

BUILDING FOR THE FUTURE: EXAMINING CHALLENGES FACING THE DEPARTMENT OF HOMELAND SECURITY'S CONSOLIDATED HEAD-QUARTERS PROJECT

HEARING

BEFORE THE

**SUBCOMMITTEE ON
OVERSIGHT AND
MANAGEMENT EFFICIENCY**

OF THE

**COMMITTEE ON HOMELAND SECURITY
HOUSE OF REPRESENTATIVES**

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BUILDING FOR THE FUTURE: EXAMINING CHALLENGES FACING THE DEPARTMENT OF HOMELAND SECURITY'S CONSOLIDATED HEADQUARTERS PROJECT

Thursday, April 12, 2018

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON OVERSIGHT AND
MANAGEMENT EFFICIENCY,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:02 a.m., in room HVC-210, Capitol Visitor Center, Hon. Scott Perry (Chairman of the subcommittee) presiding.

Present: Representatives Perry, Higgins, Garrett, Estes, Correa, and Rice.

Mr. PERRY. Good morning. The Committee on Homeland Security Subcommittee on Oversight and Management Efficiency will come to order. The purpose of this hearing is to examine the Department of Homeland Security's headquarters consolidation project.

The Chair now recognizes himself for an opening statement.

Last month, DHS celebrated its 15-year anniversary, an important milestone for the Department and a reminder of the progress that has been made in securing the homeland since 9/11. Despite significant accomplishments, organizational and management challenges continue to hinder DHS's ability to operate as a fully matured agency.

Perhaps no other initiative has come to symbolize this more than DHS's on-going headquarters consolidation project at the historic St. Elizabeths campus in southeast Washington, DC.

In 2006, then-DHS Secretary Michael Chertoff outlined a vision to unify core DHS headquarters and component facilities spread across the National capital region into a consolidated location in order to improve mission effectiveness, increase organizational efficiency, and save taxpayer dollars.

The Department in coordination with the U.S. General Services Administration, or GSA, developed plans to utilize a combination of new construction and the rehabilitation of existing historic structures to build a Department-wide headquarters at St. Elizabeths by 2016 at an estimated cost of \$3.26 billion.

Unfortunately, today 2 years past the original scheduled completion date, this vision is still very far from reality. From the onset or the outset, the project at St. Elizabeths has been plagued by a

multitude of setbacks that have led to significant cost overruns and scheduled delays.

For example, rehabilitation of the Center Building, which will house the executive leadership of the Department, has encountered numerous delays due to the extensive deterioration of the building's historic structure.

Additionally, DHS and GSA have consistently failed to proactively respond to shifting fiscal and construction realities throughout the project's duration, suggesting persistent program management shortcomings.

In 2013, concerns over progress at St. Elizabeths led this committee to request that the U.S. Government Accountability Office conduct a performance audit of the project. GAO's audit revealed that DHS and GSA plans did not conform with leading capital decision-making practices, failed to conform with leading costs and schedule estimating practices, and had not been updated to reflect economic challenges and innovative workplace efficiencies.

Following GAO's audit, committee legislation was signed into law codifying several GAO recommendations which sought to address some of the foundational management issues crippling the consolidated headquarters project and to get St. Elizabeths back on track.

This law, Public Law 114-150, also required DHS to submit to Congress updated information relating to the St. Elizabeths project by September 2016. However, over a year-and-a-half later, DHS and GSA have failed to comply with the requirements prescribed by the law and have not fully implemented other related recommendations made by GAO.

DHS and GSA are currently operating under the DHS headquarters consolidation enhanced plan implemented in 2015, which scaled back the original plans for St. Elizabeths. The enhanced plan reduced the expected cost of the project from \$4.5 billion to \$3.7 billion and set a new completion date of 2021. Not surprisingly, the latest reports already have this plan behind schedule and at risk of going over budget.

As things currently stand, over a decade of consolidation was originally conceived, only the U.S. Coast Guard has moved to St. Elizabeths and lingering occupancy issues with the Coast Guard's Munro Building have marred even this phase of the project.

The enhanced plan's proposal for a reconfiguration of the Munro Building to increase occupancy has been met with concern from the Coast Guard and still has not yet been executed, despite receiving full funding in fiscal year 2016.

With no end in sight, I am concerned that despite the President's fiscal year 2019 combined DHS and GSA budget request of over \$400 million for St. Elizabeths, headquarters consolidation is no longer a priority for the Department. It sure seems that way.

DHS has real challenges to overcome to be sure, from securing the border to guarding our Nation's critical infrastructure from cyber attacks. Building office space should not be one of those challenges. After nearly a decade of failure, the American people simply deserve better. It is long past time for DHS and GSA to take responsibility at St. Elizabeths.

If headquarters consolidation remains a priority, continued mismanagement moving forward is unacceptable. The mission of DHS

is too important, and it is imperative for the future success of the agency that the office space housing the Department's headquarters is able to meet mission requirements.

I want to thank our panel for appearing before this subcommittee this morning on this very important issue. I look forward to receiving an update on construction, cost, and occupancy at St. Elizabeths and learning why DHS and GSA have failed to fully implement the requirements of Public Law 114–150.

[The statement of Chairman Perry follows:]

STATEMENT OF CHAIRMAN SCOTT PERRY

APRIL 12, 2018

Last month, DHS celebrated its 15-year anniversary, an important milestone for the Department and a reminder of the progress that has been made in securing the homeland since 9/11. Despite significant accomplishments, however, organizational and management challenges continue to hinder DHS's ability to operate as a fully matured agency. Perhaps no other initiative has come to symbolize this more than DHS's on-going headquarters consolidation project at the historic St. Elizabeths Campus in Southeast Washington, DC.

In 2006, then-DHS Secretary Michael Chertoff outlined a vision to unify core DHS headquarters and component facilities spread across the National Capital Region into a consolidated location in order to improve mission effectiveness, increase organizational efficiency, and save taxpayer dollars. The Department, in coordination with the U.S. General Services Administration (GSA), developed plans to utilize a combination of new construction and the rehabilitation of existing historic structures to build a Department-wide headquarters at St. Elizabeths by 2016 at an estimated cost of \$3.26 billion. Unfortunately, today—2 years past the original scheduled completion date—this vision is still far from reality.

From the outset, the project at St. Elizabeths has been plagued by a multitude of setbacks that have led to significant cost overruns and schedule delays. For example, rehabilitation of the Center Building, which will house the executive leadership of the Department, has encountered numerous delays due to the extensive deterioration of the building's historic structure. Additionally, DHS and GSA have consistently failed to proactively respond to shifting fiscal and construction realities throughout the project's duration, suggesting persistent program management shortcomings.

In 2013, concerns over progress at St. Elizabeths led this committee to request that the U.S. Government Accountability Office (GAO) conduct a performance audit of the project. GAO's audit revealed that DHS and GSA plans did not conform with leading capital decision-making practices, failed to conform with leading cost and schedule estimating practices, and had not been updated to reflect economic challenges and innovative workplace efficiencies.

Following GAO's audit, committee legislation was signed into law codifying several GAO recommendations which sought to address some of the foundational management issues crippling the consolidated headquarters project and to get St. Elizabeths back on track. This law, Public Law 114–150, also required DHS to submit to Congress updated information relating to the St. Elizabeths project by September 2016. However, over a year and half later, DHS and GSA have failed to comply with the requirements prescribed by the law and have not fully implemented other related recommendations made by GAO.

DHS and GSA are currently operating under the DHS Headquarters Consolidation Enhanced Plan, implemented in 2015, which scaled back the original plans for St. Elizabeths. The Enhanced Plan reduced the expected cost of the project from \$4.5 billion to \$3.7 billion and set a new completion date of 2021. Not surprisingly, the latest reports already have this plan behind schedule and at risk of going over budget.

As things currently stand, over a decade after consolidation was originally conceived, only the U.S. Coast Guard has moved to St. Elizabeths and lingering occupancy issues with the Coast Guard's Munro Building have marred even this phase of the project. The Enhanced Plan's proposal for a reconfiguration of the Munro Building to increase occupancy has been met with concern from the Coast Guard and still has not been executed despite receiving full funding in fiscal year 2016. With no end in sight, I am concerned that despite the President's fiscal year 2019

combined DHS and GSA budget request of over \$400 million for St. Elizabeths, headquarters consolidation is no longer a priority for the Department.

DHS has real challenges to overcome, from securing the border to guarding our Nation's critical infrastructure from cyber attacks. Building office space should not be one of those challenges. After nearly a decade of failure, the American people deserve better. It is past time for DHS and GSA to take responsibility at St. Elizabeths. If headquarters consolidation remains a priority, continued mismanagement moving forward is unacceptable. The mission of DHS is too important and it is imperative for the future success of the agency that the office space housing the Department's headquarters is able to meet mission requirements.

I want to thank our panel for appearing before the subcommittee this morning on this very important issue. I look forward to receiving an update on construction, cost, and occupancy at St. Elizabeths, and learning why DHS and GSA have failed to fully implement the requirements of Public Law 114-150.

Mr. PERRY. The Chair now recognizes the Ranking Minority Member of the subcommittee, the gentleman from California, Mr. Correa, for his statement.

Mr. CORREA. Good morning and thank you, Chairman Perry, for holding this hearing on the Department of Homeland Security's headquarters consolidation project.

I thank the witnesses for being here today.

I am disappointed not to have under secretary for management with us here today. The under secretary oversees the Department's budget and is responsible for management and administration of the Department. It would have been useful to hear her version and her vision of plans for this St. Elizabeths project.

At previous hearings on this issue, the under secretary's testimony shed significant light on the Department's plans and priorities for the project and how Congress could best support this project.

Much has been said about DHS's inability to effectively consolidate these offices and components at the St. Elizabeths campus. However, many do not recognize that while Congress authorized the project, it did not fully fund it.

But let us start at the beginning. What are the reasons for the consolidation today? What were the reasons for consolidation originally? Our National security. We moved in this direction because we all agreed that it was most efficient to protect our country, to protect our citizens if we consolidated all functions in one centralized location.

It is my understanding that even General Kelly, when he was Secretary of Homeland, complained that moving, commuting from one building to the other to try to address management issues was very inefficient. I have to ask all of you here today is our objective still to protect the homeland? Is our top priority still to protect American citizens and taxpayers?

If that is our objective, is consolidation of these buildings, consolidations of these departments under one centralized location, still the most effective way of protecting our citizens? If it is, what is the problem?

It is my understanding this project is essentially scheduled to cost about \$4 billion. It is also my understanding that we have already invested about \$2 billion of taxpayer dollars toward this project. It is also my understanding that we spend about \$1.6 billion annually on leases in the Washington, DC area for various buildings to perform these projects.

It is also about \$400 million a year that we spend for upkeep and maintenance. So if we take \$1.6 billion plus \$400 million, that is about \$2 billion a year that we spend just on leasing buildings throughout the District of Columbia to do this function.

Now, if I pencil it out, \$2 billion a year, takes us another \$2 billion, \$3 billion to complete this project, what is the payback? In about 2 or 3 years we break even and we get more efficient operation of Homeland Security for the benefit, for the safety of our taxpayers.

I want to hear from the witnesses here today, first of all what went wrong? No. 2, how do we get back on track? Of course, No. 3, most importantly, is consolidation of all these operations in one place, St. Elizabeths, still the most effective way of protecting American citizens, of protecting taxpayers from those that would do us harm?

Mr. Chairman, I yield.

[The statement of Ranking Member Correa follows:]

STATEMENT OF RANKING MEMBER J. LUIS CORREA

APRIL 12, 2018

I am disappointed not to have the under secretary for management before us today. The under secretary for management oversees the Department's budget and is responsible for the management and administration of the Department. It would have been useful to hear her vision and plans for the St. Elizabeths project.

At previous hearings on this matter, the under secretary's testimony has shed significant light on the Department's plans and priorities for the project and how Congress could best support progress.

Much has been said about DHS's inability to effectively consolidate its offices and components at the St. Elizabeths campus. However, many do not recognize that while Congress authorized the project, it failed to fully fund it.

Let's start from the beginning of this consolidation project. Are the reasons for consolidation still valid today? Has anything changed from the initial plans? Focused National security will stop the bad guys and protect citizens and our communities.

This project will house major components of the Department to improve its effectiveness and efficiencies such as communication and information sharing and to be more effective in protecting our Nation.

In 2013, we were paying \$1.6 billion on dozens of leases throughout the Washington DC, Virginia, and Maryland areas with \$400 million on maintenance and upkeep costs.

These numbers are from 2013, and we don't know what those numbers are today?

While this project was supposed to be completed by 2016, at this subcommittee's last hearing on the DHS headquarters consolidation held in September 2014, we learned that from fiscal years 2006 through 2014, Congress provided \$1.6 billion less than requested. That gap has persisted.

To date, of the \$4.8 billion requested by DHS and General Services Administration (GSA) for the project, only \$2.3 billion has been appropriated.

DHS and the GSA were able to complete the new Coast Guard Headquarters at St. Elizabeths on time in 2013 because they received adequate funding at the beginning of the consolidation project.

Funding has decreased since that time, impeding DHS and GSA's efforts to make significant progress. The Government Accountability Office acknowledged in a September 2014 report that a lack of funding was responsible for delays in building the Secretary's Office as well as headquarters for four components: The Federal Emergency Management Agency, Transportation Security Agency, Customs and Border Protection, and Immigration and Customs Enforcement.

At its inception, the DHS Headquarters Consolidation Project was justified on the basis that it was going to centralize leadership, enhance operations, save taxpayer money, and improve morale.

The more time that goes by without Congress providing adequate funding for the project, the less likely those benefits will be achieved. This is especially true of achieving taxpayer cost savings.

DHS components and offices that should have already moved into owned space at St. Elizabeths are extending expensive leases in the D.C. area.

Long-term leases result in unnecessary costs to taxpayers and mean less money spent on conducting DHS's mission.

Enough time has elapsed that the Transportation Security Administration—a DHS component that was originally scheduled to move to St. Elizabeths—is instead building a new headquarters in Springfield, Virginia.

Given the inception of the Department of Homeland Security in 2003 and the support of the Bush administration, if I may, I would suggest renaming St. Elizabeths Campus to the George W. Bush Homeland Security Center. Maybe that will get Congress to fund it.

Scaling back the project as originally envisioned brings into question whether the intended benefits of consolidation, such as enhanced operations, will be achieved.

Given the changes being made to the original master plan, DHS and GSA owe taxpayers a clear picture of the path forward for future consolidation.

Today, I look forward to discussing with the witnesses how we can continue to make progress at the St. Elizabeths campus to realize the benefits of the DHS Headquarters Consolidation Project. With \$2 billion already spent on the project, DHS cannot afford to fail.

Mr. PERRY. The Chair thanks the Ranking Member.

Other Members of the subcommittee are reminded that opening statements may be submitted for the record.

[The statement of Ranking Member Thompson follows:]

STATEMENT OF RANKING MEMBER BENNIE G. THOMPSON (D-MS)

APRIL 12, 2018

It has been nearly four years since the committee held a hearing on the Department of Homeland Security (DHS) Headquarters Consolidation Project at St. Elizabeths in Southeast, Washington, DC.

While we have continued to follow the project, we are overdue for a detailed update on the progress that has been made since our last hearing.

With that being said, it is unfortunate that the under secretary for management is not with us today to discuss this pressing issue.

The under secretary, being third in command of the Department, and responsible for overseeing its budget and management programs, including procurement, should be on this panel today. I hope we can have her before the subcommittee in the future to discuss this and many other important issues.

Turning to today's business, stood up in 2003, following the September 11 attacks and the enactment of the Homeland Security Act of 2002, the Department of Homeland Security unified several legacy agencies from 22 various Federal agencies.

The previously existing agencies and DHS's headquarters have been separated since the Department's inception—with the Department operating at over 50 different locations throughout the Washington, DC area.

I have repeatedly expressed concern about how this separation of Department personnel has adversely affected cohesive communication, coordination, and cooperation across all component agencies as the Department seeks to fulfill its critical mission.

We learned from Hurricane Katrina that Federal Government response organizations should be housed together and strengthened in order to better mitigate disasters.

In 2006, a post-Katrina White House after action report called for a new National Operations Center within DHS to integrate Department-wide operations and improve coordination of response efforts to catastrophes and other homeland security events.

However, without a consolidated DHS headquarters to house a new and improved center, its ability to provide robust command-and-control functions and execute its mission is limited.

Moreover, the delay in consolidation has also hindered DHS's ability to sustain a "One DHS" culture and improve Department morale.

There are several factors behind the rising costs and drastic delays facing the completion of the St. Elizabeths project, and I'm looking forward to an opportunity today to explore those issues further.

Yes, schedules have slipped and cost estimates have not always been accurate, but most importantly—Congressional Republicans have failed to deliver consistent funding throughout the entirety of the project.

Appropriated funding has been far below what was requested by administrations of both parties, and the funding gap has widened over the years—further contributing to project delays and cost inflations.

The Majority claims a desire to reduce waste and save taxpayer dollars, yet their actions show otherwise.

Currently, the Department employees are housed at over 50 buildings, costing the Department over \$1.6 billion annually, as of 2014.

In 2014, GSA estimated that over the next 30 years, the St. Elizabeths project would save the Government nearly \$700 million compared to the cost of continued leasing.

Four years later—still kicking the can down the road—I am unsure when or if those overhead savings will be realized.

It is time my colleagues across the aisle put their money where their mouth is and prioritize the completion of the DHS consolidation project.

The operational, cultural, and fiscal implications of the consolidation demand it. As such, I look forward to hearing from DHS, GSA, and GAO about how Congress and the administration ought to get it done.

Mr. PERRY. We are pleased to have a distinguished panel of witnesses before us today. The witnesses' entire written statements will appear in the record. The Chair will introduce the witnesses first and then recognize each of the witnesses for their testimony.

Mr. Thomas Chaleki is the chief readiness support officer for the Department of Homeland Security. Mr. Chaleki has served in a variety of readiness and mission support roles in DHS headquarters and the Coast Guard. Mr. Chaleki retired as a colonel in the Air Force Reserve, having served as a civil engineer. Mr. Chaleki, we thank you for your service.

Mr. Michael Gelber is the deputy commissioner of the Public Building Service for GSA. Mr. Gelber has overseen major Federal acquisitions in the United States and abroad since joining GSA in 1988. Thank you, sir.

Mr. Christopher Currie is the director of emergency management, National preparedness, and critical infrastructure protection on the GAO's Homeland Security and Justice team. We thank you for your service and your attendance here.

Thank you all for being here today.

The Chair now recognizes Mr. Chaleki for an opening statement.

STATEMENT OF THOMAS D. CHALEKI, CHIEF READINESS SUPPORT OFFICER, DIRECTORATE FOR MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. CHALEKI. Chairman Perry, Ranking Member Correa, distinguished Members of the subcommittee, thank you for the opportunity to appear before you today to discuss the Department of Homeland Security's consolidated headquarters at St. Elizabeths.

I am Tom Chaleki, chief readiness support officer for DHS. My responsibilities include the oversight and management of the Department's facilities and real property and the consolidation of DHS facilities in the National Capital Region.

I am pleased to appear with my colleagues from the General Services Administration and the Government Accountability Office to update the subcommittee on the progress we have made and our future efforts for GSA's development at the St. Elizabeths West Campus as the DHS consolidated headquarters.

My experience to date, as outlined in my written statement, give me a deeper appreciation for the challenges of this complex development in an uncertain funding environment. I can testify to the

benefits that completion will bring to the Department operationally and fiscally with your continued support.

While the threats, challenges, and priorities of the Department have evolved over time, the need for a consolidated headquarters is just as important today as it was when we started this effort in 2006.

Five secretaries, including Secretary Nielsen, have determined that the existing DHS headquarters at the Nebraska Avenue Complex is insufficient to meet the Department's needs. Additionally, DHS component headquarter offices are presently scattered across 46 different locations within the NCR.

Aside from the clear operational need, a consolidated headquarters offers three key benefits: Improved unity of effort through integrated decision making and collaboration across the Department, more efficient use of shared resources, and greater cost savings through consolidation into long-term Government-owned facilities.

For the past 10 years, DHS has worked in close partnership with GSA to achieve our shared vision of building a Federally-owned consolidated DHS headquarters on the historical St. Elizabeths campus. The first significant steps was the completion of the Munro Building in 2013, now the home of Coast Guard headquarters, along with numerous support facilities.

Furthermore, the National operations center construction is progressing within the DHS operations center's facility. The continued buildout and transition of component operation centers to St. Elizabeths is a foundational element of the headquarters consolidation effort.

Among other efforts, we are approaching the completion of the iconic Center building, which will house the DHS Secretary and nearly 800 additional staff by next April.

Despite all this activity and clear success, we also recognize that a project of this magnitude and complexity is not without its challenges. DHS is a large, diverse agency with a long list of critical requirements that must be met if we are to achieve continuous mission success and bring about true unity of effort.

As a tenant agency, DHS is responsible for providing programmatic requirements to GSA, budgeting for and funding certain tenant specifications, reviewing GSA-managed design and construction activities, coordinating with GSA and all stakeholders on historic preservation consultations and regulatory reviews of the project, and providing oversight on GSA's use of DHS's funding in the execution of their responsibilities as the developer.

The Department fully cooperates with GSA, but does not exercise acquisition oversight or procurement decisions related to GSA's property development activities. Clearly understanding each of our respective roles in this process is critical to providing effective program management and oversight.

To that end, GAO's 2014 report on DHS headquarters consolidation provided three recommendations with respect to the St. Elizabeths program. The Department concurred with all three and has taken action to address each within our responsibilities, which I have outlined in my written statement.

In addition to the actions we have taken to meet recommendations in the GAO report, Public Law 114–150, Department of Homeland Security Headquarters Consolidation Accountability Act of 2015, requires the Secretary of Homeland Security, in coordination with the GSA administrator, to submit to the appropriate committees of Congress information on the implementation of the enhanced plan for the Department’s headquarters consolidation project within the NCR.

Given the lack of fiscal year 2017 and fiscal year 2018 funding, the plan is misaligned, outdated, and no longer accurate. The GSA is now revisiting the enhanced plan.

With the fiscal year 2019 President’s budget request, DHS Secretary Nielsen and GSA Administrator Murphy have committed the Department and GSA to continue the headquarters consolidation project by requesting funds for a new building for FEMA headquarters.

In addition, GSA and DHS are working aggressively to address priority lease expirations, address certain programmatic challenges, and validate the remaining occupancy requirements. We believe the remaining development needs to focus on cost-effective construction that maximizes space utilization.

DHS and GSA will update the consolidation plan, provide the Congressional report and brief our Congressional committees and GAO on our future plans, including any assistance that may be necessary to successfully deliver the campus in the most mission-effective and cost-efficient manner.

In closing, I would like to assure this subcommittee that DHS is working hard to remain a good steward of taxpayers’ money by managing our real estate portfolio, both Government-owned and leased, in a cost-effective manner that will facilitate securing the homeland and save the American taxpayer money.

Thank you again for the opportunity to testify today on this important matter. I would be pleased to answer any questions the committee may have.

[The prepared statement of Mr. Chaleki follows:]

PREPARED STATEMENT OF THOMAS D. CHALEKI

APRIL 12, 2018

INTRODUCTION

Chairman Perry, Ranking Member Correa, and distinguished Members of the subcommittee, thank you for the opportunity to appear before you today to discuss the Department of Homeland Security’s (DHS) Consolidated Headquarters at St. Elizabeths. I am Tom Chaleki, chief readiness support officer for DHS. My responsibilities include the oversight and management of the Department’s facilities and real property, and the consolidation of DHS facilities in the National Capital Region (NCR).

I am pleased to appear with my colleagues from the General Services Administration (GSA) and the Government Accountability Office (GAO) to update the subcommittee on the progress since the 2014 hearing of GSA’s development of the St. Elizabeths West Campus as the DHS Consolidated Headquarters. I have experience with the Headquarters Consolidation Program, as until very recently I was the deputy chief readiness support officer with oversight responsibilities for the DHS property portfolio. I also worked for several years in facility planning for the U.S. Coast Guard and as an Air Force Reserve civil engineer. As a result of my background and experiences, I have a great appreciation for the challenges of this complex development in an uncertain funding environment, and can testify to the benefits that

completion will bring to the Department operationally and fiscally with your continued support.

Beginning with the submission of the DHS National Capital Region Housing Master Plan submitted to Congress in 2006, in cooperation with the developer GSA, five Secretaries, including Secretary Nielsen, have determined that the existing DHS Headquarters at the Nebraska Avenue Complex (NAC) is insufficient to meet the Department's needs. Currently, DHS component headquarters offices are scattered across the NCR, which adversely impacts critical coordination. It is clear that GSA's development of a new DHS Consolidated Headquarters at St. Elizabeths is vital to effective mission execution and to support the Department's Unity of Effort. While the threats, challenges, and priorities of the Department have evolved over time, the need for a consolidated headquarters is just as important today as it was when we started this effort in 2006. Aside from the operational benefits, a consolidated headquarters allows for effective utilization of the Department's resources. Rightsizing the portfolio in long-term Government-owned space and taking advantage of the changing dynamics of the Federal workplace will reduce long-term occupancy costs and free up scarce dollars for other priorities.

2014 GAO REPORT

The GAO Report (GAO-14-648), *Federal Real Property: DHS and GSA Need to Strengthen Management of DHS Headquarters Consolidation*, provided three recommendations with respect to the St. Elizabeths program. The Department concurred with all three and has taken action to address each within our responsibilities.

As a tenant agency, DHS does not manage the development side of the St. Elizabeths campus project. We provide programmatic requirements to GSA; budget for and fund certain tenant specifications; review GSA-managed design and construction activities; coordinate with GSA and all stakeholders on historic preservation consultations and regulatory reviews of the project; and provide oversight on GSA's use of DHS's funding in the execution of their responsibilities as the developer. All development activities are managed by GSA in accordance with GSA policies, to include the preponderance of contracting and construction activities. The Department fully cooperates with GSA, but does not exercise acquisition oversight or procurement decisions related to GSA's property development activities.

GAO's first recommendation was that GSA and DHS should conduct a needs assessment and gap analysis of current and needed capabilities; and an alternatives analysis that identifies the cost and benefits of leasing versus construction alternatives. In response to the first recommendation, DHS worked closely with GSA to revise the Headquarters Consolidation Plan, resulting in the development of the Enhanced Plan, which served as the basis of the fiscal year 2016 budget request. The Enhanced Plan reduced planned construction at St. Elizabeths while implementing DHS's new space standards and flexible workplace strategies to accommodate 17,000 employees; this represented a 3,000 staff increase over the original plan. This plan was based on a comprehensive revision of the program of requirements for housing DHS in the NCR and also accelerated completion of the St. Elizabeths construction to 2021 rather than 2026. The relocation from existing leased and Federally-owned facilities was aligned with the construction plans cognizant of the management of existing lease contracts. DHS provided GAO a copy of the business case analysis on November 20, 2015.

This business case analysis provided the comprehensive needs assessment for DHS Headquarters facilities in the NCR based on updated space standards and implementation of flexible workplace strategies to optimize the DHS portfolio, as recommended by GAO. The analysis compared the continued development of St. Elizabeths with Federal construction under the Enhanced Consolidation Plan versus commercial lease consolidation. The analysis showed that consolidation under the Enhanced Plan would provide a \$1.2 billion, 30-year present-value cost avoidance to DHS, over the best-case commercial lease consolidation plan, if funded and executed on a timely basis. The plan was prioritized based on lease expirations, which requires an annual decision to fund Federal construction, extend or replace existing leases.

The second GAO recommendation dealt with the development of revised cost estimates and schedules in accordance with leading practices. As noted above, GSA manages these aspects of the project. DHS collaborated with GSA in their development of these comprehensive documents over a period of more than 2 years.

The third GAO recommendation indicated that the Secretary of Homeland Security should designate the headquarters consolidation program a major acquisition, consistent with DHS acquisition policy, and apply DHS acquisition policy require-

ments. DHS concurred with the part of the recommendation that the DHS funded portion would come under the purview of the Acquisition Review Board. However, given the project is managed by GSA in accordance with GSA acquisition policies, it would not necessarily follow the fully-defined DHS acquisition process. The business case analysis provides the foundational documentation for the consolidation and related acquisition efforts. The Department conducted a program review of the DHS-funded portion of the project on November 15, 2016, utilizing the draft updated cost, schedule, and risk data developed by GSA in response to GAO recommendations. Further, the office I lead, the DHS Office of the Chief Readiness Support Officer, is actively working with the DHS Program Accountability and Risk Management Office to align the extensive program documentation developed under this GSA-managed acquisition to meet the spirit of the DHS Acquisition policy guidance.

DEPARTMENT OF HOMELAND SECURITY HEADQUARTERS CONSOLIDATION
ACCOUNTABILITY ACT OF 2015

Public Law 114–150, Department of Homeland Security Headquarters Consolidation Accountability Act of 2015, requires the Secretary of Homeland Security, in coordination with the GSA administrator, to submit to the appropriate committees of Congress information on the implementation of the Enhanced Plan for the Department's Headquarters Consolidation project within the NCR. Given the lack of funding in fiscal year 2017 and fiscal year 2018, the plan is misaligned, outdated, and no longer accurate. The administration is now revisiting the Enhanced Plan. While DHS and GSA developed initial estimates in response to the reporting requirement, these analyses are no longer informative because of the underlying assumptions about the project's schedule. The plan and supporting documentation are now being revised with the recognition that certain leases must be re-competed as a result of the 2-year delay and that other adjustments are necessary given the challenges encountered with historic building renovations on the St. Elizabeths campus.

NEXT STEPS WITH ST. ELIZABETHS

With the fiscal year 2019 President's budget request, DHS Secretary Nielsen and GSA Administrator Murphy have committed the Department and GSA to continue the Headquarters Consolidation project. It remains vital for operations integration and mission effectiveness as well as for the efficient management of our property portfolio. Both GSA and DHS are committed to completing the remaining development in the most cost-effective manner possible. GSA and DHS are working aggressively to address priority lease expirations, address certain programmatic challenges, and validate remaining occupancy requirements. We believe the remaining development needs to focus on cost-effective, space-efficient construction that maximizes site utilization. DHS and GSA will brief our Congressional committees and GAO on our future St. Elizabeths plans, as appropriate.

Despite these challenges, the St. Elizabeths campus project demonstrates effective interagency cooperation between DHS and GSA in executing this highly complex development in an uncertain funding environment. At this time next year, we project we will have reached a critical milestone as we will be moving the majority of the Office of the Secretary and Executive Management from the NAC to the renovated and historical Center Building at St. Elizabeths. The renovation of the Center Building will be complete this fall, and will then be followed by information technology and outfitting installations.

At the same time, the National Operations Center construction is progressing within the DHS Operations Centers facility. The stand-up of this relocation will be synchronized to the Secretary's move. The continued build-out and transition of component operations centers to St. Elizabeths is a foundational element of the headquarters consolidation effort. The collocation of operations centers at St. Elizabeths will enhance communications/coordination among components and lead to more effective operational resource planning and allocation in mission execution. GSA is also proceeding with the Central Utility Plant expansion and the Hitchcock Hall renovation that will be completed in conjunction with the Center Building occupancy. The new Center Building West Addition construction is also well under way with occupancy planned for 2020. While all this activity is on-going across the campus, GSA and DHS continue to support U.S. Coast Guard Headquarters operations, including the Coast Guard National Command Center, a joint operations center space housing both the Coast Guard Cyber Command Watch and the DHS Chief Information Officer Enterprise Security Operations Center, the Information Technology Operations Center, and the Campus Security Operations Center.

CONCLUSION

DHS and GSA fully support the St. Elizabeths project. With the DHS Secretary's occupancy a year from now, we will have achieved a critical milestone in the development of St. Elizabeths. We must continue to develop the campus to its fullest potential and leverage the significant investment the taxpayers have made in the campus thus far by providing the Department with the facilities it needs to aggressively perform its mission into the future. We appreciate continued support from Congress for this critical investment to help advance DHS's mission and Unity of Effort.

In closing, I would like to assure this subcommittee that DHS is working hard to remain a good steward of taxpayers' money by managing our real estate portfolio, both Government-owned and -leased, in a cost-effective manner that will facilitate securing the homeland and save the American taxpayer money. Thank you again for the opportunity to testify today on this important matter. I would be pleased to answer any questions the subcommittee may have.

Mr. PERRY. Thank you, Mr. Chaleki.

The Chair now recognizes Mr. Gelber for his opening statement.

**STATEMENT OF MICHAEL GELBER, DEPUTY COMMISSIONER,
PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION**

Mr. GELBER. Good morning, Chairman Perry, Ranking Member Correa, and Members of the subcommittee. My name is Michael Gelber, and I am the deputy commissioner of the U.S. General Services Administration, Public Building Service. Thank you for inviting me to discuss the on-going consolidation of the Department of Homeland Security headquarters operations on the St. Elizabeths campus in Washington, DC.

GSA's mission is to deliver value and savings in real estate, acquisition, technology, and other mission support services across the Federal Government. Given the current fiscal environment, GSA's working with agencies on multiple fronts to reduce and optimize the Federal Government's real estate footprint.

This work includes reducing customer agency's space requirements, improving space utilization, reducing real estate costs, and delivering space that allows our Federal partners to more efficiently and effectively carry out their missions.

For more than a decade, GSA has worked with DHS, other Executive branch offices, Congress, the city of Washington, DC, community organizations and others to deliver a consolidated DHS headquarters at St. Elizabeths. By substantially reducing DHS's more than 45 headquarters locations in the National Capital Region, the Department's mission effectiveness will be enhanced through collocation. This will strengthen the Department's internal and external communication, coordination, and responsiveness.

U.S. Coast Guard's move from Federally-leased space into the Federally-owned and -controlled Douglas A. Munro Coast Guard Headquarters Building is an excellent example of the real and potential benefits of consolidated efforts at St. Elizabeths.

The on-time and within budget completion of the Munro Building delivered a modern, secure headquarters to the Coast Guard while eliminating five leases in privately-owned facilities from the Federal Government's real estate portfolio.

In addition to the completion of the Munro Building, GSA and DHS have delivered a central utility plant which, when the current expansion is complete, will meet the energy distribution needs of the current and future campus occupants. A secure campus perim-

eter, needed for all planned operations at St. Elizabeths, is in place. GSA completed a 2,000-vehicle parking garage in August 2013.

The current phase of the DHS consolidation is the adaptive reuse of the historic Center Building. In April 2019 the DHS Secretary and executive leadership are scheduled to move from the Nebraska Avenue Complex in northwest Washington to St. Elizabeths.

To mitigate traffic congestion in and around St. Elizabeths, GSA is working with the District of Columbia's Department of Transportation to construct new access road extensions along with the reconstruction of the Interstate 295-Malcolm X Avenue interchange. This infrastructure work is in addition to the Metro and shuttlebuses that already serve St. Elizabeths and the surrounding area.

The key challenge faced by GSA with regard to this project is that constraints and uncertainties surrounding project funding have been a significant detriment to the delivery of the consolidated headquarters project. GSA's appropriations requests, which total over \$400 million for the construction of a headquarters for the Federal Emergency Management Agency, other DHS components and additional campus infrastructure improvements were not funded in either fiscal year 2017 or 2018.

Collectively, delays in appropriations have lengthened the scheduled completion date for the campus years beyond the enhanced plan's completion date of fiscal year 2021.

As a result, GSA is now working with DHS to update the master plan to address the lack of recent appropriations, the schedule of DHS commercial lease expirations, and incorporate lessons learned from the adaptive reuse of historic campus buildings.

In closing, to maximize the investment taxpayers have already made in the campus, GSA and DHS must continue to consolidate in a cost-effective manner as many DHS components and employees as possible on to St. Elizabeths. For that reason, we urge Members of this subcommittee to seek full funding for the President's fiscal year 2019 request for St. Elizabeths of \$229 million for the construction of a headquarters for FEMA.

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

[The prepared statement of Mr. Gelber follows:]

PREPARED STATEMENT OF MICHAEL GELBER

APRIL 12, 2018

Good morning Chairman Perry, Ranking Member Correa, and Members of the subcommittee. My name is Michael Gelber, and I am the deputy commissioner of the U.S. General Services Administration's (GSA) Public Buildings Service. Thank you for inviting me to discuss the on-going consolidation of the Department of Homeland Security (DHS) headquarters operations on the St. Elizabeths campus in Washington, DC.

GSA's mission is to deliver value and savings in real estate, acquisition, technology, and other mission-support services across the Federal Government. Given the current fiscal environment, GSA is working with agencies on multiple fronts to reduce and optimize the Federal Government's real estate footprint. This work includes reducing customer agency space requirements, improving space utilization, reducing real estate costs and delivering space that allows our Federal partners to more efficiently and effectively carry out their missions.

For more than a decade, GSA has worked with DHS, and other Executive branch offices, Congress, the city of Washington, DC, community organizations, and others to deliver a consolidated DHS headquarters at St. Elizabeths. By substantially reducing DHS's more than 45 headquarters locations in the National Capital Region, the Department's mission effectiveness will be enhanced through co-location. This will strengthen the Department's internal and external communication, coordination, and responsiveness.

The U.S. Coast Guard's move from Federally-leased space into the Federally-owned and controlled Douglas A. Munro Coast Guard Headquarters Building is an excellent example of the real and potential benefits of consolidation efforts at St. Elizabeths. The on-time—and within budget—completion of the Munro building delivered a modern secure headquarters to the Coast Guard while eliminating five leases in privately-owned facilities from the Federal Government's real estate portfolio.

In addition to the completion of the Munro building, GSA and DHS have delivered a central utility plant which, when the current expansion is complete, will meet the energy distribution needs of current and future campus occupants. A secure campus perimeter needed for all the planned operations at St. Elizabeths is in place, and GSA completed a 2,000-vehicle parking garage in August 2013.

The current phase of the DHS consolidation is the adaptive reuse of the historic Center Building. In April 2019, the DHS Secretary and Executive Leadership are scheduled to move from the Nebraska Avenue Complex in Northwest Washington to St. Elizabeths.

To mitigate traffic congestion in and around St. Elizabeths, GSA is working with the District of Columbia's Department of Transportation to construct new access road extensions along with the reconstruction of the Interstate 295/Malcolm X Avenue interchange. This infrastructure work is in addition to the Metro and shuttle buses that already serve St. Elizabeths and/or the surrounding area.

The key challenge faced by GSA with regard to this project is that constraints and uncertainties surrounding project funding have been a significant determinant to the delivery of the consolidated headquarters project. GSA's appropriations requests, which totaled over \$400 million for the construction of a headquarters for the Federal Emergency Management Agency (FEMA), other DHS components, and additional campus infrastructure improvements, were not funded in either fiscal year 2017 or 2018. Collectively, delays in appropriations have lengthened the scheduled completion date for the campus years beyond the Enhanced Plan completion date of fiscal year 2021.

As a result, GSA is now working with DHS to update the Master Plan to address the lack of recent appropriations, the schedule of DHS commercial lease expirations, and incorporate lessons learned from the adaptive reuse of historic campus buildings.

In closing, to maximize the investment taxpayers have already made in the campus infrastructure, GSA and DHS must continue to consolidate, in a cost-effective manner, as many DHS components and employees as possible onto St. Elizabeths. For that reason, we urge the Members of this subcommittee to seek full funding for the President's fiscal year 2019 request for St. Elizabeths of \$229 million for the construction of a headquarters for FEMA.

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

Mr. PERRY. Thank you, Mr. Gelber.

The Chair now recognizes Mr. Currie for his opening statement.

STATEMENT OF CHRISTOPHER P. CURRIE, DIRECTOR, EMERGENCY MANAGEMENT, NATIONAL PREPAREDNESS AND CRITICAL INFRASTRUCTURE PROTECTION, HOMELAND SECURITY AND JUSTICE TEAM, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. CURRIE. Thank you, Chairman Perry, Ranking Member Correa, the Members of the committee. Appreciate the opportunity to be here today. I would like to discuss a couple things. One is our past work on the St. Elizabeths project, but more important, the future of the project.

First, like everyone here has said already, we support the concept and the ideal of the consolidation. Improving coordination of

a huge, fragmented department like DHS, saving taxpayer dollars, reducing facilities all sound fantastic. Unfortunately, ideals don't lead to success without realistic planning and execution as well.

Back in September 2014, we reported on a number of problems with DHS and GSA's capital planning related to the project. For example, at that time some consolidation plans hadn't been updated since 2006, way back when the project was originally conceived.

In that report we also recognized that a significant funding gap for the project, which back at that time was about \$1.6 billion—I think the chart showed that well—was a major challenge. However, we also found that the cost and the schedule estimates weren't reliable.

This is important. These estimates are a key factor in Congress' funding decisions. So it is also not surprising there were concerns about fully funding the project. What we recommend is that DHS and GSA take a hard look at the project and develop a revised consolidation plan.

We also recommended they develop alternatives for the remainder of the project with various construction and leasing options so Congress could understand what options were out there.

Congress agreed with our concerns and codified the recommendations, as you noted, in the DHS Headquarters Consolidation Act. Unfortunately, there has been little progress implementing the act or our recommendations.

In fact, our concerns about this lack of progress led us to designate these recommendations among the handful of highest priority recommendations the GAO has open, both at DHS and GSA. There is only a few of those so we don't do that lightly. We actually have a total of 400 open recommendations, so this tells you how important we see this issue as.

I think it is really important to reiterate the past, but many of these issues are even more valid today. So where are we today? Well, there is a construction going on at St. E's, as has been discussed, on the buildings that will house the Secretary and top management. However, what is not being discussed, I think, is the future of the project and that is still totally unclear.

Since so much time has passed since initial planning, I think there are some really difficult questions that need to be discussed today. First, are the original efficiency and coordination benefits even still relevant if certain components won't be moving there?

Second, if an expected outcome was cost savings, is that still valid given the cost increases we have seen and the new leases that are being signed? To be more specific, here are some examples of what I am talking about.

DHS and GSA are requesting \$400 million in fiscal year 2019 in the budget to move FEMA into the St. E's campus. However, we found this by digging in voluminous budget documents. Without the comprehensive plan we have no idea why this is the next step or how it fits in with the overall project.

Also, the window to bring in other components may have already closed. DHS testified almost 4 years ago for this committee that 70 percent of DHS leases in the National Capital Region expired between 2016 and 2020. At the same hearing GSA said that original

consolidation plans would eliminate 50 leases. However, since then, components have signed new leases or plan to move outright to other locations, such as TSA.

As a result, it is not clear that it is even possible for St. E's to be the consolidated headquarters that was originally planned. Further, these changing conditions make prior assumptions about costs null at this point.

So where do we go from here? We understand that DHS expects to issue a revised plan at the end of the year. We are mandated in law to review that plan within 90 days. We will do that. But I think it is important as DHS and GSA develop this new plan that they really consider the lessons of the past and deliver something that is very realistic with viable alternatives for the project.

Also now with years of experience building and renovating on a historic location, we would also expect the specific complexities and challenges that they have faced in doing that to be considered as the project moves forward.

This concludes my statement, and I look forward to the questions.

[The prepared statement of Mr. Currie follows:]

PREPARED STATEMENT OF CHRISTOPHER P. CURRIE

APRIL 12, 2018

Chairman Perry, Ranking Member Correa, and Members of the subcommittee: I am pleased to be here today to discuss the Department of Homeland Security (DHS) headquarters consolidation project at St. Elizabeths campus in Washington, DC, including a status update on the recommendations that we made in a 2014 report on this issue.¹ The multi-billion dollar construction project, managed by DHS and the General Services Administration (GSA),² is the centerpiece of DHS's larger effort to manage and consolidate its workforce of over 20,000 in the National Capital Region.³ As conceived in 2006, the Federally-owned St. Elizabeths site was designed to consolidate DHS's executive leadership, operational management, and other personnel at one secure location rather than at multiple locations throughout the Washington, DC, metropolitan area.⁴ The St. Elizabeths project is intended to allow for more efficient DHS operations and provide long-term cost savings by reducing reliance on leased space. From fiscal year 2006 through fiscal year 2014, the St. Elizabeths consolidation project had received approximately \$495 million through DHS appropriations and approximately \$1.1 billion through GSA appropriations, for a total of over \$1.5 billion.⁵ However, since construction began in fiscal year 2009, the project has generally received less funding than requested, which DHS and GSA officials have stated has led to cost escalations and schedule delays. The President's fiscal year 2019 budget requests a total of about \$400 million for continued consolidation and new development funds for the project.

In September 2014, we made three recommendations to improve the management of DHS headquarters consolidation, and DHS and GSA concurred with the recommendations.

In 2014, we recommended that:

¹ GAO, *Federal Real Property: DHS and GSA Need to Strengthen the Management of DHS Headquarters Consolidation*, GAO-14-648 (Washington, DC: Sept. 19, 2014).

² GSA, the landlord for the civilian Federal Government, acquires space on behalf of the Federal Government through new construction and leasing, and acts as a caretaker for Federal properties across the country. As such, GSA had the responsibility to select the specific site for a new, consolidated DHS headquarters facility, based on DHS needs and requirements.

³ The National Capital Region is composed of the District of Columbia and nearby jurisdictions in Maryland and Virginia.

⁴ The St. Elizabeths campus is a National Historic Landmark and a former Federally-run hospital for the mentally ill.

⁵ Since we reported in September 2014 through fiscal year 2018, approximately \$277 and \$485 million more had been appropriated to DHS and GSA, respectively, for the St. Elizabeths consolidation project. Since fiscal year 2006, amounts appropriated to DHS and GSA for the St. Elizabeths consolidation project have exceeded \$2.3 billion in the aggregate.

1. DHS and GSA conduct the following assessments and use the results to inform updated DHS headquarters consolidation plans:
 - a comprehensive needs assessment and gap analysis of current and needed capabilities that take into consideration changing conditions; and
 - an alternatives analysis that identifies the costs and benefits of leasing and construction alternatives for the remainder of the project and prioritizes options to account for funding instability.
2. DHS and GSA develop revised cost and schedule estimates for the remaining portions of the consolidation project that conform to GSA guidance and leading practices for cost and schedule estimation, including an independent evaluation of the estimates.
3. DHS designate the headquarters consolidation program a major acquisition, consistent with DHS acquisition policy, and apply DHS acquisition policy requirements.

In our September 2014 report, we further stated that Congress should consider making future funding for the St. Elizabeths project contingent upon DHS and GSA developing a revised headquarters consolidation plan that conforms with leading practices and that: (1) Recognizes changes in workplace standards, (2) identifies which components are to be colocated at St. Elizabeths and in leased and owned space throughout the National Capital Region, and (3) develops and provides reliable cost and schedule estimates.

Subsequently, in 2015, we designated our three recommendations to DHS and GSA as “Priority Recommendations” due in part to the important fiscal and operational implications of DHS headquarters consolidation. In addition, we have designated the broader areas of Managing Federal Real Property and Strengthening DHS Management Functions as High-Risk areas due to mismanagement vulnerabilities or a need for transformation.⁶

The Department of Homeland Security (DHS) Headquarters Consolidation Accountability Act of 2015, enacted in April 2016 would, according to the accompanying Senate committee report, ensure that DHS and GSA fully address the recommendations from our September 2014 report and provide Congress the additional information needed to make sound decisions regarding the headquarters consolidation project.⁷ Among other things, the Act requires DHS, in coordination with GSA, to submit information to Congress about DHS headquarters consolidation efforts not later than 120 days after enactment (enacted April 29, 2016).⁸ Required information includes a comprehensive assessment of the difference between the current real property and facilities needed by DHS in the National Capital Region, an analysis that identifies the costs and benefits of leasing and construction alternatives for the remainder of the consolidation project, and updated cost and schedule estimates. Furthermore, under the Act, the Comptroller General is to report on its review and evaluation of the quality and reliability of the cost and schedule estimates not later than 90 days after their submittal to Congress.⁹ As of April 2018, DHS and GSA had not submitted the required headquarters consolidation information to Congress or implemented our related recommendations.

Although DHS and GSA have yet to provide the information to Congress, construction is proceeding at the St. Elizabeths campus. Figures 1 and 2 show progress made to the Center Building from September 2016 to March 2018. This structure will house the Secretary of Homeland Security and other key leadership.

⁶GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, GAO-17-317 (Washington, DC: Feb. 15, 2017).

⁷See Pub. L. No. 114-150, 130 Stat. 366 (2016); see also S. Rpt. No. 114-227 (Mar. 14, 2016).

⁸Specifically, the DHS Secretary, in coordination with the GSA Administrator, is to submit to the Committees on Homeland Security and Transportation and Infrastructure of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate, information on the implementation of the enhanced plan for the DHS headquarters consolidation project within the National Capital Region. See Pub. L. No. 114-150, § 2, 130 Stat. at 366-68.

⁹See Pub. L. No. 114-150, § 2(b), 130 Stat. at 367.

Figure 1: The Center Building at St. Elizabeths in 2016 (left) and 2018 (right)



Source: GAO (left photo); Department of Homeland Security (right photo). | GAO-18-484T

Figure 2: The Center Building at St. Elizabeths in 2016 (left) and 2018 (right)



Source: GAO (left photo); Department of Homeland Security (right photo). | GAO-18-484T

My testimony summarizes the key findings of our September 2014 report on DHS and GSA efforts to manage the DHS headquarters consolidation project, and provides a status update on DHS and GSA implementation of our recommendations. To complete our September 2014 report, we compared DHS and GSA capital planning efforts against applicable leading practices in capital decision making and interviewed DHS and GSA officials responsible for the planning and management of the DHS headquarters consolidation.¹⁰ We also compared DHS and GSA documents on the estimated cost and schedule for the St. Elizabeths project with cost- and schedule-estimating leading practices we have identified in our prior work, and relevant GSA guidance.¹¹ To assess subsequent DHS and GSA actions to implement our September 2014 recommendations, we conducted periodic follow-up with DHS and GSA officials and obtained relevant documentation. The work upon which this statement is based was conducted in accordance with generally accepted Govern-

¹⁰ GAO, *Executive Guide: Leading Practices in Capital Decision-Making*, GAO/AIMD-99-32 (Washington, DC: Dec. 1, 1998) and Office of Management and Budget (OMB), *Capital Programming Guide, Supplement to OMB Circular A-11* (Washington, DC: July 2014).

¹¹ GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, DC: Mar. 2, 2009) and *GAO Schedule Assessment Guide: Best Practices for Project Schedules*, GAO-12-120G (Washington, DC: May 2012).

ment auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CONSOLIDATION PLANS DID NOT FULLY CONFORM WITH LEADING CAPITAL DECISION-MAKING PRACTICES AND GAO RECOMMENDATION HAS NOT BEEN IMPLEMENTED

In our September 2014 report, we found that DHS and GSA planning for the DHS headquarters consolidation did not fully conform with leading capital decision-making practices intended to help agencies effectively plan and procure assets.¹² Specifically, we found that DHS and GSA had not conducted a comprehensive assessment of current needs, identified capability gaps, or evaluated and prioritized alternatives that would help officials adapt consolidation plans to changing conditions and address funding issues as reflected in leading practices.¹³ At that time, DHS and GSA officials reported that they had taken some initial actions that may facilitate consolidation planning in a manner consistent with leading practices. For example, DHS had an overall goal of reducing the square footage allotted per employee across the Department in accordance with workplace standards, such as standards for telework and hoteling.¹⁴ As we reported in 2014, DHS and GSA officials acknowledged that new workplace standards could create a number of new development options to consider, as the new standards would allow for more staff to occupy the space at St. Elizabeths than previously anticipated. DHS and GSA officials also reported at that time that analyzing different leasing options could affect consolidation efforts. However, we found that the consolidation plans, which were finalized between 2006 and 2009, had not been updated to reflect these actions.

In addition, we found in September 2014 that funding for the St. Elizabeths project had not aligned with what DHS and GSA initially planned. We reported that according to DHS and GSA officials, the funding gap between what DHS and GSA requested and what was received from fiscal years 2009 through 2014, was over \$1.6 billion. According to these officials, this gap created cost escalations of over \$1 billion and schedule delays of over 10 years relative to original estimates. We found in 2014 that these delays posed challenges for DHS in terms of its leasing portfolio. Specifically, DHS's long-term leasing portfolio was developed based on the original expected completion date for St. Elizabeths development in 2016. In 2014, DHS and GSA reported that they had begun to work together to consider changes to the DHS headquarters consolidation plans, but they had not announced when new plans would be issued. Furthermore, because final documentation of agency deliberations or analyses had not yet been developed, it was unclear if any new plans would be informed by an updated comprehensive needs assessment and capability gap analysis as called for by leading capital decision-making practices. Therefore, in our September 2014 report we recommended that DHS and GSA conduct various assessments and analyses and use the results to inform updated DHS headquarters consolidation plans. DHS and GSA concurred with this recommendation and stated that their forthcoming draft St. Elizabeths Enhanced Consolidation Plan would contain these analyses.

As of April 2018, however, the agencies had not submitted updated plan information to Congress that would either meet the requirements of the DHS Headquarters Consolidation Accountability Act or address our recommendation. According to DHS officials, the agencies prepared a comprehensive response to the Act, including updated analyses, but the information is no longer current and now needs to be revised and revalidated before it is submitted to Congress. Officials told us that the updated consolidation plans and analyses assumed that the project would receive more funding in fiscal years 2017 and 2018 than was appropriated. Further, officials told us that the current administration is expected to provide input on the planned

¹² Congress, OMB, and GAO have all identified the need for effective capital decision making among Federal agencies. OMB's *Capital Programming Guide, a Supplement to OMB Circular A-11*, along with GAO's *Executive Guide: Leading Practices in Capital Decision-Making* provides detailed guidance to Federal agencies on leading practices for the four phases of capital programming—planning, budgeting, acquiring, and managing capital assets. These practices are, in part, intended to provide a disciplined approach or process to help Federal agencies effectively plan and procure assets to achieve the maximum return on investment.

¹³ GAO/AIMD-99-32 and OMB *Capital Programming Guide, Supplement to OMB Circular A-11*.

¹⁴ Telework is a work arrangement in which employees perform all or a portion of their work at an alternative work site, such as from home or a telework center. Hoteling allows employees to work at multiple sites and use nondedicated, nonpermanent workspaces assigned for use by reservation on an as-needed basis.

DHS component occupancies at the St. Elizabeths campus. We continue to believe that DHS and GSA attention to following leading capital decision-making practices—including having a consolidation plan that justifies future actions—is critical given the project’s multi-billion dollar cost and impact on Departmental operations.

COST AND SCHEDULE ESTIMATES FOR THE ST. ELIZABETHS PROJECT DID NOT REFLECT LEADING PRACTICES AND GAO RECOMMENDATION HAS NOT BEEN IMPLEMENTED

In our September 2014 report, we found that DHS and GSA cost and schedule estimates for the headquarters consolidation project at St. Elizabeths did not conform or only minimally or partially conformed with leading estimating practices, and were therefore unreliable.¹⁵ Furthermore, we found that in some areas, the cost and schedule estimates did not fully conform with GSA guidance relevant to developing estimates.

Cost Estimates

In 2014, we found that DHS and GSA cost estimates for the headquarters consolidation project at St. Elizabeths did not reflect leading practices, which rendered the estimates unreliable. For example, we found that the 2013 cost estimate—the most recent available at the time of our 2014 report—did not include: (1) A life-cycle cost analysis of the project, including the cost of repair, operations, and maintenance; (2) was not regularly updated to reflect significant changes to the program including actual costs; and (3) did not include an independent estimate to determine whether other estimating methods produce similar results. In addition, a sensitivity and a risk and uncertainty analysis had not been performed to assess the reasonableness of the cost estimate. We have previously reported that a reliable cost estimate is critical to the success of any program.¹⁶ Specifically, we have found that such an estimate provides the basis for informed investment decision making, realistic budget formulation and program resourcing, meaningful progress measurement, proactive course correction when warranted, and accountability for results. Accordingly, in 2014, we concluded that DHS and GSA would benefit from maintaining current and well-documented estimates of project costs at St. Elizabeths—even if project funding is not fully secured.

Schedule Estimates

In 2014, we also found that the 2008 and 2013 schedule estimates (the estimates available at the time of our review) did not include all activities for both the Government and its contractors necessary to accomplish the project’s objectives and did not include schedule baseline documents to help measure performance as reflected in leading practices and GSA guidance. For the 2008 schedule estimate, we found that resources (such as labor, materials, and equipment) were not accounted for and a risk assessment had not been conducted to predict a level of confidence in the project’s completion date. In addition, we found the 2013 schedule estimate was unreliable because, among other things, it was incomplete in that it did not provide details needed to understand the sequence of events, including work to be performed in fiscal years 2014 and 2015.

In 2014, we concluded that developing cost and schedule estimates consistent with leading practices could promote greater transparency and provide decision makers needed information about the St. Elizabeths project and the larger DHS headquarters consolidation effort. However, in commenting on our analysis of St. Elizabeths cost and schedule estimates, DHS and GSA officials said that it would be difficult or impossible to create reliable estimates that encompass the scope of the entire St. Elizabeths project. In response to our findings, officials said that given the complex, multiphase nature of the overall development effort, specific estimates are created for smaller individual projects, but not for the campus project as a whole. Therefore, in their view, leading estimating practices and GSA guidance cannot reasonably be applied to the high-level projections developed for the total cost and completion date of the entire St. Elizabeths project. GSA stated that the higher-level, milestone schedule currently being used to manage the program was more flexible than the detailed schedule we proposed, and had proven effective even with the highly variable funding provided for the project.

¹⁵GAO-09-3SP and GAO-12-120G. For both the cost and schedule estimates, our analysis focused on how well DHS and GSA met each of the four characteristics based on our assessment of conformance to the leading practices associated with that characteristic. We then arrayed the extent to which DHS and GSA cost and schedule estimates conformed with the four characteristics of each using five rating categories—fully meets, substantially meets, partially meets, minimally meets, or does not meet.

¹⁶GAO-09-3SP.

However, our September 2014 review found this high-level schedule was not sufficiently defined to effectively manage the program. For example, our review showed that the schedule did not contain detailed schedule activities that included all Government, contractor, and applicable subcontractor efforts. In our 2014 report, we recognized the challenges of developing reliable cost and schedule estimates for a large-scale, multi-phase project like St. Elizabeths, particularly given its unstable funding history and agreed that incorporating cost- and schedule-estimating leading practices could involve additional costs. However, we also concluded that unless DHS and GSA invest in these practices, Congress risked making funding decisions and DHS and GSA management risked making resource allocation decisions without the benefit that a robust analysis of levels of risk, uncertainty, and confidence provides. Therefore, in our September 2014 report we recommended that DHS and GSA develop revised cost and schedule estimates for the remaining portions of the consolidation project in accordance with leading practices. DHS and GSA concurred with the recommendation.

As of April 2018, however, the agencies had not submitted revised cost and schedule information to Congress that would either meet the requirements of the DHS Headquarters Consolidation Accountability Act or address our recommendation. GSA is leading efforts to revise the project's cost and schedule estimates, and according to GSA officials, the revised figures will take into account leading cost- and schedule-estimation practices, including a risk assessment. We continue to believe that creating up-to-date, reliable cost and schedule estimates for DHS headquarters consolidation should be an integral part of DHS and GSA efforts to reassess the project. Without this information, it will be more difficult for agency officials and Members of Congress to make informed decisions regarding resource allocations and compare competing funding priorities.

DHS DID NOT CONSISTENTLY APPLY ITS ACQUISITIONS GUIDANCE WHEN OVERSEEING THE ST. ELIZABETHS PROJECT, BUT HAS TAKEN STEPS TO IMPLEMENT GAO'S RECOMMENDATION

In our September 2014 report, we also found that DHS had not consistently applied its major acquisition guidance for reviewing and approving the headquarters consolidation project. Specifically, we found that DHS had guidelines in place to provide senior management the opportunity to review and approve its major projects, but DHS had not consistently applied these guidelines to its efforts to work with GSA to plan and implement headquarters consolidation. Part of the inconsistency was the result of DHS designating the headquarters consolidation project as a major acquisition in some years but not in others. For example, we found that in 2010 and 2011, DHS identified the headquarters consolidation project as a major acquisition and included the project on DHS's Major Acquisitions Oversight List.¹⁷ Thus, the project was subject to the oversight and management policies and procedures established in DHS major acquisition guidance; however, the project did not comply with major acquisition requirements as outlined by DHS guidelines. For example, we found that the project had not produced any of the required key acquisition documents requiring Department-level approval, such as life-cycle cost estimates and an acquisition program baseline, among others.

As we reported in 2014, in 2012, the project as a whole was dropped from the list. Subsequently, in 2013 and 2014, DHS included the information technology (IT) acquisition portion of the project on the list, but not the entire project. DHS officials explained that they considered the St. Elizabeths project to be more of a GSA acquisition rather than a DHS acquisition because GSA owns the site and the majority of the building construction is funded through GSA appropriations. In our 2014 report, we recognized that GSA had responsibility for managing contracts associated with the headquarters consolidation project. However, we also noted that a variety of factors, including the overall cost, scope, and visibility of the project, as well as the overall importance of the project in the context of DHS's mission, made the consolidation project a viable candidate for consideration as a major DHS acquisition. By not consistently applying this review process to headquarters consolidation, we concluded that DHS management risked losing insight into the progress of the St. Elizabeths project, as well as how the project fits in with its overall acquisitions

¹⁷ At the time of our 2014 report, DHS reviewed its acquisition portfolio annually and designated programs as major acquisitions based on DHS investment thresholds. Generally, programs that incurred costs greater than \$300 million over the life cycle of the program were considered major acquisitions. In 2014, DHS changed the name of the Major Acquisition Oversight List to the Master Acquisition Oversight List to more accurately distinguish between the Department's major (Level 1 and 2) and non-major (Level 3) acquisitions and nonacquisition activities included in the list.

portfolio. Thus, in our September 2014 report we recommended that the Secretary of Homeland Security designate the headquarters consolidation program a major acquisition and apply DHS acquisition policy requirements. DHS concurred with the recommendation.

As of April 2018, DHS has made some progress implementing this recommendation. For example, on September 16, 2014, DHS issued an Acquisition Decision Memorandum designating the DHS-funded portions of the headquarters consolidation program as a Major Acquisition Program to be overseen by the Departmental Acquisition Review Board (ARB). DHS also made progress implementing this recommendation by conducting and documenting an ARB of the program in November 2016. The ARB process provided DHS greater oversight of headquarters consolidation, and provided a forum for officials to consider a wide range of issues affecting consolidation efforts, such as funding and project scope. In addition, in January 2018, DHS officials reported that they were working to align headquarters consolidation program documentation to meet the spirit of DHS acquisition policy guidance. We will reassess the status of this recommendation after the consolidation plan and cost and schedule estimates are updated and submitted to Congress per the DHS Headquarters Consolidation Accountability Act. At that time, we believe there will be more certainty about the future direction of the project overall, and DHS's funded portion in particular, and we will be better able to assess the level of DHS acquisitions oversight for the project.

Chairman Perry, Ranking Member Correa, and Members of the subcommittee, this concludes my prepared statement. I look forward to responding to any questions that you may have.

Mr. PERRY. Thank you, Mr. Currie.

The Chair now recognizes himself for 5 minutes of questions.

With that, I think I will start with you, Mr. Currie. I am concerned. I am not sure how it is going to work out, but I am concerned there is going to be, like, well, it is that guy, right? Or it is going to be I think, you know, with all due respect, it is going to be there is a funding shortfall and let me just start there before I ask you any questions.

So I have got a list of projects here that have been fully funded. I can go through a whole list of acronyms, access road extension, Center Building West addition, OHA, DNDO, and S&T relocation into the Munro Building. I can go through a whole list of things here that are fully funded yet not complete.

So just in laymen's terms, just in laymen's terms as a person who lives a life and runs a household, like, which one of any of us in the room gives money to somebody that can't complete the things that we already paid for before?

Then when they come and say, well, we need more money, somehow it is our fault that we didn't give you more money even though you haven't shown the ability to complete the things we have already fully paid for, right? So that is a concern.

I am willing to listen to this argument that it has not been adequately funded, but I think that is questionable, at least questionable. That having been said, I am trying to determine the relationship between DHS and GSA as the developer.

DHS is a tenant, right? So GSA is the one that is doing the work but DHS has requirements. That is fair.

I guess my larger question from your standpoint, DHS holding up GSA by changing requirements, by slow-walking or not knowing what they need and then it shows up later and there have to be changes, is this relationship, is it a fair relationship and is it a sound relationship that is sincere and working well?

Mr. CURRIE. Yes.

Mr. PERRY. Because we are looking for accountability here, too.

Mr. CURRIE. Yes, yes, sir. No, it is a great question. I mean, I think one thing that is important to say here from the front is that GSA works with every Federal department and agency on these kinds of issues. This isn't the first—this project is actually—

Mr. PERRY. Right.

Mr. CURRIE [continuing]. Not that unique. The location is unique, but, you know, been doing this for 100 years. So I mean GSA works with every Federal department and agency and has the same relationship with those agencies. So the complexities of this are not solely related to just the funding issue of this project or the location.

There have been many projects in the past where there have been similar challenges. I mean, that is one of the reasons, you know, Federal real property has been on GAO's high-risk list for so long because this funding issue is such a difficult challenge to address.

I mean, this is one of the reasons we always bring up these best practices in capital planning. This is why cost estimates, great planning is so important and realistic analysis of alternatives. I know that is kind of a buzzword, but—

Mr. PERRY. Sure.

Mr. CURRIE [continuing]. What that means is, is do you have a menu of options if things don't go so well? I think those are critical for you all to be able to assess.

Mr. PERRY. I don't want to be hypercritical here, and I understand that. You know, to a certain extent I understand that you are digging something up. You are fixing an old building. You have got these historic preservation requirements. You run into a foundation problem.

I understand and I don't understand to a certain extent, but when we did the assessment that is part of the assessment. Can we fix this thing to standard and what kind of problems do we foresee? Any kinda working with an existing old structure you are going to run into things that are unforeseen, and I get that.

But like you said, you have got to update your plans if you see something that has happened. This is like years and years on now and it seems like that is used as a crutch to not get things complete as opposed to a real reason why things have changed and things have been drawn out.

But my real question here, and I am not sure I feel comfortable with the answer is, is that is GSA, are they proceeding with—with the mandate that they have or are they being hindered by DHS in any way in completing this? Because I am trying to get to some accountability here. Who is dropping the ball here? Is it DHS or is it GSA?

Mr. CURRIE. Well, it is hard for me to say. I don't—

Mr. PERRY. Well, I doubt they are going to say, right? Unless they probably work together and don't want to point to each other. But somebody is dropping the ball. I am trying to figure out who it is and why.

Mr. CURRIE. Well, I mean, our recommendations we have made were to both in our report in 2014, I mean, for GSA from the standpoint of using those leading practices in the construction development. But also to DHS in making sure that it brings this project

underneath its own major acquisition process so I think they have equal responsibility in this.

I think they have equal leverage in this project. I don't think one has more than the other. There are definitely distinct responsibilities, but it is absolutely a joint project.

Mr. PERRY. I hate to say it, but maybe that is the problem, right? Maybe DHS should say GSA, this is your project. Here is what we need. Tell us when it is done. Then at least we got someone to go to and say get this done and if you don't, here are the consequences. Right now, I think we are going to get this all day long.

With that, I yield to the Ranking Member.

Mr. CORREA. Thank you, Mr. Chair. I want to follow up with some of your questions and thoughts about efficiency. First of all, if you can lift this? This is essentially a chart of the funding, or lack thereof, inconsistent. Is that a factor in all of this?

Mr. CURRIE. Well, yes, sir, I mean we—

Mr. CORREA. Major factor or minor factor?

Mr. CURRIE. Oh, it is a major factor, I mean, but like I said before, this is a major factor in a lot of these capital planning projects and a lot of these construction projects in Government. This is not a new issue, and I think that that doesn't excuse—

Mr. CORREA. So, we have the act of 2015 over here that took into consideration a lot of the old inconsistencies in terms of funding. As the Chair was saying, some of the projects were funded, some were not.

We have the Coast Guard that is essentially doing a little better job or a lot better job than the rest. Should we put the Coast Guard in charge of this project? That is not a question to answer here, but just to think about.

DHS versus GSA, the act of 2015, it sounded like that act was really supposed to get everybody to coordinate a little bit better, to acknowledge all the past inconsistencies—I am not going to say mistakes, but maybe folks dropping the ball. It sounds like we are supposed to update the plan, change the plan.

I would imagine you are supposed to do this on an on-going basis. Private-public partnerships where I come from, Orange County, got a little bit involved in those, and asked for the public and the private sector always talking with each other. As you are building, you are changing the plan because of those unforeseen circumstances so you continue to move the project forward.

Here it sounds like that is not what is going on. So like the Chair said, how do we move ahead and not keep dropping the ball here? You are spending about \$2 billion a year on these leases and maintenance outside you are paying through the private sector that could be used to, you know, build this out, to finish this project. Yet I am not hearing a specific date when this whole project is going to be done.

What is it that we need to do? Does a law have to be passed that you all come back to us every month to say how you are working together or how you are not working together?

It is not about pointing fingers. It is about saving taxpayer dollars, making sure we have the best, the most efficient security, that our citizens, you know, deem that they need, that they deserve,

and it is not happening. Open it up for any of you to give us some answers here.

Mr. GELBER. Thank you. Sir, if I could just address this matter and some of the points that were made regarding the General Services Administration and how we work with the Department of Homeland Security? We have a partnership.

We have been working together on this project for an extended period of time. The significant challenge that GSA faces on this project is the lack of regular funding to actually implement the plans that we develop.

Across the campus, we have spent close to \$500 million on infrastructure improvements with the expectation that the campus will accommodate over 10,000 people—the current number is 12,800. So the goal is by providing a steady stream of funding, year in and year out, over a period of time to complete this project, that will facilitate the work that we are intending to do.

In 2015, in response to the GAO audit—

Mr. CORREA. So you are saying, sir, that this chart, this inconsistent funding is the major factor why things are getting held up?

Mr. GELBER. It is a significant issue in our ability both to plan and implement when we request money in 2016, 2017, 2018 and are only provided funding in 2016. It is difficult to then build the buildings that we are proposing to build. Without money, we simply cannot proceed.

The money that has been provided to us we have created infrastructure. We have created facilities at the campus. That is your reference to Munro Building. The Central Building will come on-line next year. Where we have money, we have implemented and created the infrastructure that Congress has requested us to provide.

Mr. CORREA. Mr. Chaleki.

Mr. CHALEKI. Yes, sir, I would echo GSA's concerns as well. GSA builds the buildings and they build those buildings to our requirements. Our job is to provide clear, unambiguous requirements to GSA.

But what we also need is we need a sequenced time line on when things will happen. Because our move to St. E's is predicated on—

Mr. CORREA. Who provides that sequenced time line?

Mr. CHALEKI. We work together on that because we have to line up our existing commercial leases, time those out so we expect a building at this point, this is when our lease expires, and that is when we are prepared to move in.

You know, there may be construction difficulties that move that time line out. I am not going to say that it is GSA's fault. That is not my fault. My experience is—

Mr. CORREA. That is just the way business—

Mr. CHALEKI. That is the way it is when dealing with some of these buildings, sir. When that happens, we have to make adjustments. Just like we do at the Center Building, we made adjustments and we are going to move forward.

Sometimes those are painful. Sometimes they result in we have to consolidate in other leases where we were expecting to go into

St. Elizabeths, and that has a downstream effect to our overall plan. That is where we are right now.

Mr. CORREA. Mr. Chair, I yield.

Mr. PERRY. The Chair thanks the gentlemen.

The Chair now recognizes Mr. Higgins from Louisiana.

Mr. HIGGINS. Thank you, Mr. Chairman.

Gentlemen, this conversation we are having today is exactly reflective of why the American citizens that we serve just stare upon Washington, DC in disbelief. We are going to spend \$4 billion—a billion is 1,000 million—to house agencies under one campus, in this case.

So I wasn't here in 2006 when the decision was made to move what should be the most modern and responsive agency in the world into a campus that was founded in 1855. I did historical renovations in college as a carpenter. It is difficult work.

When you are talking about constructing the most modern and capable, responsive, off-the-grid, protective network of agencies in the modern world, how are you going to run your fiber optics? How do you run your counter-espionage technologies? How do you run your surveillance technologies?

Well, I wasn't here when that decision was made, because I would have made a lot of noise about it. It is incredible to me that across the expanse of these United States of America, we cannot find a more efficient means by which—and location—to house a consolidated headquarters for the Department of Homeland Security and associated agencies.

Mr. Currie, you mentioned several times “best practices in capital planning.” In your wildest imagination, you said you have been doing this for a long time. When would it ever be best practices in capital planning to put the most modern facility, or what should be the most responsive and modern facility on the earth, in a campus established in 1855?

Explain to me, please, and to the American people how that could possibly be reflective of best practices in capital planning.

Mr. CURRIE. Yes, sir. I think it is a great question. I mean, I think it is a good question for DHS and GSA back at the time in 2006 when the decision was made.

But, I mean, one of the points we have been making is that these complexities and these challenges, and especially the experience they have had so far building on this campus, have to be figured into the future. Because it is likely that these challenges are not going to just go away with the other buildings that are going to get renovated and the—

Mr. HIGGINS. Well, the American people want it to go away. The American people expect the Federal Government to operate within the parameters of the revenue that we take in. We are a Nation that is \$20 trillion in debt, and yet we continue to have conversations and throw around numbers like \$4 billion for an office complex, for Christ's sake.

You have the most luxurious hotels across the world built for less money with more square footage, modern from the ground up.

I wasn't here when that decision was made in 2006. I wasn't here in 2009 when construction began. I wasn't here in 2014 when your

report was turned in, but I am here now and we are going to make some noise about this.

Now, all of us are stuck with this ridiculous plan. We have to complete it. This committee is going to expect excellent response from the agencies responsible for spending the people's treasure on this perhaps the worst idea in the history of best practices in capital planning ideas.

I ask you, Mr. Gelber, to please give me some feedback. Leave me with something uplifting, sir. Explain to the American people how we can move forward more efficiently to complete this poorly devised and planned construction project.

Mr. GELBER. Well, sir, I would like to say that while GSA is working on some of the historic structures on the facility, we are also, in concert with the Department of Homeland Security, creating those modern, new office buildings that you are referencing.

The Munro facility was a ground-up construction. Our proposal for the FEMA facility would be a brand-new facility that would not be engaged, if you will, or interacting with an existing historic structure.

Sir, our goal is to respond to the mission needs of the Department of Homeland Security, provide them the mission space to do their work, and to do that within the modern facilities that you are referencing. That is what we are working to do. But in order to do that, sir, we do need the money in order to proceed.

Mr. HIGGINS. Thank you for your response.

Mr. Chairman my time has expired. I yield back.

Mr. PERRY. The Chair thanks the gentleman.

Chair now recognizes the gentlelady from New York, Miss Rice.

Miss RICE. Thank you, Mr. Chairman.

Mr. Gelber, can you explain—forgive my ignorance, but how did GSA choose St. E's as the ideal spot to do this whole consolidation?

Mr. GELBER. Well, like many other site selections that we engage in, it is a variety of factors. We work with the agency that is looking for the space, and we also respond to, if you will, the tenor of the time. At that time, when the Department of Homeland Security was stood up, following the attacks of 9/11, there was the desire to collocate the Department's components in one space.

The decision is as the Department, it needs to be within the boundaries of the District of Columbia. So one primary area that was looked at was the St. Elizabeths campus. It had recently been declared excess, no longer needed by the Department of Health and Human Services.

So it was viewed as an opportune site that was large enough, that could become secure enough, to address the Department of Homeland Security's needs, while also addressing other local community issues, including development opportunities within the District of Columbia.

As with most site selections, we are looking to balance a variety of factors and seek what is the best location that meets as many of those requirements as possible.

Miss RICE. Coming to that determination, you obviously looked at the location, seen what kind of condition it was in, how that would affect the cost and efficiency of actually doing renovations

that could give DHS what they needed? Even after looking at all of that, it was still understood to be a good location?

Mr. GELBER. That is correct, ma'am, primarily——

Miss RICE. Yes.

So Mr. Currie, you said at some point when you were speaking that you expect some doubt about St. E's actually being a place that can, going forward, be what DHS needs it to be. Can you expound on that?

Mr. CURRIE. Absolutely. So much has changed since 2006 that I think the original ideals and the concepts that are still being discussed a lot today, this idea of what is a consolidated headquarters? I think when you open up the hood and you look underneath, and you look at some of the initial plans of who they planned to bring over to St. E's, are pieces of certain agencies.

At this point, we are potentially not talking about a headquarters where every single component is there, the leadership of the component is there. That was the original vision. That has been scaled back.

Of course, I have to caveat that, because we don't have an updated plan. You know, the last plans that we have seen are more than a couple years old. So I feel like there is——

Miss RICE. Can I just stop you right there for 1 second?

Mr. CURRIE. Sure.

Miss RICE. Because I am a little confused. It is what came first, the chicken or the egg, kind of thing. I mean, are your concerns—you are saying that you don't have an updated report about what plan should be implemented. They might say we you don't have an updated report because we ran out of money and now we are trying to play catch-up.

I mean, in your opinion, what came—because it is a little frustrating. I could close my eyes and open them and be at a V.A. hearing. I am on the Veteran's Affairs Committee. I could be hearing this same thing about construction of V.A. hospitals across this country.

The same inefficiencies, the same late reports, the same, you know, God-knows-where the money went. So can you unravel—it is a conundrum for me. I don't understand why this seems to happen every time the Government is involved in rehabbing or building something.

Mr. CURRIE. Yes. Absolutely.

Miss RICE. By the way, I am not bringing politics into—there is plenty of blame to go around. You know, Trump cut the money for this project, I get it. But when Democrats were in control, I am sure we were maybe that not—so this is not a political issue.

Really, let us try to get to the bottom of why it is that no project like this, regardless of the Federal agency that is the subject of it, ever seems to get done on time and on budget.

Mr. CURRIE. Yes, yes, I can address that. So I mentioned before that, you know, Federal real property has been on our high-risk list at GAO for a long time, and this is one of the reasons. It is very difficult to have these large projects without all the funding up front, to get it piecemeal on the uncertainty.

There is no——

Miss RICE. Has the Government ever funded a project up front? Has there ever been an instance where a report is given, everyone acknowledges, OK, this is what—like, and not, you know, a year and a half ago. I am understanding that, you know, obviously costs rise. If you give an estimate on, you know, a project in 2006, it is clearly not going to cost the same in 2015 or 2018.

But has there ever been a construction project that was fully funded up front?

Mr. CURRIE. I don't have an example for you off the top of my head. I can definitely get back to you with some specifics across different agencies through on that.

Miss RICE. I am just curious, you know, whether that ever happens. But—so go ahead. I am sorry.

Mr. CURRIE. No. I think your points are valid. I mean, we have said before that the funding issue is a challenge. But it is a challenge in a lot of projects. I think one of the things we told DHS and GSA in 2014 is that understanding the funding uncertainties, which always exist, and austere budget situations, which also always exist, those have to be factored into realistic plans.

I think there have to be options going forward. So if we get all the funding we could hope to ever get, then this is what option A looks like when we finish. But if we don't—

Miss RICE. Can I stop you there, Mr. Currie, because my time is running out? With the Chairman's indulgence, why was St. E's a good choice in 2006 and not in 2018? Is it technology?

Is it the idea that maybe not everyone has to be colocated physically? Tell me, because it seems to me that if that is what we are talking about, and your opinion is that this should not be a campus right there, I mean, where do you go or what is your opinion?

Mr. CURRIE. No, ma'am. I want to be clear. We don't either support or not support the idea of St. E's. We support that consolidation is a good idea for coordination's sake. I think what we have looked at is the process and the practices that have been used.

What we think is needed is a realistic option plan for moving forward, given the reality of the situation.

Miss RICE. But you mean option as in an alternative other than St. E's, or—

Mr. CURRIE. Well, just alternatives in general, given the uncertainties and the complexities of the project moving forward.

Miss RICE. Even given how much money has already been put into the project, do you still think there should be alternatives to maybe doing something somewhere else?

Mr. CURRIE. I am not saying there needs to be something done somewhere else. I am just saying there needs to be alternatives considering what has happened so far and the complexities of the project.

Miss RICE. OK.

Thank you, Mr. Chairman.

Mr. PERRY. The Chair thanks the gentlelady.

The Chair recognizes the gentleman from Virginia, Mr. Garrett.

Mr. GARRETT. Thank you, Mr. Chairman.

I want to tip my hat to my colleague, Congresswoman Rice. I want to also take a little bit of a swipe at my good friend, Congressman Thompson, and his statement that you might find at the

back of the room, if you are in the press. It says, “Republicans have failed to deliver consistent funding throughout the entirety of the project.”

Except I am not that good at Google. Having said that, this idea was conceived in 2006. The ground was broken in 2009. I am pretty sure that the 111th Congress, who was originally responsible for putting this funding forward, wasn’t led by Republicans. I could go on, but I won’t, because as Miss Rice rightly indicated, it is time to stop fixing blame and start fixing problems.

So we sit here discussing the consolidation of a department, Homeland Security, tasked with defending the American people from an emerging and dynamic set of threats that aren’t even the same as we could have contemplated in 2006.

I read in this report, and these are the report’s words, not mine, footnoted, “too much emphasis may have been placed on revitalizing neighborhoods in Washington, DC.” Where in the mandates of DHS does it say we should be revitalizing neighborhoods in Washington, DC? That is rhetorical.

Negotiations with historic preservationists led to a 3-year delay. I note that my colleague, Mr. Thompson, fails to mention that, but it is a tragic note when we can’t build an outhouse, let alone a fence across the desert, without knowing that there are going to be lawsuits. Now, none of this is targeted at you three gentlemen. But wait, because it is coming.

So in 2006, a plan for consolidation emerged. Construction begins in 2009. The original estimated completion date is 2016. Then it is moved to 2021. Then it is moved to 2026. We hear, oh, it is funding, it is funding, it is funding.

When I was a taxpayer and not a member of this august body, I got so sick and tired of the concept that money would solve all the problems in the world. If we can’t estimate the actual cost of anything, which is what your testimony just indicated, anything accurately on the front-end, then why should we even work with the numbers?

What I would do, as a history major, not a mathematician or an engineer, is look at cost overruns on Government projects across the board, figure out what the average percentage is and tack that crap on at the beginning so that there is a little bit of transparency and honesty for the taxpayer.

But here we sit fighting with historic preservationists and revitalizing the District of Columbia’s housing, which I am not sure where it falls in the DHS mandate, but I am pretty sure it is not there. We have got a headquarters that is designated to protect the American people from very real existential threats of death. We are pushing numbers back from 2016 to 2021 to 2026.

So here is what flummoxes me as somebody who still sort of identifies with the private sector. I will betcha, and this question is coming, that nobody responsible for—and don’t tell me about funding when there is no DHS request, none, in the fiscal year 2018 budget for a single dollar.

We have got \$135 million requested from GSA. Don’t talk to me about partisan responsibility when the blood is on both sides’ hands—both sides’ hands.

Talk to me about who has been fired for failure to meet time lines set by law by this body. A name, one name of one person who has been held to account. Anybody been fired? Has anyone been reprimanded? One name. Has anyone responsible for meeting these deadlines, who has failed to meet these deadlines, been subsequently promoted?

I mean, sometimes I wonder why we are here. Again, not targeting you three gentlemen. But at some point, again, and I would again tip my hat across the aisle to Congresswoman Rice, it is time to stop fixing blame and start fixing problems.

The Department of Homeland Security should not be in the business of revitalizing D.C. neighborhoods, and we should not be building multi-billion dollar facilities where we know that we are going to have 3-year long delays because of historical preservationists.

Consolidation, good idea. Communication, good idea. Might have saved lives on 9/11. But all this is reasonably foreseeable. Overrun on costs? It is as predictable as the swallows returning to San Juan Capistrano.

How can we do it differently? I apologize for the soliloquy, but we have to change the paradigm. I want you gentlemen, please, and I mean this sincerely and with all due respect, and a lot is due, to start looking for ways to do things differently, to start looking for ways to hold people to account.

When you go home at night and you know you can't be fired to failure to meet a deadline that is, in fact, the law of the land, what is your motivation, right, to steal a Hollywoodism? So again, my tone, as it relates to you three individuals, who are probably not directly, personally responsible, I apologize.

But when we are spending DHS money to revitalize neighborhoods in Washington, DC, God forbid there is a cascading cyber attack tomorrow. God forbid that there is some sort of unconventional terror attack involving chemical or biological threats that might have been precluded had we had consolidation and communication across lines tomorrow because who do we have to blame? I say we, not you, us. We have us to blame.

Thank you, Mr. Chairman.

Please, I don't want to do this again in 5 years. They were doing this in 2013. I don't want to do this again in 2022, 2023. I don't. Thank you.

Mr. PERRY. How fortuitous.

The Chair thanks the gentleman, and now recognizes the gentleman from Kansas, Mr. Estes.

Mr. ESTES. This was a monumental project. A lot of times monumental projects struggle to be successful. I know I missed part of the introductory comments, but thinking through of how do we best use our resources in moving forward in terms of what we are trying to accomplish in terms of spending the taxpayer resources in the right manner, making sure that we look at all of our different unique agency needs through that as well.

So I guess my question more centers around—and I apologize if some of this was mentioned before, but is there the strategic plan to say how do we make sure we address the different needs of

agencies and consolidate and making those more effective moving forward?

Mr. GELBER. Sir, if I could address that, and obviously my colleagues can if they wish, as well? Our intent, we fully agree with the Government Accountability Office, is to develop a new plan to move forward with this project.

The previous plans have been created to become out of date because of changes in circumstances, primarily the lack of funding. Our goal is to have a plan that is as responsive as possible to the uncertainties that we face, but also meets the mission needs of the Department of Homeland Security.

Prior to your arrival, there were references—and I do want to clarify this. When GSA has been providing money for this project, we have used that money and created the infrastructure we have promised and committed to do as per the law.

Some of that work has been on time and on budget. Some of that work unfortunately has delayed. Currently, the Center Building is delayed, and we acknowledge that delay.

But our goal is to work with the Department of Homeland Security, create a new plan that addresses their mission needs, which have by and large not changed since the inception of this project, but also address the realities working within that campus that has been identified to date.

GSA, the Department of Homeland Security, the American taxpayer, has expended close to \$500 million at this facility to create infrastructure. To walk away from that infrastructure at this point, while that is possible, in GSA's opinion would not be appropriate, because it would lose the opportunities that we have created by the work that we have done to date at that facility.

Mr. ESTES. You just mentioned—and again, I apologize if it was brought up before, in terms of dollar amounts, but you mentioned a lack of money in previous.

Can we talk through that in terms of either we have not done what expectations were set differently as the Legislative and Executive branches planned for and appropriated for, versus what the needs? How do we make sure that we make ourselves in alignment moving forward so that that is addressed?

Mr. GELBER. Understood, sir. In 2014, GAO issued a report requesting an effective plan for this facility. In 2015, the Department of Homeland Security and GSA developed what we refer to as the enhanced plan. That plan was predicated on a 4-year funding stream, fiscal year 2016, fiscal year 2017, fiscal year 2018, and fiscal year 2019.

The intent was that with the money provided in fiscal year 2016, we could complete some existing infrastructure at this facility. Fiscal year 2017, we planned to use that money for the Federal Emergency Management Agency. Fiscal year 2018, we planned to use that money for the Immigration and Customs Enforcement, ICE, organization. In fiscal year 2019, we planned to use that money for Customs and Border Protection.

Fiscal year 2016, we received the money we requested, and we have been using that money as we said we would. Fiscal year 2017, we did not receive the money for FEMA, which then led us to have to revise our plan, which no longer made it possible for us to con-

sider the funding for the ICE headquarters or the CBP headquarters.

Understandably these are difficult times in terms of budget discussions and how funding is available. I understand difficult decisions need to be made.

But the impact of those decisions on this particular project is that our goals for FEMA, ICE, and CBP have not been able to be implemented. That is why DHS and GSA are now working to develop a revised plan to see how we can best move forward.

Mr. ESTES. I don't want to rehash things that have happened years ago. I mean, obviously when—I won't use the term—the rug gets pulled out from under you. But when either directions change from a funding approach, how does the process work to come back and say, OK, that 4-year plan needed to be changed? How do we approach that now moving forward?

Mr. GELBER. The way we approach that now, at least from GSA's perspective, is we are working with DHS to develop a new master plan for the facility that will account for the realities of where we are and what we have learned with our construction at the campus.

Account where we are with the various leased facilities that we have with DHS around the Washington, DC area and with DHS's input, working together, develop a new plan for the facility that says here is the level of infrastructure that we can create at the St. Elizabeths campus. Once those buildings are built, here are the entities from DHS that will be able to be moved in.

Our goal working with DHS is to develop that plan during this calendar year and then present it as DHS has been requested the statute to provide that plan.

Mr. ESTES. Thank you.

My time is up, I yield back.

Mr. PERRY. I am going to go for another round for anybody that wants to stick around. I might be short in my questions.

But let me turn to Mr. Chaleki here. The Munro building reconfiguration was fully funded, unless you tell me it is not, but that is my understanding so correct me if I am wrong, in 2016, at \$26.7 million. What is the current status of that project?

Mr. CHALEKI. Yes, sir. It was fully funded in 2016. So what we have been looking at is working with the Coast Guard to look at what are the options going forward? So where we are right now is Coast Guard has a number of concerns with moving other folks in there. Right now we are looking at CWMD or Science and Technology as possible tenants to go in there.

So we are looking at the range of options in terms of number of people we can go in, see configurations, all of those things. Coast Guard has serious reservations about this, and that is what we have been working on with the Coast Guard is to determine what is the best alternative going forward?

Mr. PERRY. When was that project supposed to be completed, if you know?

Mr. CHALEKI. I believe around 2018, yes, sir.

Mr. PERRY. All right. So 2018, and just for the record, again, not to—I agree with both sides here. I mean, look, we got our differences here in this room. But the one thing I think we all have

in common is we are pretty frustrated with the circumstances here. So there is \$26.7 million fully funded, not done.

What about the access ramp or the road extensions on I-295? What is the story there?

Mr. GELBER. That is a project that the General Services—

Mr. PERRY. Sorry.

Mr. GELBER [continuing]. Administration is managing. We have worked with the District Department of Transportation to construct that road, that interchange. The District has reported to us that they plan to award that contract within the next 60 to 45—excuse me, 45—

Mr. PERRY. That was funded in 2015, right? When was that supposed to be complete?

Mr. GELBER. The intent of that was to be completed in 2017. The reason it was not was in our work with the District, it took longer than we had expected and planned.

The benefit of that road is tied to the various infrastructure that I have referenced and while the project is delayed, the reality is that that road is not necessary until these other components are relocated to the campus.

Mr. PERRY. All right, but you kind of get my point here, right?

Mr. GELBER. Understood, sir.

Mr. PERRY. You get my point. I mean, fully funded but still not done, yet you are saying that the reason that the other issues aren't completed is because they are not fully funded. Yet when you are fully funded, or when they are fully funded, it doesn't seem to make a difference.

Let us talk about some options here. St. Elizabeths is a National historic landmark. I have been there, and the place is magnificent. The site is magnificent. The buildings are magnificent and majestic.

However, I shudder to say this because I love all that old stuff. I mean that. What is the cost of tearing that stuff down and just building the building? Is that one of the options, as Mr. Currie has talked about options? Is that a viable options? Are there—options.

Are there unknown or—well, if they are unknown, I can't ask you that. But are there currently unseen but maybe known or suspected toxic dumping sites on the site that are going to have to be remediated? What the other options?

I mean, like I said, I shudder to think about it, but I feel like all we are doing with respect to the American taxpayers' money is throwing this money down a rathole.

Mr. GELBER. So there is physical space on the campus to construct new buildings. There are also, as you referenced, historic structures on the campus.

Mr. PERRY. Can they be torn down or must they be maintained?

Mr. GELBER. They are not required to be maintained. Our approach has been to save what we can and complete what we refer to as adaptive reuse, which is to take this historic structure and use it for modern purposes.

When that is possible, we work to do that, given the requirements that we have with the National Capital Planning Commission, the National Environmental Policy Act and the Historic Preservation Act. So we have to comply with those statutes when deal-

ing with an historic property, to do all we can to either preserve or document the historic nature of that property.

Regarding toxic issues or any types of hazardous waste, we are not aware of, to this date, of any types of hazardous chemicals or wastes on the site. That has not been the challenge to date. The challenge to date has been modifying historic structures to accommodate modern needs.

Mr. PERRY. Sure and just like the gentleman from Louisiana said, and he works as a carpenter, restoring old stuff is tough, long, hard, arduous work—you know, those were built 200 years ago now. There are not people that do that kind of stuff the way it was done then. So we get that.

But the question I have is: Is that, has it ever been in the list of options? There is a footprint there where the buildings currently stand. You either fix them and move into them, or you destroy them and build a new thing, a new building on that site or somewhere close by. But you can't just let it sit there languishing and falling down and being a safety hazard, et cetera.

Is that one of the options that was ever considered? Is it considered now? Is it part of the consideration as we move forward to tear a portion of those buildings down and use that space to build new stuff?

I mean, you do have underground infrastructure, too, whether it is water, sewer, electricity. It is already located there, so I mean, there is at least a savings there. But you have got this big edifice you have got to deal with.

Mr. GELBER. So as we develop the plan that we plan in concert with the Department of Homeland Security, we are looking at the full spectrum of opportunities regarding those properties and the potential to demolish the property is an option. But it is also in the same spectrum, if you will, to reuse the property.

So we are looking at all those things based on what we have learned at the Center Building and our experience with working at the Center Building. What is the viability of continuing to use the historic structures at the site?

But in order for us to make a determination on that matter, GSA, the Department of Homeland Security, we have to work with a series of entities across the Washington, DC area, through the National Capital Planning Commission process, to ensure that whatever decision we make is in concert, if you will, with those other entities' objectives.

Mr. PERRY. I thank you for your answers. I went way over time. I now recognize the Ranking Member.

Mr. CORREA. Thank you, Mr. Chairman. I do have some questions. But before I get to my questions, I just wanted to just point out a point of procedure decorum, Mr. Chairman. That is our learned colleague from Virginia called Mr. Thompson by name.

I hope next time we do those kinds of things, you wait until that Member is present so they can at least respond to the statements that are made using their name. I just think it is disrespectful just, you know, calling out another person when not around to defend themselves.

With that being said, I wanted to get back to the gentlemen here. You know, a lot has been talked about here. I come back to the

question I start out with. Is this plan still valid? Is this plan still important toward the goal of enhancing American security? Is this plan of consolidating these agencies a more effective way of protecting our citizens?

If it is, I mean, we talk about a new plan, a new, you know, set of goals. I would say it is more revising the existing plan. Not starting from scratch, but going back and revising based on the circumstances, and are we 30 percent complete on this? Fifty percent complete? We have sunk billions of dollars into this project. How many more billions is it going to take for us to finish?

How much are we going to save in terms of paying rent leases outside to private sector versus investing in this project to complete this project, so to speak? Open it up.

Mr. CHALEKI. To answer your first question, sir, this is absolutely what DHS wants to continue to do. Consolidation is—

Mr. CORREA. This is what DHS wants to do because this is in furtherance of National security?

Mr. CHALEKI. Exactly. Consolidation is very important to us. It is as relevant today as when the Department first stood up. My goal is to get as much DHS headquarters consolidated as possible. St. E's right now is our best solution going forward from both an operational standpoint and a fiscal standpoint.

Operationally, we are combining our operations centers. Joint operations is important to us. Just having folks sit next to one another is a critical way for us to do business for the National security reasons that you point out. Fiscally, if we are inside Federally-owned facilities that is a cost savings for us.

Commercial leases widely dispersed is not helpful. It is so much easier for the Secretary to have her leadership walk across the street than have to cross town just to have a conversation.

This is where the Department of Homeland Security has been steadfast on. We need to keep going in this direction, and we support any effort that we can to revise this plan to see how much we can get onto that campus going forward.

I think what we have to do, sir, is we have to take a look at the revised master plan that GSA spoke about and take a look and see what are the possible scenarios going forward? The enhanced plan is just not a workable solution anymore. One of the reasons that you point out is we are going into a lot of those historical buildings.

Lessons learned from the Center Building point to we need to revisit those. So I have requirements. I know what those requirements are. Question is, what kind of a safe, efficient building can we get to house those requirements?

Mr. CORREA. Yes, there is—Mr. Gelber?

Mr. GELBER. Given our role is to respond to the mission requirements, the space requirements of the agencies you work with, DHS has articulated their need. Our goal is to work and meet that need at the St. Elizabeths campus.

A focus that we have is to develop a plan that allows us to use the dollars that we might be able to get to create the office space that would allow the DHS components that DHS wishes to locate at the campus should be built to be housed there.

In terms of percentages, the enhanced plan created the following spectrum. This is a 3-year-old plan. We had spent \$1.5 billion to

date, and our expectation at the time was that we would need an additional \$800 million to proceed.

That plan is now the one we need to look at and revise, given the passage of time and the potential change of requirements that DHS may have, coupled with what we have learned in terms of our work at this campus.

Mr. CORREA. Mr. Currie, is this still a project vital, necessary to our National security?

Mr. CURRIE. Well, sir, you know, our job at GAO is to help you all evaluate how good of a job the agencies are doing in implementing their mission. You know, what—

Mr. CORREA. But you did make some statements questioning the validity of this project.

Mr. CURRIE. Sir, the statements that I made were not so much about questioning whether St. Elizabeths is the right choice or not. What we have looked at is the processes that have been used to develop this project and to manage it. The concerns we have had are about how it has been managed.

But our bigger concerns are about the future. If this project continues to go forward and get funding, we want to see it managed well and the funding to be used effectively. So without an updated plan, though, right now it is hard to answer the percentage question because we don't even know right now what the end state looks like.

We know what it looked like back in 2006. But the end state is not clear, and that is what I am raising today. I think that has to be discussed and figured out.

Mr. CORREA. Mr. Chairman, I yield.

Mr. PERRY. The Chair thanks the gentleman.

The Chair recognizes the gentleman from Kansas.

Mr. ESTES. Mr. Gelber, a couple questions for you. When you were just talking with Mr. Correa, you made the comment around we spent \$1.5 billion and expected another \$800 million at that point in time. Now, we are talking about \$3.7 billion for the entire project. Isn't that what we are looking at? Am I not adding the right numbers together to compare apples to apples?

Mr. GELBER. The first two figures you mentioned were obviously the ones I just said. I guess the question for me is where we are today that those numbers that I presented to you were based on a plan developed in 2015. We have not been able to implement that plan.

What we are in the process of doing with the Department of Homeland Security is developing a new plan which would have the cost estimates associated with going forward. It would capture what we would have spent to date, but also state here is how much money we need in order to proceed.

But the way those numbers tie in, that we plan to propose, with what we have presented to date, those numbers will be different for the reasons that I have stated previously.

Mr. ESTES. So we don't have the total plan laid out or where we go from here, but the best estimate that we have today is looking at to be the \$3.7 billion. Is that—

Mr. GELBER. I wouldn't tie ourselves to a 3.7 number because the plan that we are going to be developing will have its own inde-

pendent cost estimate associated with that. We agree with GAO that there is a need for a plan, and there is a need to develop cost estimates associated with that plan before we come forward and request funding for those.

Mr. ESTES. Yes. I have not been here very long. Trying to wrap my arms around lots of things. I have been involved in a few major projects, whether it is a State capital renovation or an airport renovation. Understand the dynamics and understand thinking through those pitfalls that you get into that you have to adjust the plan as you go along.

But, you know, we are kind of sitting here now trying to figure out how do we move forward? I mean, we have put a lot of time, we have put a lot of money. We are not seeing the results.

I know the sense of the body has been some frustration. There is probably frustration in the Department, in the GAO as well, in terms of where we are and how do we get to where we need to be.

I am trying to figure out, how do we best move forward? One mention that was made earlier was, you know, tear down some of the old buildings and start from scratch. I mean, the thought that has got in my head is, is this the right location?

I mean, I understand the concept of having the whole Department together. There is certainly some value in that. I know space is at a premium, finding a space big enough for the Department just from that standpoint. But I don't know. When you go through the plan, is the intention going to be how to make the current design?

Is that the direction of the plan? Are you going to look at, is this the right space again? Is this, is this our right needs? What is the scope, I guess, of the planning process from here?

Mr. GELBER. From GSA's perspective, the scope of the plan would be how can we best use the St. Elizabeths campus to meet the needs of the Department of Homeland Security, given everything we have learned to date and given what their mission requirements are for the facility?

So our sense is the envelope, if you will, of that campus is the area we are working within, and our goal is to make the best use of that envelope given everything we have learned to date and given everything we have done to date at that facility.

Mr. ESTES. Again, I will apologize for asking this question but—it may have been answered already—but when is the expectation of that plan being completed? I mean, the draft of the plan, so that we can actually say this is what it takes and what it costs and the time frame and—

Mr. GELBER. Working with DHS and GSA together, our expectation is to complete that plan this calendar year, to work to complete that plan this calendar year.

Mr. ESTES. So from our standpoint on this committee, is once that plan is prepared, I assume it flows up through the Department for approval. Does it then bring it back to our committee for discussion around what do we do? Is that the plan we want to proceed with and move forward?

Or where is the authorization to move forward? I am not sure who is best to ask that question for from a planning that execution process.

Mr. GELBER. Normally, documents of this nature, in this case, the Department of Homeland Security and GSA, we would in effect clear that, vet that document through both our individual agencies, as well as with other components of the Executive branch. Then my understanding is that—again, I am not here to speak for the Department of Homeland Security, but they would submit the plan to the committee for the committee to review.

Mr. ESTES. OK.

Mr. Chairman, I yield back.

Mr. PERRY. The Chair thanks the gentleman.

Kind of one final parting thought, question, DHS is more than a year-and-a-half late in submitting a Congressionally-mandated report detailing the path forward for St. Elizabeths, which in a way, I think, would encompass elements or substantially the plan that Mr. Estes was just talking about. Right?

That is what we would see. At this point, I am not even going to ask why, but maybe I should. Is there a reason why? I mean, can somebody—

Mr. CHALEKI. Yes, sir. The enhanced plan, the assumptions that it was based on, the time lines, the cost estimates, they are no longer valid.

Mr. PERRY. OK. Why couldn't we at least get that report, and I mean, we are a year-and-a-half late. I guess that I asked that in the context of I am going to submit some questions for the record after the fact here because I don't want to keep everybody here.

Look, the last thing I want to have you guys doing is sitting in some office answering my questions. I would prefer you to be, like, getting this thing done, right? But our job is to watch over this stuff and make sure the taxpayers' money is spent correctly. So we have got to get these questions answered.

So is this report, that is now a year-and-a-half late, when can we expect to see that? Is that what Mr. Gelber was talking about as well in the revised plan that is going to be done this calendar year? Understanding it is April and we have until December, you know, the end of December in this calendar year? So what is the story there?

Mr. CHALEKI. Yes, sir. The revised master plan, that is what is going to generate this report because that is going to be the GSA-DHS way forward in the St. E's campus.

Mr. PERRY. OK. All right, well, the Chair thanks the witnesses for their valuable testimony.

No. I yield.

Mr. CORREA. Thank you, Mr. Chairman.

I just wanted to follow up on the Chairman's comments, and questions, which is how long are we going to have to wait until the next report? If we don't know the answer to that, can we have you all come back and tell us what you have in terms of the report? What revisions you have made? What you think you need to do?

I just, you know, don't want to wait until next quarterly earning, or next annual report from you. Can we do something mid-term, meaning in the next few weeks. Tell us where you are at, what you are thinking this is going to be and what you don't think it is not going to be.

I feel like we are, you know, missing something. I don't like thinking that this report is a year-and-a-half late and we don't have anything. Am I missing something?

Mr. GELBER. Regarding, you know, meeting with your office and meeting with your staff, GSA is more than able and willing to do that and provide you the updates and information that you would be requesting, yes.

Mr. CORREA. I feel like it is my fiduciary duty to know what is going on. So if you could help me out here a little bit, clarify some things for me. Finally, as part of the updated report, not sure why it was named St. Elizabeths, but I know our President when 9/11 occurred was George W. Bush.

So I would like to ask the committee to consider naming the St. Elizabeths area after our President George W. Bush, because he was President, the man in charge when our country was attacked, and he responded accordingly. So I would like to have that considered for the record. Instead of calling it St. Elizabeths, call it the George W. Bush DHS Headquarters.

I yield, Mr. Chair.

Mr. PERRY. The Chair thanks the gentleman.

The Chair thanks the witnesses for their valuable testimony and the Members for their questions. Members may have some additional questions for the witnesses, and we will ask you to respond to these in writing. Pursuant to committee rule VII(D), the hearing record will remain open for 10 days.

Without objection, the subcommittee stands adjourned.

[Whereupon, at 11:24 a.m., the subcommittee was adjourned.]

APPENDIX

QUESTIONS FROM CHAIRMAN SCOTT PERRY FOR THOMAS CHALEKI

Question 1a. To date, how much has been appropriated to DHS and GSA, respectively, for the headquarters consolidation project at St. Elizabeths?

Answer.

- DHS has received \$745 million.

Total: \$2.357 billion (As of 4.12.18).

DHS defers to GSA to respond to questions regarding GSA appropriations requests.

Question 1b. As of April 2018, what portion of the funds appropriated to the project have been obligated?

Answer. As of April 2018, DHS has obligated \$637,824,204.60 of the \$745,747,729.00 appropriated. DHS will defer to GSA for GSA obligation figures.

Question 2. Moving forward, what are some of the biggest internal management challenges facing DHS and GSA regarding the consolidated headquarters project at St. Elizabeths?

Answer. One of the biggest challenges facing DHS is that the delay in completion of the Headquarters Consolidation program adversely impacts the Department's strategic imperative to consolidate and reduce the number of locations of our core headquarters and component offices to enhance mission effectiveness and unity of effort.

The funding time line is critical to sequence planning, design, construction, and outfitting to synchronize occupancy with lease expirations. This is essential to optimize cost savings and minimize additional costs for short-term lease extensions and building fit out in the interim.

Short-term lease extensions are not cost-effective; however, they became a necessity with repeated gaps in planned funding. The Department and GSA have executed short-term lease extensions (at premium rates) where required due to these gaps. GSA and DHS are exploring long-term lease replacement procurements with the options to backfill with other Federal agencies as we are hopeful that Congress will fully appropriate future appropriations requests in support of St Elizabeths. This will allow DHS to address the potential higher costs associated with short-term extensions.

Equally important to the real property challenges is the adverse impacts the uncertainty has on the DHS workforce. Our inability to accurately tell them where and/or when they will be moving has a clear negative impact on employee morale, recruitment, and retention. Commuting time and distance are also significant factors in employee work-life considerations. While there are no direct Federal Viewpoint Survey (FEVs) questions that address commuting time and distance, scores on, "what is going on in the agency, involvement in decisions and overall satisfaction" are correlated to these low satisfaction areas.

Question 3a. The President's fiscal year 2019 budget requests about \$400 million for continued consolidation and new development funds for St. Elizabeths. In 2014, GAO recommended making funding for the St. Elizabeths project contingent on DHS and GSA developing a revised headquarters consolidation plan that conforms with leading practices.

Why should Congress approve the fiscal year 2019 budget request for St. Elizabeths before DHS and GSA have finalized an updated plan for the project moving forward?

Answer. Congress should continue to support the funding requested by both GSA and DHS, and new construction of the FEMA headquarters, as it will enhance mission effectiveness, operational efficiency, and unity of effort between FEMA and Department Headquarters. It will reduce long-term costs. The revised enhanced plan prepared by GSA and DHS will include the new FEMA Headquarters building in fiscal year 2019.

The tenant portion (DHS) of the fiscal year 2019 request is \$171.5 million for tenant costs of the FEMA Headquarters to be constructed on the plateau. Additionally, construction of a new, Federally-owned FEMA Headquarters eliminates the need to re-compete commercial leases every 15 years and reduces the long-term cost of housing the FEMA Headquarters. The FEMA building at St. Elizabeths is part of the current Master Plan.

Question 3b. One challenge for DHS and GSA planning has been a failure to properly consider the impact of funding shortfalls on the project's schedule estimates. How will updated plans for St. Elizabeths take into consideration the possibility of funding shortfalls in fiscal year 2019 and beyond?

Answer. DHS will continue to plan for the best options for the Department and adjust plans as needed to account for any funding shortfalls in fiscal year 2019 and beyond. The intent is any necessary replacement leases executed by GSA will be long-term replacement leases, avoiding the need for costly short-term extensions. As DHS vacates the space to relocate to the St Elizabeths campus, DHS will return this unneeded space to GSA.

Question 4. What do GSA and DHS plan to do with owned space already occupied by DHS, such as the current headquarters facility on Nebraska Avenue that will be vacated as a result of the headquarters consolidation project?

Answer. As functions relocate from the Nebraska Avenue Complex, DHS plans to return unneeded space to GSA. DHS defers to GSA for this plan.

Question 5a. During the April 2018 hearing before the subcommittee, GSA testified that the I-295 Interchange and Access Road project falls under its management. However, in fiscal year 2013 DHS requested \$89 million for funding for construction on the project.

Why did DHS request funding for this project in fiscal year 2013, when GSA is the agency responsible for the management and therefore funding and construction of the project?

Answer. In rare instances, on the largest of projects such as St Elizabeths, tenant agencies have requested funding in support of construction. Historically, GSA and the Federal Buildings Fund request funding for site, design, construction, and management and inspection.

Given the urgent need for this critical infrastructure project and the lack of appropriations provided for GSA in fiscal year 2011 and fiscal year 2012, DHS took the initiative to include it in our budget request in the hope it would receive greater support from the Congress than it did in the GSA request the prior 2 years. Unfortunately, DHS was not sufficiently funded in fiscal year 2013 to execute this project.

Question 2b. How are budget requests for funding for the St. Elizabeths project divided between DHS and GSA?

Answer. GSA, as the owner and developer of the campus, is responsible for the overall campus infrastructure (utilities, roads, parking structures, capitalized physical security improvements, etc.), and the core and shell construction of each building.

DHS is responsible for tenant space design, the interior build-out of tenant spaces, information technology and electronic physical infrastructure and equipment within the building, and the overall campus IT enterprise architecture (DHS network), outfitting (furniture, fixtures, and equipment), commissioning, decommissioning (removal of DHS-specific items from the prior location) and move planning/execution costs, plus associated GSA fees.

Question 6a. GAO's 2014 report found that the St. Elizabeths project has moved on and off DHS's major acquisition list.

Is St. Elizabeths currently deemed a "major acquisition" by DHS and therefore subject to greater Departmental oversight? If not, why?

Answer. From end to end, this is a GSA facility and will be for its entire life cycle. Even once occupied by DHS components, GSA will be in charge of the facility, its major maintenance, any new capital developments, and its eventual disposition. As a result, this is not a DHS acquisition.

The Department agreed with the Government Accountability Office (GAO) recommendation that the Headquarters Consolidation project should be considered a major acquisition for the DHS funding portion and would come under the purview of the DHS Acquisition Review Board (ARB). However, it would not necessarily follow the fully-defined DHS acquisition process, given the project is managed wholly by GSA in accordance with GSA acquisition policies and the stage of the project in the acquisition cycle (i.e., in the process of renovation of the Center Building).

The Business Case Analysis submitted to GAO provides the foundational documentation for the consolidation and related acquisition efforts. The Department conducted a program review on the DHS-funded portion of the project on November 15, 2016, utilizing the draft updated cost/schedule/risk data developed by GSA in re-

sponse to GAO recommendations. The Department will continue to conduct reviews as required.

Question 6b. If St. Elizabeths is currently designated as a major acquisition, has the Department aligned the project with DHS's acquisition policy guidance, as recommended by GAO?

Answer. Given the fact that the St. Elizabeths Development is managed by GSA in accordance with GSA acquisition guidance, the DHS funded portion of the St. Elizabeths development does not follow all steps in the DHS acquisition process. DHS has conducted an ARB on the DHS funding and provides daily coordination with GSA on the use of DHS funds. The project does have full and regular visibility by DHS leadership.

Further, the Chief Readiness Support Officer is actively working with the Office of Program Accountability and Risk Management to align the program documentation developed under this GSA-managed acquisition to meet the intent of the DHS Acquisition policy guidance.

Question 7a. Under the Enhanced Plan, DHS proposed to move the Science and Technology Directorate, the Domestic Nuclear Detection Office and the Office of Health Affairs into the Munro Building at St. Elizabeths, which currently houses Coast Guard's headquarters.

What concerns has the U.S. Coast Guard voiced on this move, and how is DHS mitigating such issues in a timely manner?

Answer. The Coast Guard is a critical operational component. The Coast Guard has raised concerns that placing additional components could adversely impact operations and compromise growth in programs for cybersecurity and Ice Breaker acquisitions.

The Department is reviewing the Coast Guard's concerns methodically, testing out different design approaches, and evaluating the tradeoffs required to meet the competing priorities.

DHS Leadership is currently evaluating options for the Munro Optimization, with the U.S. Coast Guard's concerns in consideration. The Department expects to have a final decision this summer on the path forward for this project.

Question 7b. Has DHS had to extend the current leases for the Science and Technology Directorate or the Domestic Nuclear Detection Office and the Office of Health Affairs (now combined as the Countering Weapons of Mass Destruction Office) due to delays in starting the Munro Building Reconfiguration?

Answer. The CWMD Office and S&T have 7 leases between 3 locations, of which 3 leases have expired and are in a holdover status, with 4 more leases approaching expiration in 2018, and one lease set to expire in 2019. GSA continues to negotiate lease extensions for the expired leases and leases approaching expiration.

Question 8. Which DHS offices and components were originally slated to move to St. Elizabeths and what entities are slated to move to the Campus currently?

Answer. The Original Master Plan (2009) envisioned the following functions would relocate to the St. Elizabeths campus:

- USCG (full)
- DHS Headquarters
 - Office of the Secretary (full)
 - Office of the Deputy Secretary (full)
 - Office of the Executive Secretary (full)
 - Office of the Military Advisor (full)
 - Management Directorate (partial staff)
 - Office of Operations Coordination (full)
 - Office of Policy (full)
 - Office of Intergovernmental Affairs (now Office of Partnership and Engagement—full)
 - Office of Public Affairs (full)
 - Office of Legislative Affairs (full)
 - Office of Civil Rights and Civil Liberties (full)
 - Office of Privacy (full)
 - Office of Citizenship & Immigration Services Ombudsman (full)
 - Counter Narcotics Enforcement (full)
 - Domestic Nuclear Detection Office (now CWMD—full)
 - Office of Health Affairs (now CWMD—full)
 - Science & Technology Directorate (leadership only)
 - Office of Intelligence & Analysis (leadership only)
- FEMA (full)
- ICE (partial staff)
- CBP (partial staff)
 - USCIS (leadership only)

- USSS (leadership only)
 - TSA (partial staff)
 - OIG (leadership only)
- The Enhanced Consolidation Plan (2016) revised planned occupancies as follows:
- USCG (full)
 - DHS Headquarters
 - Office of the Secretary (full)
 - Office of the Deputy Secretary (full)
 - Office of the Executive Secretary (full)
 - Office of the Military Advisor (full)
 - Management Directorate (full)
 - Office of Operations Coordination (full)
 - Office of Policy (full)
 - Office of Partnership and Engagement (full)
 - Office of Public Affairs (full)
 - Office of Legislative Affairs (full)
 - Office of Civil Rights and Civil Liberties (full)
 - Office of Privacy (full)
 - Office of Citizenship & Immigration Services Ombudsman (full)
 - Science & Technology Directorate (full)
 - Domestic Nuclear Detection Office (full)
 - Office of Health Affairs (full)
 - FEMA (full)
 - ICE (full)
 - CBP (partial staff)
 - CIS (USCIS Operations Center only)
 - USSS (USSS Decision Support Cell only)
 - TSA (Transportation Security Operations Center only)

Due to lack of full funding for the project thus far, the Enhanced Plan is no longer viable as envisioned. DHS is currently working with GSA to revise the Master Plan, and will brief the Congress on the future St Elizabeths plans, as appropriate.

QUESTIONS FROM RANKING MEMBER LUIS CORREA FOR THOMAS CHALEKI

Question 1. In response to the DHS Headquarters Consolidation Accountability Act of 2015, this committee was owed information in August 2016 to better understand DHS headquarters enhanced consolidation plan, but we're still waiting. Why is this information long overdue and when can we expect to receive it?

Answer. DHS, in concert with GSA, prepared a comprehensive response to the Act with the detailed cost estimates/schedules in accordance with GAO recommendations.

The draft report was prepared with the anticipation that full funding would be supported in the fiscal year 2017 and 2018 budget request and appropriations process. With the lack of fiscal year 2017 appropriations to build the new FEMA Headquarters and the corresponding deferral of the fiscal year 2018 planned execution, the draft report is outdated and inaccurate.

Both the DHS and GSA concluded the report was no longer an accurate reflection of the program estimate or schedule as written and this was communicated to the committee in lieu of the Report. The Enhanced Plan will be revised with the recognition that certain leases must now be re-competed as a result of the 2-year delay and that other adjustments are necessary given the challenges encountered with retrofitting historic building renovations on the campus.

GSA, in partnership with DHS, is currently developing a Master Plan revision.

Question 2a. The DHS headquarters consolidation was justified on the basis that it was going to centralize leadership, improve operations, save money, and boost morale. However, the project is behind schedule, increasing in cost, and not bringing DHS components together.

When will we start to see the benefits?

Answer. Operationally, the benefits of headquarters consolidation began to accrue when the U.S. Coast Guard moved from Transpoint and the Jemal Building into the Munro Building in 2013. Collocating their entire headquarters staff under one roof, as opposed to two separate facilities has enhanced operational efficiency, esprit de corps, and unit integrity.

With the Department's Headquarters relocation into the Center Building and new National Operations Center coming on line in April 2019, along with the West Addition in 2020, the Department will begin operating in a more consolidated footprint, which will enhance mission effectiveness, operational efficiency, and unity of effort.

With continued Congressional support for the project, including the fiscal year 2019 budget request to construct a new FEMA headquarters and future fiscal years, DHS will continue to leverage the investment in St. Elizabeths to its optimum potential.

Government-owned, permanent facilities provide long-term costs savings over the best available commercial leasing plan. Had the Enhanced Plan been fully funded and executed as originally envisioned, it would have provided DHS cost avoidance of \$1.2 billion present value over 30 years over the best available commercial lease plan.

The financial benefits will accrue as sufficient funding is provided to complete additional development segments to allow a reduction in the current 46 scattered locations that house DHS and component HQ offices across the National Capital Region.

Question 2b. To what extent will these benefits be fully realized given components, such as TSA, are building their own headquarters?

Answer. Through the original Master Planning process completed from 2005 through 2009, GSA determined there were no available sites within the National Capital Region (NCR) to allow a complete consolidation of DHS and component headquarters. Accordingly, a “perfect” solution was and is not a viable option. However, that does not mean that enduring improvements in mission effectiveness and portfolio management cannot be achieved with significant reductions in our scattered 46 locations throughout the NCR. From its inception, the plan sought to reduce the 46 current locations down to about 8 to enhance mission effectiveness, operational efficiency, portfolio management, and unity of effort. TSA headquarters consolidation into a commercial lease was and is a part of the overall plan to reduce down to roughly 8 locations.

Question 3a. DHS previously estimated that the relocation of the Coast Guard to St. Elizabeths would save \$16 million dollars in shuttle expenses over 5 years.

Has DHS identified any cost savings associated with the Coast Guard’s move that occurred 5 years ago?

Answer. Yes. The utilization of WMATA buses for shuttle services between Anacostia Metro and both the GSA Regional Office Building at 301 7th Street S.W. and St. Elizabeths has resulted in an actual savings to Coast Guard over the past 5 years, compared to the commercial motor coaches used prior to relocation. Actual costs for the WMATA service from August 2013 through June 2018 was approximately \$11,900,000. The estimate for commercial motor coach shuttles providing the same service over this period was approximately \$25,000,000. As a result, DHS/USCG realized a cost avoidance of approximately \$13,100,000 in just supporting the Coast Guard population.

Question 3b. Has DHS estimated any other similar cost savings with future moves to St. Elizabeths?

Answer. The fully implemented Enhanced Plan would have resulted in a 30-year present value savings to the Department of \$1.2 billion compared to the best available commercial lease options.

Additional savings in shared services/overhead expenses could also be realized by fully executing the Headquarters Consolidation Program and reducing our NCR locations from 46 to about 8. These include:

- *Infrastructure.*—GSA installed 70 percent of the utility distribution systems during the first phase to support future campus occupancies and mitigate impacts on operations. These will go underutilized without additional construction.
- *Security.*—Without consolidation, guard services and physical security building enhancements will have to be duplicated in commercial leases with lost opportunities to leverage the St. Elizabeths Interagency Security Committee (ISC) Level V secure campus costs already being paid.
- *Mail Delivery.*—DHS currently spends \$2.1 million delivering mail (transportation only) to approximately 50 locations. With consolidation, DHS projects that the costs could be reduced by \$500,000 annually or 25 percent.

Question 4a. Both DHS and GSA are requesting money in fiscal year 2019 to design and construct FEMA’s new headquarters at St. Elizabeths.

What planning have GSA and DHS completed thus far for this segment of the project?

Answer. GSA is developing initial core and shell massing alternatives for a new FEMA headquarters to be constructed on the plateau of the West Campus. The DHS St. Elizabeths team is currently working with FEMA to review their Program of Requirements in preparation for detailed programming meetings to be held with each FEMA office and the design architect over the next 2 months.

Question 4b. When will DHS and GSA be able to begin construction on the FEMA headquarters assuming funding is provided?

Answer. DHS defers this question to GSA. DHS does not manage the acquisition process or construction scheduling. DHS provides funding to GSA to meet our tenant obligations. GSA is responsible for the acquisition and construction time lines.

Question 5. DHS's fiscal year 2019 budget request includes \$171 million for construction at St. Elizabeths, and the GSA budget request includes even more. If you don't have cost and schedule estimates to submit to Congress, what are these requests based on?

Answer. Both GSA and DHS have estimates for FEMA construction and outfitting the fiscal year 2019 request. This project was part of the Enhanced Plan execution included in the fiscal year 2017 budget request that was not funded. The cost and schedule estimates have been updated to address the 2-year delay in execution from fiscal year 2017 to fiscal year 2019.

GSA and DHS are working together to develop a Master Plan revision. The revised plan will include updated cost and schedule estimates.

QUESTIONS FROM RANKING MEMBER BENNIE G. THOMPSON FOR THOMAS CHALEKI

Question 1a. In 2013, former Chief Readiness Support Officer Jeff Orner testified before the House Committee on Transportation and Infrastructure that DHS's rental expense was approaching \$1.6 billion in rent and \$310 million in maintenance and upkeep each year.

Please provide the committee with an update on DHS's current total rental expenses, including a breakdown of the costs by each location, per square foot.

Answer. The total rental expenses for DHS facilities serviced by GSA as of April 2018 projected out annually is \$1,623,404,264.04. See cost breakdowns in attachment "DHS Facilities Serviced by GSA—April 2018".

Question 1b. Additionally, how much money can still be saved on leases if Congress adequately funds the project to allow for consolidation of several components and offices in owned space at St. Elizabeths?

Answer. Leveraging the Federal investment at St. Elizabeths provides long-term savings over leasing commercial space, which has to be re-competed every 15 years with tenant costs incurred.

Government-owned facilities provide long-term costs savings over the best available commercial leasing plan. Had the Enhanced Plan been fully funded and executed as envisioned, it would have provided DHS cost avoidance of \$1.2 billion over 30 years.

With expiring commercial leases, GSA and DHS are faced with annual decisions to pursue short-term lease extensions (where possible) at premium costs with no guarantee that delayed appropriations will be forthcoming, or re-compete the commercial leases with tenant costs incurred and not realize the benefits of consolidation.

Given the lack of full funding for the project in fiscal year 2017 and fiscal year 2018, and the subsequent misalignment of leases, GSA and DHS are working to update the Master Plan. At that point, DHS will be able to update the savings analysis based on the revised Master Plan.

However, it is clear that consolidating DHS components into Government-owned property at St. Elizabeths is the more cost-effective choice. Additional savings will be achieved in overhead expenses from reductions in shuttles/sedans, mail, energy efficiency, etc. at full implementation of consolidation.

Question 2a. Have you revisited the projected need for physical space at the St. Elizabeths Campus and how many personnel will be housed there?

Answer. The original Master Plan provided total development of 4.5 million gross square feet of office space and 1.5 million square feet of parking on the West and East Campus, accommodating a total of 14,000 employee seats.

The Enhanced Plan proposed to reduce the construction, eliminating the East Campus development and proposed to accommodate 17,000 employees in 12,800 seats in 3.7 million gross square feet of office space on the West Campus.

Given the lack of full funding in fiscal year 2017 and 2018, the misalignment of expiring commercial leases, and the lessons learned from the Center Building renovation, GSA and DHS are in the process of developing a Master Plan revision. The revised plan will identify DHS personnel/programmatic space requirements and GSA overall construction targets/approaches for the remaining campus development.

Question 2b. Conversely, how many personnel will remain in leased space?

Answer. Through the original Master Planning process completed from 2005 through 2009, GSA determined there were no available sites within the National Capital Region (NCR) to allow a complete consolidation of DHS and component Headquarters. From its inception, the plan sought to reduce the 46 current location

down to about 8, with the goal of enhancing mission effectiveness, operational efficiency, portfolio management, and unity of effort.

Had the Enhanced Plan been fully funded/executed, the DHS NCR portfolio would have reduced from 46 to roughly 8 locations with St. Elizabeths as a focal point, and with Federal space retained in the Ronald Reagan Building, the USSS Headquarters building, and the Nebraska Avenue Complex. Commercial lease occupancies were planned for TSA, USCIS, and OIG. We are still moving forward with these commercial leases, however given the misalignment of lease expirations and the challenges with retrofitting historic buildings, additional leases must be considered.

GSA and DHS are working together to revise the plan and expect to have this completed by the end of the calendar year. This revised plan will identify the updated mix of owned and leased occupancies.

Question 3a. One of the initial goals of the DHS Headquarters Consolidation Project was to integrate Department-wide operations and improve coordination of response efforts to various threats and homeland security events.

Still awaiting completion of the project, how effectively can FEMA coordinate with other DHS entities in the immediate response to incidents with the current facilities available for DHS headquarters?

Answer. The dedicated FEMA workforce continues to perform at high levels despite being housed in two different commercial leased buildings and separated from other DHS entities. FEMA is in commercial leased space with leases that will expire in the next few years. Without the Federal facility, FEMA may have to move when their lease expires. The Department's perspective is that collocating FEMA with the DHS Headquarters at St. Elizabeths enhances communications, coordination, resource allocation, and overall mission effectiveness as compared to placing them in a new commercial lease somewhere in the National Capital Region.

While the business case for Federal construction over commercial leasing is compelling, the operational coordination and unity of effort enhancement on mission execution represents the foundational aspect of headquarters consolidation.

Question 3b. How could a consolidated headquarters have contributed to an improved response to the 2017 disasters?

Answer. A consolidated headquarters with colocated components will enhance communications, coordination, resource allocation, and overall mission effectiveness as compared to components scattered in commercial leases across the National Capital Region. In times of crisis and/or high operational tempo, proximity matters. Face-to-face communications, operational coordination, and courses of action development, enhances the quality and timeliness of recommendations provided to leadership for action. Working collaboratively together produces better results than individual components working on their own.

Question 4a. Construction of the new DHS headquarters was initially to be completed 2 years ago in 2016 at a cost of \$3.26 billion. Nine years after construction only the Coast Guard has moved to its new location on the St. Elizabeths campus and significant work remains before other DHS component agencies are able to relocate. The last estimate I saw was completion in 2026 at the cost of \$4.5 billion.

What efforts are you undertaking to reassess cost and schedule estimates for the St. Elizabeths project?

Answer. DHS and GSA are working together on the revision to the Master Plan to address misaligned leases due to the lack of full funding for the project in fiscal year 2017 and fiscal year 2018, and challenges with retrofitting historic buildings. We will continue to carefully manage our requirements to mitigate cost growth as the plan is revised.

Question 4b. How do those efforts conform with leading practices as identified by GAO?

Answer. As the tenant, DHS does not oversee the development side of the St Elizabeths campus project. The Department defers to GSA.

Question 5. How much have DHS and GSA been appropriated to date for the St. Elizabeths project and how much more is needed to complete consolidation?

Answer.

- DHS has received \$745 million.

Total: \$2.357 billion (As of 4.12.18).

DHS defers to GSA to respond to questions regarding GSA appropriations requests.

GSA and DHS are working together to develop a Master Plan revision. The Master Plan revision is expected to include updated cost estimates to complete the headquarters consolidation at St. Elizabeths.

Question 6. Who is primarily responsible for the project and controls the contracts that obligate (or spend) taxpayer money on St. Elizabeths?

Answer. GSA is the owner and developer of the campus. In this role, they manage all development contracts to include planning, design, and construction.

As the tenant, DHS's responsibilities include the development of clear requirements for housing DHS staff and budgeting and funding all tenant requirements for build-out and outfitting of tenant space and move planning/execution. DHS does not exercise acquisition authority over the construction or schedule development. DHS transfers most DHS project funding to GSA for obligation and expenditure. DHS does monitor, review, and approve GSA's use of DHS funding for specific projects segments.

GSA is responsible for design and construction. GSA is fully responsible for the obligation and expenditure of GSA-appropriated project funds.

QUESTIONS FROM CHAIRMAN SCOTT PERRY FOR MICHAEL GELBER

Question 1a. To date, how much has been appropriated to DHS and GSA, respectively, for the headquarters consolidation project at St. Elizabeths?

Question 1b. As of April 2018, what portion of the funds appropriated to the project have been obligated?

Answer. Response was not received at the time of publication.

Question 2. Moving forward, what are some of the biggest internal management challenges facing DHS and GSA regarding the consolidated headquarters project at St. Elizabeths?

Answer. Response was not received at the time of publication.

Question 3a. The President's fiscal year 2019 budget requests about \$400 million for continued consolidation and new development funds for St. Elizabeths. In 2014, GAO recommended making funding for the St. Elizabeths project contingent on DHS and GSA developing a revised headquarters consolidation plan that conforms with leading practices.

Why should Congress approve the fiscal year 2019 budget request for St. Elizabeths before DHS and GSA have finalized an updated plan for the project moving forward?

Question 3b. One challenge for DHS and GSA planning has been a failure to properly consider the impact of funding shortfalls on the project's schedule estimates. How will updated plans for St. Elizabeths take into consideration the possibility of funding shortfalls in fiscal year 2019 and beyond?

Answer. Response was not received at the time of publication.

Question 4. What do GSA and DHS plan to do with owned space already occupied by DHS, such as the current headquarters facility on Nebraska Avenue, that will be vacated as a result of the headquarters consolidation project?

Answer. Response was not received at the time of publication.

Question 5a. During the April 2018 hearing before the subcommittee, GSA testified that the I-295 Interchange and Access Road project falls under its management. However, in fiscal year 2013 DHS requested \$89 million for funding for construction on the project.

Why did DHS request funding for this project in fiscal year 2013, when GSA is the agency responsible for the management and therefore funding and construction of the project?

Question 5b. How are budget requests for funding for the St. Elizabeths project divided between DHS and GSA?

Answer. Response was not received at the time of publication.

QUESTIONS FROM RANKING MEMBER LUIS CORREA FOR MICHAEL GELBER

Question 1. GSA guidance requires the development of a life-cycle cost estimate for construction projects that includes the cost to build and operate the construction project. However, GAO found that the cost estimate for St. Elizabeths only included the cost to build, not any operations or maintenance costs.

Have you developed an improved life-cycle cost estimate to include operations and maintenance costs?

Answer. Response was not received at the time of publication.

Question 2. In December 2017, the Coast Guard expressed concerns with the plan to move three other DHS offices—Office of Health Affairs, Science & Technology Directorate, and Domestic Nuclear Detection Office (DNDO)—into Coast Guard's headquarters at St. Elizabeths, which is already over capacity.

What is the status of reaching agreement with the Coast Guard on the reconfiguration of its headquarters to accommodate the additional 1,500 personnel?

Answer. Response was not received at the time of publication.

Question 3a. Both DHS and GSA are requesting money in fiscal year 2019 to design and construct FEMA's new headquarters at St. Elizabeths.

What planning have GSA and DHS completed thus far for this segment of the project?

Question 3b. When will DHS and GSA be able to begin construction on the FEMA Headquarters assuming funding is provided?

Answer. Response was not received at the time of publication.

Question 4. DHS's fiscal year 2019 budget request includes \$171 million for construction at St. Elizabeths, and the GSA budget request includes even more.

If you don't have cost and schedule estimates to submit to Congress, what are these requests based on?

Answer. Response was not received at the time of publication.

QUESTIONS FROM RANKING MEMBER BENNIE G. THOMPSON FOR MICHAEL GELBER

Question 1a. DHS has established an acquisition oversight process that includes an Acquisition Review Board and the under secretary for management or the deputy secretary as the acquisition decision authority. I understand that GSA, as the developer, is responsible for the acquisition and contracting actions on the St. Elizabeths project.

Who is the acquisition decision authority at GSA for this project and similar construction projects?

Question 1b. Additionally, please explain what processes GSA uses for oversight of such large construction projects like St. Elizabeths.

Answer. Response was not received at the time of publication.

Question 2. Please provide the following information on all contracts to date that GSA has awarded for the St. Elizabeths campus:

- awardee, dollar amount, and description of work to be performed for each prime and sub-contract, including contracts to small and disadvantaged businesses;
- the percentage of contract dollars awarded to small and disadvantaged businesses; and
- a description of what future opportunities exist for small and disadvantaged businesses to work on this project.

Answer. Response was not received at the time of publication.

Question 3a. Construction of the new DHS headquarters was initially to be completed 2 years ago in 2016 at a cost of \$3.26 billion. Nine years after construction only the Coast Guard has moved to its new location on the St. Elizabeths campus and significant work remains before other DHS component agencies are able to relocate. The last estimate I saw was completion in 2026 at the cost of \$4.5 billion.

What efforts are you undertaking to reassess cost and schedule estimates for the St. Elizabeths project?

Question 3b. How do those efforts conform with leading practices as identified by GAO?

Answer. Response was not received at the time of publication.

Question 4. How much have DHS and GSA been appropriated to date for the St. Elizabeths project and how much more is needed to complete consolidation?

Answer. Response was not received at the time of publication.

Question 5. Who is primarily responsible for the project and controls the contracts that obligate (or spend) taxpayer money on St. Elizabeths?

Answer. Response was not received at the time of publication.

QUESTIONS FROM RANKING MEMBER LUIS CORREA FOR CHRISTOPHER P. CURRIE

Question 1a. In its September 2014 report, GAO made five recommendations to DHS and GSA to improve the headquarters consolidation project at St. Elizabeths. Over 3 years later those recommendations remain open as they have not been implemented.

Have DHS and GSA made any progress implementing the recommendations?

Answer. DHS and GSA have not made progress implementing four of our recommendations dealing with revised plans that reflect leading practices for capital decision making and reliable cost and schedule estimates. In January 2018, DHS and GSA reported that they had prepared alternatives analyses, updated plans, and cost and schedule estimates for DHS headquarters consolidation, but needed to reexamine these efforts relative to new administration priorities and budget circumstances.

DHS has made some progress implementing our recommendation that DHS designate the headquarters consolidation program a major acquisition, consistent with DHS acquisition policy, and apply DHS acquisition policy requirements. On September 16, 2014, DHS issued an Acquisition Decision Memorandum designating the DHS-funded portions of the headquarters consolidation program as a Major Acquisition Program to be overseen by the Departmental Acquisition Review Board (ARB).

DHS made further progress implementing this recommendation by conducting and documenting an ARB of the program on November 15, 2016. DHS reported in January 2018 that they are working to align headquarters consolidation program documentation to meet the spirit of DHS acquisition policy guidance.

Question 1b. What further work needs to be done?

Answer. A comprehensive report to Congress on DHS headquarters consolidation, along with reliable project cost and schedule estimates, could inform Congress's funding decisions. The Department of Homeland Security Headquarters Consolidation Accountability Act of 2015 (Pub. L. No. 114–150) was enacted on April 29, 2016. Among other things, the act requires DHS, in coordination with GSA, to submit information to Congress about DHS headquarters consolidation efforts not later than 120 days of enactment.

As of April 2018, DHS and GSA had not submitted the information to Congress required by Pub. L. No. 114–150. Required information includes: A comprehensive assessment of property and facilities utilized by DHS in the National Capital Region; an analysis that identifies the costs and benefits of leasing and construction alternatives for the remainder of the consolidation project; and updated cost and schedule estimates for the project that are consistent with our recommendations. DHS should also demonstrate a continued commitment in applying DHS acquisition policy requirements to the headquarters consolidation program.

