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REVIEW AND STATUS OF THE MULTIBILLION-DOLLAR DEPARTMENT OF HOMELAND SECURITY RELOCATION PROJECT IN WASHINGTON, DC, AND ITS IMPACTS ON THE U.S. COAST GUARD

(112–52)

HEARING

BEFORE THE

SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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CONTENTS

Page

Summary of Subject Matter iv

TESTIMONY

Bathurst, Hon. Donald G., Chief Administrative Officer, Department of Homeland Security 4
Currier, Vice Admiral John P., Deputy Commandant for Mission Support, United States Coast Guard 4
Peck, Hon. Robert A., Commissioner, Public Buildings Service, General Services Administration 4

PREPARED STATEMENTS SUBMITTED BY MEMBERS OF CONGRESS

Norton, Hon. Eleanor Holmes, of the District of Columbia 19

PREPARED STATEMENTS SUBMITTED BY WITNESSES

Bathurst, Hon. Donald G. 21
Currier, Vice Admiral John P. 24
Peck, Hon. Robert A. 26

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September 16, 2011

MEMORANDUM

TO: Members, Subcommittee on Coast Guard and Maritime Transportation

FROM: Staff, Subcommittee on Coast Guard and Maritime Transportation

RE: Hearing on "Review and Status of the Multi-Billion Dollar Department of Homeland Security Relocation Project in Washington, D.C. and its Impacts on the U.S. Coast Guard".

PURPOSE

On Friday, September 23, 2011, at 10:00 a.m., in room 2167 of the Rayburn House Office Building, the Subcommittee on Coast Guard and Maritime Transportation will meet to review the status of the Department of Homeland Security's (DHS) headquarters consolidation project, the proposal to move the Coast Guard's headquarters to the new location, and the impacts the move with have on the Service's budget and operations.

BACKGROUND

History of St. Elizabeths

First established in 1855 as the Government Hospital for the Insane, St. Elizabeths Hospital's early mission was also to provide mental health treatment and facilities for the Army, the Navy, and the District of Columbia. However, during the Civil War it was also used to house wounded soldiers. In 1916, Congress renamed the government hospital St. Elizabeths, the colonial name of the land where the Hospital is located. By the 1940s, the hospital complex included an East and West Campus and covered an area of over 300 acres, housing 7,000 patients.

St. Elizabeths is bisected into two campuses by Martin Luther King, Jr. Avenue, S.E. In 1987, the Department of Health and Human Services transferred the East Campus and what remained of the hospital to the District of Columbia in 1987. The East Campus comprises 154 acres and houses the D.C. Unified Communications Center and a mental health facility. The West Campus consists of 183 acres of land and 61 buildings with approximately 1.1 million square feet. In 2001, the Department of Health and Human Services determined that the West Campus was excess to its needs and the property was later transferred to the General Services Administration (GSA). The GSA has since stabilized the vacant buildings. The entire West Campus, including buildings and landscaping, was designated a National Historic Landmark in 1990.

Planned DHS Move to St. Elizabeths

Current facilities housing DHS and its component agencies are spread among more than 61 buildings in 40 locations in the Washington, D.C. area. DHS believes consolidation will promote mission integration and reduce duplication. Pursuant to the Department of Homeland Security Appropriations Act of 2007 (P.L. 109-295), DHS prepared a National Capital Region Housing Master Plan (Plan) to identify the housing needs of the Department and its component agencies. The Plan called for the consolidation of DHS housing needs on a single campus with necessary security buffers and a minimum of 4.5 million gross square feet of office space. The plan calls for housing approximately 14,000 DHS employees and servicemembers at the consolidated campus. The GSA explored several potential locations in the National Capital Region to satisfy the Plans requirements and determined that the West Campus of St. Elizabeths Hospital was the only federally controlled site available and capable of meeting the Plans requirements.

Construction Plan:

In 2008, the GSA prospectus (PDC-0002-WA08) for the construction of the first phase of the Plan was approved by the Transportation and Infrastructure Committee and the Environment and Public Works Committee. Additional prospectuses for subsequent phases of construction have since been approved. Phase 1 includes construction of the Coast Guard headquarters, installation of utilities on the campus, improvements to the perimeter fence, and the adaptive reuse of six existing buildings to house personnel and support services. Phase 2 originally included renovation of the historic main Hospital building to house the Secretary and other Department heads, construction of the DHS Operations Center, and construction of a building to house FEMA. Phase 2 has since been broken into two phases: Phase 2A which includes the renovation of the main Hospital building and the construction of the Operations Center; and Phase 2B which includes the construction of a building for FEMA. The final phase, Phase 3, includes construction of buildings for Customs and Border Protection, Immigration and Customs Enforcement, and the Transportation Security Agency.

Timeline:

The GSA's current construction timeline assumes full funding of the fiscal year 2012 budget request. Under the current timeline, Phase 1/Coast Guard Headquarters will be complete and available for occupancy in fiscal year 2013; Phase 2A/DHS Headquarters and Operations Center will be complete in fiscal year 2016; Phase 2B/FEMA Headquarters will be complete in fiscal year 2017; and Phase 3 will be complete in fiscal year 2021.

Funding:

To date, a total of $1.25 billion has been appropriated for the design and construction of the Plan. $873 million has been appropriated to the GSA for design and construction of Phase 1. Another $377.2 million has been appropriated to DHS to prepare for the move and fit out the constructed space. The current estimate of the cost for GSA to complete all three phases of the construction is $2.17 billion.

The Administration's fiscal year 2012 budget request includes $217.7 million for the GSA to complete construction on Phase 2A, as well as $159.6 million for DHS to pay for new equipment, building fit-out, and other tenant costs. H.R. 2434, the Fiscal Year 2012 Financial Services Appropriations bill as reported by the House Appropriations Committee does not include any funding for the GSA to continue construction at St. Elizabeths. H.R. 2017, the Fiscal Year 2012 DHS Appropriations bill passed by the House does not include any funding for DHS headquarters consolidation. The Appropriations Committee's report on H.R. 2017 cited cost and schedule issues as reasons for not providing funding for the project until a revised plan is completed and provided to the Committee.

S. 1573, the Fiscal Year 2012 Financial Services Appropriations bill as reported by the Senate Appropriations Committee includes $65 million in funding for the GSA to pursue new construction projects nationwide. The Fiscal Year 2012 Homeland Security Appropriations bill reported by the Senate Appropriations Committee includes $56 million for DHS to purchase equipment, and pay moving costs.

According to the GSA, at least $70 million is needed in fiscal year 2012 to complete construction on the Coast Guard's Operations Center and a road to access the parking garage. According to DHS, at least $56 million is needed in fiscal year 2012 to purchase equipment, and pay moving costs. Without this funding in place in fiscal year 2012, the Coast Guard may not be able to move to St. Elizabeths in 2013.

Current Coast Guard Headquarters

Space, Access, and Amenities:

The GSA currently leases two buildings (Transpoint and Jemal) in the Buzzard's Point neighborhood of Southwest Washington, D.C. from a private property owner for use as Coast Guard headquarters. The buildings provide a combined 917,688 of rentable

square feet to the Coast Guard and currently house 3,600 servicemembers and employees. The buildings are located within walking distance from one another and are serviced by a shuttle bus for access to the L'Enfant Plaza Metro Station. The Transpoint building has a fitness facility, child care development center, and cafeteria. The Jemal building has a small fitness facility and café. Both buildings also have parking garages and there is a significant amount of parking available on the street. The U.S. Army's Fort McNair is located adjacent to the Transpoint Building and provides access to additional services for military members and their dependents.

Cost:

In fiscal year 2013, the Coast Guard will pay $37.5 million to the GSA to rent the Transpoint and Jemal buildings (approximately $41 per rentable square foot) for Class B office space. GSA's current lease on the Transpoint building runs through 2018. The GSA has four leases on the Jemal building, the latest of which expire in 2013.

New Coast Guard Headquarters at St. Elizabeths

Space, Access, and Amenities:

The new headquarters building will provide 1,105,246 of rentable square feet and is expected to house between 3,500 and 3,700 servicemembers and employees (the Subcommittee has received conflicting information from the Coast Guard on the total number of servicemembers and employees moving to the St. Elizabeths). The building will include a child care development center and a café. Separate facilities are being built on campus to house a cafeteria, fitness facility, and parking garage. The Coast Guard will be allocated a portion of the spaces in the parking garage. Initial estimates are that there will be several hundred less parking spaces available to Coast Guard personnel at the new facility than is available at their current location.

There is currently insufficient road access to and within St. Elizabeths to handle Coast Guard servicemembers and employees, or the 14,000 federal employees expected when the site is fully occupied. The Plan calls for construction of a new off ramp from I-295. However, construction of this off ramp is not planned to be completed for several years after the Coast Guard has relocated to St. Elizabeths. At this point, access to the parking garage is unavailable.. An access road from Firth Sterling Avenue is planned, but the project's commencement is awaiting resolution of fiscal year 2012 appropriations. Finally, St. Elizabeths is located between two Metro stations. The Plan calls for the use of buses to shuttle personnel to and from the Anacostia and Congress Heights Stations.

Cost:

The new Coast Guard headquarters building being built by the GSA at St. Elizabeths is currently estimated to cost the Service $53.1 million (approximately $48 per rentable square foot) in rent in fiscal year 2013 for Class A commercial office space, approximately $16 million or 42 percent more than renting space in their current facility which is Class B commercial office space. The Coast Guard, GSA, and DHS continue to

negotiate a final occupancy agreement which will establish the actual rent for the years 2013 through 2018 (GSA occupancy agreements last ten years, but rental costs are subject to renegotiation after 5 years).

In addition to the increased rent, the Coast Guard may be required to pay the costs of moving personnel and equipment, as well as the costs to simultaneously rent space at its current headquarters location and St. Elizabeths. At the Subcommittee's hearing on July 26, 2011, Vice Admiral Currier estimated this could cost the Service an additional $54 million over the current fiscal year's expenditure for headquarters facilities. He also stated that the Coast Guard and DHS are working closely to develop a solution to ensure no compromise in Coast Guard operations.

Until the Department and its other agencies move to St. Elizabeths, the Coast Guard will pay the full cost to operate the cafeteria and a prorated cost for parking and perimeter security. The Subcommittee has yet to receive an answer on whether the Coast Guard will pay for shuttle bus services.

The Coast Guard and Maritime Transportation Act of 2006

Section 212 of the Coast Guard and Maritime Transportation Act of 2006 (P.L. 109-241) included a provision that prohibited the Commandant of the Coast Guard from moving any personnel to the new facility until a plan was submitted to the Committee outlining how access via Interstate Route 295 would be improved; identifying at least one Federal agency other than the Coast Guard with no fewer than 2,000 employees that would move to St. Elizabeths around the same time as the Coast Guard; as well as the feasibility of relocating Coast Guard headquarters to several other locations, and how a potential move to St. Elizabeth's Hospital would impact interagency coordination within DHS. The Committee received the plan in 2007.

Latest Developments

On September 8, 2011, during an interview with the media, Secretary Napolitano said:

> "I'd rather have the money to complete building a national security cutter for the Coast Guard, support the Secret Service in its activities and sustain our activities at the border than a new building. That is why St. E's is on the chopping block for now. Ultimately it will happen, but not now" (Jason Miller. *DHS St. E's to be a Victim of the Budget Axe.* www.FederalNewsRadio.com, posted 9-8-11).

According to the same media report, the Secretary also indicated that moving the Coast Guard to St. Elizabeths is presently uncertain:

> "But now even the Coast Guard moving into its new building is under discussion"

Following the Secretary Napolitano's September 8th statement, the DHS Chief Financial Officer released the following quote:

> "The Secretary's comments that the DHS Headquarters Consolidation Project on the "budget chopping block" was in context of a conversation on how congressional budget cuts are impacting the Department. The Administration is committed to building a new headquarters for the Department in DC and will continue to work with Congress to move this project forward while maintaining frontline operations. However, we are revisiting the original assumptions on the use of the space at St. Elizabeth's based on projected budgets and growth of the Department."

WITNESSES

Department of Homeland Security

Vice Admiral John Currier
Deputy Commandant for Mission Support
U.S. Coast Guard

The Honorable Robert A. Peck
Commissioner, Public Buildings Service
General Services Administration

REVIEW AND STATUS OF THE MULTIBILLION-DOLLAR DEPARTMENT OF HOMELAND SECURITY RELOCATION PROJECT IN WASHINGTON, DC, AND ITS IMPACTS ON THE U.S. COAST GUARD

FRIDAY, SEPTEMBER 23, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:00 a.m., in room 2167, Rayburn House Office Building, Hon. Frank LoBiondo (Chairman of the subcommittee) presiding.

Mr. LOBIONDO. Good morning. The subcommittee will come to order.

The subcommittee is meeting today to review the current plan to move the Coast Guard headquarters to the west campus of St. Elizabeths hospital in Anacostia. The subcommittee has long had concerns with the plan to move the Coast Guard headquarters to St. Elizabeths. Specifically, the subcommittee has been concerned with the adequacy of access to the facility. Isolation of the Coast Guard, if no other entities move to the campus, would be a big question mark.

Any additional cost that would be borne by the Coast Guard to move to the new facility and to support its operations would also be another huge concern and the impact of those costs will have on the ability of the Service to conduct their critical missions.

In 2006, the authorization bill for the Coast Guard prohibited the Service from moving until the General Services Administration provided a plan that identified another DHS agency that would be moving to St. Elizabeths around the same time as the Coast Guard, what improvements would be made to access the facility, and how the move would affect the Service's operations. The GSA provided that plan, but now, due to funding constraints, it will not be followed.

House appropriators have not provided funding in fiscal year 2012 to complete the new Coast Guard headquarters, and Senate appropriators have provided what may be just barely enough to enable the Coast Guard to move but no funding for construction for any other DHS component, and this is a matter of huge concern.

And now the Secretary is saying that she would rather spend her limited funding on front-line operations than on St. Elizabeths's

project. While I wholeheartedly agree with her Coast Guard front-line operations are critically important, however, we are concerned that that position leaves the Coast Guard further in limbo.

At our July 2011 hearing, the subcommittee was informed that it could cost the Service over $54 million in fiscal year 2013 to move its headquarters and that it could cost over $20 million annually in additional rent in each of the following years. In the current fiscal environment, those are significant numbers; and they could have significant impacts on the Service's front-line operations, which is something none of us want to see.

We all know the Coast Guard is hard pressed to meet its current mission goals. The Service has testified before this committee that it lacked the manpower and assets to effectively respond to the Deepwater Horizon oil spill or to conduct safety inspections of commercial vessels or to continue to conduct port security operations at the current tempos or to upgrade housing for its servicemembers. The list just goes on and on. Before the Service is forced to spend tens of millions of additional operating dollars on rent, perhaps we could focus on addressing these priorities first.

In addition to the cost of resource issues, there are several logistical issues that I think further complicate this move. There is currently insufficient road access to St. Elizabeths. The Department's consolidation plans call for construction of a new off ramp from I–295 because the current access to St. Elizabeths is inconvenient and, maybe more importantly, inadequate. Unfortunately, the construction of this off ramp is not planned until several years after the Coast Guard relocates to St. Elizabeths. And that is when it is planned for. So when it will actually happen remains a big question mark.

In addition, there are several hundred less parking spaces available to Coast Guard personnel at St. Elizabeths than there are at the current headquarters location. This will force a large number of personnel to rely on public transportation and a contracted shuttle bus, which may or may not be able to meet the demand. So I am very concerned about the message that we are giving to the personnel who have to move out there as well.

So I hope our witnesses will be able to address these logistical issues.

The subcommittee does not oppose moving the Coast Guard headquarters to St. Elizabeths. We understand the value in consolidating DHS headquarters in one location. However, the subcommittee was promised by the previous administration that moving the Coast Guard would not unduly burden the Service financially, undermine its mission readiness, or leave it isolated at St. Elizabeths. Unfortunately, it appears as though our worst fears are coming true.

Before this plan can move forward, the Department and the Service need to work out an arrangement that does not disrupt front-line operations or leave the Service out there on its own. Otherwise, we will be forced to take action to keep taxpayer dollars from being needlessly wasted and to ensure that the Coast Guard stands ready to do its job and protect the American people.

I would like to thank our witnesses for appearing here today. We look forward to their testimony.

And now I would like to yield to Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman, for convening this morning's oversight hearing to review the status of the Department of Homeland Security's consolidation project in Washington, DC. Our focus is on the relocation of the U.S. Coast Guard to a new headquarters facility that is currently under construction at this particular site.

The Coast Guard, among its diverse missions, functions as the lead Federal maritime law enforcement agency responsible for domestic maritime security. As such, the Service is engaged in several activities vital to homeland security, including port, waterway, and coastal security operations, vessel and cargo inspection, and illegal migrant and drug interdiction.

Through these activities and more, the Service ensures our coastal resources infrastructure are protected, that our ocean, Great Lakes, and inland waterway commerce remains safe and stable, and that our maritime industries continue to provide jobs and economic opportunity.

With the passage of the Homeland Security Act of 2002, the Coast Guard was transferred from the Department of Transportation and become part of the new Department of Homeland Security. Notwithstanding the normal growing pains that are to be expected with any significant Government reorganization, that movement has provided more or less mutual benefits to the Coast Guard and DHS.

The Congress and the Bush administration in 2007 begin the joint process of designing and building a consolidated DHS headquarters facility to better leverage the capabilities of this newly created Department and to promote mission integration and reduce duplication. These objectives remain as relevant today as they were in 2007.

Located at the 338 acre St. Elizabeths campus across the Anacostia River from the Capitol in Southeast Washington, when construction concludes in 2016 the new DHS's campus will provide 4½ million square feet of office space for approximately 14,000 employees and servicemembers.

I might also add this project, which is providing hundreds of high-paying jobs, has been delivered on time, within budget—no small accomplishment. While there are some critics expressing concern about the cost associated with the Coast Guard's relocation to this new facility, something that the Service fully supports and which the GSA insists remain on schedule, the reality is that these costs have always been known and accounted for.

Moreover, DHS, GSA, and the Coast Guard are presently developing an equitable cost-sharing strategy to ensure the Coast Guard's operational capabilities are not diminished. On this point, I agree entirely with Chairman LoBiondo. The Coast Guard should not have to pay more than its fair share when it relocates to its new facility at St. Elizabeths, and I urge the agencies to finalize a cost-sharing arrangement as soon as possible to ease any of our concerns.

Another issue looming is that we may lose many of the cost savings and other benefits that have been realized thus far unless Congress itself renews its commitment to fund construction of St.

Elizabeths. Homeland Security is simply too important for the Congress to allow this project to drift off course to an uncertain future.

No one has questioned the need to complete the consolidation. For that matter, no one has seriously proposed its termination. Yet, remarkably, the House appropriations bills do not fund this project, even though the end result will mean significantly higher costs, scheduled delays, higher unemployment, and, worst of all, a DHS that is less efficient, less coordinated, and less effective that it could be if this project was successfully completed.

I hope everyone wants to maximize the value of our $1.4 billion investment. It will require a small additional investment to achieve it. Unfortunately, that investment to date will be nearly worthless unless we finish it.

Again, I share the chairman's concern for potential impacts to the Coast Guard's operations budget as a result of the Service's relocation to St. Elizabeths. But we should not lose focus on the fact that it is Congress that controls whether or not this consolidation project is completed on schedule and within budget. So to the extent that we can work together to keep this larger project on track for timely completion we will also attain our mutual goal of insuring a more effective U.S. Coast Guard.

Mr. Chairman, that completes my opening statement.

I also have a unanimous consent request. I ask unanimous consent that pursuant to Rule 3(e) of the committee rules that Congresswoman Norton be allowed to participate in today's hearing.

Mr. LOBIONDO. Without objection, so ordered.

Welcome, Ms. Norton. Thanks you for joining us.

Our panel of witnesses include Coast Guard Vice Admiral John Currier, the Deputy Commandant for Mission Support; Mr. Donald Bathurst, DHS Chief Administrative Officer, and the Honorable Robert Peck, Commissioner of Public Buildings for the GSA.

I welcome you and thank you for being here today and for participating.

Admiral Currier, you are recognized.

TESTIMONY OF VICE ADMIRAL JOHN P. CURRIER, DEPUTY COMMANDANT FOR MISSION SUPPORT, UNITED STATES COAST GUARD; THE HONORABLE DONALD G. BATHURST, CHIEF ADMINISTRATIVE OFFICER, DEPARTMENT OF HOMELAND SECURITY; AND THE HONORABLE ROBERT A. PECK, COMMISSIONER, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION

Admiral CURRIER. Thank you, Chairman LoBiondo. Good morning, Ranking Member Larsen, distinguished members of the subcommittee. I am honored to appear before you today with Mr. Donald Bathurst and Mr. Robert Peck to speak about the Coast Guard headquarters' move to St. Elizabeths.

The Coast Guard is committed to the vision of a unified Department of Homeland Security headquarters campus, and we look forward to being the first to relocate to St. Elizabeths. GSA, DHS, and the Coast Guard team have been working since 2005 in preparation of the Coast Guard's move to St. Elizabeths, and we look forward with anticipation to completion of phase 1 construction in 2013.

For the Coast Guard, St. Elizabeths represents improved working conditions for our people, as well as occupy a brand new class A office space. The facilities include not just Coast Guard headquarters building but also space required for personnel support. Those activities include a medical, dental clinic, child development center, cafeteria, fitness center, parking, and a Coast Guard Exchange. GSA is committed to completing all of these facilities prior to our move, which is scheduled to begin in April of 2013.

I have walked this site several times, sir, and I am most impressed with both the setting, the quality, the layout. It is really coming together as a fantastic new location for Coast Guard headquarters.

However, the GSA/DHS Coast Guard plan is dependent on funding. The 2012 President's budget included funding for both DHS and GSA, and if not supported that would leave the project without adequate resources to facilitate the move or for the construction of key access roads. Without this funding, the Coast Guard's move to St. Elizabeths will be impacted.

Additionally, when I testified before you this summer, I spoke regarding my concern regarding operating costs of the new facility and our ability to fund the lease. I report to you today that DHS has assured the Coast Guard that they will provide the requisite resources to support the move and any additional recurring cost incurred with the relocation. The Secretary told the commandant that she is committed to ensuring the move to St. Elizabeths does not impact front-line Coast Guard operations.

In addition, GSA has made a commitment to waive double occupancy rent costs for the facilities at Buzzards Point and St. Elizabeths to reduce our move-in costs in fiscal year 2013. We understand that we are moving out of a campus that will still be under construction, and that will create unique challenges for our workforce. Given the imminent move over the past year, my staff has developed a communications plan to inform our people regarding the move, identify questions and concerns from our workforce.

In addition to publishing information on all-hands announcement on our Web site, I recently personally hosted town hall events with the headquarters' workforce. Questions ranged from parking to shuttles to status of construction; and with the cooperation of DHS and GSA, I was able to reassure our workforce that their concerns are in fact being addressed. I intend to continue to work with DHS, the project staff, and GSA to assure that, despite ongoing construction, a safe, secure, and functional environment is provided for all of our employees.

Thank you again for the opportunity to testify, and I will be happy to answer any of your questions.

Mr. LOBIONDO. Thank you, Admiral.

Mr. Bathurst, you are recognized.

Mr. BATHURST. Chairman LoBiondo, Ranking Member Larsen, members of the committee, good morning. Thank you for the opportunity to appear before you in support of our efforts to consolidate the Department's headquarters.

I am Don Bathurst, the Chief Administrative Officer for the Department of Homeland Security; and I am pleased to be here today to update you on the program toward establishing the DHS consoli-

dated headquarters at St. Elizabeths, with particular interest on the Coast Guard's move.

The Secretary's first priority is to support our front-line missions, and in this challenging fiscal environment difficult decisions have to be made. The Secretary and the administration remain committed to consolidating the Department's headquarters, as evidenced by the President's fiscal 2011 and 2012 budget request, and will continue to work with Congress to move this project forward while maintaining front-line operations again during these challenging fiscal times.

With bipartisan support, the phase 1 construction of the DHS consolidated headquarters, the Coast Guard building, started in fiscal year 2009 with appropriations to both DHS and GSA. The Recovery Act provided the project with sufficient funds to meet our planned fiscal 2010 requirements for the project. This project was on schedule and on budget with the submission of the fiscal year 2011 budget. DHS and GSA were poised to start the critical next segments of the headquarters—the departmental headquarters segment and the construction of the DHS operations center.

Bringing the component operation centers together into the DHS operations center will resolve deficiencies in operational management, which was noted in various lessons learned reports and Government Accountability Office reports after Hurricane Katrina.

In fiscal year 2011, DHS received $77.4 million of our $287.8 million request; and GSA received $82 million for their entire nationwide new construction program, of which $30 million was allocated to the St. Elizabeths project. This reduction has disrupted the integrated sequencing of the project, delayed the schedule, caused a loss of planned construction efficiencies, and, as a result, will increase the cost of the project.

The fiscal year 2012 request is critical to both DHS and GSA for on-schedule completion and occupancy of the Coast Guard. Of the combined $378 million requested between DHS and GSA, we need $132 million for Coast Guard to occupy phase 1 as planned. DHS would need $56 million for IT equipment, commissioning, outfitting, and the move costs. GSA needs $76 million for transportation and utility infrastructure. The funding requirements are co-dependent. Without both, the new 1.1 million square foot Coast Guard building will not be fully ready for occupancy.

Completion of phase 1 of the St. Elizabeths campus is the first priority for this project, followed immediately by the construction of the DHS operations centers. We are committed to do this and to ensure the support of the front-line missions. This will allow the Department to maximize the taxpayer investment and resolve major lessons learned from Hurricane Katrina and other operational experience. We urge your continued support for this critical investment that provides better operational efficiencies and saves money in the long run.

Again, I thank you for the opportunity to testify this morning; and I am pleased to answer any questions you may have.

Mr. LOBIONDO. Thank you.

Mr. Peck, you are recognized.

Mr. PECK. Thank you, Mr. Chairman, Ranking Member Larsen, Ms. Norton, and other members of the subcommittee.

I have a written statement which we want to submit for the record.

I appreciate the opportunity to join you today to discuss our continued progress toward moving the Coast Guard headquarters to the consolidated DHS headquarters at the St. Elizabeths campus. And you can see on the screens in the room construction progress. That photo was taken this month.

Congress, Coast Guard, DHS, and GSA developed and agreed upon the consolidation strategy for DHS in 2006, the first facility scheduled to come on line as a Coast Guard headquarters building worthy of the Coast Guard's vital missions, enhancing its ability to achieve those missions and providing a building customized to meet its specific requirements and security needs.

Throughout its brief history, DHS headquarters functions have been scattered in more than 50 locations throughout the national capital region. This fragmentation has resulted in operational challenges for the agency. Many of these locations are leased space, which is not cost effective in the long term and cannot offer the same degree of security or efficiency as a campus such as St. Elizabeths. Consolidation into one secure campus will facilitate communication, coordination, and cooperation across the agency and increase operational efficiency, while also providing a more cost-effective and secure workplace for the long term.

Construction of the $350 million, 1.2 million square foot Coast Guard building built to the exact specifications of the Coast Guard is on budget and on schedule for completion in fiscal year 2013. It also represents a significant product milestone in housing the first 3,600 employees of the total of 14,000 Homeland Security employees who eventually will be housed on the campus.

In addition to completing the new Coast Guard headquarters building, GSA is in the process of renovating several St. Elizabeths campus buildings, constructing the security's perimeter fence, gatehouses and utility tunnels. This construction, coupled with the adaptive reuse of historic buildings on the campus, will provide secure space and sufficient amenities for the Coast Guard while other components are constructed and development occurs in the surrounding community.

GSA recognizes that while the House appropriation action for fiscal year 2012 so far has eliminated our proposed $218 million in construction funding for St. Elizabeths, the Senate mark includes $65 million. The Senate mark also includes $56 million in funding for DHS to complete their portion of the project for the Coast Guard move in.

The consolidation of the DHS particularly at this time presents a variety of opportunities to save taxpayers' money and make good long-term housing decisions. The unfortunate downturn in the construction market has given us an opportunity to achieve more with current funding levels. This is the right time to invest in the Nation's infrastructure. Funding delays result in construction cost escalations and present real cost increases to taxpayers.

Additionally, consolidation allows us to eliminate the dozens of leases currently housing DHS. The Government Accountability Office has long focused on the Federal Government's overreliance on leasing as a high-risk concern. By converting from lease to owned

space, GSA will generate revenue for reinvestment needed for our public buildings infrastructure, rather than paying higher costs in private buildings.

The Coast Guard headquarters alone will represent the conversion of nearly 1 million square feet of space from leased to Federal ownership. This conversion of lease to owned space saves taxpayers money in the long term. Based on the net present value analysis for the consolidated campus, taxpayers will save approximately $500 million in net present value, versus the cost of leasing the same amount of space over the next 30 years.

GSA and DHS are proud to work together in delivering this essential campus. While the timeline of the remainder of the DHS headquarters consolidation project will have to shift due to funding limitations, both DHS and GSA as well as this administration remain committed to the success and completion of this project in as short a time as possible and at the least cost.

Thank you for inviting me to testify. I know I have not answered all of your questions in my statement, and I look forward to our conversation this morning. Thank you.

Mr. LOBIONDO. Thank you.

Admiral Currier, the Coast Guard may be required to pay the cost of moving personnel and equipment as well as the cost to simultaneously lease space at its current headquarters location and the new headquarters building at St. Elizabeths. At our subcommittee hearing in July, you estimated that this could cost the Service an additional $54 million over the current fiscal year's expenditures. Is that number still accurate?

Admiral CURRIER. Thank you, Mr. Chairman.

During the July hearing when I testified to that figure, that was our best estimate at the time. We have been engaged, fully engaged in partnership with DHS and GSA. We worked to achieve better fidelity in the figures. We have arrived in an arrangement with GSA and DHS. Their double occupancy will not be charged, which was a large portion of that $54 million. So I am pleased to say that as we continue to work toward our move that we have materially reduced that $54 million figure, and we continue to work to reduce it even further.

Mr. LOBIONDO. Well, that is good news, but we would sure like to have a hard number or close to a hard number. And, of course, timing is of importance here.

Admiral CURRIER. Yes, sir.

Mr. LOBIONDO. The current headquarters lease costs about $36 million annually. The subcommittee understands that the new facility will cost the Service $53 million a year, about a 42-percent increase in rent. Do you feel those numbers are accurate?

Admiral CURRIER. Sir, they continue to be evolved. I hesitate to give you a number at this point. And I am not trying to be evasive, but we continue to work toward reducing those numbers.

But the offset on this is there is an enhanced footprint for us. We have got a larger child care facility. We have better IT. We are going have a more secure campus that we are not on and quite vulnerable today.

So I am not trying to be evasive, and I can provide a figure for the record as we mature it. We are working closely in partnership with the other agencies to reduce that to the max extent.

I guess the overarching theme, sir, is that the Commandant and the Secretary and everybody involved is committed to the fact that whatever costs are incurred here will not affect Coast Guard front-line operations.

Mr. PECK. Mr. Chairman, might I add?

The comparison of current lease costs to the lease costs that GSA will charge to the Coast Guard and DHS at the site are comprised—the gap is comprised of a couple factors.

One, the building that we are building for the Coast Guard is custom designed for it. The building they lease is not. The building that we are building is a first-class building designed for the operations of the Coast Guard. The current leased location is not.

One of the current lease locations is in the 100-year flood plain. We are not sure we would be able to renew the lease at that location. But, if we do, the building, in any event, both for the flood plain issues and the fact that the building is old and needs a lot of work, will require extensive renovation; and that would increase the lease costs at the current lease location, too.

So the gap that the current lease costs does not quite reflect what we think the costs would be in the future, even were we to lease.

And then, finally, as I noted in my testimony, leasing space in the long run for the Government, as this committee has always reminded us, is a bad fiscal deal for the taxpayers.

Mr. LOBIONDO. Mr. Bathurst, Admiral Currier just made a statement that Secretary Napolitano's commitment to move forward is unwavering, and I would just like a clarification.

On September the 8th, the Secretary was reported in the press to have stated that she would prefer to spend her limited dollars on front-line operations, rather than the St. Elizabeths project. She also indicated that she was reexamining moving the Coast Guard headquarters out there. Was this press account accurate?

Mr. BATHURST. Thank you, Mr. Chairman.

I don't believe the press account was completely accurate. I think it was taken out of context.

As I said in my testimony, there were very, very difficult decisions have to be made in these trying fiscal times. Front-line mission has got to be supported. We have got to support our men and women on the pointy end of the spear.

That said, the support activities, the buildings, and the like are a large cost of any organization; and we have got to be very prudent as how we move forward with those.

The Secretary was really discussing the environment that we are in, in that our request in 2011 had been reduced drastically in the 2011 continuing resolution; and at the time she made that statement the House appropriations committee mark for the project was zero. And, in that, that puts the project at risk. And with those marks, the issue was we are not going to take money out of the front-line mission to make up those differences. We are going to go have to live within the means that the project is appropriated,

which will then impact the cost and schedule long term on the project.

Mr. LOBIONDO. We are trying to get some clarity, so I don't—I really want to make sure you don't think I am trying to nitpick at you here. But there is a lot of money at stake. And I note in your testimony that it did not—unless I missed it—include any assurances that the Department is doing everything it can to ensure the move to St. Elizabeths will have no adverse affect on the impact of Coast Guard front-line operations. Was that maybe just an omission or——

Mr. BATHURST. I think, as Admiral Currier said, we are working with the Coast Guard on their operational support costs. It is our commitment that the Coast Guard and any other occupants of the headquarters space, as we continue to build out the campus and bring other components there, will only pay their fair share. We are committed to that.

Issues of outfitting the space, the move costs for the Coast Guard are all being borne by the project office. Those are not costs that the Coast Guard has to come up with. They only need to pay their occupancy costs once they are there.

Again, we are looking at what the current costs are, which there are a lot of different elements to that, into a consolidated operating support cost that will be at the consolidated headquarters location. And as that analysis is still, as Admiral Currier said, being refined, we believe that the current costs and the future costs will be comparable.

Mr. LOBIONDO. So are you prepared to give us that assurance now?

Mr. BATHURST. Absolutely, sir.

Mr. LOBIONDO. OK, without any hesitation.

I will be finished here in just a minute, Rick.

When do you expect an agreement on cost sharing between the Coast Guard and DHS and GSA?

Mr. BATHURST. Well, the analysis is ongoing. Certainly we will have, I believe, good numbers with the President's budget request that will come up here in the next 5 months.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. Chairman, I want to yield my time to Ms. Norton.

Ms. NORTON. I thank the gentleman for yielding me his time, and I thank the chairman for allowing me to appear at this subcommittee of which I am not a member, although I am a member of the full committee.

Admiral Currier, do you have any reluctance about being the first to move to this site? Do you believe that others have to be on this site in order for the Coast Guard of the United States to feel that it can move to the site?

Admiral CURRIER. No, ma'am. Thank you for that question. We have no reluctance. We are quite enthusiastic. We see this move as very beneficial to our operational efficiency, to our habitability concerns for our people. We are not wavering at all in our commitment to move. We are not concerned about being first. We have been first in the planning since day one, and we are very enthusiastic about making this move over to St. Elizabeths.

Ms. NORTON. Well, actually I am not surprised. You are the United States Coast Guard. I couldn't believe that the United States Coast Guard would be reluctant or wouldn't want to be the first to move to a new site, not our United States Coast Guard. And it seems to me quite appropriate that the Coast Guard lead the way, as the Coast Guard so often has led the way in our country.

I certainly thank you for all you did in Hurricane Katrina, because you certainly saved the day there.

I note that the Coast Guard is leading by example. The Commandant tells me that he has already moved his residents to be closer to this new facility. Is that not the case?

Admiral CURRIER. Yes, ma'am. We were able to enter into an agreement with the Air Force to actually move the top four people in Coast Guard headquarters over to Bolling Air Force Base, which is quite a cost avoidance for us. We were able to save some money doing that. It clearly is probably a 5- to 10-minute commute to the new facility. So it is a win, win for everyone.

Ms. NORTON. Admiral Currier, you are going to be—except for the Secretary herself who will be located here, of the 22 agencies that are a part of Homeland Security Department, the Coast Guard gets to be the lead agency located there and one of the few agencies that can be located right there on the headquarters site. You indicated in a publication called the Federal Response to Katrina: Lessons Learned, that, first and most important, the Federal Government response organizations must be collocated and strengthened to manage catastrophes in a new management operations center. Do you expect that the Coast Guard headquarters—the location of the Coast Guard headquarters as part of a national operations center will improve the operations of the Coast Guard itself as an entity and within the Department of Homeland Security?

Admiral CURRIER. Yes, ma'am. I think that is clearly the case.

What we have seen over the past year even with our response to the Haitian earthquake, response to the Deepwater Horizon spill in the Gulf of Mexico is that increasingly these complex responses involve whole of Government. For us to be able to, as the Secretary has articulated, be in one location building a DHS culture and actually being collocated as we coordinate the response from DHS I think is a huge benefit and clearly is the way forward for us.

Ms. NORTON. Mr. Bathurst, I served on the special Homeland Security Committee when it was a special committee. I was on the committee when it became a permanent committee. The only reason I am not on it now is because the number of committees was reduced to two. The Department was under constant criticism from the committee, and much of that criticism really had to do with the failure of the Department to become a coherent, integrated organization. Do you believe that the DHS complex, beginning, of course, with the Coast Guard but involving the Secretary and headquarters operations as well, will reduce that criticism of the agency as essentially the same sprawling bunch of 22 agencies it was before Congress made the fateful decision to make one Department of these agencies?

Mr. BATHURST. Yes, the short answer. That is really the focus of the project, is to bring the departmental headquarters with all of

the component headquarters together around a consolidated operations center.

Again, Coast Guard is first to move over. They have had a longstanding need for consolidation of their headquarters, and the St. Elizabeths site was perfect for that with the continuation of the build-out of the DHS consolidated operations centers and the departmental headquarters. That is why we had a very aggressive integrated construction schedule and the fiscal year 2011 and 2012 requests were to start the work on the operations center and the secretarial offices and the departmental headquarters.

With the reductions in the funding for fiscal year 2011 in the CR and with the uncertainty of fiscal year 2012, it is impacting out ability to bring the Secretary's office and to build out the consolidated operations center. But when we get those done I think, as Admiral Currier said, it will have a significant, positive impact on our operational capabilities and coordination.

Ms. NORTON. Well, I understand what you are saying, Mr. Bathurst. This was a $3.4 billion building. I must say I give great credit to GSA for keeping on time. I don't know how you have been able to do it so far. We did get a big tranche of money out in the beginning which has allowed you to move forward.

But I think the Coast Guard has every reason to be concerned. Of course, Coast Guard and, for that matter, none of us on this podium controls what Congress in fact appropriates. Is there enough money appropriated in the Senate appropriation to complete this building and to move the DHS and the GSA part of it, since both have been funded forward as anticipated?

Mr. BATHURST. The combined President's request was $377 million in fiscal year 2012. That included $159 million for DHS and $218 million for GSA. Of that total, we need $132 million to complete the Coast Guard's occupancy in accordance with the schedule and all agreements for transportation. We currently have a mark in the Senate for DHS at $56 million and a subcommittee mark of $65 million for all of GSA's construction programs. It is uncertain, but, right now, those marks don't rise to the level that we had planned for.

You mention how we have been able to keep this project on track; and GSA, I agree, has done a phenomenal job of coordinating all the contracts and the trades. We will find a way to keep this project moving forward. However, we will not be able to keep to the schedule, and some impacts on transportation can be expected. And as the committee has said, there are much concerns about transportation. And this is a very, very delicate and intricate dance that we are doing with the neighborhood and the like.

We believe that with the President's request we can bring this project forward, deliver the first phase, and meet the transportation needs. If there is something less that that, there is going to be impacts on the transportation side, but we will do all we can to bring the project forward as close to the schedule requirements as we can.

Ms. NORTON. I am over time, so, Mr. Chairman, I would like to go again if you are going to have a second round.

Mr. LOBIONDO. Mr. Bathurst, is the decision to move the Coast Guard headquarters to St. Elizabeths under review by the Department?

Mr. BATHURST. No, sir. We are looking at the entire phasing of the project for phase 2 and phase 3 because of the impacts of the fiscal year 2011 mark and the uncertainty of 2012. We are going back—the original strategy for the project was really one that was a little bit different than most Federal construction, where normally the idea is you get all the money you need to deliver everything that you need all at one time. Because of the complexity of this project, and we looked at it and felt that, working with GSA, we developed a strategy for an integrated construction schedule, not unlike you do in the private sector, and you only draw the money that you need at the time that you need it. What that has led us to, though, here is where we have had a reduction in that funding stream. It has impacted those original plans.

So we are going back to relook at the strategy to go back to those deliverable segments into the future. And that is going to impact future occupancies, but the idea is we want to try to bring those on as quickly as fiscally allowable.

Mr. LOBIONDO. Mr. Landry, do you have questions?

Mr. LANDRY. Oh, yes, sir, Mr. Chairman.

First, Admiral, thank you for your service. The Coast Guard is one of my favorite agencies. Of course, it is not without some selfish motivation. I fish offshore in the Gulf of Mexico. If I ever get stranded, always remember my kind comments, please.

Mr. Peck, I reviewed some of these photos of the new Coast Guard headquarters. That is a pretty interesting design dig you all have made on the side of that hill. What is the elevation change of the construction site?

Mr. PECK. Depends on where we measure. From the Anacostia Metro station to the top of the hill, 110 feet. That is not the elevation of the building itself, though, sir.

Mr. LANDRY. Why did you have to dig the whole hillside up?

Mr. PECK. I think the short answer is that the St. Elizabeths campus, while it is a large campus, is both—has a number of historic buildings and is itself an historic landscape. So when the master planning was done at the project we did all we could to make reuse of the historic buildings and to fit in new construction where we could. In this case, a building as large as the Coast Guard headquarters had—what was the largest open site we could use happened to be on a hillside.

Mr. LANDRY. So how much did that site work cost?

Mr. PECK. That is a—I don't—I have various numbers for excavation. If you want me to isolate it to the Coast Guard building itself, I will submit that for the record.

Mr. LANDRY. OK. Do you have an idea? Five, ten million dollars?

Mr. PECK. The cost of excavation—and I am being advised by Mr. Ebadi, who, in answer to Ms. Norton, is probably the one single reason why from the GSA on this project is on time and budget. We also have a good partnership with DHS. The cost of excavation for this building is about $29 million, and that is the cost of hauling the fill out, also.

Mr. LANDRY. So it was GSA's decision to dig the hillside up?

Mr. PECK. It was a decision made when the master plan was created and agreed upon in 2006.

Mr. LANDRY. And the master plan, the decision to dig the whole hillside up at the cost of $26 million or better was made by you all to protect some view?

Mr. PECK. No, sir. The building—first of all, there was—in order to get the building on the site, any building requires excavation.

Mr. LANDRY. I understand. But not moving a whole hill. What did ya'll do with all the dirt?

Mr. PECK. It would be really hard to build—this was a pretty steep slope.

Mr. LANDRY. You normally don't build on a pretty steep slope. I am trying to understand. What did ya'll do with all the dirt?

Mr. PECK. A lot had to be hauled out of the site. Some of it was contaminated and had to be hauled away.

Mr. LANDRY. It was contaminated?

Mr. PECK. On most construction sites, some of it, yes, sir.

Mr. LANDRY. We could have used that on the coast, Mr. Chairman. It was a lot of dirt.

Mr. PECK. We didn't have to take it that far, Mr. Landry.

Mr. LANDRY. And so couldn't we have saved the taxpayers some money by moving it a little further on top of the hill where we didn't have to excavate the whole hill?

Mr. PECK. Mr. Landry, we were trying to put on this site several million square feet of office space. To utilize this site as a consolidated campus, some part of it would have to occupy this part of the site, which would require excavation.

Mr. LANDRY. Well, then who picked the site?

Mr. PECK. That was before my time in the General Services Administration. But in an effort to find a site for the Department's headquarters, which began when the Department was established, we were looking for a central location in the national capital region. This was a piece of large land that was already owned by the Federal Government, which means we saved a considerable amount of money by not having to go out and acquire a site.

Mr. LANDRY. We couldn't have put it further up on top of the hill. Is that impossible? We couldn't put it up there by that I guess that hospital up there?

Mr. PECK. Well, we don't have a site plan up, but I think you will be able to see, if we show you the entire site plan, that, but for sloping areas of this site, I don't believe there would be an area in which you could fit in a building of this size unless we were to demolish a good number of the historic buildings.

Mr. LANDRY. Thank you, Mr. Chairman.

Mr. LOBIONDO. Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Admiral Currier, you say—you express a concern with which I am in complete sympathy. One of the key concerns expressed by our employees is transportation due to reduced access to nearby parking as compared to other current locations. I think the chairman raised this same concern, and I wish you would speak to it.

Mr. Peck, if the infrastructure isn't perfectly in place at the time the building is completed and all of the movement has taken place to get the employees there, would there be transportation from

public—would there—of course, we always encourage people in the Federal Government to use public transportation. Would there be shuttle transportation provided? Would there be any limits on providing such transportation as needed? How much parking will be on the site?

Mr. PECK. We will have for the—to start with the last question, we will have on the site for the use of the Coast Guard approximately 900 parking spaces in the structured parking garage, which is being built and which is on the far right-hand side of the photo that you see on the screen.

To get to that parking, we do need to complete an access road through First Sterling and when it parallels the 295 freeway. If we do get the funding, even the mark we got in the Senate, which is less than we requested, we can complete that access road on time for the building's occupancy.

The Anacostia Metro station is three-quarters of a mile from this building, which is closer than the current Maiden leased location that the Coast Guard—closer by a quarter of a mile than the current leased location of the Coast Guard is to a Metro station.

One thing, if I may add, although I know it sometimes sounds counterintuitive, the lack of funding and the hiatus in funding on the project in the end costs more. The fact that we got no funding in fiscal year 2011 for that project has already caused us to take $30 million that we would have spent on other projects to redesign and reposition utilities for the campus so that when the Coast Guard building is opened and its operation center opens we can actually have a functioning building. Because all those utility tunnels and conduits were going to go in various different places, it was going to be less expensive in the long run to continue straight on to phase 2. We have been able to move funds around so that the building will be functional when it opens.

Finally, to answer your question, the Department of Homeland Security, under normal procedures, would fund the shuttle service to the Metro station; and they do intend to do that. In any event, we will be funding a shuttle to the Metro station, whether or not we have the access road complete at that time.

Ms. NORTON. Admiral Currier, we have some information that there has been some flooding in the buildings that house the present headquarters. Would you describe the condition of your present headquarters building?

Admiral CURRIER. The present headquarters building—well, the site contains two buildings—what we call the Jemal building and the Transpoint building—our headquarters is very low to the river, very close to the level of the river. When there are tidal surges as a result of hurricanes or serious storms, we occasionally get flooding inside the building.

We had near-catastrophic flooding a few years back when we discovered that the building's critical infrastructure, including generators and power lines, computer lines, were actually in the subbasement, were flooded and rendered the headquarters inoperative for some period of time. Subsequently, money has been spent to harden that site, but it is still barely adequate for our current function.

So that is the reason, ma'am, as I stated before, that we are truly looking forward to the move to a more functional, protected headquarters.

Ms. NORTON. Finally, Mr. Peck, the headquarters building of the Coast Guard now is a leased building, is that not the case?

Mr. PECK. Yes, ma'am, the two buildings.

Ms. NORTON. And those funds go to, of course, the owner of those buildings. Now, as I understand it, the Coast Guard will pay rent, as it were, to the Federal buildings fund. How will the Coast Guard benefit from these funds which go to the Federal buildings fund rather than to the lessor?

Mr. PECK. Well, first of all, of course, even now the Federal cost of borrowing is less than a private-sector owner's is. But the shortest answer is that when money comes in to the Federal buildings fund it is essentially a revolving fund, and we use the money to maintain and upgrade our buildings. Particularly over a long period of time, almost any investment study shows we, as stewards of the taxpayers' dollars, end up better with an owned building in which we can plow the proceeds from the rent back into our building in the infrastructure than if it goes out to private-sector tenants. Particularly when we have a long-term function that we don't need to move, we don't intend to move out of, we don't need the flexibility that you get from being in a lease that you might leave at a couple of years.

One other thing I would just note is that the building is being built at least to a LEED gold standard. It will be more energy efficient.

And I want to make two commitments to the Coast Guard, one we are going to make to all Federal tenants, which is, if we realize the energy savings that we hope we will see in running this building and having a separate co-generation plant on the site we will share those savings with the tenant. That is number one.

Number two, if I may take a moment, I want to reiterate in public what Admiral Currier said. We have agreed on and committed to that the Coast Guard—neither the Coast Guard nor DHS will be responsible for any double rent that might be incurred by the fact that our leases on the current buildings will still be running at the time that the Coast Guard moves to St. Elizabeths. GSA will bear that liability.

Ms. NORTON. Mr. Peck, is there any chance—could I have one more question? Is there any chance that this building could become a white elephant and what would be the effect of leaving this building uninhabited?

Mr. PECK. We would still bear the cost of maintaining and securing an empty building. Aside from the embarrassment factor, there is the fact that the Coast Guard would continue to operate in a building that is less than optimal. As I say, we would have the expense of maintaining a significant investment. Because we are certainly not going—we would have to mothball the building, and there are costs to that. We would have to run utilities, and we would have to secure it.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. LOBIONDO. Mr. Larsen.

Mr. LARSEN. Admiral Currier, it is my prior understanding that all personal presently locate at the time at the two Buzzard Points buildings would be relocated, but now I understand that some non-headquarter functions, such as the Marine safety center, does not intend to move to the new headquarters. When was that decision made? And the broader question, what elements and how many personnel will not be moving to St. Elizabeths?

Admiral CURRIER. Thank you, Mr. Larsen.

In the normal administration of the Coast Guard, we have what we call modernization. I think you have seen the results of that in some of our acquisition activities and others.

As part of this modernization there was some reorganization. The civilian personnel entity, what we call Coast Guard 121, is a staff element of about 80 people, is being relocated to a separate command inside the beltway, but they will no longer be a headquarters element. They will be part of this separate personnel support command that exists.

And the Marine safety center, as you noted, is not a headquarters function, and their rent costs is actually part our base. They will be relocated as well. We don't want to collocate them at headquarters at St. E's.

Those are two very minor in the big-picture adjustments to our staffs, one of which was a reorganization; the other one is a relocation of a non-headquarters element.

Mr. LARSEN. And so the Coast Guard has budgeted for the cost of the lease space, continue to lease space at the Buzzards Point for the Marine safety center and for the leased costs for moving the 80 or so folks?

Admiral CURRIER. No, sir. There are two groups of 80 people. Both will be relocated, none will be at Buzzards Point, and their rent costs are actually in our base.

Mr. LARSEN. They are in your base.

Admiral CURRIER. Yes, sir.

Mr. LARSEN. OK, great. That is good.

Thank you, Mr. Chairman.

Mr. LOBIONDO. Admiral Currier and Mr. Bathurst, there were what I think is some critical information and numbers and information for the subcommittee to be able to better understand this. You explained how you are working through this. Tell us when we can expect to be able to hear from you on some hard numbers. We are a little hesitant to just leave it open ended, because when we do those things then we take a blink and we are 6 months later.

Mr. BATHURST. Most of those numbers really are—would be impacted in the next budget submission from the White House, and we are working right now to develop that information. So it is premature for to us talk about the numbers, but we will definitely have them with the budget request in February.

Mr. LOBIONDO. In when?

Mr. BATHURST. With the President's budget request.

Mr. LOBIONDO. Could we ask for a December 1st update?

Mr. BATHURST. I believe we can give you a status report of where we stand with the analysis, but I don't think we will be able to actually discuss any specific numbers. But we can let you know where we are moving and moving toward.

Mr. LOBIONDO. Well, all of these—I think we were able to shed a lot of light on it today, but, you know, a lot depends on what is going to happen in the next month or two, of course, with continuing resolution, omnibus or how we move forward. Even if we went with a full Senate number that you have, it still looks like there is $10 million, $12 million short on how you do this. So as we move forward I would—I think it would be preferable, if you have the information, can share it with the subcommittee informally. But, depending on how it goes, we will just have to decide whether we call another formal hearing.

Mr. Peck.

Mr. PECK. Thank you, Mr. Chairman.

On thing I just wanted to clarify. While we had asked for $76 million in fiscal 2012 and the Senate mark is $65 million, we have already taken a look; and it wouldn't be the first time that we had to be agile to bend a building project to the amount of money we have. We are confident that we will do what we need to do within that mark as well to get the building open on time in 2013. But I also would be happy to give the—participate with DHS in giving you an update on whatever numbers we have on December 1st.

Mr. LOBIONDO. Sure. Well, we are hopeful that we can get some good numbers, but the task that is facing the Congress and the country by the end of the year with the debt limit, supercommittee, and all that is going into this, if those numbers slip substantially we have to be able to figure out what that means and what the implications are and try to put our brains together on this.

So everybody good here now?

Thank you. The committee is adjourned.

[Whereupon, at 11:02 a.m., the subcommittee was adjourned.]

Eleanor Holmes Norton

Statement of
Ranking Member Eleanor Holmes Norton
Subcommittee on Economic Development, Public Buildings and Emergency Management
Committee on Transportation and Infrastructure

"Review and Status of the Multi-Billion Dollar Department of Homeland Security Relocation Project in Washington, D.C. and its Impacts on the U.S. Coast Guard"
Subcommittee on Coast Guard and Maritime Transportation

September 23, 2011

Welcome to today's hearing concerning the consolidation of the Department of Homeland Security (DHS) on the federally owned St. Elizabeths West Campus in Southeast Washington, D.C., with a special emphasis on the impacts on the United States Coast Guard.

DHS was created in 2002 to protect the nation from terrorist attacks and natural disasters. To improve management of the 22 disparate agencies within DHS, the administration and Congress have pursued a plan to house some of the critical elements of DHS on the West Campus of St. Elizabeths, located in the Anacostia section of Ward 8. This hearing continues the process of consistently reviewing the progress of the relocation project, which Congress began shortly after it initially funded a new DHS headquarters project. Today's hearing focuses on the U.S. Coast Guard, the first agency within DHS that will move to the site when its new headquarters is ready in the spring of 2013. The new U.S. Coast Guard headquarters building is designed specifically for the U.S. Coast Guard, and will be a significant upgrade from the U.S. Coast Guard's current lower-quality commercial office space, which has faced significant flooding in the past.

Congress already has appropriated $1.24 billion to fund work at St. Elizabeths, roughly one-third of the total estimated cost for the consolidation of DHS at the site. Notwithstanding the insufficient appropriations in fiscal year 2011, the project remains tentatively on schedule for a 2017 completion. General Services Administration (GSA) reported that, as of August 2011, the U.S. Coast Guard headquarters was 59 percent complete and on schedule for completion by May 2013. Adaptive reuse projects for historic structures on the campus got underway in February 2011 and are also on track for completion in 2013. In addition, important infrastructure work at the site (such as utilities, security fencing, an access road, and information technology bridging) has been initiated. GSA reports that approximately 25 percent of that work has been completed and is on track to be finished in tandem with the Coast Guard headquarters construction.

A review of the testimony from today's witnesses, which include representatives from the GSA, the U.S. Coast Guard, and DHS, indicates that both the consolidation of DHS and the construction of the U.S. Coast Guard headquarters enjoy broad support from the agencies involved. Commandant Admiral Robert J. Papp, Jr. already has moved his home to Joint Base Anacostia-Bolling, the closest housing to the new Coast Guard headquarters. GSA, in its

testimony, has described how construction of the DHS headquarters will ultimately save the government more than $500 million over the next 30 years in housing costs while simultaneously strengthening the GSA Federal Buildings Fund (FBF), the revolving fund for the maintenance of the federal building portfolio and new construction. DHS will relocate employees currently in leased space to this federally owned space. Unlike lease payments, placing federal employees in government owned space increases the FBF because rental payments are directed to the FBF rather than to private building owners.

I believe this hearing is also important to clarify recent remarks by DHS Secretary Napolitano, who supports the consolidation of the Coast Guard at the St. Elizabeths campus. I encourage members of the subcommittee to support full funding for this project, as the U.S. Coast Guard not only believes the project will save taxpayers hundreds of millions of dollars, but also will finally get the state-of-the-art facility it has long deserved.

I look forward to hearing from today's witnesses and addressing any other issues surrounding the consolidation of DHS and the new U.S. Coast Guard headquarters.

Statement of Mr. Donald G. Bathurst
Chief Administrative Officer
Department of Homeland Security
House Committee on Transportation and Infrastructure,
Subcommittee on Coast Guard and Maritime Transportation
September 23, 2011

Chairman LoBiondo, Ranking Member Larsen, and Members of the Committee, good morning. Thank you for the opportunity to appear before this Committee and for the support and efforts in consolidating the Department's headquarters operations.

I am Donald Bathurst, Chief Administrative Officer of the Department of Homeland Security (DHS). In this position, I serve as the Department's Senior Real Property Officer and the Senior Policy Official for historic preservation matters. I am pleased to be here today to update you on our progress toward the establishment of a DHS Consolidated Headquarters Campus at St. Elizabeths and our plan to realign mission support functions to yield more effective and efficient management.

The Administration remains committed to building a new headquarters for the Department in the District of Columbia and will continue to work with Congress to move this project forward while maintaining frontline operations during these challenging fiscal times.

DHS and component headquarters employees currently occupy nearly nine million gross square feet of office space scattered across 55 locations in the National Capital Region (NCR). This dispersion of the DHS workforce does not fully optimize our operational effectiveness and the need for a Consolidated DHS Headquarters is well documented by both the Department and Congress.

With bi-partisan support, the Phase 1 construction of the DHS Consolidated Headquarters at St. Elizabeths started with Fiscal Year (FY) 2009 appropriations for both DHS and GSA. *The American Recovery and Reinvestment Act (ARRA)* provided the project with sufficient funding to meet our planned FY 2010 requirements.

The Administration's FY 2011 budget request was particularly critical for the St. Elizabeths project due to the integrated construction sequencing for both DHS and GSA, which continued the development of the DHS Operations Centers (DOC) complex and the DHS Headquarters. When completed, these facilities will serve as the center of gravity for the Department's critical incident management and response activities. However, DHS received $77.4 million out of a $287.8 million requested in FY 2011, and GSA received $82 million for their entire nationwide

program of the $840 million requested for new construction, of which $30 million was allocated to St. Elizabeths. The significant reductions in allocations in the FY 2011 Continuing Resolution relative to the budget requests disrupted the integrated sequencing of the DOC complex and caused the loss of planned construction efficiencies.

The Administration's FY 2012 budget request for DHS included $160 million for the new headquarters at St. Elizabeths. However, the Senate's FY 2012 appropriation bill includes $56 million and the House zeroed St. Elizabeths out entirely in their FY 2012 bill. In addition, the General Services Administration (GSA) requested $218 million in FY 2012 while the Senate mark provides $65 million for their nationwide building program and the House did not provide any funding for GSA's building program.

DHS and GSA have jointly advised the Congress of the criticality of the FY 2012 request with respect to completion and occupancy of the Coast Guard Headquarters in FY 2013. Of the combined total of FY 2012 request of $378 million, $132 million is essential for the Coast Guard to be able to occupy Phase 1. DHS needs $56 million for IT equipment, commissioning and move costs; similarly, GSA requires a minimum of $76 million for transportation improvements to provide access to the facility and utility infrastructure to support the DHS Operations Centers (DOC) facilities. These funding requirements are co-dependent. Without both, the brand new 1.1 million-square-foot Coast Guard Headquarters building at St. Elizabeths will not be ready for occupancy.

If the Senate Homeland Security Appropriations FY 2012 bill passes with the current allocation for DHS at St. Elizabeths, the campus would still lack critical roads and infrastructure without the GSA appropriation, preventing employees from going to work. I urge Congress to prevent this outcome by providing at least $132 million combined for DHS and GSA for the project to allow Coast Guard to occupy the campus in FY 2013.

As we prepare for the first DHS move to the St. Elizabeth's campus, we are working with the Coast Guard, the DHS CFO Office and GSA to identify, reduce, and eliminate financial impacts wherever possible. DHS is also working to address the appropriate level of recurring and non-recurring costs that will be borne by the Coast Guard in conjunction with their move to St. Elizabeths.

Looking ahead, completion of Phase 1 of the St. Elizabeth's campus is the highest priority, followed immediately by construction of the DOC B facility. This will allow the Department to maximize the taxpayer investment to date and meet a major lesson learned from Hurricane Katrina, the co-location of the National Operations Center with the Component Operations Centers. The White House publication of "*The Federal Response to Katrina; Lessons Learned*" spoke to the imperative of improving DHS operational management quoted as follows:

....In order to strengthen DHS's operational management capabilities, we must structure the Department's headquarters elements to support the Secretary's incident management responsibilities. First and most important, Federal government response organizations must be co-located and strengthened to manage catastrophes in a new National Operations Center

(NOC). The mission of the NOC must be to coordinate and integrate the national response and provide a common operating picture for the entire Federal government... [1]

In addition, GAO Report 07-89, *"Homeland Security: Opportunities Exist to Enhance Collaboration at 24/7 Operations Centers Staffed by Multiple DHS Agencies"* concurred that the Department's plan to collocate the DHS and Component Headquarters at a single location along with their component operations centers could further enhance collaboration among component agencies.

The full development of the DHS Consolidated Headquarters at St. Elizabeths is vital to support DHS operations and integration. Based on GSA's updated analysis using The Automated Prospectus Process System (TAPS), the 30 year net present value cost advantage of the project approximately $500 million over the cost of individually replacing leases as they expire without the benefit of consolidation or federal construction. Through the sharing of common services on the campus and reductions in administrative overhead due to fewer occupied locations in the NCR, we will achieve additional efficiencies through consolidation.

The St. Elizabeths Campus offers a tremendous opportunity to create a secure, state-of-the-art Headquarters that will foster the Department's ability to focus on achieving our core mission—to protect the homeland. We urge your continued support for this critical investment that also saves money in the long run. I would be pleased to answer any questions the Committee may have.

[1] 1 The White House, The Federal Response to Katrina: Lessons Learned, February 2006, pages 69-70

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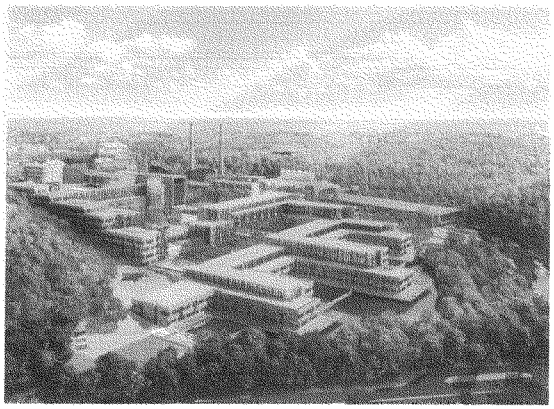
VICE ADMIRAL JOHN P. CURRIER
DEPUTY COMMANDANT FOR MISSION SUPPORT
ON THE COAST GUARD'S MOVE TO ST. ELIZABETHS
BEFORE THE HOUSE TRANSPORTATION AND INFRASTRUCTURE SUBCOMMITTEE
ON COAST GUARD AND MARITIME TRANSPORTATION
SEPTEMBER 23, 2011

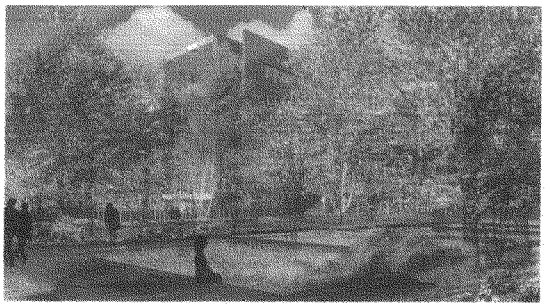
Chairman LoBiondo, Ranking Member, and distinguished Members of the Subcommittee: I am honored to appear before you today to discuss the Coast Guard Headquarters' upcoming move to St. Elizabeths.

Despite potential delays for the future phases of the overall campus development, the facilities that General Services Administration (GSA) are preparing for the Coast Guard will meet our needs and in fact provide a more efficient and functional headquarters than our current spaces. GSA has committed to completing these facilities prior to our move, which is currently scheduled to begin in April 2013.



The St. Elizabeths facility will accommodate our existing Headquarters staffs currently located in the Transpoint and Jemal buildings on Buzzard Point. The Coast Guard's National Command Center and the National Response Center will also relocate to the St. Elizabeths campus. Other non-headquarters elements such as the Marine Safety Center and Coast Guard activities in other National Capital Region locations are not currently planned to be relocated to St. Elizabeths.

Our new office building will provide several improvements over our current space. The new building will be at least a LEED silver facility. The interior layouts are designed to be very flexible in order to simplify space assignments and to facilitate future staffing and organizational changes. Our staff will have access to team rooms and conference spaces with audio/visual systems and video teleconference capabilities. The building includes a large multi-purpose meeting room that will allow our directors and Assistant Commandants to host all hands meetings with their staffs, a basic management function that we are unable to support at our current headquarters location. This room will also be available for use by offices across DHS, providing in-house space for large conferences and meetings improving efficiency.



While we are excited about moving into this new, more efficient and functional headquarters building, we recognize that we are moving onto a campus under construction, which will create unique challenges for our personnel. We intend to work with the DHS project staff as well as GSA to ensure that despite the ongoing construction, a safe, secure, and functional environment is provided for our employees.

We have also begun working with DHS project staff and GSA's experienced consultants on our move plans. We currently envision moving our staff in segments over a four to five month period. For each segment of the move, we will provide employees with a comprehensive information package and an onsite 'move assistance center' to facilitate the transition to the new work place. The funding requirements for these efforts, along with the move itself, are included in DHS's fiscal year 2012 budget request.

One of the key concerns expressed by our employees is transportation, due to reduced access to nearby parking as compared to our current location. DHS staff are providing support in the selection and implementation of effective transportation management strategies needed to support our employees.

With a full understanding of the challenges ahead, the Coast Guard remains committed to relocating to St. Elizabeths on schedule. Ultimately, the campus will provide a setting for unified mission execution across DHS.

Thank you for the opportunity to testify today. I look forward to your questions.

U.S. General Services Administration

Robert A. Peck
Commissioner
Public Buildings Service

Committee on Transportation and Infrastructure
Subcommittee on Coast Guard and Maritime Transportation
"Review and Status of the Multi-Billion Dollar Department of Homeland Security Relocation Project in Washington, D.C. and its Impacts on the U.S. Coast Guard"
September 23, 2011

Good Morning Chairman LoBiondo, Ranking Member Larsen and Members of the Subcommittee. My name is Robert Peck, and I am the Commissioner of the U.S. General Services Administration's Public Buildings Service. I appreciate the opportunity to come here today to discuss the continuing progress in completing the facilities and infrastructure for the move of the Coast Guard to the consolidated Department of Homeland Security campus at St. Elizabeths.

The consolidation strategy was developed in 2006 and agreed upon by Congress, the U.S. Coast Guard, DHS, and GSA. The first facility scheduled to come online is a Coast Guard Headquarters worthy of their vital role, enhancing their ability to achieve their mission while providing a building customized to meet their specific requirements and security needs. The move from leased to owned space will save taxpayers money and provide critical revenue to reinvest into the nation's aging infrastructure.

The Need to Consolidate –

In 2006, GSA and DHS developed a long-term housing strategy for the nascent Department that looked to the completion of a consolidated headquarters at St. Elizabeths. A consolidated headquarters will facilitate an effective response during a national emergency, optimize internal coordination and communication, and foster a cohesive culture.

For the duration of its brief history, DHS' Headquarters functions have been scattered in more than 50 locations throughout the National Capital Region. This fragmentation has resulted in severe operational challenges for the agency. Moreover, many of the current leases housing DHS are not cost-effective in the long term and cannot offer the same degree of security or efficiency as a campus such as St. Elizabeths. Consolidation of the critical mission execution functions into one secure campus will facilitate communication, coordination, and cooperation across the agency and increase operational efficiency, while also providing a more cost-effective and safe way to house the agency for the long term.

Secure, Efficient, and State-of-the-Art Coast Guard Headquarters –

The first facility to come online, consistent with the 2006 plan, will be the new headquarters for the Coast Guard. Construction of the $350 million, 1.2 million square foot building, built to the exact specifications of the Coast Guard, is on schedule and on budget. Upon completion scheduled for FY13, this building will provide a secure facility that will allow the agency to better achieve its mission. It also presents a significant

milestone in the project and the arrival of the first 3,600 employees of the total 14,000 who will eventually be housed on the campus.

In addition to completing the Coast Guard Headquarters building, GSA is in the process of renovating several campus buildings, constructing the security perimeter fence, gatehouses, and utility tunnels. This construction, coupled with the adaptive reuse of historic buildings on the campus, will provide secure space and sufficient amenities for the Coast Guard, while other components are constructed and development occurs in the surrounding community.

GSA recognizes that the House has effectively eliminated the GSA capital funding in FY 2012 by eliminating all funding from GSA's new construction allocation, the Senate mark includes $65 million. The Senate mark also includes $56 million in funding for DHS to complete their portion of the project for Coast Guard move-in.

Saving Taxpayers Money –

The consolidation of DHS, particularly at this time, presents a variety of opportunities to save taxpayers money and make good long-term housing decisions. This is the right time to invest in the nation's infrastructure and every year of delay presents real cost increases to taxpayers.

By pursuing construction in this current economic environment, taxpayers are benefitting from what is an unfortunate downturn in the construction market. GSA's contract awards have been lower than originally estimated, allowing us to achieve more with our current funding levels. Funding delays, however, result in construction cost escalations, which can have significant impacts on the total amount required to complete a project.

Additionally, the dozens of leases currently housing DHS, including the five leases for Coast Guard, are not cost-effective. The cost of long-term leasing instead of Federal ownership presents a long-term financial burden to taxpayers. The Government Accountability Office has long focused on the Federal government's over-reliance on leasing as a high-risk concern. By converting from leased to owned space, GSA will generate revenue for reinvestment needed for the nation's public buildings infrastructure rather than paying higher costs into private buildings. The Coast Guard Headquarters alone will represent the conversion of nearly one million square feet of space from leased to Federal ownership.

This conversion of leased to owned space also saves taxpayers money in the long term. Based on a net present value analysis, upon completion of the consolidated campus, taxpayers will save approximately $500 million versus the cost of leasing the same amount of space over the next thirty years.

Conclusion –

The completion of the secure and customized Coast Guard Headquarters, the first facility scheduled to come online in the DHS Consolidation at St. Elizabeths, is on schedule and on budget. This state-of-the-art facility will allow the Coast Guard to enhance operational performance, while saving taxpayers money in the long term and providing a revenue stream for reinvestment in the nation's infrastructure.

GSA and DHS are proud to work together in delivering this essential campus in the most cost effective manner. While the timeline for the remainder of the DHS Headquarters consolidation project may have to shift due to funding limitations, both GSA and DHS, as well as this Administration, remain committed to the success and completion of this critical project in as short a time as possible and at the least cost.

Thank you for inviting me to testify today. I look forward to working with this committee moving forward and I welcome any questions you have.

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