



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

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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 will 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