanded further. This shortcoming can best be addressed through consolidation and by providing a flexible infrastructure capable of supporting multiple IT systems.

CURRENT HOUSING SITUATION

The FBI is headquartered in JEH at 935 Pennsylvania Avenue, NW, Washington, DC, and occupies a prominent location within the full city block between Pennsylvania Avenue; 10th Street, NW; E Street, NW; and 9th Street NW. JEH was constructed in 1974 to meet FBI's requirements at that time, applying the design standards of the mid-20th century, including security, workplace layout, file storage, and mechanical and electrical systems. The building is not considered historic. Although originally sized to hold the entire FBI HQ staff, it now houses only 52 percent of the staff. A modernization of JEH would not provide the amount of space needed to house the HQ staff, nor satisfy FBI's security and collaboration needs.

In addition to JEH, HQ components are located in 20 leased locations that are dispersed throughout the greater Washington metropolitan region. In the post 9/11 era of heightened concern for protecting critical infrastructure and Government facilities, the current FBI HQ facilities do not meet Interagency Security Committee (ISC) Level-V security standards.

Page 2 of 6

Location	Туре	RSF	Expiration Date
J Edgar Hoover Building	Federally Owned Office	1,779,349	N/A
1001 Pennsylvania Ave, NW	Leased Office	30,420	Est. 4/31/2014
1001 Pennsylvania Ave, NW	Leased Office	35,249	12/31/2013
1101 Pennsylvania Ave, NW	Leased Office	11,101	4/13/2013
1325 G St, NW	Leased Office	43,760	2/15/2016
616 H Street, NW	Leased Office	53,740	9/14/2016
409 7th St, NW	Leased Office	27,594	12/15/2011
800 F St, NW	Leased Office	18,473	4/3/2013
555 11th St, NW	Leased Office	44,193	12/31/2013
1025 F St, NW	Leased Office	151,910	1/17/2015 - 11/24/2015
395 E St, SW	Leased Office	49,804	2/29/2016
375 E St, SW	Leased Office	225,034	Est. 4/12/2021 - 11/31/2021
1801 S Bell St, Arlington, VA	Leased Office	30,549	2/11/2016
1901 S Bell St, Arlington, VA	Leased Office	18,747	9/11/2012
2121 Crystal Dr, Arlington, VA	Leased Office	59,468	11/15/2019
2345 Crystal Dr, Arlington, VA	Leased Office	79,070	9/30/2018
Liberty Crossing, McLean, VA	Leased Office	113,161	Indefinite
14800 Conference Ctr Dr, Chantilly, VA	Leased Office	72,951	4/30/2012
Offsite X, Vienna, VA	Leased Office	53,272	1/31/2013
1577 Springhill Rd, Vienna, VA	Leased Office	21,867	7/13/2013
14360 Newbrook Dr, Chantilly, VA	Leased Office	63,515	Est. 5/31/2021
7980 Science Applications Ct, Vienna, VA	Leased Office	50,475	10/8/2013
Total		3,033,702	

DEVELOPMENT PLAN

The proposed FBI HQ facility, based in large part upon requirements identified by the FBI is projected to contain approximately 2.2 million rentable square feet and 3.7 million gross square feet including 4,300 structured parking spaces. It is expected to accommodate 11,055 personnel, resulting in utilization rates of 109 usable square feet (USF) of office space per person and 174 USF overall per person. The facility is expected to be built to ISC Level-V security on a site of up to 55 acres. The preferred location will be within a reasonable distance of the White House, the U.S. Capitol, and Quantico with proximity to both a Metrorail station and the Beltway. The improvements will include an open-plan workspace environment and state-of-the-art IT infrastructure as required by the latest intelligence work. Initial programming provides 4,300 structured parking spaces, a parking ratio of 1 space per 2.6 employees. In addition, 200 underground and surface spaces will be provided for official vehicles. The actual amount of parking required will depend on final site selection and the availability of alternate means of transportation.

	Gross	Rentable	Usable
Facility Component	Square Feet	Square Feet	Square Feet
Main Office Complex	2,381,299	-	
Conference Center	28,930		
Remote Visitor Badge Building	8,720		
Truck Screening Building	5,000		
Remote Delivery Facility	37,800		
Subtotal - Occupied Space	2,461,749	2,214,246	1,925,431
Parking Structure	1,283,400		1,283,400
Total - Built Space	3.745.149	2.214.246	3,208,831

PROCUREMENT AND IMPLEMENTATION PLAN

Funding Strategies Investigated

Construction of a Government-owned facility on a Government-owned Federal Construction:

or purchased site using appropriated funds, consistent with GSA's

authorities under title 40 U.S.C. § 3304 and 3305.

Acquisition of a leased facility constructed on a federally controlled or Lease Construction:

privately owned site. The Government may purchase the site with the improvements at fair market value upon exercise of a purchase option

using funds authorized and appropriated in a future fiscal year.

Ground Lease - Lease Back: Acquisition of a leased facility constructed on a Government-owned site,

which has been ground leased to a developer. The site and improvements will revert to Government ownership at the end of the ground lease term. This strategy will be consistent with authorities provided in title 40 U.S.C. § 585(c) or Section 412, P.L. 108-447 and

establishes the benefits of eventual Government ownership.

Acquisition by Exchange: Construction of a Government-owned facility on an existing or to-be-

acquired (through purchase or donation) Government-owned site in exchange for the JEH site. The remainder of FBI's requirement would be acquired on an adjacent or nearby site via the Ground Lease - Lease Back strategy described above. This strategy will be consistent with authorities provided in title 40 U.S.C. § 581 and 585(c).

Assumptions That Apply to Every Strategy

The location of the facility is assumed to be within 2.0 miles of a Metrorail Station and 2.5 miles of the Capital Beltway with site costs similar to those found in the more developed, close-in suburban areas as a means to estimate the maximum cost the government would incur. The land cost estimates from these more developed submarkets provide for contingencies for site-specific and off-site improvements that may be required. As a way of providing sensitivity for lower land costs available in certain parts of the region and to lower the overall cost of the project, land donated to the Federal Government by a local municipality or State has been analyzed. Such a donation is expected to lower the 30-year present value cost of each strategy by approximately \$300 million.

All of the proposed acquisition strategies are presumed to have some level of future Federal ownership. In leased strategies the buildings and land will be acquired through either purchase options at specific points in time or will revert to the Federal Government at the end of a ground lease term.

In all strategies, the new facility would comply with ISC Level-V security requirements and achieve LEED Gold Certification. Additionally, GSA would oversee the facility design in accordance with GSA's Design Excellence program.

Although there are subtle variations in schedule activities for each of the strategies presented herein, the total timeline can be broken down into the following sequential components:

Land Acquisition: It is estimated that it will take approximately 6 months to 1 year to either

acquire a site or determine the feasibility of using a federally owned site. In the Ground Lease - Leaseback strategy, the structuring and execution of the ground lease would also be completed in this timeframe. Land Acquisition would not be necessary in the Lease with Purchase Option

strategy

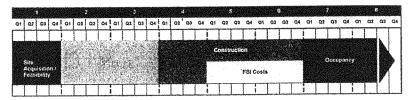
Design: Two years to complete facility design

Construction: Three years to construct

Occupancy: Occupancy begins at the conclusion of construction

The following figure is a high-level depiction of the project implementation timeline based on these major milestones:

Implementation Timeline



BUDGETARY AND FINANCIAL IMPACT ANALYSIS

It is assumed in the strategies presented below that when FBI vacates JEH, the Federal Government will be able to leverage the value of that parcel through exchange or disposal. The value of JEH, in the year after FBI relocates to the new facility, is estimated to be approximately \$610 million. In addition to the 30-year present value costs of each strategy presented below, it is estimated that moving; security equipment; furniture, fixtures, and equipment; and information technology will be an additional cost to FBI of approximately \$202 million (2011 dollars).

Present Value Cost Analysis of Alternative Strategies

Federal Construction

This alternative has a 30-year, present value cost of \$1,862,371,000.

Lease Construction

This alternative has a 30-year, present value cost of \$2,458,309,000, excluding the cost to the Government of exercising any possible future year purchase option.

Ground Lease - Lease Back

This alternative has a 30-year, present value cost of \$2,096,712,000.

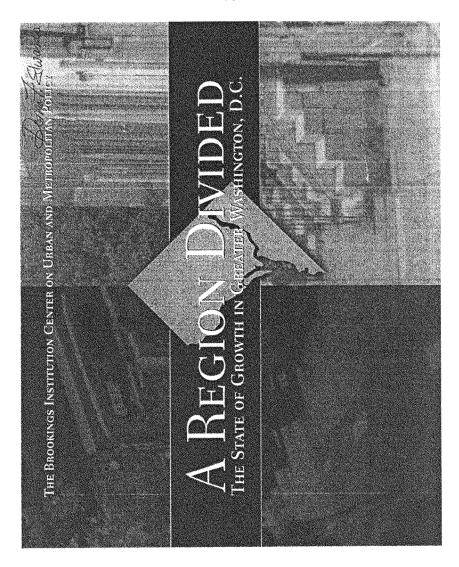
Acquisition by Exchange

This alternative has a 30-year present value cost of \$1,933,911,000.

RECOMMENDATION

The recommendation is Federal Construction.

Submitted at Was	hingtop, DC, on October 17, 2011	
Recommended:	Lobert A. Feek	
_	Commissioner, Public Buildings Service	
Approved:	Martha Johnson	ر مدند ه داند ون
	Administrator of General Services	



MISSION STATEMENT

The Brookings Institution Center on Urban and Metropolitan Policy seeks to shape a new generation of urban policies that will help build strong neighborhoods, cities and metropolitan regions. In partnership with academics, private and public sector leaders, and locally-elected officials, the Center is informing the national debate on the impact of government policies, private sector actions, and national trends on cities and their metropolitan areas. By connecting expert knowledge and practical experience to the deliberations of state, regional, and federal policymakers, the Center aims to help develop integrated approaches and practical solutions to the challenges confronting these communities.

SENTING PELLIUMS

France Mar. Director and Stantar Fellow
Joseph Groutes. For Bucklery Stantar Fellow
Mar. Alia Bindray, Navelsenburg Stantar Fellow
Comm O'Conferencia, Your Bindray Stantar Fellow
James Backard and France, Scrope, Advance
James Backard and France, Scrope, Advance
James Backard and Margorookian Policy
James Lithau and Magorookian Policy

SENIOR FELLOWS

THE BROOKINGS INSTITUTION CENTER ON URBAN AND METROPOLITAN POLICY

STAFF
Any Lin Audatin Hierare
Fact Alley Series Resould Andyle
Ped Agents for the Resould Andyle
Ped Agents for the Resould Andyle
Ped Agents for the Resould Andyle
Facility Tenders Series Andreas
Juneira Union Pediatri

PREFACE

his report on the state of the greater Washington region draws upon new research as well as some existing literation of the state of determine the proving particularly during this period of enormous prosperity and replicit the region is ruly growing, particularly during this period of enormous prosperity and replicit themse.

The Brookings Institution Center on Urban and Metropolium Pedic vorminissioned metropolium researcher Mytou Offield to analyze and map the socio-economic and growth tends in the Washington region. Wherever possible, Orfield used the most up-to-date figures and the smallest geographic unit awail-she. Unferstunately, going beyond federal data sources legs, Census Bureau, Bureau of Labor Statistics) in get good information about the Washington sub-urbs and their neighborhooki requires time-intensive local data coffection. Officield's analysis strikes a good leadner.

in using a mix of federal, local, and regional information. Orfield's findings form the foundation of this report.

The opportunity to better understand the dynamics of this

region and to make choices hased on this understanding is now.

Recokings also commissioned The Courser Washington Research Center and the Urban Institute to supplement. Urderfield's work George Grier and Phil Dearhorn at the Creater Washington Research Center provided a rich and more current demographic picture of each jurisdiction in this region, using figures from 1990 and 1996. Mark Rubin and Mangery Austin Turner at the Urban Institute conducted a susful examination of the pattern of jobs and job growth in the region, by sector and by location (central city vs. inner bette. way vs. outer beltway). The analysis by Mahin and Turner is part of a larger, compretensive Urban Institute project about economic and social change and oppertundities in every regisheration of the Machington region. The full texes of all of these research studies are wail-able at the Genere on Urban and Metropolitan Polityra Blondsings.

also refied on the fine words of regional economist Stephen Fuller at George Masson University and the wealth of historic and current knowledge at the Metropolistan Westington Council of Covernments. Finally, Brookings also turned to much of the Widshington Posit shorough coverage of the region and its counties to ensure that this report captures the full tenor of our regional diagous, politics, and policy developments.

Concerns about the effects of rapid growth in parts of this region are rising. The proposed solutions have been many, varied, and offentines competing, Given the pressing nature of this debate, Broskings chose not to wait until the 2008 Census was compiled and released before providing a picture of growth and development in the Washington area,

il. The story of growth in the greater Washington region is a complicated one. There is much to eicherare, but more to accomplish. Brookings hopes this report on the economic and social of a si to ensure inform this region's leaders as they he full error work together to re to build a greater politice, and National Capital region.

THE CONTRACT OF PLANT OF COMMENCENT PROPERTY OF THE BEST OF THE P.

14(3



tron region has experi-enced enormous growth and change in the 1990s. It is prosperty. The central city, once nearly hankrupt, is now posting budget surpluses. The region, enjoying economic growth and steady ulready the nation's seat of governunce, is also becoming the nation's capital of

munication. This is a wealthy region and it has many economic, historic, and natinformation technology and digital comural assets that will continue to attract visitors, new workers, and businesses that will keep this economy humming.

where traffic congestion, overerowded schools, and thesas to overall quality of life have elected officials, business leaders, and ctiterus serambling for solutions. This report reveals that the challenges of growth are broader and The booming economy has made growth a more pressing issue in this region, par-ticularly in the fast-growing counties more complex. In short:

communities. The problems of hyper growth on one hand and social dis-

tress on the other are intertwined.

states, a state-like central city, and an engaged federal government, this region has a low degree of local frugmentation that makes building collarapidly diversifying. Capital and philis not as severe or as concentrated as in other communities. And while anthropic investments are rising. Poverty bere, while deeply troubling, Washington is a region with two borations more possible than in other places. ENJOYS MOST OF THE RECION'S FRUITS
OF PROSPERITY. But the divide cuts
through jurisdictions so that the District and its suburbs have both pockets of distress and areas of affluence.
In the earl, these potation, trends hart fast-growing counties and utilmately shape the pattern of growth in
this region. Strugging neighborhoods with peror performing schools and
wealther neighborhoods with expensive housing—both located in the core
of the region—compel some lastimesses and families to descate in outhing subturb, patting additional
pressures in these already fast-growing distress while the western half THE REGION CARRIENG THE AREA'S BURDEN OF POVERTY AND SOCIAL

crowding out of roads, schools, local budgets, and the last remaining open space in neighborhoods. Unless these current efforts broaden and embrace the fuller set of factors that fuel ington area is picking up momentum—at the federal, state, regional, and local levels. But this conversation is mostly aimed at trying to ease the THE WASHINGTON REGION CAN GROW First, the regional debate in the Wash-SMARTER AND MUST DO THIS NOW.

decentralization, this region will not be able to reside it will deconomic potential. Secondly growth is not going to go zway. This region will continue to gain jobs and people and consume more land. If our regional RESOURCES TO BRIDGE THIS DIVIDE.
This is primarily a prosperous region.
The central city has traction in the
new economy. The region's economy is THE WASHINGTON REGION HAS THE

divisions widen as growth proceeds, it will be difficult, if not impossible, to create a region that is competitive, prosperous, and livable.

I. A REGION DIVIDED

The maps in this report and the research on which this report is based depict a region that is divided—by income, race, job growth, and type of public investment. The dividual plantum along 16th Street NW in the District, and along 1-95 in Maryland and income families, minorities, and little or no job growth are found on the east side of this divide. Of course, not every west-Virginia. For the most part, middle- and upper-income families, substantial public and private sector investment, and economic expansion are found on the west side of this line, while lowerevery eastern community is struggling. But the trends indicate an east-west ern community is affluent, and not fault line.

In some cases, the divide cuts right through communities, so that a single jurisdiction can be, paradoxically, both

prosperous and troubled. The District has affluent neighborhoods and the area's highest concentration of jobs within the same borders as the largest concentration of poor families and welfare recipients. Arlington has a strong commercial and office sector, and some neighborhoods of expensive housing in North Arlington, but also signs of economic distress in its school population in South Arlington. Prince George's County has a very low overall poverty rate and many middle-class families living beyond the Capital Beltway, but also a high number of working families earning less than the regional median income. Counties on the western side of the region are generally prosperous but are struggling with traffic congestion, school overcrowding, and poorer student populations in some schools.

a. Main Findings

* THE INCOME DIVIDE At the end of 1996, 45 percent of the region's poor lived in the District of Columbia. By May 1999, 64 percent of the region's welfare recipients lived in the District, while 15 percent lived in Prince George's County. In 1996, the District and Prince George's County had the most single-parent households with children, Also in 1996, 30.1 percent of District households, and less than half of the families living in Alexandria, and Prince George's, Frederick and Arlington counties earned more than \$50,000 s year, compared to 71.3 percent in Fairfax County, 66.4 percent in Montgomery County, and 61.1 percent in Loudoun County.

THE RACE DIVIDE In 1996, the District of Columbia and Prince George's
County had 70 percent of the region's
black population and 57 percent of
the region's non-white population, but
only 32 percent of the region's total
population. The region is becoming
more racially and ethnically diverse,
however. Other jurisdictions, such as
Arlington, Alexandria and Montgomery and Feirfax counties, saw significant increases in their non-white
populations from 1990 to 1996.

• THE SCHOOL DIVIDE In 1997, the

- District of Columbia and Prince George's County had 32 percent of the region's public school students, but 55 percent of the region's lowincome students and 62 percent of the region's black and Latino public elementary school students. In 1996, there were 75 public schools in the region with more than three-quarters of their students eligible for free or reduced cost lunches. All but three were in eastern D.C. There were 53 public schools in the region with roughly half to three-quarters of their students eligible for free or reduced cost lunches. Thirty-nine of these were in older suburban neighborhoods, including 20 in Prince George's County, and nine in Arlington.
- The Job Divide As of June 1998, the
 District had 24 percent of the region's
 jobs, while the suburbs outside of the
 Capital Beltway were home to half of
 all regional jobs and two-thirds of all
 suburban jobs. Yet, the areas with the
 densest concentrations of jobs are

- mostly found in the central city, Arlington and Alexandria, and near the Capital Beltway.
- THE TRANSPORTATION DIVIDE Of the \$2.8 billion spent on major highway improvements in the Washington suburbs between 1988 and 1998, 10 percent of the public funds went to improving roads inside the Capital Beltway, while 80 percent went to roads outside of the Beltway.
- Other Consequences of Growth For three years, the Washington region has been ranked the second most congested metropolitan area in the country, behind Los Angeles. In 1996, the region also ranked first for the number of hours a person wastes sitting in traffic.

Loudoun County projects needing 22 new schools in the next six years; Prince George's County needs 26 new schools in the next 10 years. Fairfax County has 14,000 students learning in 550 trailers. In addition to needing more classrooms, the "big three" subarban counties are also seeking additional funds to renovate older schools.

From 1970 to 1990, the population of the Washington region increased by 35.5 percent, while the amount of land used for urbanized purposes (houses, shapping centers, office buildings, parking lots, etc.) increased by 95.7 percent, or almost two and a half times as fast.

b. Implications

THE EASTERN PORTION OF THIS REGION BEARS THE BURDEN OF POVERTY. Washington, D.C. and Prince George's County bear the highest costs — fiscally and socially — of housing the region's poorest families and children. Even affluent households in northwest Washington and east Prince George's County cannot escape the price of higher povery, which they pay in higher taxes and reduced services. Artington County and Alexandria also have a relatively large proportion of low-income and working families.

THE WESTERN PART OF THE REGION ENJOYS MOST OF THE FRUITS OF PROSENTY. Wealth and prosperity primarily benefit those living west and north of the central city, in Fairfax, Montgomery, and Loudoun counties as well as other communities outside of the Capital Beltway. These jurisdictions have high proportions of their residents earning more than \$50,000 and have become the location of choice for now firms.

THE DIVISIONS IN THIS REGION CANNOT BE EXPLAINED AS "CITY VERSUS SUB-URB." Because the rough dividing line cuts through many counties and the central city itself, the region cannot be described as strong suburbs surrounding a weak city, nor even as strong outer suburbs ringing a weak urhan and inner suburban core. Many sections of the District and inner suburban communities are facing economic and sucial challenges, but the other parts of the District and those suburbs are affluent.

THESE POLARIZING PATTERNS HURT
PAST-GROWING COUNTIES. Growth is
not only a concern of the communities
that are struggling economically and losing residents. Fast-growing counties are
straining to provide new schools, services, and infrustructure while preserving
open space and protecting the environment. Of all of the sreu's jurisdictions,
Prince George's County is in the toughests bind; it must deal with both the high
costs of social distress in inner Beltway
communities and the high costs of new
growth elsewhere in the county.

THE PATTERNS OF EXTENSIVE GROWTH IN SOME COMMUNITIES AND SIGNIFIC CANTLY LESS GROWTH IN OTHERS ARE INEXTRICABLY LINKED. Poor neighborhoods with high costs, low services, and poor-performing schools push out families with resources, who move to the edges of the region. As these families feave, so do jubs, services, and businesses. This flight only further weakens already struggling places and puts more pressures on other, fast-growing jurisdictions. Another factor pushing families to the water edges of the metropolitan region and exacerbating the crowding and congestion there is high housing prices in many affluent communities, including the northwest quadrant of Washington, D.C., North Arlington and other places on the west side of the region. Most families cannot afford to live in these expensive, centrally located neighborhoods, so they move to the region's edge.

2. A REGION WITH RESOURCES

The divisions in this region may seem intractable but Washington has the assets to bridge them. In the 1990s, the region as a whole has experienced dramatic population gains, with accompanying job growth and rising median household incomes. Despite federal government downsizing, the Washington area's economy has been expanding steadily. Capital investment is rising,

and the region's housing, retail, and office markets are among the hottest in the country, Philanthropic giving, from traditional foundations and corporate leaders, is growing. The region has seen remarkably low unemployment rates, declining poverty levels, and less crime.

This region is home to the federal government, a major employer that will not relocate, and a tourism industry that is the envy of other cities. Unlike other metropolitan areas, this region's task is not bailing out a failed central city. The District, despite its challenges, is a city with traction in the new economy, a high concentration of jobs, and many neighborhoods that are attractive to businesses and residents. The regional economy is now diverse and, thanks to the area's three major airports, it is globally competitive. Poverty here, while deeply troubling, is not as severe or as concentrated as in other communities. The divisions in this region are serious, but not so deep that the strong economy cannot lessen them. Also, despite the complexities of including two states, a unique city with many state-like powers, and a closely-involved federal government, the Washington metropolitan area has a low degree of local fragmentation. Unlike in other regions, the political leaders from each of the area's jurisdictions can actually sit around one table and build regional collaborations and coalitions much more easily than other places.

3. A REGION THAT CAN GROW SMARTER

All of the jurisdictions in the region, no matter what their social or economic condition, are linked. One reason that low-income families live in the eastern part of the region is that there is almost no affordable housing elsewhere (Montgomery County is an exception). This initial imbalance can spark a chain reaction of increasing instability and the subsequent flight of families with resources. As poverty and distress increase in one community, and as schools cease to be able to educate students, families and businesses flee to the edges of the metropolitan area, further weakening older communities. accelerating the decentralization of the region's economy, and creating additional crowding in schools and on roads. Another factor feeding growth on the fringe is the high cost of housing in many affluent, centrally located western areas. Families who cannot afford to live in these communities also head to the region's edge or remain in neighborhoods with cheaper housing, Leaders in this region must understand that the problems of explosive growth in one half of the region and little growth in the other are inextricably linked, and must be solved together.

In fact, these problems are often linked in another way, because many if not all Now is the time to begin that search, for two reasons. First, issues of traffic congestion, school overcrowding and loss of open space have become central elements in regional (and local, and individual) conversations, and have led to some policy changes. The State of Muryland has been a leader in defining and implementing smart growth policies. Individual counties in Southern Maryland and Northern Virginia have taken steps to manage growth, imposing impact fees and even moratoriums on development in communities already struggling with overcrowded schools. Community groups, faith-based organizations, and environmentalists have organized around regional growth and workforce strategies. High-tech and other business leaders have rallied around a regional agenda involving transportation, education, and workforce development. However, the proposed and enacted solutions to these problems have not addressed the full range of forces that shape our region's patterns of growth and opportunity. Secand, this region will continue to gain jobs and people and consume more land. If our regional divisions widen as growth proceeds, it will be difficult if not impossible, to create a region that is competitive, prosperous and livable.

Excellent Summer

REPORT BACKGROUND

A number of studies have been conducted on different aspects of the greater Washington region. Some separately examine social, economic, and demographic trends, others focus on the region generally or the District of Columbia in particular. This report brings together some of the best knowledge of this region and introduces new research to show how the health of each jurisdiction here affects the overall metropolitan area. But this report is by no means comprehensive. It tries to link trends, such as social isolation, school composition, and traffic congestion, that are normally not discussed in tandem.

This report is based on a longer report entitled, "Washington Metropolitics" by researcher Myron Orfield and his Metropolitan Area Research Corporation. Orfield, a Minnesota state representative and metropolitan researcher, has mapped and documented the social, economic, and demographic trends in 22 regions across the country. This report supplements Orfield's analysis of the Washington region with the Urban Institute's most recent findings about job growth in the region and with the Greater Washington Research Center's latest analysis of census figures on the social and demographic trends in this region.

This project examined trends in the following communities of the greater Washington region: four counties

in Maryland (Charles, Frederick, Montgomery, Prince George's); four counties in Virginia (Loudoun, Prince William, Arlington, Fairfax); five independent cities in Virginia (Alexandria, Fairfax, Falls Church, Manassas, Manassas Park); and the District of Columbia. This region of study is smaller than the Census-defined Washington MSA (which also includes Stafford and Calvert counties). But this region expands upon the region as defined by the governance boundaries of Washington's primary formal regional body, the Metropolitan Washington Council of Governments, by including Frederick and Charles counties.

This Brookings report will be the first is a series of papers on the future of growth in the Washington region. Brookings will issue studies that build on these trends and identify a range of policy considerations that address such pressing issues as transportation, affordable housing, and workforce development.

The report includes: (1) an overview of the region's economy, how it has performed and evolved in recent years; (2) an examination-trend by trend, map by map-of growth in metropolitan Washington; (3) a summary of what the response has been to date in the region to address some of the concerns around growth; and (4) thoughts about how this region can begin to frame its vision and efforts for building a vibrant region. The report also provides an Appendix of tables, which support its main findings.



THE BENERALDS ENGINE HOW CANNOT ON GROVE SEE ARTHOUGH THE POLIS

A Profile of the Region*

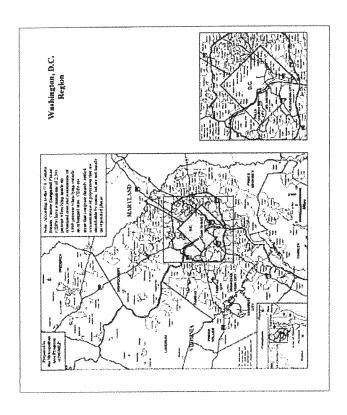
DEMOGRAPHICS			Economics												
Population Washington Region			Average Annual Pay Washington Region	Nation	Gross Regional Product (GRP) in billions										
1990 3,923,574 1996 4,201,738 1998 4,308,853			1996 \$36,383	1996 \$29,686	Washington Region 1996 - \$189.0 1997 - \$194.0										
Racial Composition			Poverty Rate Washington Region	NATION	1998 \$200.8										
Washington Region White Black Asian		1996 % 62.4% 28.1% 5.9%	1990 6.3 % 1996 4.3 %	1990 13.5% 1996 13.7%	Office Vacancy Rate 1999 Washington Region Nation 7.5% 9.0%										
Other	2.5%	3.5%	Unemployment Rate	:	7.0%										
			WASHINGTON REGION	NATION											
NATION		1996 %	1990 3.2%	1990 5.62%	Permits for New Home										
White	83.9%	82.8%	1996 3.9%	1996 5.40%	Construction										
Black	12.3%	12.6%	1998 3.2%	1998 4.48%	Washington Region										
Asian	3.0%	3.7%			1990 24,621										
Other	0.8%	0.9%	Jobs Created		1996 31,015										
Households Washington Region 1990 1,460,785			Washington Region 1989-90 16,900 1995-96 17,500		1998 37,603										
1996 1,583,696			1996-97 56,700 1997-98 66,100												

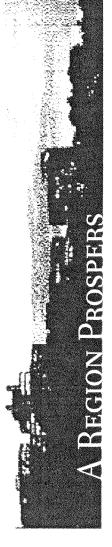
^{*}These statistics are for the Washington Metropolitan Statistical Area, which also includes Stafford and Calvert counties.

ATT A STATE OF THE CONTRACT OF

ROBERT A STREETING CERTIFIED CHEESE AND SHERWHARMS PICKES

A 7400 AT 100 MIN MINOR





he greater Washing-ton regional econcontinues to flour-ish. Much of the region's prosperity can be attributed to omy is strong and

some of the effects of federal workfurce reductions. Indeed, total employment in the Washington region grew by 12.3 percent from 1990 to 1998. Total jobs stood at 2.5 million in 1998. number of public sector employees—
particularly in the District of Columbin—but, at the same time, federal
outsourring and federal government
spending in the Washington region has aceas ranging from bio-medicine to advanced weaponry. This has cushioned of the technology industry and the pri-vate sector generally and the shifting role of the federal government from a increused steadily, spurring demand for private sector products such as systems in the region. Federal government downsizing has meant a decline in the major employer to a primary customer integration, services, and research in

The population of the region has also grown steadily, from 3.8 million in 1990 to 4.3 million in 1998, making it the 6th most populous metropolitan area in the country. The region's average annual pay is higher than the national average; its poverty, unemployment, and office vacancy rates are lower than the national average. In sum, by nearly all measures, the greater Washington region is thriving.

EXPECTED TO CREATE 82,000 THIS TEAR. CREATED 56,700 NEW JOBS IN 1997, 66,100 NEW JOBS IN 1998, AND 18 TO RISE. THE WASHINGTON REGION THE NUMBER OF NEW JOBS IN THE WASHINGTON REGION CONTINUES

its shape and role, the private sector has grown steadily, and now represents 78.5 percent of the regional fob base, up

As the federal government has changed

sector is creating jobs in the region at a much faster pace—more than ten times faster—than the public sector.

from 60 percent in 1968. The private

Washington is moving away from its "company town" past—the "company" being, of course, the federal guvernment. after the elimination of 60,000 area federal jobs since 1993. The federal government's spending contributed 34 percent economic presence in this region, even The federal government is still a major of the area's gross regional product in 1997, and this percentage has stayed fairly constant since the mid-1980s.

hit by federal downsizing, is seeing over-all job growth, thanks to increases in

Even the District of Columbia, hardest

TIONS (INFOCOMM) INDUSTRIES WERE THE FASTEST GROWING INDUSTRIES IN Тив імбойматюм амо сомминіса-THE REGION. procurement as the major form of federal spending in the area. From 1984 to 1997, federal procurement spending in Payroll has, essentially, been replaced by the Washington region grew by 182 per-

Comm jobs in the region—and this number includes only information and evamunications jobs, and not the was number of other regional technology related jobs in fields like aerospace. tries have established themselves as major regional economic engines. By 1998, there were at least 344,500 Info-Since the 1980s, the InfoComm indos defense systems, and biomedicine.

tends to increase the private sector's abil-ity to attract new customers outside the region, and boost its export capabilities.

across the country. Payroll and procurement money have different effects in the local economy. Procurement spending

cent, but only increased 9.3 percent

ating jobs at a fairly rapid clip, it also has a strong "multiplier effect," meaning that each new InfoComm job leads to The InfoComm industry not only is crethe creation of another job in another industry in the Washington region. The 56,600 InfoComm jobs that were created from 1992 to 1998 led to 67,300 other private sector jobs in the area. private employment. While the District of Columbia lost 3,000 government jobs between April 1998 and April 1999, it added 4,600 private sector jobs, for a total gain of 1,600.

The greater Washington region leads the nation in internet services, and has the second largest number of technology workers in the nation, after Silicon Valley in Californiu.

MEDIAN INCOME, HOUSING SALES, AND COMMERCIAL CONSTRUCTION LEVELS—ALL INDICATORS OF ECONOMIC HEALTH—LOOK VERY STRONG FOR THIS REGION.

Median household income rose from \$23,858 in 1980 to \$48,900 in 1990 to \$57,200 in 1998 (not adjusted for inflation).

Home sales in the first quarter of 1999 rose by 10.2 percent over the same period in 1998. Almost 19,000 new units were sold in 1998, up 22 percent from 1997. Last year, more homes were sold in the Washington region than in any other metropolitan area in the country.

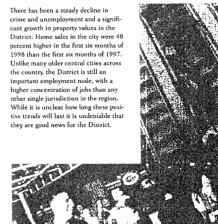
In 1997, commercial construction of office space and other non-residential buildings totaled 21.2 million square feet, which was valued at more than \$1.8 billion. This represents an 8 percent increase over 1996, the year in which both the MCI Arena and Jack Kent Cooke Stadium were built. Office space dominated the construction in the inner ring suburbs, while retail space grew the most in the outer suburbs.

THE WASHINGTON REGION'S UNEM-PLOYMENT RATE DROPPED TO 2.3 PERCENT IN APRIL 1999, THE LOWEST LEVEL SINCE 1980.

The suburban unemployment rate dipped down to a low 1.9 percent, creating labor shortages in all sectors, while the unemployment rate in the District dropped from 8.6 percent (or 23,100 unemployed) in April 1998 to 6.3 percent (or 16,900 unemployed) a year later.

The region's prosperity includes the District of Columbia.

To be sure, the District of Columbia has steadily lost population-11.1 percent between 1990 and 1996. However, an Urban Institute study points out that the loss in that six-year period was unusually high for the District, and resulted not so much from more people moving out of the District (annual rates of outmigration changed little from the 1980s and 1990s) but from significantly fewer people moving into the city from outside the region. The researchers suggest that this drop may have resulted from the spate of negative publicity about the District that was quite widespread in the early 1990s. Thus, it is possible that the worst population losses are behind the city.



es Brites Per Year in Green sern Carrier

A REGION DIVIDED



ost of the counties and jurisdictions that make up the greater Washington - region have

benefitted significantly from the hot economy of the 1990s. The region as a whole is setting records on a range of positive economic indicators, and individual jurisdictions are also doing very well. Even the District of Columbia has slowed its population loss, its downtown is bustling well into the evening, and there is a homebuying boom in some of its neighborhoods.

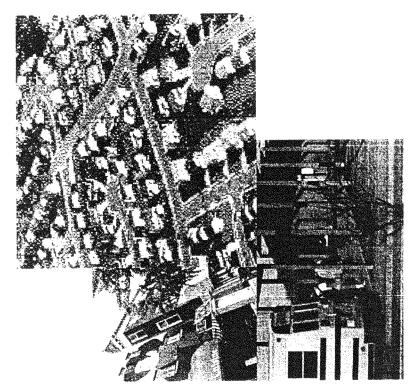
But the story of growth in this region does not stop there. Overall prosperity masks a more troubling trend of socioeconomic distress in particular areas of this region. The struggles these communities face, economically and demographically, do not show up in aggregate statistics. In a region composed of very large counties, three of which are nearing one million residents, county-wide

indicators do not provide a precise account of all that is happening inside these county borders.

This report attempts to uncover the other story of growth in the Washington region. This section relies principally on the work of Myron Orfield, a Minnesota state representative and metropolitan researcher who has analyzed 22 metropolitan areas around the country and has visited many more. Orfield has mapped various demographic and market trends in the Washington region using indicators, such as census tract and elementary school level data, that give a detailed picture of the growth patterns in this metropolitan area. This section of the report also draws from the work of demographer George Grier at the Greater Washington Research Center and Mark Rubin and Margery Austin Turner at the Urban Institute.*

Orfield's maps starkly depict a region that is divided-by income, race, job growth, and type of public investment. For the most part, the half of the region that extends west of 16th Street, NW in

"The maps, churts, and table that support this region's trends are provided in the body and Appendix of this report.



Washington, D.C., and west of 1-95 in Maryland and Vigniai, is resping most of the benefits of the strong economy It is the half that is bome to most of the middle-to upper-income families, the nave economy tobs and businesses, and retail and commercial growth. By contrast, the enamunities ested I folth. Street, IW, and 1-95, including portions of Adington and Alexandria and Prince George's County have most of the area's poor busishedids, minority families, and struggling schools, There are a few exceptions to this east-west division: a number of neighborhoods in Monteconding social and economic challenges, and the portion of Prince George's County that is outside the Cuptini Belsevery in vivo socially and economic challenges, and the portion of Prince Cuptini Belsevey is not socially and economically distressed.

This is a complicated region, and hard numbers cannot adequately convey the restore of ille in the places we describe in this report. Communities are defined by much more than median income, or job growth, or powerty levels. But there is no denying the powerful story these maps convey, Wishington is a region divided.

CHARLES STORY

THE INCOME DIVIDE: POVERTY

THE TREND:

At the end of 1996, approximately 175,000 persons, or 4-3 percent of the region's population, lived in poverty. Nearly half of the region's poor lived in the District.

Grier's analysis shows that while the number of persons in poverty in the Washington region declined by 27.5 percent between 1990 and 1996, approximately 45 percent of the region's poor are now concentrated in the District of Columbia. In 1996, nearly 15 percent of the District's residents, approximately 80,000 persons, lived in poverty.

In 1990, NEARLY ALL OF THE REGION'S HIGH POVERTY NEIGHBORHOODS WERE LOCATED IN EAST WASHINGTON, D.C.

By mapping poverty by census tract, Orfield shows precisely where poverty was located in 1990 in each of the jurisdictions. While poverty has dropped in the region, the map shows that nearly all of the high poverty neighborhoods are located on the east side of the District, with the rest are found in Prince George's County, and portions of Alexandria, and Arlington and Frederick counties. Of the 10 extreme poverty tracts ("extreme" indicating that 40 percent or more of the population is poor?, all were located in east Washington, D.C. Of the 65 tracts that were 20 to 40 percent poor, 55 were in the District and the rest were in the suburbs.

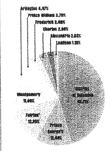
As of May 1999, 64 percent of the region's welfare caseloads were concentrated in the District.

In May 1999, there were 29,000 families receiving welfare benefits in this region. Welfare caseloads have declined here, as they have across the country, but they are becoming concentrated in the District. The second largest concentration—15 percent—is in Prince George's County. The remaining cases—20 percent—are scattered throughout the other suburbs. While welfare caseload declines are not an accurate measure of welfare reform's success, the distribution of caseloads does indicate something about access to economic opportunity.

WHAT THIS MEANS:

Poverty has some obvious detrimental consequences for individual households and particular neighborhoods. But being home to large numbers of poor people also places serious financial burdens on entire jurisdictions. A series of studies from the Wharton School at the University of Pennsylvania has shown that, despite receiving federal anti-poverty aid, cities with high levels of poverty have to spend more of their own revenues on direct poverty expenditures (e.g. welfare, public health, and hospitals) than do jurisdictions with low poverty. Poverty also drives up the cost of providing other services like police, schools, courts, and fire protection. As two Wharton scholars concluded, "This reduces the resources cities have to serve nonpoor residents and increases the tax rates they have to charge all their residents." That means all the residents and businesses in the District of Columbia are paying for the costs of high poverty, at the expense of better services and infrastructure.

SHARE OF WASHINGTON REGION'S PERSONS IN POVERTY, 1996 (IN RANKING ORDER)

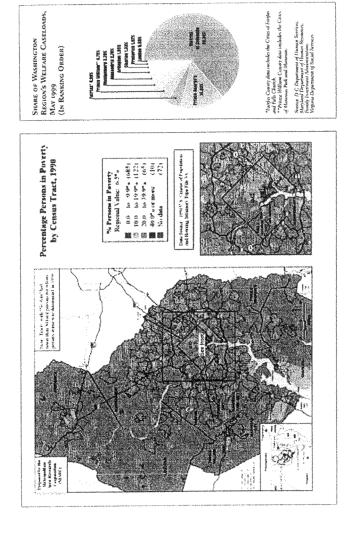


*Finisfux Counts dust includes the Cities of Finisfus and Fulls Cleurch.

**Pfrince William County data includes the Cities of Manuscous.

Source: 1990 - U.S. Census of Papalation; 1946 -Greater Washington Consumer Survey Analyted and computed by the Greater Washington Research Center; Griet, George, Wilesbirgton Jone Growth and Change in the 19905; 1998.

HON DINGSHOOT THE BEAUTION OF GREENESS OF GREATER WANTERS



Bernen Bereich

THE INCOME DIVIDE: SINGLE PARENT HOUSEHOLDS

THE TREND:

IN 1990, NEARLY ALL OF THE COMMUNITIES WITH A HIGH PERCENTAGE OF FEMALE-HEADED HOUSEHOLDS WITH CHILDREN WERE LOCATED WITHIN THE DISTRICT AND PRINCE GEORGE'S COUNTY.

Orfield found that, in 1990, approximately 19 percent of all households with children in the region were headed by single mothers. However, as his map shows, nearly all communities with female-headed households comprising more than 33 percent of their families were found in the District and Prince George's County. Forty-seven percent of the District's families were singlemother families, while two communities in Prince George's County actually had a higher percentage of female-headed households with children than Washington, D.C .- Dodge Park (51.8 percent) and Palmer Park (54.9 percent). Other neighborhoods in Prince George's County with high proportions of femaleheaded households with children included Seat Pleasant (46.5 percent),

Suitland-Silver Hill (44.3 percent), and Oxen Hill-Glassmanor (38.3 percent).

The map also shows that there are a number of census tracts in Arlington and Alexandria and along the major interstates of Montgomery and Fairfax counties that have over 19 percent of their households with children that are female-headed.

BY 1996, THE DISTRICT AND PRINCE GEORGE'S COUNTY CONTINUED TO HAVE THE HIGHEST PERCENTAGE OF SINGLE-HEADED HOUSEHOLDS WITH CHILDREN IN THE REGION.

The Greater Washington Research Center tracked single-headed households with children—80 percent of which are headed by women. In 1996, the District of Columbia and Prince George's County had the highest number of single-headed households with children in the region (at 28,031 and 35,66, respectively) as well as the highest percentage of such families as a share of their households (at 12.1 percent and 12.7 percent, respectively).

District and Prince George's County had nearly half (48 percent) of the region's single-parent households, even though they make up only 32 percent of the region's total population.

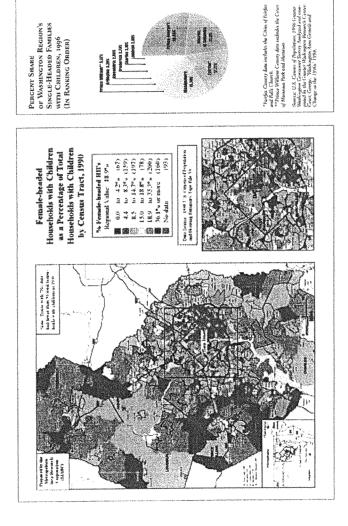
BETWEEN 1990 AND 1996, THE DISTRICT AND SOME OF THE OUTER SUBURBS SAW A DROP IN THEIR PERCENTAGE OF SIN-GLE-PARENT FAMILIES, WHILE THE INNER-RING SUBURBS EXPERIENCED CAINS IN THESE HOUSEHOLDS.

According to Grier, the District lost approximately 8,120 single-parent households between 1990 and 1996, a 22.5 percent drop. As a share of all households, the percentage of single-headed households with children dropped in the District (by 2.4 percentage points) and in Charles, Frederick, and Prince William counties (by an average of one percentage point), hut grew slightly in Alexandria and Arlington, Fairfax, Montgomery, and Prince George's counties by, on average, half of a percentage point.

WHAT THIS MEANS:

While the percentage of single-parent households grew slightly in the innerring suburbs, female-parent households are primarily concentrated in the eastern part of the central city and in the
close-in portions of Prince George's
County, While single-headed households may not necessarily live in poverty,
they clearly have more challenges than
two-parent households with children. In
1997, the median household income for
a married couple with children was
\$51,681, for a single father \$36,634,
and for a single mother \$23,040.

87.7



THE INCOME DIVIDE: MEDIAN INCOME

THE TREND:

IN 1996, HOUSEHOLDS EARNING MORE THAN \$50,000 WERE THE MAJORITY IN ALL JURISDICTIONS BUT THE DISTRICT. ALEXANDRIA, AND ARLINGTON, FREDER-ICK, AND PRINCE GEORGE'S COUNTIES.

Grier found that in 1996, the District had the lowest percentage in the region of households earning more than \$50,000-at 30.1 percent. In fact, the District was the only jurisdiction in the region that lost middle- and upper-class families between 1990 and 1996. The highest percentages of middle to upper income households were in Fairfax County (71.3 percent), Montgomery County (66.4 percent), and Loudoun County (61.1 percent).

Between 1990 and 1996, the region experienced a 25 percent gain in the number of families earning \$50,000 or more. The District lost households in this income bracket, albeit only a few-327 families.

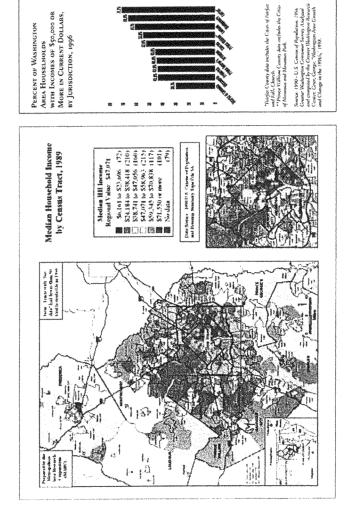
IN 1489, THE MAJORITY OF HOUSEHOLDS EARNING LESS THAN THE AREA MEDIAN INCOME WERE LOCATED IN THE EAST QUADRANTS OF THE DISTRICT, THE INNER PART OF PRINCE GEORGE'S COUNTY, AND THE FARTHER SUBURES OF FREDERICK, LOUDOUN, AND PRINCE WILLIAM COUNTIES.

According to Orfield's 1989 census-tract level map, the majority of households earning less than \$47,071 (then the median household income) were concentrated in the central and eastern core of the region. The District's median household income in 1989 was \$30,727, or about 65 percent of the area median. There were ten individual communities that had lower median household incomes than the District: nearly all of these were in Prince George's County, including Langley Park (\$29,570) and Dodge Park (\$23,630). There were also nine communities in the region that had median household incomes above \$90,000, including three above \$100,000. All but one of these

very affluent communities were located north or west (or both) of the District, such as Great Falls (\$102,780) and Chevy Chase Village (\$128,160).

WHAT THIS MEANS:

Higher-income families live in the region's western half, while working families earning less than the area median income are concentrated in the central city and in the communities immediately east of the District. The portion of Prince George's County that is beyond the Capital Beltway is the exception to this pattern.



cents Dressupp

The Race Divide

THE TREND:

IN 1996, THE DISTRICT OF COLUMBIA AND PRINCE GEORGE'S COUNTY MADE UP 32 PERCENT OF THE REGION'S TOTAL POPULATION, BUT HAD 70 PERCENT OF THE REGION'S BLACK POPULATION AND 57 PERCENT OF THE REGION'S NON-WHITE POPULATION.

According to Grier's table, in 1996, 63.5 percent of the District's population was black and 68 percent was non-white. For Prince George's County, those proportions were 62 percent and 69 percent, respectively. The communities with the next highest percentages of African-American residents were Alexandria (26.8 percent), Churles County (21.2 percent), and Montgomery County (15.8 percent).

BETWEEN 1990 AND 1996, ALL OF THE JURISDICTIONS IN THE REGION EXCEPT THE DISTRICT, SAW AN EXPLO-SIVE GROWTH OF AFRICAN-AMERICAN, LATINO, ASIAN, AND IMMIGRANT FAMILIES.

According to Grier's tables here and in the Appendix, between 1990 and 1996, the District lost 11 percent of its population and 14 percent of its non-white population. The total population of Arlington and Alexandria rose 3.3 percent during this period, while the number of minorities grew by 28 percent. Alexandria, in particular, saw its non-white population leap to 40.5 percent in 1996.

Montgomery County's overall population and minority population grew by 8.4 percent and 36 percent, respectively. The percentage of non-white persons in the county jumped to almost 30 percent by 1996.

WHAT THIS MEANS:

FIRST, THESE TRENDS DEMONSTRATE THAT THE REGION IS STARKLY DIVIDED BY RACE. Even though the racial composition of many counties is changing, no other jurisdictions in the region have anything close to the percentages of minority families found in Washington, D.C. and Prince George's County. There is no denying that, with 70 percent of the area's black population residing in the District and Prince George's County, this is a racially segregated region. While the reasons for the racial divide are not clear, many studies have documented that the segregation of African-Americans across the country has remained high. In American Apartheid, authors Douglas Massey and Nancy Denton found that segregation levels were almost as high for afflittent and middle-class blacks as for poor blacks, and that blacks were more segregated than other racial groups, even if those other groups were mostly poor. For instance, in 1980, in the Los Angeles metropolitan area, wealthy African-Americans were more segregated than poor Hispanics.

Some have wondered whether the eastward migration of Washington area African-Americans is related to job growth in Howard and Anne Arundel counties. According to the latest commuting patterns from the Washington Council of Governments, the answer is no. Even the most mobile of workers, those with cars, primarily travel to jobs within their jurisdiction of residence or to the adjacent county. For instance, in Mantgomery County, 50 percent of commuters traveled to jobs within the county, 30 percent to Washington, D.C., 6 percent to Fairfax, and I percent to Howard. In Prince George's County, 41 percent of workers with ears drove to jobs within the county, 32 percent to the District, 8 percent to Montgomery, 4 percent to Fairfax, 3 percent to Ann Arundel, and 1.3 percent to Howard County.

SECOND, THE WASHINGTON REGION IS BECOMING INCREASINGLY DIVERSE. The greatest growth in minority or non-white populations occurred in the inner ring suburbs and some newly developing counties, like Loudoun. Some of this is partly due to the high levels of immigration in this region. The Washington area is the fifth most popular destination point for immigrants to the U.S., most of whom are not moving into the city as their predecessors have, but are primarily locating in the suburbs.

The foreign-born residents of the Washington region have a wide range of educational backgrounds, resources, and earning power. In 1970, one in 22 residents in the Washington region were foreign born: today, it is one in six. The community around Columbia Pike in South Arlington (zipcode 22204) has the largest concentrations of immigrants in the metropoliton area. The Aspen Hill-Silver Spring-Wheaton cummunity in Maryland (zip 20906) is the region's most foternationally diversionally div

1 5

BY JURSIDICTION, 1996	goograd to	Prioza welliose" 50;	XX expressed	Contract 25	Predente II				7000	Parter.	ń		Samuel						*Fairface Connety data includes the Cinios of Frinface	and Fulls Glovek, "Prince William County shets encludes the Cites of Manuscan Park used Monuscons.	Source: 1990 - U.S. Caeuse of Population, 1996 - Current Michigan Cumarane Nature, Amulicad and compared by the Creater Underagion Research Center Grace George, Usblangson Area Graved well Change in the 1990's, 1998.	
9	9661	2 9 9	9,0,10	40.5%	27.5%	32.7%	*******	32.9%	29.1%	49.0%	39.1%		24.7%	8.6%	13.6%	20.1%	¥8-91	38.5%		navnaglijki integranaje. Ni	almaines accommission and accommission of the control of the contr	
Non-White	1990	70.40	6	30.8%	23.5%	26.4%		18,4%	23.2%	\$6.9%	32,0%		20.7%	6.7%	25,01	16.4%	13.8%	34.9%				
	1996	3	0.0-4	6.0%	9.3%	8.0%		3.1%	4.5%	3.1%	3,6%		2.6%	1.3%	2.5%	3.0%	2.4%	3.5%				
Other	1990	3.76	* * * * * * * * * * * * * * * * * * * *	4.5%	6.2%	2,6%		2,4%	3.8.7	2.4%	2.5%		1.3%	0.5%	0.8%	1,9%	1.2%	2.6%				
fic Is,	9661	9		7.8%	7.3%	7.5%		10.4%	8.9%	368	7.9%		26.0	1.5%	4,0%	3.6%	2.6%	6.1%		1998		
Asian/ Pacific Is,	0661	7994	8 Y	4.2%	8.8%	5,8%		8.3%	8.2%	3.8%	%6.9		1.2%	26.0	2.4%	旅行の	2.1%	5.3%		hund Change,"		
	9661	22 27		26.8%	% OI	17.2%		9.4%	15.8%	46'19	27.7%		21.2%	88'5	7.1%	13.6%	18.7%	28.9%	*	lion item Greeced		
Blacks	1990	26.54		22.1%	10.5%	15.1%		7.6%	12,2%	50.7%	22.6%		18.25	5.3%	7.3%	11.3%	10.3%	27.0%	for. etk wad Meness	corge, Waking		
ż	9661	32.3%		\$5.65	72.5%	67.3%		77.1%	70.9%	31,0%	26.09		75.3%	91.4%	86.4%	79,9%	83.1%	61.4%	draweds and Kai of Manasas P	ation; Gree, G		
White	0661	29.6%		69.28	76.5%	73.6%	burbs	81.6%	76.8%	43.1%	68.0%		79,3%	93,3%	89.5%	83.6%	86.2%	65.1%	ities of Fells C des the Cities	anas of Papal		
All more with		Central City District of Columbia	Core Suburbs	Alexandria	Arlington	Total Core Suburbs	"Big Three" Inner Suburbs	Paichas	Montgomery	Prince George's	Total "Big Three"	Outer Subarbs	Charles	Frederick	Loudous	Prince William **	Total Outer Suburbs	Metro Area Total	*Friefer data mytudes the Cities of Felis Charek and Fairfax. **Prace William data includes the Cities of Mansam Perk und Mansara	Sours: 1999, 1998 U.S. Cemas of Psychetisins Gires, Userge, "Nakhegnes I'ne Grooth und Change," 1958.		

THE SCHOOL DIVIDE: CLASS

THE TREND:

IN 1997, THE DISTRICT OF COLUMBIA AND PRINCE GEORGE'S COUNTY HAD 32 PERCENT OF THE REGION'S PUBLIC SCHOOL STUDENTS, BUT 55 PERCENT OF THE REGION'S LOW-INCOME PUBLIC SCHOOL STUDENTS.

According to Orfield, in 1997, approximately 31 percent of the region's elementary and secondary school students were eligible for free and reduced cost meals. However, four school districts in the region had a higher percentage of students eligible for lunch subsidies than the area's overage—the District of Columbia (73.4 percent), Alexandria (51.2 percent), Arlington (42.7 percent), and Prince George's (40.8 percent).

In 1996, 75 public schools in the region had over 75 percent of their students qualify for free and reduced cost meals (shown in the red flags on the map). While most of these schools were located in the District, three were in the inner-ring suburbs: one in the Kentlands community of Prince George's County (75,2 percent), one in south

Arlington (76.5 percent), and the other near the edge of Adelphi in Montgomery County (80.4 percent).

There were 53 public schools in the region that drew between 54.2 percent and 73.5 percent of their students from poor families (orange flags). Of these schools, 39 (or 74 percent) were located in older suburbun neighborhoods, primarily in Arlington (9 schools) and Prince George's County (20 schools). The schools with almost one-third to one-half of their students from low-income households were found in Fairfax and Montgomery counties (marked by yellow flags).

WHAT THIS MEANS:

Information about students eligible for free and reduced-cost meals gives a finer and more accurate picture of the socioeconomic health of different neighborhoods within large jurisdictions than do other indicators for three reasons.

First, federal lunch subsidies may be a more reliable measure of distress than

the poverty level, simply because the poverty level is very low: \$16,276 for a family of four as of 1997. A focus on only those families officially below the poverty level ignores the other families earning slightly more who are subject to many of the same difficulties as the officially poor. Therefore relying on poverty levels underestimates the amount of distress in a community or in a school population. In order for students to be eligible for reduced cost meals, their families' income level must not be above 185 percent of the federal poverty level. For the 1999-2000 school year, children in a Maryland family of four earning up to \$21,710 are eligible for free meals, while those whose family income is less than \$30,895 annually receive reduced cost lunches.

SECOND, school populations more or less mirror the populations of the neighborhoods in which the schools are located. Thus, individual school level data is a finer measure of a community's health than purisdiction-wide figures (Prince George's County is probably an exception: its court-ordered busing system, which ended in 1998,

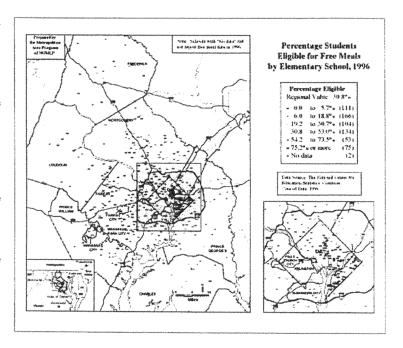
somewhat weakened the neighborhoodschool link.)

THERD, schools with high proportions of low-income students have a significant impact on where families with children choose to live. As Myron Orfield wrote in one of his first metropolitan area studies: "Deepening poverty and other socioeconomic changes show up in schools before they do neighborhoods.... Elementary school enrollment patterns therefore sound an early warning of impending flight by the middle class. the first group to leave a neighborhood when schools fail. Perceived school quality is a key factor in attracting or retaining middle-class residents (and the businesses that cater to them), and thus in maintaining property values, which in turn fund schools-in a potentially vicious cycle."

In particular, there is a strong correlation between high percentages of lowincome students in a school and poor performance in standardized tests. In 1999, the Washington Post omussed and published test scores for all elementary schools in the region. A review of this 234

data shows that in the District, for example, the ten public elementary schools with the largest fraction of students scoring "below basic" levels on the math and reading sections of the Stanford 9 test (for the 1997-98 school year) had between 80 and 99.5 percent of their students qualifying for free or reducedcost lunches. All but one of these schools were in Northeast and Southeast D.C. By contrast, the ten public elementary schools that performed best had between 1.4 and 44 percent of their students eligible for free or reduced-cost lunches. All of these schools were in the city's northwest quadrant.

Schools with high proportions of students from poor families are primarily concentrated in the eastern portion of the Washington region—in areas like the eastern part of the District, inner Prince George's County, and some portions of Arlington-but are starting to appear in parts of Montgomery County (alongside the I-270 corridor) and inner Fairfax County. This widening pattern of distress, particularly in the "big three" inner counties, threatens to push families out to the edges of the region, in search of better schools, which will accelerate the decline of older communities and exacerbate overcrowding problems in newly developed areas.



A Bit Carry Objections

THE BROOKINGS INSTITUTION CENTED ON LIBERS AND ACCIONNATION PRICES

THE SCHOOL DIVIDE: RACE

THE TREND:

IN 1997, THE DISTRICT OF COLUMBIA AND PRINCE GEORGE'S COUNTY HAD 32 PERCENT OF THE REGION'S PUBLIC ELEMENTARY SCHOOL POPULATION BUT 65 PERCENT OF THE REGION'S BLACK AND LATINO PUBLIC ELEMENTARY SCHOOL STUDENTS.

In 1997, 45 percent of the region's public elementary schools—or 289 schools—bad a student body that was 48 percent or more African-American and Latino. As demonstrated in Orfield's map, there is nearly a straight line down the middle of Washington, D.C., separating those schools with high minority populations from those with ulmost no black or Latino students. The bulk of the schools with large numbers of non-Asian minority students are in the District, Prince George's County, Arlington, and Alexandria, but a number are also found outside of the Capital Believay.

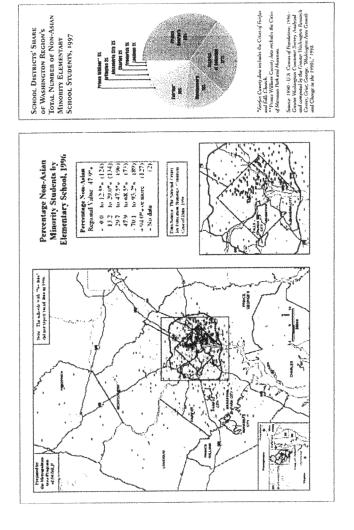
WHAT THIS MEANS:

In the eastern half of the District, in the inner part of Prince George's County, and in parts of Arlington and Alexandria. poverty and race are intertwined. This is also true for select neighborhoods in Fairfax and Montgomery counties. This map and the map tracking students eligible for free and reduced cost mealsboth of which document each public school in the region-are nearly identical. The schools with poor children are also the schools with minority children. These schools struggle to create an effective learning environment for students from distressed families, but they face enormous difficulties. Families with resources, refuctant to keep their children in schools with large numbers of poor children, move away in search of more solidly middle-class schools. This flight of middle-class families from distressed schools only accelerates decline in the neighborhood overall, further weakening communities that are on the edge of instability.

The poverty and race link is broken in the section of Prince George's County that lies beyond the Betlway. The schools in this section of the county educate mostly middle-class, black children. The map thus affirms one positive and one disturbing fact about this region. First, there is a thriving black middle-class here. Second, this region is starkly divided along rucial lines—and this divide is even sharper than the class division.

236

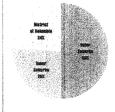
resea Britan Let Nove er tamente a parata Waster



3 Wilson's Davis

IN THE WASHINGTON REGION,

JOB LOCATION



101

THE JOB DIVIDE

THE TREND:

A GROWING SHARE OF THE REGION'S KORS ARE LOCATED OUTSIDE OF THE DISTRICT OF COLUMBIA AND BEYOND THE CAPITAL BELTWAY.

According to a recent Urban Institute study, as of June 1998, the District had 24 percent of the region's jobs, while the suburbs outside of the Capital Beltway were home to half of all regional jobs and two-thirds of all suburban jobs.

The District's share of regional employment dropped from one-third in 1990 to one-fourth in 1998.

BETWEEN 1985 AND 1995, THE WESTERN COUNTIES GAINED JOBS FASTER THAN THE REST OF THE WASHINGTON REGION.

Orfield's first map on the facing page compares the rate of job growth in 20 major employment centers in the Washington region to the metropolitan average rate of job growth, with an index score of 1.0 as the regional average.

Five job centers either lost jobs or grew more slowly than the rest of the employment centers in the region: Downtown D.C.; Crystal City/Pentagon City/Alexandria; Bethesda/Chevy Chase; Downtown Silver Spring, and Central Prince George's County.

The fastest growing job centers in the Washington region are located in the west, northwest, and southwest in Tysons Corner and Reston/Herndon in Virginia and Rockville and Guithersburg-Germantown in Maryland.

THE DISTRICT AND THE SUBURBS INSIDE THE CAPITAL BELTWAY STILL HAVE SOME OF THE AREA'S HIGHEST CONCENTRATIONS OF EMPLOYMENT.

Orfield's second map shows employment per 100 persons, per CAD (COG analysis district) zone as of 1995. It shows that employment is most densely concentrated in the District of Columbia's downtown area, in inner-ring suburbs such as Arlington and Alexandria, and in communities that border the Capital Beltway, like Greenbelt, Maryland, and Tyson's Corner, Virginia.

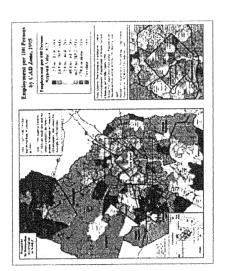
WHAT THIS MEANS:

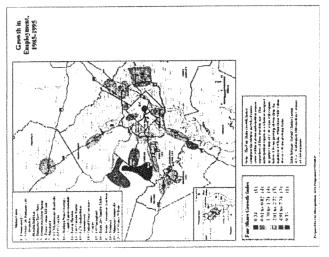
The region's most significant job growth and the biggest proportion of jobs are found not only in the western part of the metropolitan area, but also outside of the Capital Beltway.

As Urban Institute's Mark Rubin and Margery Austin Turner have written. "The District's declining share of the region's jobs reflects three important trends. First, many types of economic activity simply follow population, since individual households are their primary customers. Thus, as population grows in the suburbs, the number of suburban grocery stores, dry cleaners, gas stations, schools, and libraries grow as well, inevitably increasing suburban employment totals. In addition, many of the region's new businesses have located in the suburbs, even if they do not serve a primarily residential customer base. For example, the dramatic growth in hightech businesses over the last decade has brought a large number of new firms to Northern Virginia, not to the District of Columbia. And finally, many employers have left the District of Columbia for

suburban locations over recent decades, some following the "pull" of residential suburbanization and others responding to the perceived "push" of burdensome regulations, high taxes, and ineffective public services within the city."

The first map also shows that job growth centers are located along major highways in the region, such as 1-270, 1-66. 1-395, and the Dulles toll road and its extension to Leesburg. Yet, the areas with the most significant employment growth are not necessarily the areas that have the densest concentration of jobs.





Burns Biye

103

THE TRANSPORTATION DIVIDE

THE TREND:

OF THE \$1.8 BILLION SPENT ON MAJOR HIGHWAY IMPROVEMENTS IN THE WASHINGTON SEBURBS BETWEEN 1988 AND 1998, TO PERCENT OF THE PUBLIC EURDS WENT TO IMPROVING ROADS INSIDE THE CAPITAL BELTWAY, WHILE SO FERCENT WENT TO ROADS OUTSIDE OF THE BELTWAY.

The remaining 10 percent of highway spending went toward fixing up the Capital Beltway itself. Transportation spending data for the District of Columbia were not available.

The attached map provided by Orfield shows only those highway improvement projects (not maintenance) that spent more than \$3 million widening roads, replacing bridges, building new roads, and expanding or enhancing major interchanges outside of the District. Of the \$2.8 billion spent on highway improvements, the most expensive projects—those costing over \$100 million—etcs—those costing over \$100 million—

were all outside of the Beltway. They included work on: 1-95 from the District to the edge of Prince William County (\$341 million); 1-270 from the Beltway through Montgometry County (\$277 million); US-50 in Prince George's County (\$241 million); 1-66 through Fairfax and Prince William counties (\$160 million); and 1-370 in Montgometry County (\$147 million).

WHAT THIS MEANS:

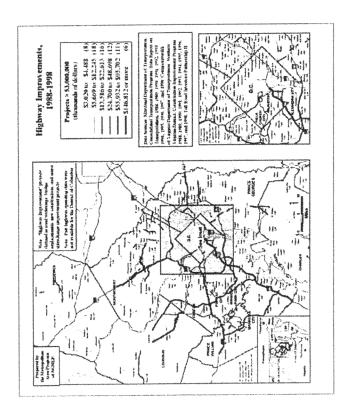
Since transportation expenditures were not available for the District of Columbia, rough estimates on mass transit spending, particularly on projects within the Capital Beliway, were collected to try to get a more honest account of total spending patterns in the region. According to estimates from the Washington Metropolitan Area Transit Authority and media reports, approximately \$2.4 billion was spent on expanding the Metroral line inside the

Beltway between 1988 and 1998. This sum includes funding spent on completed and nogoing efforts to add three new Metro stations on the Green Line, one station on the Red Line, and the recently completed vian Dorn/Franconia-Springfield station on the Blue Line, which borders the Beltway. Other major transportation expenditures not accounted for in the District include the bridge replacement of Whitehurst Freeway and the improvements on the Southwest and Anacostia freeways.

In the absence of more concrete data, it appears that if there is a transportation divide in this region, it arises from the fact that highway monies are primarily going to the farther out suburbs while transit spending is staying in the core. However, it is more important for communities to understand how these different types of investments—highway versus mass transit—affect growth and opportunities in their communities.

The connection between highway spending and growth is unclear—economists differ on whether highways spur growth or have no effect on development. As shown in the maps, the patterns of job growth and highway spending in the Washington region are parallel. Fast-growing job centers are located along 1-66, 1-395, 1-270 corridor, the Dulles Toll Road and the new Greenway extension to Leesburg (the only highway project on the chart that was made possible by private funding)—all of which were either built, widened, or substantially improved in the past 10 years.

Yet, despite all these highway investments, the highest concentrations of jobs are found in employment centers located in the central city, in Arlington and Alexandria, and around the Capital Bellway.



Transport III

The Other Side of the Divide

he greater Washington region has robust growth in the western half and not enough growth in lurge portions of the eastern half. The result is an uneven set of opportunities for families and businesses in the region. But the fastgrowing areas are not clear winners from this pattern of growth and development. While they have welcomed the boost to their economies, these communities have also learned that explosive growth comes with a price.

TRAFFIC CONGESTION IN THE WASHINGTON REGION IAS WORSENED IN THIS PERIOD OF RAPID GROWTH. Concern about congestion, and the time it robs from families, businesses and individuals, comes from all quarters—workers getting to area jobs, parents running errands, trucks making local or cross-state deliveries, and travelers en route to other destinations. Traffic jams are also no longer limited to weekday rush hours, but occur during lunch time and weekends as well. Since 1996, the

Washington region has been deemed the second most congested metropolitan area in the country, lagging only behind Los Angeles. This ranking is up (or down) from 1983, when the Washington region was ranked fifth among major U.S. metropolitan areas for its congested roadways. The region also ranked first in 1996 for the number of hours a person wastes sitting in traffic.

EXPLOSIVE GROWTH HAS EXACERBATED THE PROBLEM OF OVERCROWDED AND CRUMBLING SCHOOLS IN THE REGION. Nearly all school districts, except for the District of Columbia's, have reported that they need to build additional schools to relieve overcrowding in classrooms and to accommodate future growth in their student populations. Loudoun County projects needing 22 new schools in the next 6 years; Prince George's County needs 26 new schools in the next 10 years. Fairfax County has 14,000 students learning in 550 trailers. In addition to needing more classrooms, the "big three" suburban counties are also seeking additional funds to renovate older schools.



OVERBUILDING AT THE METROPOLITAN FRINGE HAS LED TO A DECADE OF STAG-NANT HOUSING PRICES AND PROPERTY VALUES. The over-construction of lowpriced new homes in Washington's outlying suburbs, coupled with a glut of townhouses and condominiums, has kept the selling prices of similar suburban homes down and overall property values in the region stagnant. Sellers in these markets are losing or barely breaking even on their homes, while recent home buyers, many of whom moved out to these communities in search of affordable first homes, are seeing their investments plummet in value.

Despite the high rate of home soles in the late 1990s, home values in the metropolitan area, except for Washington, D.C., and Arlington, have remained flat. For instance, while sales of new single family homes in Northern Virginia rose by nearly 22 percent between 1997 and 1998, the assessed home values in the counties of Fairfax and Loudoun grew by only one percent. According to the latest local real estate reports, home values in the area's other major jurisdictions, Montgomery and Prince George's counties, also increased by less than one percent.

i

105

1 Received Districts. That Actors on Consecutive Conserve Members and

Some local officials are raising property taxes to help pay for more services and schools, which are needed because of new growth. Places like Montgomery, Loudoun, and Prince William counties are struggling to find ways to pay for more services and schools to meet the demands of their new residents, business owners, and companies. This is especially frustrating in Virginia because, unlike in Maryland, local jurisdictions by law are not allowed to access income tax revenues, which have leapt thanks to the thriving economy (the State of Maryland realized a budget surplus in 1999 as a result of the growth in income tax revenues). Instead, Virginia suburbs must rely on property taxes as a primary source of local revenue. With sluggish real estate values, counties in Virginia are stuck with a large tab and a small pocketbook. While local leaders have appealed to their state legislators for more resources, they have also incrementally raised property taxes, in part to help pay for growth (property taxes have risen in most Northern Virginia suburbs to make up for the drop in property values during the recession of the early 1990s). Prince William County now has the highest real estate tax of any jurisdiction in Virginia, and Loudoun County's tax rate-up 20 percent in the last decade-is projected

5 Breats throat

to rise in coming years. Arlington has raised taxes in part to help pay for the changing school needs of their growing immigrant school population.

EXTRAORDINARY GROWTH, PARTICU-LARLY IN THE TECHNOLOGY SECTOR, HAS CHEATED MANY HIGH-SKILLED JOBS BUT NOT ENOUGH WORKERS TO FILL THEM. Business leaders from across the region are struggling to find workers in this extremely tight labor market. Private sector firms are reporting that job postings are staying up for extended periods of time with few responses from qualified candidates. The high-tech industry, both nationally and in the Washington region, is the sector straining the most under these conditions of extremely low unemployment (the suburban unemployment rate in Washington dipped below 2 percent by April 1999). According to the U.S. Department of Labor, the nation will need at least 1.3 million new information technology workers between 1996 and 2006. According to Potomac KnowledgeWays, Northern Virginia alone has 19,000 unfilled technology jobs that represent \$1 billion in unearned wages.

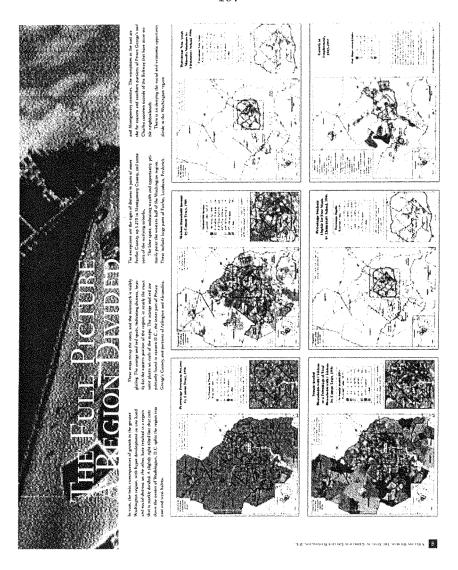
GROWTH CREATES ENVIRONMENTAL STRAINS, WHICH THREATEN THE BEGION'S HIGH QUALITY OF LIFE, From 1970 to 1990, the population of the Washington region increased by 35.5 percent, while the amount of land used for urbanized purposes (houses, shopping centers, office buildings, parking lots, etc) increased by 95.7 percent, or almost 2 and a half times as fast. In the 1980s, the region lost more than 200,000 acres—or the equivalent of five District of Columbias-of farmlands, forest, and wetlands. According to current pace-of-growth projections, Loudoun County will lose the equivalent of four football fields of open space every day over the next 30 years. Each additional acre of paved surface sends 30,000 gallons of water per inch of rain into the nearest waterway. In the watershed area of the Chesapeake Bay, one of this region's natural treasures, there will be more development between 1990 and 2020 than there was between 1608 and 1950—and much of that development will be in the Washington metropolitan area.

The region's air quality is also diminishing, in part because of the increase in vehicle miles traveled (VMT), in part because of the additional power plants and industrial sites that serve the region's growing population. The metropolitan area's VMT is estimated to jump jump 179 percent in the next wenty years. The American Lung Association estimates that at any given time more than 400,000 people in the metropolitan region are considered chronically artisk from air pollution—almost 60,000 of them children with pediatric asthma.



Тия Вакила

THE BATHMANGS ENCRETURES CRATER IN UNION AND INCOMERNION FOLICE.



Pulling It All Together

he statistics, charts,

and maps presented in this report tell a compelling story about the current state of the Washington, D.C. region. The story is partly about a

wealthy region, blessed with a wide array of natural and economic assets. Yet it is also a story about a region divided by race, class, ethnicity and opportunity. The maps show a region out-of-balance, struggling with the consequences of very little growth on one side and an extraordinary amount on the other. The following conclusions are inescapable:

1. THE EASTERN PORTION OF THIS REGION BEARS THE BURDEN OF POVERTY. Washington, D.C. and Prince George's County bear the highest costs-fiscally and socially-of housing the region's poorest families and children. Even affluent households in northwest Washington and east Prince George's County cannot escape the price of higher poverty, which they pay in higher taxes and reduced services. Arlangton County and Alexandria also have a relatively large proportion of low-income and working families.

- 2. THE WESTERN PART OF THE REGION ENIONS MOST OF THE ERVITS OF PROSPERITY. Wealth and prosperity primarily benefit those living west and north of the central city, in Fairfax, Montgomery, and Loudoun counties as well as other communities outside of the Capital Beltway. These jurisdictions have high proportions of their residents earning more than \$50,000 and have become the location of choice for new firms.
- 3. THE DIVISIONS IN THIS REGION CAN-NOT BE EXPLAINED AS "CITY VERSUS SUBURB." Because the rough dividing line cuts through many counties and the central city itself, the region cannot be described as strong suburbs surrounding a weak city, nor even as strong outer suburbs ringing a weak urban and inner suburban core. Many sections of the District and inner suburban communities are facing economic and social challenges, but the other parts of the District and those suburbs are affluent.
- 4. THIS REGION IS STARKLY DIVIDED BY RACE. There is no denying the presence of racial segregation in this region: 70 percent of the area's African-American residents live in Washington, D.C., and
- Prince George's County. The racial divisions are in part, but not entirely, class divisions. In this region, as in so many others, poverty and race are intertwined. The areas with higher poverty rates and more schoolchildren receiving free or reduced cost lunches are areas where black and Latino families live. Not all minority families in the region are poor-there is a thriving African-American middle-class in the portion of Prince George's County outside the Beltway. But it is true that African-American families of all income levels tend to live in the eastern portion of the region, while whites live in the western half. Mitigating this division somewhat is the expanded diversity of the Washington region, with increasing numbers of blacks, recent immigrants, and other minorities living throughout the metropolitan area.
- 5. THESE POLARIZING PATTERNS HURT FAST-GROWING COUNTIES. Growth is not only a concern of the neighborhoods that are struggling economically and losing residents. Fast-growing counties are straining to provide new schools, services, and infrastructure while preserving open space and protecting the environment. Of all of the area's jurisdictions, Prince George's County is in the tough-

est bind; it must deal with both the high costs of social distress in inner Beltway communities and the high costs of new growth elsewhere in the county.

6. THE PATTERNS OF EXTENSIVE GROWTH IN SOME COMMUNITIES AND SIGNIFICANTLY LESS GROWTH IN OTH-ERS ARE INEXTRICABLY LINKED. POOR neighborhoods with high costs, low services, and poor- performing schools push out families with resources, who move to the edges of the region. As these families leave, so do jobs, services, and businesses. This flight, only further weakens already struggling neighborhoods and puts more pressures on other, fast-growing jurisdictions. Another factor pushing families to the outer edges of the metropolitan region and exacerbating the crowding and congestion there are the high housing prices in many affluent communities, including the northwest quadrant of Washington, D.C., North Arlington and other places on the west side of the region. Most families cannot afford to live in these expensive. centrally located neighborhoods, so they move to the region's edge, or remain in communities with cheaper housing.

he greater Washington area has a history of working collectively on region-wide concerns. In recent years, as a result of the booming economy, the challenges presented by growth have become a more pressing regional concern. "Slow growth", "smart growth", no roads, more roads, less construction, more classrooms, more workers, more funding-these and other subjects have taken center stage in local elections, public meetings, policy discussions, the media, and even in casual conversations. In response, numerous efforts and proposals have been put on the tableby local, regional, state, and even federal leaders-to try to address the symptoms of hyper growth. The efforts described below are a testament that there is a foundation from which true regional collaborations and reforms can emerge.

THE WASHINGTON REGION HAS SUC-CESSFULLY CREATED A NUMBER OF FOR-MAL REGIONAL BODIES TO COORDINATE AND/OR OVERSEE THE TRANSPORTATION, INFRASTRUCTURE, AND GENERAL DEVEL-OPMENT OF THE METROPOLITAN AREA. Like most regions, the Washington area has created a handful of formal organizations-some by legislative mandate, others in response to regional crises-to address basic infrastructure and service needs that naturally span jurisdictional lines, such as water and sewer, air quality, and transportation. These formal governance and advisory bodies actually operate programs or monitor compliance with federal standards at a metropolitan level. They are:

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS. Known colloquially as the "Washington COG," this entity helps plan and coordinate housing, transportation, environmental, human services, and public safety policies and programs across 17 local jurisdictions in the region. Both the National Capital Region Transporta-

tion Planning Board and the Metropolitan Washington Air Quality Committee (see below) are independent subsidiaries of COG. Formed in 1957 as an independent organization to promote regional coordination, COG was formally recognized us the official regional planning agency for the Washington metropolitan area in 1965.

- NATIONAL CAPITAL REGION TRANS-PORTATION PLANNING BOARD.
 Formed in 1965, in response to the requirements of a 1962 federal highway ect, the Transportation Planning Board (TRB) effectively serves as the Washington area's Metropolitan Planning Organization (MPO) for transportation. The MPO develops the region's short- and long-term transportation plans and coordinates the area's transportation funding priorities.
- METROPOLITAN WASHINGTON AIR
 QUALITY COMMITTEE. This Committee works with state and local officials

109

delivering water service to the District of Columbia and sewer service to the District, large portions of Montgomery and Prince George's counties, and URISINCTIONS IN THE REGION MAYE some communities in Fairfax and Loudous counties.

politan area compiles with federal standards for clean air in this region. The Committee was established in 1991 in accordance with the federal Clean Air Act of 1990.

Washington Metropolitan Area Transit Altrority. The Drink

to ensure that the Washington metro

tional agreements an water supply and distribution, sewage treatment, and solid waste disposal, jurisdictions have also forged formal compacts on emergency services, including police, fire and ALSO ENTERED INTO PORMAL CONTRAC-TUAL AGREGAENTS TO MEET MUTUAL. NEEDS, There are formal cross-jurisdicrescue services. Authority operates and manages the regional bus and Metroral systems. The Authority was created in 1967 by Cangress, the District, Maryland, and

METROPOLITAN WASHINGTON AIR-

Virginia as an Interstate Compact.

growth dislogue, such as developers, homebules, local chamber of commerce, environmental groups, and citic zens' organizations. The following is a parolle of some of the larger coalitions of leaders working cowards solutions for organized by business leaders, public leaders, and special interest groups—are actively engaged in growth and develop-ÎN RECENT YEARS, THE REGIONAL DIA-LOUGE HAS EXTENDED BEYOND GOVERN-MENTS AND COVERNMENTAL BODIES. A number of new regional coalitions--nent issues. There are many organized voices in the region who are shaping the the region. pours Aurmourn. The Augusts
Authority, as independent interestate
agency, is responsible for managing
uperating, and improving both the
Dules, sea Reagan Washington
National airports, After Conguess
possed legislation in 1896 transferring
the operation of Dulles and Vational
airports to a regional body under a 50.

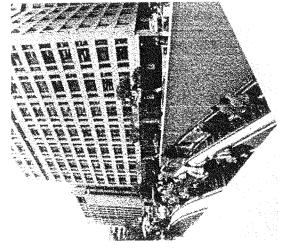
enacted an interstate law creating the

Metropolitan Washington Airports

year lease, the District City Council and the Virginia General Assembly

D.C. Water and Sewer Authority

steps, including; (1) treating a skilled workforce and a technology education curriculum in the region; (2) hetter supporting biocicinece biotechnology growth in the region; (3) launching a message campaign that markets the region as the erner of the new economy; and (4) improving the region's transportation system to Conference called for a series of enhance economic prosperity.



* The Board of Trade's Potomac Conference is a project of the Greater Washington Board of Trade, which brings together the region's top shape and implement an agonda for a healthur region, Arthe June 1999 gathering of the Ptonnac Confer-ence, the area's "new economy" lead-ers referated a regional plan to help make the greater Washington area a top global technology center. The business and government leaders to

Established in 1996, the latest accom-plishment in formal regional arrange-ments, the Authority is responsible for

- . COALITION FOR SMARTER GROWTH IS an alliance of prominent environmental and civic groups in the region, such as the Sierra Club, the Chesapeake Bay Foundation, and the Piedmont Environmental Council, as well as some county-based citizens groups. The Coalition is dedicated to protecting the environment, the health of the District and its older suburbs, and main street businesses while stopping proposals that promote sprawl. The Coalition has influenced the outcome of such major growth and development efforts as the passage of Maryland's "smart growth" legislation and the defeat of Disney's history theme park in Prince William County.
- . VIRGINIA COALITION OF HIGH GROWTH COMMUNITIES is a coalition of elected officials and activists from over 20 fast-growing communities in Virginia that pushes for growth management tools and reforms from the state. The Coalition's agenda includes requests to limit the construction of new homes in areas with inadequate schools and infrastructure and to impose fees on developers so they can help share the costs of growth. The Coalition also called for the state to share income tax revenues with the localities that generate these funds so they can pay for the costs of new

schools, infrastructure, and services.
These proposals were defeated in the last session of the Virginia General Assembly, but the Coalition intends to continue its compaign for more local powers to deal with growth.

TO DATE, MOST REGIONAL AND CROSS-JURISDICTIONAL DISCUSSIONS HAVE FOCUSED ON THE NEGATIVE CONSE-QUENCES OF RAPID GROWTH -- TRAFFIC CONGESTION, OVERCROWDED SCHOOLS, AND THE LOSS OF OPEN SPACE. An array of regional and local groups and governments have put forth an array of transportation-related proposals; county-level growth management initiatives have also been crafted in an attempt to deal with clogged roads and slow the pace and lower the costs of rapid development. There is also increasing support for strengthening the region's workforce and better linking workers to jobs, particularly in the fast growing technology sector in the Washington suburbs.

• TRANSPORTATION—TO EASE TRAFFIC CONCESTION AND IMPROVE JOB ACCESS—REMAINS THE MOST HOTILY DEFAILD ISSUE IN THE WASHINGTON REGION. There are many proposals to increase transportation funding, speed up transportation planning, and expand or improve nearly every part of the regional highway system. There

are heated debates about how to deal with estimated future transportation funding shortfalls in the states of Maryland and Virginia. Plans for the new Woodrow Wilson Bridge and the Inter County Connector are getting significant public attention. There are alternative proposals that call for smaller-scale infrastructure designs and better integration of land use and transportation decisions. There are mass transit proposals to upgrade the Metrorail system, to add new Metro stations and new lines in both the District and the suburbs, to create a transit option for Dulles Airport, and improve and extend bus services throughout the region. In Congress, U.S. Representative lames Moran and Senator Charles Robb will reintroduce a bill to create a regional transportation authority that will give the current Transportation Planning Board expanded powers on transportation planning and spending decisions.

Most of these large scale efforts have been stalled due to lack of funding, complex coordination between regional, state, and federal actors, and the stalemate between the business community on one hand and citizen groups and environmentalists on the other. For every major proposed transportation project, there is an alternative concept. In short, nearly all major transportation investment decisions come with controversy.

STATES AND COUNTIES WITHIN THE REGION ARE ALSO AFFEMPTING TO CHARNEL AND COVER MORE OF THE COSTS OF RAPID DEVELOPMENT, BUT THEY HAVE VERY DIFFERENT SETS OF TOOLS. In Maryland, both Montgomery and Prince George's counties, for example, have taken steps to ease the development pressure in rural areas and encourage growth in established communities. Montgomery County has become nationally recognized for its policies of transferring development rights from rural to urbanized land and mandating mixedincome housing. Prince George's County recently imposed a four-year moratorium on development in areas where schools are overcrowded and has voted to raise impact fees on developers to help pay for new school construction. All these efforts are occurring in a state that is one of 12 in the country to have a growth management statute. Maryland is currently leading the charge to steer state road, sewer and school funds away from farms and open spaces to already developed areas targeted for growth.

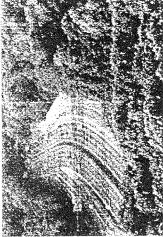
denied counties the power to restrict
new home construction in areas without
sufficient roads and schools and to
impose impost feet on developers. Vitgrinian faculities are also flexility
strapped because, unlike other states,
they can not tax their residents' growth
in income and wealth to help pay for different construct. Neither the Gover-nar nor the state igglishanre of Vingnis have given counties a wide array of tools to manage, redirect, or sine growth, The 1999 session of the General Assembly The Virginia counties operate within a services and school infrastructure.

sons into jobs—particularly those that puy a living wage. Second, the rapid growth of high tech jobs in suburban Virginia and Manyland have led to severe labor shorts, in this high skilled sector. most regional workforce efforts are in the planning stages or operating at a very small-scale, they are picking up steam. Two very different concerns reform time limits and work participation requirements are pressuring local jurisdictions to move low-income perdrive the push for regional collabora-tions on workforce. First, welfare RETTER COORDINATE AND OFERATE WORKFORCE DEVELOPMENT STRATE-GIES AT A RECHONAL LEVEL While THERE ARE EARLY EFFORTS TO

downtown, much of which will be programs in the region, such as: (1) an initiative led by Wider Opportunities for Women and other groups to identify and remove barriers to work (e.g., child care, information, transportation) for low-The twin pressures of welfare reform and suburtian labor shortages are pre-cipitating new strategies for improving skills ratining, job placement, irans-portation access, child care and other forums and releasing regional workforce plans that try to meet the dispurate needs in this region. There are other nent every jub training and employment source in the region, particularly those that support the high tech industry. wage workers to available jobs through-out the region, such as the Washington Metropolican Area Transit Authority-led effort to link transportation services to interjurisdictional coordination---to bet-ter meet the needs of both workers and efforts aimed at simply trying to improve information sharing and coordination between all the workforce development skilled individuals; and (2) Potomac KnowledgeWay's recent effort to docu-Finally, there are also efforts aimed explicitly at connecting low-skilled, lowemployers in the region. For instance, COG and the Board of Trade/Potomac Conference have each taken steps to broaden the conversation around regional workforce issues, holding social support programs-and basic interjurisdictional coordination—to l employment opportunities.

on major redevelopments in downtown Silver Spring and Betherda. Last year. Prince George's County was a planned Circuit City distribution center. Barth Adington and Alexandria have atteacted growth to neighborhoods along mass. anchared by the new MCI Arena and the upcoming convention center. Mont-gamery County is about to break ground

these conversations, plans, proposals, and activities, embracing concerns that affect all jurisdictions and residents in the greater metropolism area. A regional action plan must link all



transit lines. ing counties. The challenges of little growth in some communities have been seen by leaders in other jurisdictions as specifically urban or local—rather than regional—sissue, even housigh the conditions of distressed communities have a powerful impact on the shape of growth time to pursue economic development actaegies to seringorate older or declin-ing communities, fror instance, the Dis-trict has been aggressively pursuing a strategy of increasing businesses, retail, entertainment, and residential life in its GROWING COMMUNITIES ARE HAVEEN-ING, BUT AME NOT GENERALLY PART OF THE REGIONAL DEBATE. FOR the most part, the current regional dialogue has been driven by leaders in the fast growin this metropolitan area. Many jurisdicnew superintendents and reforming the school system. Jurisdictions also contions are working feverishly to improve public school performance, by hiring EFFORTS TO RESTYIGURATE SLOWER

Where Do We Go From Here?

his report is the first in a series of reports on the state of the Washington, D.C. region and, more importantly, on the policies regional leaders con choose

to adopt. This report is not meant to be comprehensive. It does not cover all aspects of regional life. The areas it does explore—social and economic trends should be analyzed in greater depth, particularly after the release of the 2000

We have deliberately avoided providing specific policy guidance on some of the major issues facing the region. We believe that it is more important at this stage of our region's development to have a clear understanding of the social, economic, and demographic trends affecting the Washington metrupolitan area, and to describe regional issues in a broad, integrated way.

Yet the report does provide some general principles that should guide regional efforts to deal with growth in the future.

FIRST, THE REGION NEEDS TO FOCUS ON THE FULL BANGE OF ISSUES THAT SHAPE ITS GROWTH AND DEVELOPMENT PAT-TERNS. As explained in the previous section, current regional action focuses principally on the visible, negative consequences of explosive growth in the western part of the region and other suburbs-congestion, the decline in air quality, the loss of open space. That is not a bad thing. The fact that decisionmakers, corporate leaders, and residents are all thinking about how best to grow is good news. There is increasing recognition that growth is desirable but, if left unfettered, has high costs. There is also increasing recognition that in thinking about growth and development, we must think regionally.

Yet, in our efforts to address the consequences of growth, we cannot ignore the forces that drive growth in some

parts of the region and not in others. Poor schools in one jurisdiction postout families and lead to overcrowded schools in other places. A lack of affordable housing in thriving job centers leads to long commutes on crowded freeways for the region's working families. Expensive housing—out of the reach of most area households—in many close-in western neighborhoods creates pressures to pave over and build on open space in outlying areas, as people decide that they have to move outwards to build a future.

This is one metropolitan area, fundamentally linked by markets and roads and labor networks and media. The problems related to extensive, rapid growth in outer counties on the western side of the region—congestion, school overcrowding, rising property tax rates, loss of open space—are the flip side of problems caused by little growth and opportunity in most of the eastern part of the region—failing schools, economic isolation, lack of investment. As a

region, we need to connect these issues. If we do not, our solutions to growth's challenges will be limited, at best. By saying that the regional conversation should be broadened, we do not mean to condemn previous efforts at regional action. The Washington, D.C. region does collaborate on a range of issues, and the desire for regional action is growing in both the public and private sectors. Yet, again like most regions, we are more defined by our separateness and jealously guarded autonomy, than by any metropolitan form of governance and action.

SECOND INDIVIDUAL JURISDICTIONS
SHOULD CORPERTAND AND ACKNOWLEDGE HOW CONNECTED THIS ARE
ARREADE. Regional interdependence and
interconnection is a hard fact. When
one county decides to place a moratorium on new home construction, neighboring counties must brace themselves
for a likely influx of new residents; or,
conversely, when one community goes
on a development spree, nearby jurisdiction

tions must grapple with additional traf-fix, pollution, and threats to open space. Calls for more regional coordination, cooperation, and discussion are simply the logical outgrowth of this under-

housing policy, or zoning, or highway investment, while administered or decided upon locally, by locally elected officials, have region-vide impacts, and those impacts must be acknowledged region-wide veto. We do think that local decision-makers need to keep regional By suping this, we do not mean to sug-gest abolishing local control, or subject-ing every local government decision to dynamics in mind, and that regional decisions should respect local needs. The balance between local control and regional collaboration is a difficult one, and each region finds its own. But fun-damentally, schools, or land use, or and accounted for

need better, more easily accessible infor-mation on which to base decisions than they currently have. Some federally col-lected data is useful, but it cannot FINALLY, OUR REGION DESERVES AND SHOULD DEMAND THE MOST ADVANCED, Regional decision makers and residents answer critical questions such as: What UP-TO-DATE, OBJECTIVE INFORMATION WITH WHICH TO MAKE DECISIONS.

tios file the Washington Council of Overcoment, rotation of Governments, private research institutions like the Uhan Institute, the Greater Washington Research Center and the Farnie Mee Foundation. These insolutions perform cerefielt analyses of disparate trends and are an involutable resource for our decisionmakers and from large development projects? Where are different employment sectors located in the region, and why? We have an excilent foundation to build on-uni-versities like George Mason University, is the link between transportation spending and jobs in this region? How do inmigrants contribute to the regional George Washington University, George-town, Howard, and the University of the District of Columbia, government entieconomy? What are the positive and negative cross-border spillover effects

is aimed at specific issue areas (e.g. wel-fate reform, demographic trends, hous-ing) or limited to specific geographies (e.g. District only, Washington region generally). These studies are invaluable, However, much of the existing research propose that area research institutions form a consortium dedicated to assembling, collecting, assessing and dissemi but holistic assessments of the regionparts-are also needed. Therefore, we and the interconnectedness of its

mitted. It could be tasked to provide benchmarks for the region and inform us where we are succeeding and, more importantly, where we are falling short. pool the complementary expertise that exists acrass the region. It could be funded from the private foundation comadvisory group of corporate, civic, politi-cal and community leaders to ensure nuting information on this region on a regular basis. Such a consortium could munity to ensure that its work is objec-tive and independent. It could have an reach area decision-makers, Chairman-ship of the consortium could be that its research projects are informed by real experience and that its findings tion to another—to ensure that all key rotated-from one major local instituinstitutions have a stake and are comVISURE, DO WE SHEED HOUSE HERE!"

n many ways this is a blessed region. It has robust population and economic growth. It is the administrative capital of the nation and boasts an economy-driving technology sector, nationally renowned research institutions, universities and hospital centers and worldclass airports. It is rich in history, natural beauty, and culture. Each year, our region attracts millions of visitors from across the country and around the globe. Thus, unlike many other regions in the country, the Washington, D.C. region is in a position of strength. It has choices. It can realistically envision a positive future. It can-to the extent any region can-control its own destiny.

At this point, this region can grow in two distinct ways. It can continue along the current path of current growth and development. This will probably involve regional collaboration on a few issues; most public sector decisions, however, will be made by individual counties and the state and federal governments. This course will lead, no doubt, to further wealth for some in the area and more economic activity for particular jurisdictions. But it also could leave certain places and people in the region further and further behind, economically and socially, and exacerbate traffic congestion and environmental degradation.

There is another option. This option will maintain and extend the economic competitiveness of this region. Without a strong economic base, few other social objectives can be achieved. But this alternative will equally emphasize the need to grow in a way that protects our environmental treasures, enhances quality of life, provides access to economic and educational opportunity for all residents and encourages economic activity within all purisdictions.

Few regions in this country have chosen this second option, perhaps because few regions have the economic health and civic capacity necessary. For whatever reason, this path is the "road less traveled." It is not an easy one to take. Our market may be metropolitan; we may read the same newspapers. travel the same roads, watch the same nightly newscasts. Yet we are a region still divided by race, class, wealth, opportunities.

The challenge for the National Capital Area is to move beyond these divisions and embrace a future that is economically sound, environmentally sustainable and socially equitable.

A BOLING BOOM OF THE STATE OF SIRMOR OF SIMOLOGY

THE RECORDS OF THE THIN LEWIS ON LEAST AND MITTERSHIP IN PLACE

CONTRACTOR

APPENDIX

Washington Metropolitan Area	TROPOLITY	IN AREA				WASHINGTON METROPOLITAN AREA (IN MANKING URDER)	The second secon	
Jurisdiction	Persons	Persons in Poverty	Percentage	1tage	Percentage	Jurisdiction	Total Number of TANF Cases	Share of Region's Caseload
			of Population	dation	Change	District of Columbia	18,750	63.86%
	0661	9661	0661	9661	9661-0661	Prince George's	4,383	14.93%
Central City						Francis	1,466	4.66%
District of Columbia	96,278	90,016	15.90%	14.50%	-16.89%	Prince William	1,393	4,75%
						Montgomery	1,114	3.79%
Core Suburbs						Alexandria	817	2.78%
Alexandria	7,732	4.663	7.00%	4.00%	₹69.6€-	Arhngton	573	*\$6.1
Arlington	11,895	7,826	7.00%	4.50%	-34.21%	Charles	486	1.33%
Total Core Suburbs	19,627	12,489	7.00%	4.28%	-36.37%	Frederick	315	1.07%
"Big Three" Inner Suburbs	urbs					Loudoun	160	0.55%
Fairfax	29,864	21,617	3.50%	2.40%	-27.62%			
Montgumery	31,611	19,407	4.20%	2.40%	-38.68%	Metro Area Total	29,360	100%
Prince George's	41,282	21,774	5.70%	2.80%	-47.26%			
Total "Big Three"	102,797	62,798	4.40%	2.51%	-38.91%	Frieden diese wechnies der Gehren o.	"Freefact data sociation the University Fields (Startith and Ferejan City) "" Prince William Champalata recibilism the Cities of Managest Park and Manages	
Outer Suburbs						404		
Charles	5,007	5.078	4.90%	4.40%	1.42%	Virginia Department of Social Services	менте 12.1. Беректын қазатылық жеткер, ексерден Беректикен од 13-мент мершесек, сепшу Беректикен Абынмалиморо, Мерын Беректикен құмасы бетекен	ter, tentuly hyvest meal All patentholons
Frederick	7,055	6,110	4.70%	3.40%	-13.39%			
Coudoun	2,625	2,084	3.00%	1.70%	-20.61%			
Prince William**	8,14]	6,481	3.30%	2.20%	-20.39%			
Total Outer Suburbs	22,828	19,753	3.88%	2.75%	-13.47%			
Total Metro Area	241,530	175,056	6.30%	4.32%	-27.52%			
Fringer data includes the Cites of Salls Chanch and Forefac City ** Prince William Coams data includes on Citaes of Manason Park and Manesons.	of Suffe Charek an audiches für Citaes	ad Farifice City of Makester Park	and Munesson.					
Source 1990 . U.S. Comer of Population, 1996 - Conner Hockington Consumer Survey and the Canage High pages Serence	Jan. 1996 -	Constant Maderney		4				

	Single 1	leaded	Ch	ange	Perce	nt of All
	Families wi	h Children	1990	-1996	Households	in Jurisdiction
	1990	1996	Number	Percent	1990	1996
Central City						
District of Columbia	36,151	26,031	-8,120	-22.50%	14.50%	12.10%
Core Saburbs						
Alexandria	3,445	3,958	513	14.90%	6.50%	7.00%
Arlington	3.801	4,367	566	14.90%	4.80%	5.30%
Total Core Suburbs	7.246	8,325	1,079	14.90%	5,50%	6.00%
"Big Three" Inner Subu	rbs					
Fairfax*	18,736	23,603	4,867	26.00%	6.20%	7.10%
Montgomery	18,483	20,853	2,370	12.80%	6.50%	6.80%
Prince George's	33,231	35,661	2,430	7.30%	12.90%	12.70%
Total "Big Three"	70,450	80,117	9,667	13.70%	8.30%	8.70%
Outer Suburbs	_					
Charles	3,043	2,893	-150	-4.90%	9.20%	7.50%
Frederick	3,338	3,625	287	8.60%	6.30%	5.70%
Loudous	1,768	2,684	916	\$1.80%	5.80%	6.10%
Prince William**	6,227	7,134	907	14.60%	7.60%	7.20%
Total Outer Suburbs	14,376	16,336	1.960	13.60%	7.30%	6.60%
Total Metro Area	128,223	132,809	4,586	3.60%	9.00%	6.66%

*Furfix Court, data includes the Cases of Furfix and Fills Church.
**Prince William County data includes the Cities of Manasses. Park and Manasses.

Source: 1-90 - U.S. Centrus of Population: 1996 - Crower Washington Compuner Survey, Analyzed and computed by the Greater Washington Research Center; Gree, George, Washington Aron Growth and Change in the 1990;

THE REPORTS INCHINGS CINERAL FROM SO MITHORISMS FOR S

	1989	1996	Change 1989-1996		Percent of All House	eholds in Jurisdiction
	(in 1989 \$)	(In 1996 \$)	Number	Percent	in 1990	in 1996
Central City						
District of Columbia	70,227	69,900	-327	0.50%	28.20€	30.10%
Core Suburbs						
Alexandria	20.646	24,696	4,050	19.60%	38.80%	43.60%
Arlington	34.230	37,391	3,161	9.20%	43.60%	45.60%
Total Core Suburbs	54.876	62,087	6,884	5.50%	41.60%	44.80%
"Big Three" Inner Subu	rbs					
Fairfax*	185,093	237,480	52,387	28.30%	60.80%	71.30%
Montgomery	155,908	202,666	46,758	30.00%	55.10%	66.40%
Prince George's	104,908	124,914	20,006	19.10%	40.70%	44.60%
Total "Big Three"	445,909	565,060	119,151	26.70%	52.80%	61.60%
Outer Suburbs						
Charles	14,714	20,149	5,435	36.90%	44.70%	52.60%
Frederick	19,551	27,801	8,250	42.20%	37.10%	43.90%
Loudoun	16,278	26,949	10.671	65.60%	\$3.20%	61.10%
Prance William**	39,487	54,621	15,134	38.30%	48.20%	55.00%
Total Outer Suburbs	90.030	\$29,520	39,490	43.86%	45.40%	52.80%
Total Metro Area	661,042	826.567	165,525	25.04%	46.40%	53.80%

Source 1991 - U.S. Cerems of Explaintum 1996 Greater Washington Comunics Survey Analyzed and Computed by the Granter Washington Research Center, Gree, Courge, Westington Area Growth and Change in the 1991, 1999.

^{*}Firegar Commy data includes the Cases of Fairfus and Faks Chinels.
** Prince Walliam Commy data includes the Cases of Manasias and Manasias Perk.

i		v	Vhite	Bi	acks	Asian/ f	Pacific Is.	0	ther	Non	-White	Total I	Population
		1990	1996	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996
	Central City												
	District of Columbia	179,690	173,853	399,751	342,610	11,233	9,209	16,226	13,913	427,210	365,732	606,900	539,585
į	Core Subarbs												
	Alexandria	76.907	68,850	24,557	31,022	4,687	8.986	5,032	6,898	34,276	46,906	111,183	115,756
	Arlington	130,745	127,440	17,947	19,130	11,596	12,807	10,646	16,426	40,191	48,363	170,936	175,803
	Total Core Suburba	207,652	196,290	42,504	50,152	16,283	21,793	15,680	23,324	74,467	95,269	282,119	291,559
	"Big Three" Inner S	uburbs											
,	Fairfax*	691,684	698,656	64,647	84,972	70,745	94,485	20,708	27,687	156,100	207,144	847,784	905,800
ļ	Montgomery	581,379	581,773	92,375	129,550	61,774	72.697	21,499	36,949	175,648	239,196	757,027	820,969
l	Prince George's	314,559	238,684	369,622	475,519	27,922	30,323	17,165	24,214	414,709	530,056	729,268	768,740
	Total "Big Three"	1,587,622	1,519,113	526,644	690,041	160,441	197,505	59,372	88,850	746,457	976,396	2,334.079	2,495,509
į	Outer Suburbs												
,	Charles	80,252	87,297	18,425	24,599	1,208	1.014	1,269	3,023	20,902	28,636	101,154	115,93
٠	Frederick	140,114	165,139	7,96!	10,487	1.379	2,734	754	2,358	10,094	15,579	150,208	180,718
•	Loudoun	77,053	107,369	6,293	8,870	2,084	4,980	699	3,122	9,076	16,972	86,129	124,34
1	Prince William**	209,326	236,408	28,336	40,195	7,888	10,533	4.827	8,742	41,051	59,470	250,377	295,878
-	Total Outer Suburb	s 506,745	596,213	61,015	84,151	12,559	19,261	7,549	17,245	81,123	120,657	587,868	716,870
	Metro Area Total	2,481,709	2,485,469	1,029,914	1,166,954	200,516	247,768	98,827	143,332	1,329,257	1,558,054	3,810,966	4,043,52

Similar 1480, 1998 U.S. Censis of Population: Griev. George, "Violingian Area Grands and Change," 1998

^{*}Therper, data includes the Crisis of Falls Church and Fairface

**Prince William data includes the Cases of Almassas Firsk and Manassas

PERCENTAGE OF ELEMENTARY AND SECONDARY SCHOOL STUDENTS ELIGIBLE FOR FREE AND REDUCED-COST MEALS BY SCHOOL DISTRICT, 1997 (In RANK ORDER)

	Students Eligible	Total Envolument	Percent Eligible
District of Columbia	56,446	76,880	73.40%
Alexandria City	5,360	10,463	51.20%
Arlington	7,621	17,848	42.70%
Prince George's	52,326	128,347	40.80%
Montgomery	28,380	125,023	22,70%
Charles	4,717	21,620	21.80%
Prince William**	12,072	56,647	21.31%
Pairfax*	27,080	145.971	18.60%
Frederick	5,152	34,632	14.90%
Loudoun	2,108	21,695	9.70%
Metro Area Total	201, 262	639,126	31.50%

*burgas Crawn dans irrelates the Citaes of Fairfus and Fulls Church
**Prince Wilsons Connect data includes on Cities of Mascenia and Municiae Park

Name: District of Colorabus Public Schoot, Vegnus Department of Colorabou, School District of Charles: Endanck, Montpowery and Frace Georges consists.

PERCENT SHARE OF NON-ASIAN MINORITY ELEMENTARY SCHOOL STUDENTS BY SCHOOL DISTRICT, 1997 (IN RANK ORDER)

	Non-Asian Minority	Total Enrollment	% Non-Asian Minority
District of Columbia	46,181	46,978	94.3%
Prince George's	60,179	73,695	81.4%
Alexandria City	3,998	5,636	70.9%
Arlington	4,093	8,198	49,9%
Montgomery	25,019	71.625	34.9%
Charles	3,873	11,746	33.0%
Prince William**	8,217	26,607	30.9%
Fairfax*	16,525	74,675	22.1%
Laudoun	t,405	11,041	12.7%
Fredrick	2,073	19,607	10.6%
Metro Area Total	171,563	352,008	48.7%

"bearins Creats done moisides the Osses of Fidit Charen.
""Prove Wilson Capits data moledes the Osses of Manuscus thick and Manusces.

Source District of Columbia Cabric Schools, Marshaud Coppersions of Education, Virginia Department of Education

LIST OF MAJOR REFERENCES

Economic Trends in the Washington Region 1993-1997, July 1998, Washington, D.C.: Washington Metropolitan Council of Governments.

Fuller, Stephen S. 1998. "InfoComm Industry Study." Northern Virginia: Potomac KnowledgeWay Project.

Fuller, Stephen S. December 1996.
"The Economy of the District of Columbia and its Impact on the Washington Area and Its Suburbs." Washington, D.C.: George Mason University.

Grier, George. November 1996.
"Washington Area Growth and Change
in the 1990s." Washington, D.C.:
Greater Washington Research Center.

Grier, George, Christopher Hayes and G. Thomas Kingsley. October 1998 (draft). "Growing Washington's Population: Trends and Prospects. Washington. D.C.: The Urban Institute.

Gyourko, Joseph, and Anita Summers. 1997. "A New Strategy for Helping Cities Pay For the Poor." In Brookings Policy Brief. 18, June. Brookings. Metropolitan Washington Council of Governments. June 1999. "Washington Economic Index: April 1999 Data." (www.mwcog.org).

Metropolitan Washington Council of Governments. January 1998. "1994 COG/TPB Household Travel Survey Summary of Major Findings." Washington, D.C.: Metropolitan Washington Council of Governments.

Orfield, Myron. July 1999. Washington Metropolitics: A Regional Agenda for Community and Stability. Washington, D.C.: The Brookings Institution.

Potomac KnowledgeWay Project. 1998. Toward A New Economy: Marging Heritage with Vision in the Greater Washington Region.

Real Estate Research Corporation. 1999. "Washington, D.C., Metropolitan Area." U.I. Market Profiles: 1999. Washington, D.C.: The Urban Land Institute.

Rubin, Mark and Margery Austin Turner. May 1999. "Patterns of Employment Growth in the Washington Metropolitan Area." Washington, D.C.: The Urbon Institute.

ACKNOWLEDGEMENTS

The Brookings Institution Center on Urban and Metropolitus Policy would like to thank many people for their support, comments, and guidance on this report and our larger research effort on the greater Washington region.

Bruskings would first like to thank The Morris and Gwendulyn Cafritz Foundation, The Annie E. Casey Foundation, the Philip L. Graham Fund, Rohert P. Kogod, the Eugence & Agnes E. Meyer Foundation, Prince Charitable Firsts, and the W. Russell and Norma Ramsey Foundation for their generous support of this work on the Washington, D.C. continue.

We also want to thank the contributing researchers on this report: Myron Orfield and his research staff at the Metropolition Area Research Corporation: Phil Dearborn and George Grier of the Greater Washington Besearch Conter; and Margery Austin Turner and Mark Rubin of the Urban Institute.

Rubin of the Urban Institute.

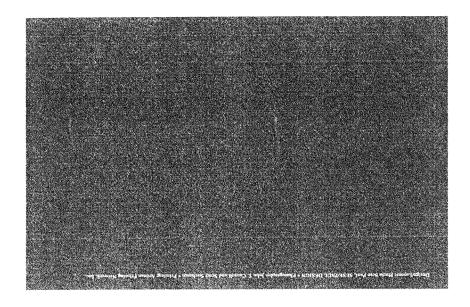
Brookings hed a series of britefings with many leaders in the Washington region about this project. We boundfitted greath from the expert advice of efected afficials, experient leaders, regional leaders, environmental organizations, faith-based and community groups, and researchers in the Washington area. While there are too many of you to name here, we want to thank all of you for giving us your thoughful input. We are expecially grateful to the following individuals who took the time to review and countrent on this summary report and/or the full Orfickle report: Lee Epstein of the Chesappeake Bay Foundation, Dr. Stephen Fuller of George Mason University, James Gibson of D.C. Agenda, Ronald Kirly of the National Capital Region Transportation Pluming Bard, Joyce Ladner of the Brookings Institution, Robert Lang of the Fannic May Foundation, Cynthia Rubbins of the Meyer Foundation, and Wischael Rogers of the Metropolitan Washington Council of Governments. Any errors of interpretation or facts are, of course, the responsibility of Brookings)

Brookings would also like to thank the following persons on staff who, with their ceaseless energies and hard work, made this report possible. Amy Liu, who was the principal author of this report and coordinator of this Weshington region research project; hemifer Bradley, who made major substantive and analytical contributions to this report; and Kurt Sommer. Bernadette Lynch, Kate Allen, and Rebecca Over who provided additional research, created graphics, and otherwise helped guide the project to completion.

Finally, Brookings would like to thank Maria Sese Paul of Sese/Paul Design for her firstrate work in organizing and presenting this information in a heautiful, cogent, and engaging manner.

The views expressed in this report are those of the authors and are not necessarily those of the trustees, officers, or stuff members of the Bruckings Institution.







THE BROOKINGS INSTITUTION 1775 Massachusetts Avenue, NW - Washington, DC 20036-2188 Telt 202-797-6000 - Fre 202-797-6004 www.hondo.edu



Did the government (FBI and GSA) just do the hotelier-in-chief a big favor?

By Steven Pearlstein Email the author

For more than a decade now, the General Services Administration — the federal government's real estate agency — has been looking to move the FBI from its current, outmoded headquarters location on Pennsylvania Avenue to a location that is bigger and easier to protect from a terrorist attack. And the thinking was that the current site was so valuable in terms of its potential for commercial development that by selling or swapping it, the government could generate enough money to pay most of the cost of a new building somewhere else. The spectacular revival of the east end of downtown Washington as a nightspot and a residential neighborhood in the last few years has only improved the financial viability of that strategy.

This week, however, the GSA, after a number of false starts, decided to scrap that plan and build a new FBI headquarters on its current site.

A GSA spokesman said that the decision to rebuild on the site was driven by "national security requirements." That's curious because if you were concerned about a terrorist attack, surely a better choice would be a secure campus like that at St. Elizabeths

Hospital, rather than on one of the busiest thoroughfares in downtown Washington.

From an economic perspective, that means the FBI site will not be developed for what is surely its highest and best economic use.

In the current real estate market, that would be a mixed-use development that includes retail stores and restaurants, upscale housing, class A office space and, almost certainly, a luxury hotel that can take advantage of the prime Pennsylvania Avenue location, midway between the White House and the Capital within walking distance of both the Mall and the Washington Convention Center.

So what has happened since the GSA announced its original plan to prompt this change in strategy? Well, one thing that has certainly changed is that a new luxury hotel has opened its doors just a few blocks down Pennsylvania Avenue in the old Post Office Building — a hotel that happens to be operated by none other than the Trump Organization. It's not clear to what degree President Trump was personally involved, but whether intended or not, the GSA's decision to keep the FBI on the site has now eliminated the possibility of that kind of direct competition to the Trump International Hotel. The Trump Organization did not respond to a request for comment.

The prospect of that competition is no small matter. Before awarding the rights to the Trump Organization to develop the Old Post Office Pavilion into a luxury hotel, the GSA received 10 bids for the project, from some of the world's most prominent hoteliers, among them Hilton, Park Hyatt and Montage Hotels & Resorts. Hilton's development partner was so upset after losing the opportunity to build a Waldorf there that it filed a protest criticizing the selection process.

This may not be exactly the kind of conflict-of-interest situation the framers of the Constitution had in mind when they included a clause in the nation's founding document declaring that no officeholder shall, "without the Consent of the Congress, accept of any present, Emolument, Office, or Title, of any kind whatever, from any King, Prince, or foreign State."

But it raises similar questions as an emoluments lawsuit brought last year by the District of Columbia and the state of Maryland on behalf of other hoteliers in the Washington area. The suit asks a federal judge to enforce the "emoluments clause" of the constitution by ordering the GSA to cancel its lease of the historic property to the Trump Organization, in which the president ultimately has a personal financial interest.

"The American people are entitled to know that their president did not reverse a long-standing decision of the federal government simply to avoid creating a competitor for his own hotel," said Norm Eisen, an attorney representing the District and Maryland. The point of the "emoluments" clause, he said, is to prevent a situation in which a potential conflict of interest is created and the motives of the chief executive can be called into question.

The judge in the case, Peter Messitte of the U.S. District Court in Greenbelt, is considering whether to grant the government's motion to dismiss the case, or to allow the case to proceed to discovery and eventual trial. If Messitte is looking for a neat, easy-to-understand reason to worry about the kinds of conflict of interest that arise when the president, in effect, is his own landlord, the GSA just gave him one.

Senator Barrasso. I would just say, this is a FBI decision. It is in the President's budget, so one would expect an Administration to have interest in the final decision of how the budgeting process is made.

Just in conclusion, is there anything that either of you would like to offer in clarifying or things that you would like to have mentioned that you didn't have an opportunity to do today?

Mr. HALEY. Just two points on that last one. I am not trying to not answer the questions with respect to Senators, but on your last point there, not saying something in terms of whatever those conversations, if they did occur, might have said, what I can tell you is, to reiterate, this was an FBI-centric decision, in coordination with GSA.

The one thing I would mention, just to clarify on something that was brought up earlier in terms of that 5 year—5 to 6 year for this particular site, one of the challenges in comparison to the other three sites previously, the amount of road work and the amount of infrastructure that had to be done even to get to the construction of the site, when we offset the two time periods, that is where we do believe that this site, because we do own it, we can tear it down, build it back, even though that 5 years is going to be an inconvenience.

I will be honest with you, as I said, sir, that will be a hard period for us to figure out, but we do believe that that is workable and that that is some of the comparison that we get to the two. So I just wanted to clarify that.

Senator BARRASSO. And Mr. Mathews, anything else you would like to offer for clarification?

Mr. Mathews. I guess I would just say that I understand it is a significant change from the previous request, but with respect to the site, what really makes it possible to consider the site, is the smaller requirement for the number of personnel. That makes it possible, and there are, again, as I mentioned, some very distinct advantages to reutilizing the current site if you can actually fit the housing requirement on that site.

Senator Barrasso. Well, I want to thank both of you for your time and your testimony today. The hearing record will remain open. There may be some additional written questions from some of the other members. I want to thank you for your testimony on this important hearing, and the hearing is adjourned.

Senator Carper. Before you adjourn, I just want to say thank you for holding this hearing, thank you for being so intelligent, especially with our colleagues from Maryland. It is obviously an important issue for them and for the District of Columbia and for our neighboring States, certainly for the FBI and the folks that work there. But you have been, I think, extraordinarily gracious, and I just want to note that and say thank you.

Senator BARRASSO. It is good to work with you. Thank you very much. Hearing is adjourned. [Whereupon, at 11:32 a.m. the Committee was adjourned.] [Additional material submitted for the record follows:]



Search Eno



> Articles > Week of September 25, 2017 > Trump Upends His Own Infrastructure Plan With PPP Comments to Democrats

Eno Transportation Weekly Week of September 25, 2017

Download PDF Version

Trump Upends His Own Infrastructure Plan With PPP Comments to Democrats



Senior Fellow and Editor, Eno Transportation Weekly

Infrastructure OMB P3 PPP

September 29, 2017

President Trump unexpectedly distanced himself from one of the core principles of his own Administration's infrastructure plan this week - an increased reliance on public-private partnerships to finance infrastructure. In a meeting with bipartisan members of the House Ways and Means Committee to discuss tax reform on September 26, Trump apparently said that most "PPPs" are "more trouble than they're worth." (Reps. Brian Higgins (D-NY) and Richard Neal (D-MA) gave the quotes and the story to the Wall Street Journal and the Washington Post in separate articles the night

https://www.enotrans.org/article/trump-upends-infrastructure-plan-ppp-comments-democrats/

3/15/2018 Trump Upends His Own Infrastructure Plan With PPP Comments to Democrats - The Eno Center for Transportation

Vice President Mike Pence was also in the meeting, and according to the WSJ article, Trump singled out the big P3 in Pence's home state of Indiana – the lease of the 156-mile Indiana Toll Road to a private venture for 75 years (2006 to 2081) in exchange for \$3.8 billion in cash up front, which was used by the Indiana DOT to pay for a 10-year program of building new transportation infrastructure throughout the state. Rep. Higgins told the WSJ that Trump said "They tried it in Mike's state and it didn't work."

(Ed. Note: In any two-party transaction, you need to be careful saying "it" didn't work. Financially, the agreement has worked as intended (so far) for the State of Indiana – they got their \$3.8 billion check, cashed it, and built roads with it. Whether it works for Indiana in the future depends on how much Indiana might need to build a road competing with the toll road between now and the year 2081 but will be forbidden to do so by the P3 lease agreement, and how well the private operator maintains the toll road. The venture did <u>not</u> work out for the original P3 partner, a joint venture of Cintra and Maquarie, which had some bad revenue and debt service assumptions in its business plan (see this Forbes article for details) and which may have overpaid for the toll road in the first place. The Cintra-Maquarie joint venture declared bankruptcy in 2014 and was bought for \$5.7 billion in 2015 by IFM Investors. The original P3 was done under Governor Mitch Daniels (R) and the re-sale of the bankrupt private side was handled by Gov. Pence.)

(Further Ed. Note: By dumping on the Indiana project in particular, Trump is especially distancing himself from the "asset recycling" concept, because of all the P3 infrastructure projects in America to date, it is the Indiana one that most resembles the <u>asset recycling concept</u> as practiced in Australia and elsewhere.)

It's hard to overstate how at odds this is from everything we thought we knew about the Trump Administration's forthcoming infrastructure plan. A brief timeline:

- October 2016 Future Commerce Secretary Wilbur Ross and future White House trade advisor Peter Navarro release, through the Trump campaign, a <u>white paper on infrastructure</u> relying almost completely on private equity, backed with an 82 percent tax credit on private equity investments in infrastructure, the cost of which tax credit would be fully offset by overseas corporate income repatriation. The private equity would total \$1 trillion, necessitating a federal tax credit of \$121 billion.
- May 2017 The White House releases its full budget request for 2018, which includes \$200 billion in federal infrastructure funding in 2018 to leverage \$800 million in "incentivized nonfederal funding" for a \$1 trillion total. A fact sheet issued by OMB at the time said that "While public-private partnerships will not be the solution to all infrastructure needs, they can help advance the Nation's most important, regionally significant projects."
- July 2017 DOT <u>rewrites the guidelines</u> for its annual FASTLANE grants into a new INFRA program with selection criteria that emphasize leverage: "In addition, the Department seeks to increase the sources of infrastructure funding by encouraging private infrastructure investment. Therefore projects that incorporate private sector contributions, including through a public-private partnership structure, are likely to be more competitive than those that rely solely on public non-

3/15/2018 Trump Upends His Own Infrastructure Plan With PPP Comments to Democrats - The Eno Center for Transportation

Federal funding. Likewise, applicants who have pursued private funds for appropriate projects are likely to be more competitive under this program than applicants who have not.

 August 2017 – OMB Director Mick Mulvaney, Transportation Secretary Elaine Chao, and other Administration officials <u>brief</u> state and local government officials on the infrastructure plan, and continue to emphasize private equity investment.

<u>This reaction</u> from the godfather of the privatization movement, Bob Poole of the Reason Foundation, was pretty typical: "I was both astonished and dismayed. Everything the administration had said up until yesterday was that public private partnerships and private investment in infrastructure improvements was going to be the core of the program."

As noted above, the budget itself calls for \$200 billion in real mandatory budget authority in 2018 (pay-for TBD) to leverage an additional \$800 billion in non-federal funding. It had been assumed by nearly everyone that a substantial chunk of that \$800 billion, especially in major urban areas where there is a lot of passenger and freight through-put, would be private equity. If private equity is not going to fund a substantial chunk of that \$800 billion, then there are only two options that can allow the "\$1 trillion" top line number to stay in place:

- The White House needs to increase the actual amount of real federal dollars provided to well over \$200 billion (some Democrats this week <u>suggested</u> going to \$500 billion), or
- State and local governments are going to have to pick up many billion (possibly several hundred billion) dollars more of the tab for the President's \$1 trillion infrastructure plan than they had though as of last week.

(Trump's about-face came the week after Maryland Governor Larry Hogan (R) unveiled his plan for the largest P3 project in U.S. history – see <u>here</u> for details.)

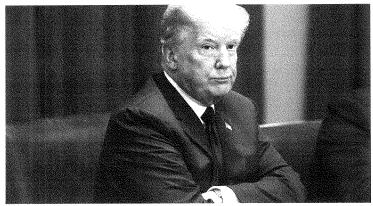
Related Articles

March 3, 2017 November 9, 2016 October 20, 2017 May 19, 2017

Search Eno Transportation Weekly

Search ETW

POLITICO



President Donald Trump told members he would lead on promoting a 25-cent hike to the federal levy, the source said. I Chris Kleponis/Getty Images

Trump endorses 25-cent gas tax hike, lawmakers say

The news triggers a backlash from anti-tax conservatives.

By LAUREN GARDNER, TANYA SNYDER and BRIANNA GURCIULLO | 02/14/2018 03:44 PM EST | Updated 02/14/2018 11:06 PM EST

President Donald Trump endorsed the idea of a 25 cent-per-gallon gas tax increase at a meeting Wednesday with lawmakers, people who attended the session said — a move that could help pay for his big infrastructure plan but brought swift attacks from anti-tax conservatives.

Trump's support came just two days after the White House released a long-awaited, \$1.5 trillion infrastructure plan that didn't endorse such a politically perilous increase, and less

than two months after he signed a mammoth tax code overhaul that would have provided cover for lawmakers supporting it. The last president to hike the 18.4-cents-per-gallon federal gas tax was Bill Clinton in 1993, a year before Democrats lost both chambers of Congress in a crushing midterm defeat.

A 25-cent hike phased in over five years would generate an additional \$375 billion over the next 10 years, according to the U.S. Chamber of Commerce, which backs the idea.

Sen. Tom Carper (D-Del.), one of several lawmakers of parties who attended the meeting, confirmed that Trump had indeed "offered his support for raising the gas and diesel tax by 25 cents a gallon and dedicating that money to improve our roads, highways, and bridges."

Carper added that Trump "came back to the idea of a 25 cent increase several times throughout the meeting," and that he "even offered to help provide the leadership necessary so that we could do something that has proven difficult in the past."

Rep. Peter DeFazio (D-Ore.), the top Democrat on the House Transportation Committee, emerged from the meeting saying he was heartened by Trump's words.

"He acknowledged that there needs to be more federal investment than is proposed in his plan — or not his plan; his staff's plan," DeFazio said. Trump's infrastructure proposal Monday called for using just \$200 billion in federal money, which the White House has said would all be offset by budget cuts.

ADVERTISING

A White House official refused to confirm the president's comments in Wednesday's meeting. But the official noted that Trump has previously said everything is on the table to achieve his infrastructure goals and that the gas tax "has its pros and cons, and that's why the president is leading a thoughtful discussion on the right way to solve our nation's infrastructure problems."

But anti-tax conservative groups quickly came out swinging against hiking the taxes motorists pay at the pump.

"I'd hate to see a new tax siphon off 20 percent of the \$1,000 tax reform bonuses back to the swamp this year," said FreedomWorks President Adam Brandon in a statement issued within minutes after the news of Trump's change of heart. Similar statements came from groups including Americans for Tax Reform and Americans for Prosperity.

"President Trump will not be fooled into following the Democrat play book," Americans for Tax Reform President Grover Norquist said in a statement.

The most reliable politics newsletter.

up for POLITICO Playbook and get the latest news, every morning — in your inbox.

Your email...

By signing up you agree to receive email newsletters or alerts from POLITICO. You can unsubscribe at any time.

Support for raising the gasoline tax to pay for transportation projects crosses political boundaries, however. House Transportation Chairman Bill Shuster (R-Pa.) brought up the idea at a recent GOP retreat as one way of providing more federal money for infrastructure.

DeFazio has also long called for a gas tax hike, his most recent proposal involving an increase of about a penny a year for 30 years.

In Wednesday's meeting, DeFazio said, he and Shuster "both made the point that we need really strong support from the White House" to push a gas tax increase forward. That's especially true, DeFazio said he told Trump, because House Speaker Paul Ryan (R-Wis.) is "not interested" in considering it.

If Trump follows through, it could mean billions of dollars in new revenue for infrastructure and help solve the intractable problem of the Highway Trust Fund's

shrinking potency, which is due in part to increasing fuel economy and alternative-fuel vehicles that don't pay gasoline taxes.

Shuster said Trump also "understands you've got to find a pay-for, you've got to fix" the Highway Trust Fund.

Raising the gas tax would only go so far by itself, because Highway Trust Fund money cannot go to waterways, broadband service, airports, veterans hospitals or any of the other broad array of project types that Trump's infrastructure plan seeks to fund. But it could achieve more than many infrastructure supporters had expected of Trump's plan — offering a sustainable funding source instead of a short-term shot in the arm.

Though DeFazio was heartened by Trump's comments, he was critical of portions of the plan that give preferential treatment and a higher federal match for rural areas — even though some of those rural areas are in the Oregon Democrat's district. He also said he wants to see previously enacted regulatory streamlining provisions fully implemented before Congress approves more.

Even Shuster said he had questions about the portion of the administration's proposal that would favor states and local governments that plan to pay for most of an infrastructure project themselves.

"It doesn't work for all the states," Shuster said. "They're looking for the federal government to do its part."

Shuster said that lawmakers and Trump "didn't put a timetable on" a package, though Shuster indicated that he hopes to finish legislation before the August recess.

"We've got plenty of time to do it. I don't believe it's that difficult," Shuster said. "We can get something done in fairly short order."

Andrew Restuccia contributed to this report.



https://www.uschamber.com/series/above-the-fold/here-s-how-the-us-chamber-would-rebuild-and-modernize-america-s-infrastructure

Here's How the U.S. Chamber Would Rebuild and Modernize America's Infrastructure

U.S. CHAMBER STAFF



an SUV tows a boat on the freeway in Los Angeles, California. Photo credit. Patrick T. Fallon/Bloomberg.

After decades of inaction, now is the time Washington should move on <u>rebuilding and modernizing America's infrastructure</u>, the head of the U.S. Chamber declared.

"it's time to approach this as a national imperative for long-term growth and competitiveness — not an exercise in parochial politics," <u>said president and CEO Tom Donohue</u> at <u>America's</u>

3/15/2018

Here's How the U.S. Chamber Would Rebuild and Modernize America's Infrastructure | U.S. Chamber of Commerce Infrastructure Summit.

The four-part plan would give the country a 21st century infrastructure system for a 21st century economy.

Let's break it down.

1. A modest increase in the federal fuel fee.

"We need to increase the federal fuel user fee, which hasn't been raised in 25 years," Donohue explained. "Why? It's the simplest, fairest, and most effective way to raise the money we need for roads, bridges, and transit.

The user fee was last raised in 1993. Since then, inflation and vehicle fuel economy have eroded its value. As a result, the federal highway and transit trust fund faces a shortfall of \$138 billion over the next decade.

The Chamber plan proposes a five-cent increase over five years. "Increasing the fee by a total of \$.25 cents, indexed for inflation and improving fuel economy, would raise \$394 billion over the next 10 years," said Donohue.

From a cost-benefit perspective, this makes a lot of sense. The fee increase "would cost the average motorist about \$9 a month," Donohue said. But "our badly deteriorating roads are causing approximately \$40 a month in increased maintenance and operating costs."

With that additional revenue, we can get better and safer roads, something the public supports. "By a 22-point margin — 50 to 28 — voters support implementing a federal fuel user fee, provided the money will go toward modernizing our infrastructure," said Donohue.

2. Expand financing options, like public/private partnerships, for local communities.

Besides fixing crumbling roads and bridges, we need a way to fund other projects like airports, seaports, waterways, electrical grids, broadband, and more. The Chamber proposes implementing a toolkit of options for supplemental funding and financing, including for the public to partner with the private sector.

"When it comes to private funding, there is huge potential. Between 2005 and 2015, infrastructure equity bonds raised about \$350 billion," said Donohue. "Since equity is about 25% of a typical public-private partnership, that \$350 billion could support projects worth \$1.4 trillion."

3/15/2018

Here's How the U.S. Chamber Would Rebuild and Modernize America's Infrastructure | U.S. Chamber of Commerce

The Chamber plan would strengthen and expand federal loan programs to facilitate public-private partnerships. Also state and local governments should leverage public dollars with federally-backed loans.

"Innovative financing mechanisms will allow us to meet today's infrastructure needs and build for the future while financing the costs over the long-term," said Donohue.

3. Streamline the permitting process to get projects off the ground.

But finding the money is only half the battle.

One important barrier keeping us from modernizing America's infrastructure is reforming the permitting process. "Without permitting reform, all the funding the financing you could dream of won't get the job done," Donohue implored. "Projects become seriously delayed or even canceled and their budgets skyrocket due to an uncertain and seemingly endless permitting process."

Instead of long, drawn-out permitting delays, the Chamber proposes permit streamlining, Donohue explains:

All federal infrastructure approvals should be completed within 2 years. State and local projects benefiting from federal funding or financing should also adhere to a two-year timeline, which should run concurrent to the federal process. And to help streamline permitting and eliminate duplicative reviews, a single lead agency should shepherd a project through the process from start to finish.

4. Develop a skilled workforce to build these projects.

Even if the funding is in place, and the approval process is smooth and certain, infrastructure projects won't be built if there aren't skilled workers available to do it.

"Nearly 80% of construction firms report that they are having a hard time finding qualified workers," said Donohue. "At the same time, by some estimates, every \$1 million in additional infrastructure spending, means an additional six to seven construction jobs. Who is going to fill those positions?"

To get more skilled workers, we need more apprenticeship programs, allowing workers to learn on the job. Also, "policymakers should expand the network of sector-based construction partnerships under federal workforce programs. They should also reform and boost support for federal career and technical education programs, like the Perkins Act," Donohue advised.

3/15/2018

Here's How the U.S. Chamber Would Rebuild and Modernize America's Infrastructure | U.S. Chamber of Commerce
One thing that must be done is "keep—not kick out—the skilled immigrants who have been
legally contributing to our economy for years thanks to programs like DACA and TPS."

This four-part plan is intended to start the discussion. The U.S. Chamber will work with anyone, Donohue said — any party, industry, labor, local and state leaders.

Infrastructure has been an issue neglected for too long. But 2018 can be the year that changes. "This is the next great opportunity to do something significant, something long-lasting, and something long-overdue, for our nation's future. And it will benefit all of us," concluded Donohue.

The Roadmap to Rebuilding America's Infrastructure can be found at <u>letsrebuildamerica.com</u>.

About the Author

U.S. Chamber Staff

© The U.S. Chamber of Commerce

 \bigcirc