



**Reality Check Needed:
Rising Costs and Delays in Construction of
New DHS Headquarters at St. Elizabeths**



U.S. House of Representatives
Committee on Homeland Security

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Prepared by Majority Staff of the Committee on Homeland Security

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Introduction

Created in 2003, the Department of Homeland Security (the “Department” or “DHS”) was formed with a combination of 22 disparate agencies. While the Department has matured over the past ten years and has tried to achieve “one DHS,” a significant amount of mismanagement continues and the Department remains far from cohesive. In 2006, just as DHS was trying to get its footing as the third largest federal department, DHS drafted its first concept paper proposing a consolidated headquarters complex. The intent was that the Department would quite literally build cohesiveness inside this new headquarters with officials from different offices working together side by side.

As this Committee on Homeland Security (CHS) Majority staff report shows, construction was slow to get off the ground. The Committee remains unclear just how active a voice DHS officials had in choosing the site of its future headquarters. However, three years after the original proposal, construction of the new headquarters began on the St. Elizabeths campus in Southeast Washington, D.C. Originally founded in 1852 as the Government Hospital for the Insane, St. Elizabeths remains a national historic landmark—a distinction that would later provide challenges to the DHS headquarters construction efforts. Despite receiving \$1.3 billion to date—a significant portion from the controversial “Stimulus” Act—much work to finalize DHS’s headquarters remains. To date, only the new U.S. Coast Guard headquarters complex has been completed. Offices for DHS senior leadership, the Federal Emergency Management Agency, and various operations centers remain ink on blueprints. According to DHS, Congress will need to appropriate another \$3.2 billion at a minimum to finish the project by 2026.

With our nation \$17 trillion in debt, we cannot afford waste and frivolous spending. The CHS Oversight and Management Efficiency Subcommittee that I chair is responsible for overseeing DHS to help ensure efficient and effective operations. While touring the St. Elizabeths site in March 2013, I was struck by how taxpayer dollars had been spent thus far. Most Americans would be surprised to see the dilapidated historic buildings that are now undergoing extensive renovation for DHS’s headquarters. This Majority staff report seeks to examine DHS’s planning process for the new headquarters and show how your tax dollars have been spent to date. With a Government Accountability Office audit ongoing as of the drafting of this report, the Subcommittee will continue its oversight of this significant project.



Jeff Duncan
Chairman
Subcommittee on Oversight and Management Efficiency

I.

Overview



Source: Department of Homeland Security

This report provides an overview of the expected cost growth and planning process of the St. Elizabeths Consolidation Project. The goal of this report is to inform the American people of how their taxpayer dollars are being spent and provide some potential areas for future examination. The Committee recognizes the Department of

Homeland Security's (DHS) need to consolidate activities to increase the Department's efficiency and improve its operations and coordination. However, DHS currently lacks vision to adapt the construction of St. Elizabeths to the fiscal challenges facing our Nation. The Committee questions the planning and overall management of the St. Elizabeths Project. The Department has not made information for many issue areas available to the public so the Committee will also identify questions for future investigation.

II.

Background

History of St. Elizabeths Campus and Consolidation Project

The St. Elizabeths campus is located in Southeast Washington, D.C. and overlooks the Capitol Building, Bolling Air Force Base, Anacostia Naval Annex, and the confluence of the Potomac and Anacostia Rivers.¹ St. Elizabeths Hospital, originally known as the Government Hospital for the Insane, was founded in 1852 to provide “the most humane care and enlightened curative treatment” for members of the Army and Navy and residents of the District of Columbia.² The U.S. Department of Health and Human Services (HHS) controlled the hospital until 1987, when the East Campus and hospital operations were transferred to the District of Columbia. While

¹ “Department of Homeland Security National Capital Region Housing Master Plan: Building a Unified Department.” Department of Homeland Security, October 2006

² “Institutional Memory: The Records of St. Elizabeths Hospital at the National Archives.” James S. Kane and Frances M. McMillan, *Prologue Magazine*. Vol. 42 No. 2, National Archives, Summer 2010. Available at : <http://www.archives.gov/publications/prologue/2010/summer/institutional.html>

some portions of the West Campus remained in use, in 2003 West Campus operations were closed and the General Services Administration (GSA) took control of West Campus in December 2004.³

In 2003, the Department of Homeland Security was created, combining 22 separate federal agencies, operating in over 50 locations throughout the National Capital Region (NCR). In 2004, the United States Coast Guard (USCG), one of DHS's larger component agencies, began to explore its requirements for a new headquarters facility. DHS, GSA, and the Office of Management and Budget (OMB) determined that a federally owned site would be more cost-effective than securing a replacement lease for the Coast Guard's existing headquarters facilities. Concurrently, DHS, standing as the third largest federal agency, determined that its headquarters, the Nebraska Avenue Complex (NAC), was no longer adequate because it lacked the space needed to consolidate DHS's various components. In October 2006, DHS put forward a master plan for "unifying...core headquarters facilities with those of our operating components," which broadened the Coast Guard project to include an overall DHS headquarters consolidation.⁴ After three years of negotiations between historic preservationists and DHS officials, construction of the Department's consolidated headquarters at St. Elizabeths began in 2009.⁵ The first phase of completed construction was the new USCG headquarters facility, which opened ceremonially on July 29, 2013.⁶



Source: National Archives

³ "History of St. Elizabeths." GSA Development of St. Elizabeths Campus. Available at: <http://www.stelizabethsdevelopment.com/history.html>

⁴ "DHS Headquarters Consolidation Project: Issues for Congress." William L. Painter, *U.S. Congressional Research Service*, September 11, 2013 (R42753). Available at: <http://crs.gov/pages/Reports.aspx?PRODCODE=R42753&Source=author>

⁵ "Homeland Security's Future Home: A Former Mental Hospital." Devin Leonard, *Bloomberg Businessweek*, July 25, 2013. Available at: <http://www.businessweek.com/articles/2013-07-25/homeland-securitys-future-home-a-former-mental-hospital>

⁶ "DHS Headquarters Consolidation Project: Issues for Congress." William L. Painter, *U.S. Congressional Research Service*, September 11, 2013 (R42753). Available at: <http://crs.gov/pages/Reports.aspx?PRODCODE=R42753&Source=author>

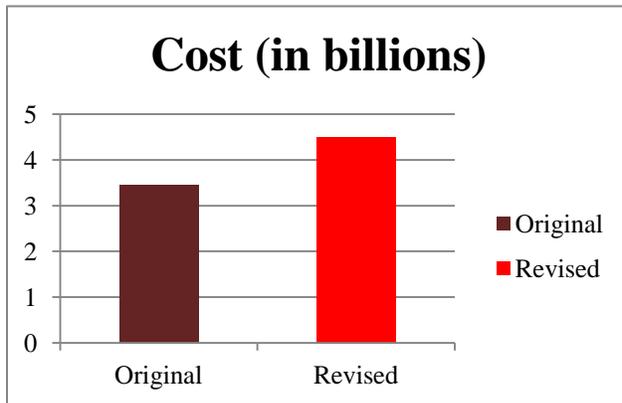
III.

Potential Areas of Cost Growth

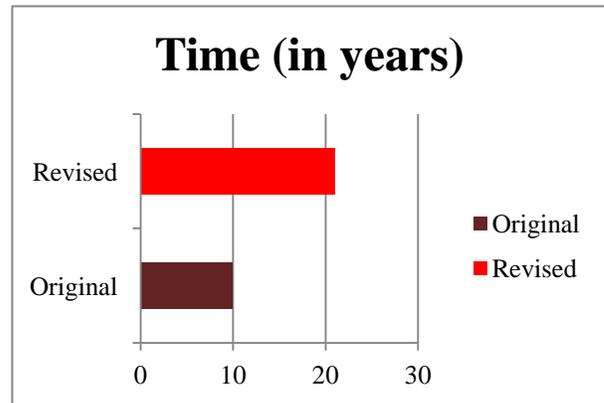
Cost/Construction Delays

In October 2006, the DHS National Capital Region Housing Master Plan transformed the Coast Guard headquarters project into the DHS consolidated headquarters project. GSA’s proposed development schedule called for phase one of construction to begin in FY 2007, with the Coast Guard moving in at the end of FY 2010 and into the beginning of FY 2011. The redevelopment of St. Elizabeths into the Department’s consolidated headquarters was expected to finish towards the end of FY 2014, with final occupancy completed by FY 2015.⁷

When it was originally proposed and approved, the St. Elizabeths project had a price tag of \$3.45 billion; however, in the Department’s most recent update on the project, DHS and GSA submitted cost projections of \$4.5 billion with a completion date of 2026.⁸ DHS contends that cost savings could have been maximized by using the original approach of coordinating construction efforts across the St. Elizabeths campus, but the current fiscal environment has not allowed for this. In 2012, Obama Administration officials indicated that the coordinated construction plan was no longer feasible, and chose to implement a segmented construction plan.⁹



Source: Committee analysis of DHS data



⁷ “Department of Homeland Security National Capital Region Housing Master Plan: Building a Unified Department.” Department of Homeland Security, October 2006

⁸ “DHS Headquarters Consolidation Project: Issues for Congress.” William L. Painter, *U.S. Congressional Research Service*, September 11, 2013 (R42753). Available at:

<http://crs.gov/pages/Reports.aspx?PRODCODE=R42753&Source=author>

⁹ *Ibid.*

Fiscal Constraints

Under the current Administration, the national debt has skyrocketed from over \$10 trillion to over \$17 trillion. Combined with the severe economic recession, Congress has been forced to make difficult decisions regarding program funding. As a result, the appropriated funding for headquarters consolidation given to DHS and GSA has been less than their original respective appropriations requests.¹⁰ In the DHS National Capital Region Housing Master Plan Update provided to Congress in February 2009, DHS and GSA noted that the new fiscal climate meant that the Coast Guard's headquarters would not be completed and ready for final occupancy until mid FY 2013.¹¹ In the Department's "St. Elizabeths Development Revised Baseline" released in June 2013, DHS estimated that final completion has slipped to FY 2026, due to lack of funding.¹²

The majority of the funding provided to the St. Elizabeths project was provided in FY 2009 through the American Recovery and Reinvestment Act of 2009 (ARRA), where the supplemental funding from the ARRA combined with the regularly appropriated funding for DHS and GSA provided \$1.1 billion for the project.¹³ The influx of funding in FY 2009 was applied to building the United States Coast Guard headquarters component of the St. Elizabeths headquarters, which was phase one of the St. Elizabeths consolidation project. However, since FY 2009, funding has been less than the Administration's request for St. Elizabeths.¹⁴ Given the monetary constraints and the current fiscal environment affecting all branches of the Federal Government, DHS and GSA should have recognized the changes in the appropriations climate and re-scoped the St. Elizabeths project accordingly.

Another funding option for DHS is to explore the use of GSA authorities for non-traditional funding mechanisms. Specifically, GSA under Section 412 and 585 authorities could enter into

¹⁰ Ibid.

¹¹ "DHS NCR Housing Master Plan Update." Department of Homeland Security, General Services Administration, February 20, 2009.

¹² "DHS Headquarters Consolidation Project: Issues for Congress." William L. Painter, *U.S. Congressional Research Service*, September 11, 2013 (R42753). Available at: <http://crs.gov/pages/Reports.aspx?PRODCODE=R42753&Source=author>

¹³ "Homeland Security's Future Home: A Former Mental Hospital." Devin Leonard, *Bloomberg Businessweek*, July 25, 2013. Available at: <http://www.businessweek.com/articles/2013-07-25/homeland-securitys-future-home-a-former-mental-hospital>

¹⁴ "St. Elizabeths Development Revised Baseline." Department of Homeland Security, June 12, 2013.

Knowing that the fiscal climate is substantially different now than it was at the project's beginning, it is worth questioning whether the consolidation project should continue at its current pace or be restructured.

leases or other special financing deals with private sector entities to generate additional income that could pay for building upgrades. For instance, GSA could arrange for a private developer to finance the renovation and GSA uses DHS rent to pay back the developer over time. The Federal Government has used non-traditional funding mechanisms in the past for military housing and veterans buildings such as the Armed Forces Retirement Home (Old Soldier's Home).¹⁵ The private sector can be a tremendous source of capital and innovation. However, DHS and GSA officials have been skeptical to pursue such an option.¹⁶

Knowing that the fiscal climate is substantially different now than it was at the project's beginning in 2006, it is worth questioning whether the consolidation project should continue at its current pace or be restructured. In September 2013, the Government Accountability Office (GAO) reported that DHS did not have a process to systematically prioritize its major investments to ensure that the Department's acquisition portfolio was consistent with anticipated resource constraints. The GAO added that this approach hinders efforts to achieve a balanced mix of programs that are affordable and feasible and that provide the greatest return on investment. In addition, successful companies use a disciplined and integrated approach to prioritize needs and allocate resources.¹⁷ This lack of proper program management to reevaluate cost and schedule estimates for St. Elizabeths highlights the Department's ongoing struggles with project management highlighted by GAO.

¹⁵ "The Budgetary Treatment of Leases and Public/Private Ventures." Congressional Budget Office, February 2003.

¹⁶ Ongoing Committee staff conversations with GSA

¹⁷ "Observations on DHS's Oversight of Major Acquisitions and Efforts to Match Resources to Needs." Michele Mackin, U.S. Government Accountability Office, September 19, 2013. Available at: <http://docs.house.gov/meetings/HM/HM09/20130919/101300/HHRG-113-HM09-Wstate-MackinM-20130919.pdf>

*DHS and GSA Appropriations for St. Elizabeths (FY 2006-FY 2014)*¹⁸

(in thousands of dollars)

Fiscal Year	Department	Request	Appropriation
2006	GSA	37,995	37,995
	DHS	0	0
Total		37,995	37,995
2007	GSA	312,583	6,444
	DHS	50,200	0
Total		362,783	6,444
2008	GSA	346,639	0
	DHS	120,000	0
Total		466,639	0
2009 (including ARRA)	GSA	346,639	796,639
	DHS	120,000	297,578
Total		466,639	1,094,217
2010	No Request	---	---
2011	GSA	380,296	30,000
	DHS	287,800	77,245
Total		668,096	107,245
2012	GSA	217,706	37,300
	DHS	159,643	55,979
Total		377,349	93,279
2013	GSA	0	0
	DHS	113,500	28,962
Total		113,500	28,962
2014	GSA	261,531	n/a
	DHS	105,500	n/a
Total		367,031	n/a
2006-2014	GSA	1,903,389	908,378
	DHS	956,643	459,764
Total		2,860,032	1,368,142

Source: Committee analysis of CRS data

¹⁸ “DHS Headquarters Consolidation Project: Issues for Congress.” William L. Painter, *U.S. Congressional Research Service*, September 11, 2013 (R42753). Available at: <http://crs.gov/pages/Reports.aspx?PRODCODE=R42753&Source=author>

According to DHS, the increase in cost of \$3.45 billion to \$4.5 billion reflects the inflation of construction costs as a result of lost efficiency and savings due to the change in the construction program. DHS currently plans to build the St. Elizabeths headquarters by funding individual “usable segments” of space each year. The new “usable segments” funding plan by DHS and GSA again calls into question whether the St. Elizabeths project should be re-scoped given changes in fiscal constraints and lost efficiencies. That DHS has not considered restructuring the headquarters consolidation program to reflect the current fiscal climate highlights GAO’s criticism of DHS for “not [adhering] to key program management practices.”¹⁹

Leasing

As of September 2013, DHS’s headquarters footprint occupies over 7 million square feet of office space in 53 locations within the Washington, D.C. area.²⁰ According to DHS, its current headquarters, the Nebraska Avenue Complex (NAC), has proven to be an inadequate permanent headquarters facility for the Department, as it has grown and its mission continues to evolve. If fully developed, the NAC would have only been able to provide 1.2 million square feet of office space, whereas St. Elizabeths will provide 4.5 million square feet on a secured campus, which was deemed by DHS and GSA to be the minimum requirement for the consolidated headquarters project in 2006.²¹ Including St. Elizabeths, DHS plans to consolidate its headquarters footprint into seven “anchor” locations. In addition to St. Elizabeths, DHS’s “anchor” locations will include the United States Secret Service Headquarters, Ronald Reagan Building, offices in Pentagon City, among others. The NAC will also serve as an anchor location, and DHS will continue to request funding for the NAC for upkeep purposes.²² Until the St. Elizabeths headquarters is completed, DHS will continue leasing office space throughout the National Capital Region, which is an area of concern for cost growth.

One of the more significant areas of concern is that most of the Department’s leases are set to expire in 2016, ten years before the St. Elizabeths project will be complete. During a House

¹⁹ “Observations on DHS’s Oversight of Major Acquisitions and Efforts to Match Resources to Needs.” Michele Mackin, U.S. Government Accountability Office, September 19, 2013. Available at: <http://docs.house.gov/meetings/HM/HM09/20130919/101300/HHRG-113-HM09-Wstate-MackinM-20130919.pdf>

²⁰ “Issues in Homeland Security Policy for the 113th Congress.” William L. Painter, *U.S. Congressional Research Service*, September 23, 2013. Available at:

http://crs.gov/pages/Reports.aspx?PRODCODE=R42985&Source=author#_Toc367784806

²¹ *Ibid.*

²² “DHS Headquarters Consolidation Initiative: Staff Update.” Department of Homeland Security, May 26, 2010.

Appropriations Committee Homeland Security Subcommittee hearing regarding FY 2013 appropriations, DHS representatives “noted that they currently have 181 leases in 53 locations for headquarters components, 87% of which were to expire by 2016.”²³ DHS has attempted to consolidate its leases so that the Department is leasing less office space in fewer locations. However, it appears that the Department did not properly plan its leasing arrangements and did not account for the possibility that the headquarters consolidation project might face delays. DHS has not updated the calculation to provide the public any savings from consolidation.

Currently, DHS is signing short term leases on its office spaces throughout the National Capital Region. As DHS’s leases have matured, the Department added short term extensions into the leases so that they can move to new facilities like St. Elizabeths or to a different consolidated leased office space. However, short term leases are much more expensive than longer term leases.²⁴ While DHS states it will move additional personnel to the completed headquarters, especially the center building, to further consolidate leases, the Department has not provided specifics for this approach. In addition, moving additional personnel goes beyond the Department’s original requirements for their headquarters.²⁵ Again, DHS’s lack of proper management and forward-thinking when negotiating its leasing arrangements has led the Department to sign costly lease extensions to account for the delays in the headquarters consolidation program.

IV.

The Selection and Planning Issues

Headquarters Site Requirements

Before St. Elizabeths was ultimately selected as the site for the Department’s consolidated headquarters, DHS and GSA established a series of evaluation criteria for proposed headquarters sites. The nine criteria were:

²³ “Issues in Homeland Security Policy for the 113th Congress.” William L. Painter, *U.S. Congressional Research Service*, September 23, 2013. Available at:

http://crs.gov/pages/Reports.aspx?PRODCODE=R42985&Source=author#_Toc367784806

²⁴ *Ibid.*

²⁵ *Ibid.*

1. Is there developable land on the site with the potential to meet the DHS need for 4.5 million gross square feet plus parking?
2. Is the site compatible with DHS's need for Level V security?²⁶
3. Is the site within close proximity to the White House and Congress?
4. Is the developable land available for use by DHS?
5. Can the site accommodate DHS's FY2013 initial occupancy timetable?
6. Is the site located in close proximity to major roadways?
7. Is the site located in close proximity to a Metro station?
8. Does the site have access to neighborhood amenities within walking distance?
9. If the site does not contain sufficient developable land to meet the DHS need for 4.5 million gross square feet plus parking, does the site have developable land adjacent to it that will accommodate approximately 700,000 gross square feet of new development plus parking?²⁷

In addition, in the initial National Capital Region Housing Master Plan, DHS highlighted that headquarters consolidation was vital to achieving the following five critical objectives for the Department:

1. improve mission effectiveness;
2. create a unified DHS organization ("One-DHS");
3. increase organizational efficiency;
4. size the real estate portfolio accurately to fit the mission of DHS; and
5. reduce real estate occupancy costs.²⁸

²⁶ "Vulnerability Assessment of Federal Facilities." Department of Justice, June 28, 1995. Available at: <https://www.ncjrs.gov/pdffiles1/Digitization/156412NCJRS.pdf>. The Department of Justice originally defined Level V facilities as buildings that contain mission functions critical to national security. Level V buildings are similar to Level IV facilities in terms of number of employees, square footage, and have at least the security features of a Level IV facility. The mission of Level V facilities require that tenant agencies secure the site according to their own requirements and to what extent security measures should be in excess of those for a Level IV facility is determined by the individual agency.

²⁷ "DHS Headquarters Consolidation Location Analysis." General Services Administration, September 2008. Available at: <http://envisionprincegeorges.org/wp-content/uploads/2011/02/B3AE306BC8B9F2C094B09C3D82593543.pdf>

²⁸ "Department of Homeland Security National Capital Region Housing Master Plan: Building a Unified Department." Department of Homeland Security, October 2006

The Department required approximately 7.1 million gross square feet in the National Capital Region to accommodate the complete collocation of all DHS executive headquarters and component headquarters functions, with a minimum requirement of 4.5 million gross square feet in the National Capital Region that would be collocated on a secure campus. In the October 2006 Housing Master Plan, DHS stated that the 4.5 million gross square feet minimum requirement was determined by carefully analyzing the critical functions that must be collocated on the secure campus and the remaining requirements that may be consolidated elsewhere.²⁹ It remains unclear what metrics DHS used to determine what critical functions needed to be collocated on a secured campus and how this determined the 4.5 million gross square feet number in 2006. Whether DHS still requires a minimum of 4.5 million gross square feet of secure space in the National Capital Region seven years after the October 2006 Housing Master Plan remains an unknown. With the

improvements in telecommunications and the growth of telework among federal agencies since 2006, it is possible that DHS will need less than 4.5 million gross square feet by the project's completion scheduled for FY 2026. However, the Committee is unaware of any attempts by DHS to reconsider space requirements.

A major requirement for the Department's consolidated headquarters was physical security of the site. The Interagency Security Committee (ISC) was established in 1995 by Executive Order 12977 after the bombing of the Alfred P. Murrah Federal Building in Oklahoma City to address

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²⁹ Ibid.

the quality and effectiveness of physical security requirements for federal facilities.³⁰ Now a part of DHS, ISC established five levels of security designated I through V for office buildings and minimum security standards. Under these standards, it was determined that DHS's headquarters facility should be classified as Level V, the highest on the scale. Level V facilities require that it occupy 150,000 square feet and house more than 450 employees, its mission is "considered critical to national security," and the buildings themselves are "high threat/high profile facilities," such as the Central Intelligence Agency's (CIA) headquarters or the Pentagon, which are also Level V facilities.³¹ While the operators of Level V facilities customize their physical security to meet their mission needs, the minimum standards for this type of facility are the same as a Level IV facility, which include 100-foot perimeter setbacks, 100-foot separation between parking facilities and buildings, and protected ventilation equipment located away from high-risk areas for the buildings.³²

Proposed Sites

With the aforementioned evaluation criteria for DHS headquarters consolidation, GSA determined that a total of 15 federally owned sites within the National Capital Region potentially fit to DHS's needs, several of which were determined to be large enough to meet the requirement for 4.5 million gross square feet.³³ Detailed information, including a cost-benefit analysis of alternatives on the sites not chosen, have not been released to the public.

Selecting St. Elizabeths

The October 2006 DHS National Capital Region Housing Master Plan report submitted to Congress highlighted many of the reasons why the Department ultimately selected the St. Elizabeths West Campus as the site of the future consolidated headquarters. The report noted that

³⁰ "DHS Headquarters Consolidation Location Analysis." General Services Administration, September 2008. Available at: <http://envisionprincegeorges.org/wp-content/uploads/2011/02/B3AE306BC8B9F2C094B09C3D82593543.pdf>

³¹ "Vulnerability Assessment of Federal Facilities." U.S. Department of Justice, June 28, 1995. Available at: <https://www.ncjrs.gov/pdffiles1/Digitization/156412NCJRS.pdf>

³² "DHS Headquarters Consolidation Project: Issues for Congress." William L. Painter, *U.S. Congressional Research Service*, September 11, 2013 (R42753). Available at: <http://crs.gov/pages/Reports.aspx?PRODCODE=R42753&Source=author>

³³ "DHS Headquarters Consolidation Location Analysis." General Services Administration, September 2008. Available at: <http://envisionprincegeorges.org/wp-content/uploads/2011/02/B3AE306BC8B9F2C094B09C3D82593543.pdf>

“while the overall St. Elizabeths West Campus development costs are substantial, there are significant cost avoidances because the campus can provide the necessary security setbacks for blast protection without expensive hardening costs associated with similar existing or proposed DHS facilities in the D.C. metropolitan area.”³⁴ Furthermore, the September 2008 GSA analysis of the DHS headquarters consolidation project noted that only one of the nine criteria that St. Elizabeths failed to meet was access to neighborhood amenities within walking distance. However, it was anticipated that amenities would develop as the campus became operational.³⁵ While Federal and D.C. Government officials have promoted the St. Elizabeths project “as a savior that would finally bring jobs and prosperity to surrounding Southeast neighborhoods,” the purpose of the St. Elizabeths project is to provide DHS with a consolidated headquarters facility.³⁶ The Committee believes that it is possible that by promoting DHS’s headquarters consolidation as a means to invigorate neighborhoods, too much emphasis was placed on revitalizing Southeast D.C. rather than DHS’s operational needs. From the October 2006 DHS National Capital Region Housing Master Plan, it is not clear whether DHS played a significant role in designing the location selection process or allowed GSA to have near complete control of the process. Based on research and briefings, the Committee is concerned that DHS did not play an active role in selecting the consolidated headquarters site, and that DHS, more concerned with establishing itself as an executive agency, did not properly oversee the selection process for its future headquarters.

St. Elizabeths’ National Historic Landmark Status

DHS and GSA selected St. Elizabeths as the site for DHS’s consolidated headquarters in October 2006, but it was not until January 2009 that construction began.³⁷ According to *The Washington Post*, this three-year delay between the site selection and groundbreaking of construction was

³⁴ “Department of Homeland Security National Capital Region Housing Master Plan: Building a Unified Department.” Department of Homeland Security, October 2006

³⁵ “DHS Headquarters Consolidation Location Analysis.” General Services Administration, September 2008. Available at: <http://envisionprincegeorges.org/wp-content/uploads/2011/02/B3AE306BC8B9F2C094B09C3D82593543.pdf>

³⁶ “St. Elizabeths Renovation as Security Campus Faces Resistance.” Jonathan O’Connell, *Washington Post*, March 30, 2012. Available at: http://www.washingtonpost.com/business/economy/st-elizabeths-renovation-as-security-campus-faces-resistance/2012/03/30/gIQAzqJKIS_story.html

³⁷ “GSA Development of St. Elizabeths Campus: Master Plan.” General Services Administration, last updated September 2010. Available at: <http://www.stelizabethsdevelopment.com/master-plan.html>

This three year delay between the site selection and groundbreaking of construction was attributed to “years of battling historic preservationists” according to *The Washington Post*.

attributed to “years of battling historic preservationists.”

³⁸ GSA acknowledged that St. Elizabeths’ status as a National Historic Landmark would constrain the site’s development, however, this was not viewed as a reason to abandon St. Elizabeths as a potential site for the consolidated headquarters. In fact, GSA is obligated to acquire and utilize historically significant buildings to house Federal agencies. Three separate Executive Orders—1593, 13006, and 13287—have stated that GSA “must use, to the maximum extent feasible, historic properties available to the agency.”³⁹ Given that GSA is obligated to house Federal agencies in historically significant buildings, the Committee is

concerned that GSA steered the selection process to favor St. Elizabeths over potentially more cost effective locations to fulfill its requirement to use historic sites instead of prioritizing DHS’s need for a consolidated headquarters.

While top DHS officials, including then-Secretary of Homeland Security Michael Chertoff and other DHS senior leaders, heavily endorsed the master plan for St. Elizabeths when it was released in 2006, the National Historic Landmark designation proved to be a major complication that had significant consequences for the consolidated headquarters project.

According to Robert Nieweg, the field director of the National Trust for Historic Preservation’s Washington, D.C. office, the 2006 Master Plan targeted “between one-half and two-thirds of the historic buildings at St. Elizabeths” for demolition.⁴⁰ The strong protests by preservation groups led to three years of negotiations between preservationists and DHS officials, which coalesced into an agreement between DHS and preservationists in late 2008.

³⁸ “Planning Agency Approves Homeland Security Complex.” Mary Beth Sheridan, *Washington Post*, January 9, 2009. Available at: <http://www.washingtonpost.com/wp-dyn/content/article/2009/01/08/AR2009010803122.html>

³⁹ “DHS Headquarters Consolidation Location Analysis.” General Services Administration, September 2008. Available at: <http://envisionprincegeorges.org/wp-content/uploads/2011/02/B3AE306BC8B9F2C094B09C3D82593543.pdf>

⁴⁰ “Homeland Security’s Future Home: A Former Mental Hospital.” Devin Leonard, *Bloomberg Businessweek*, July 25, 2013. Available at: <http://www.businessweek.com/articles/2013-07-25/homeland-securitys-future-home-a-former-mental-hospital#p1>

In the end, DHS agreed to preserve 51 of the 62 hospital buildings, and the National Capitol Planning Commission approved the Final Master Plan for DHS Headquarters Consolidation in early January 2009, allowing construction to begin. When asked about the selection and the preservation objections, former Secretary Chertoff puts fault on them for putting the brakes on the



Source: Committee on Homeland Security

project, stating “There was a lot of back and forth with the preservation people who didn’t want anything to disturb St. Elizabeths. If it hadn’t taken so long to get through that, we might have gotten under way sooner.”⁴¹ The Committee is concerned that DHS program management did not adequately consider the ramifications of selecting to build the Department’s headquarters at a designated National Historic Landmark and whether it was prudent for DHS and GSA even to consider St. Elizabeths because of this in the selection process. In addition, the Committee is concerned about the fiscal costs of restoring and rehabilitating older facilities versus building new facilities and whether it would have been more cost effective for DHS to build fresh facilities instead of renovating St. Elizabeths.

V.

United States Coast Guard at St. Elizabeths

USCG Personnel Concerns

Overall, USCG personnel have mixed feelings of the new headquarters at St. Elizabeths.⁴² Despite the move to the new headquarters being well coordinated, there have been some complications. Dining options for USGG personnel are limited; the only food facility in the USCG headquarters building itself is a small 50-seat snack shop. The completed 260-seat cafeteria is located closer to the main DHS headquarters building, which has proven to be an

⁴¹ Ibid.

⁴² Based on anecdotal conversations with a non-representative sample of USCG personnel.

inconvenience for USCG headquarters personnel due to the walking distance.⁴³ Neighborhood amenities within close proximity to St. Elizabeths, which were anticipated to develop as DHS headquarters consolidation began, remain absent.

Commuting to the new headquarters has also been difficult for Coast Guard personnel. The parking garage facility for the consolidated DHS headquarters, while close in proximity to USCG headquarters, does not provide Coast Guard personnel with adequate parking. To make up for this, the Coast Guard has urged employees to carpool or utilize the Washington Metro bus service to the St. Elizabeths campus from the Anacostia Metro Station. Despite being the only DHS component agency located on the St. Elizabeths campus, space in the parking garage has already been reserved for DHS employees that are not yet located at St. Elizabeths. Additionally, the West Campus access road extension from Gate 4 of the USCG Headquarters Building to Malcolm X Avenue has yet to be built, and, as a result traffic on I-295, has been troublesome for Coast Guard employees driving to work and for the surrounding area.

One significant area of concern for USCG personnel stationed at the St. Elizabeths headquarters has been personal safety in the surrounding area. The St. Elizabeths campus is located in Ward 8 of the District of Columbia, one of the city's more crime-ridden regions. From January 1, 2013 through November 18, 2013, the Metropolitan Police Department (MPD) reports a total of 1,299 violent crimes in Ward 8, including 24 homicides and 55 cases of sexual assault.⁴⁴ By comparison, in Ward 6, the location of USCG's previous headquarters in Buzzard Point, there were 45% fewer violent crimes and 66% fewer homicides in that time period.⁴⁵

Another concern is that the move to St. Elizabeths has not improved USCG's communications with DHS. The Coast Guard was already isolated from DHS headquarters at its previous headquarters facility in Buzzard Point, and the move to St. Elizabeths has not made USCG any less isolated from the rest of DHS. The Coast Guard's continued separation from DHS will continue to hinder the Department's ability to communicate and depending on how many years it

⁴³ "Food Services." United States Coast Guard, October 3, 2013. Available at: <http://www.uscg.mil/stelizabeths/amenities/food.asp>

⁴⁴ MPD's violent crime types are: Homicide, Sex Abuse, Robbery Excluding Gun, Robbery With Gun, Assault Dangerous Weapon (ADW) Excluding Gun, and ADW Gun.; "Statistics and Data." Metropolitan Police Department, November 19, 2013. Available at: <http://crimemap.dc.gov/Report.aspx>; MPD defines sexual assault as: First Degree Sex Abuse, Second Degree Sex Abuse, Attempted First Degree Sex Abuse and Assault with Intent to Commit First Degree Sex Abuse against adults.

⁴⁵ Excludes the victims of the September 2013 Navy Yard Shooting.

will take to move more of DHS to St. Elizabeths, the Coast Guard's isolation has the potential to worsen employee morale and the development of "One DHS." Further impeding the development of One DHS is that the Coast Guard and Federal Emergency Management Agency (FEMA) are the only two component agencies that are moving to St. Elizabeths in full. Only the component heads of DHS's other major component agencies will be moving to St. Elizabeths. Separating the component heads from their respective components by moving them to St. Elizabeths may also negatively affect the Department's morale by moving leadership away from front line staff.

VI.

Alternative Work Schedules and Telework

In December 2010, President Obama signed the Telework Enhancement Act of 2010 (Public Law 111-292) which provides a framework for all federal agencies to use telework. The act also requires agencies to establish a policy authorizing employees to telework.⁴⁶

The Telework Enhancement Act required Federal agencies to shift how they viewed and used telework. In addition, the Act is part of a broader push by the White House to encourage federal employees to telework in order to avoid future real estate costs. Several agencies described eliminating some office space as a result of telework, but few were able to translate reduced office space into dollar figures or square-footage of space saved due to the immaturity of telework in the federal government. Several agencies had established working groups to study real estate cost measurement. Some examples include:⁴⁷

Department of Commerce: The agency is working to reduce space through a three part strategy: 1) identify consolidation opportunities; 2) look for reduction savings in expiring leases before new contracts are made; and 3) review all planned and existing leases for savings as well as eliminating any excess or underutilized owned space. Reduction savings can come from implementing three day or more per week telework, reducing space through open floor design, reduction of support space, and setting workstation size standard.

⁴⁶ "Telework Enhancement Act." U.S. Office of Personnel Management; General Services Administration. Available at: http://www.telework.gov/Telework_Enhancement_Act/index.aspx

⁴⁷ "2012 Status of Telework in the Federal Government." U.S. Office of Personnel Management, June 2012. Available at: http://www.telework.gov/reports_and_studies/annual_reports/2012teleworkreport.pdf

Department of Labor: The agency has been aggressively reducing its real estate requirements by reducing the work space footprint of individual workers and requiring that new space is built in a ratio of 80 percent workstations and 20 percent private offices. "Hoteling" also is encouraged. 48 The agency also seeks to consolidate bureau populations (minimizing travel time between office functions), and by providing more open, collaborative office designs. Lastly, a lease replacement/consolidation prospectus is being prepared that, if approved and developed, will make substantial use of hoteling and similar practices.

Federal Emergency Management Agency (FEMA): This component of DHS has been experimenting with the use of hoteling and telework as part of its Workplace Transformation initiative. Hoteling employees in some offices use lockers and carts to store files and personal belongings. FEMA expects significant cost savings from consolidating leases prior to moving to

St. Elizabeths, but it is unclear how much money will be saved and how employees are adjusting to these changes.⁴⁹

The Congressional Research Service (CRS) stated in a recent report that DHS plans to take advantage of these workspace efficiencies at St. Elizabeths, but many of the details on the Department's plan remain unclear.

Federal office space requirements have changed since the St. Elizabeth's plan was first announced. In the mid-2000's, telework and alternative work schedules would have a minimal impact on square footage plans at federal agencies. The expanded use of technology has changed the paradigm of the workspace requirements by allowing a greater emphasis on working from home as a way to reduce square footage requirements. This allows for more shared work spaces. The Congressional Research Service (CRS) stated in a recent report that DHS plans to take advantage of these workspace efficiencies at St.

⁴⁸ Hoteling is when (1) employees work in one facility (facility A) part of the time and at one or more alternative worksites the rest of the time and (2) when working in facility A, these employees use non-dedicated, non-permanent workspaces assigned for use by reservation on an as-needed basis (Source: GSA).

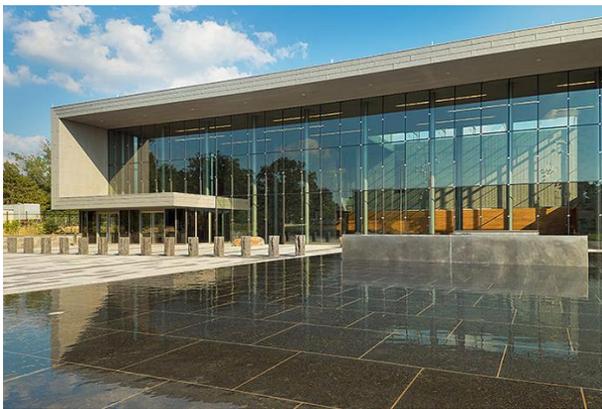
⁴⁹ Based on FEMA briefing to Committee November 2013.

Elizabeths,⁵⁰ but many of the details on a Department-wide plan remain unclear. DHS plans to implement flexible workplace strategies to leverage the 14,000 seats to accommodate up to 20,000 or more employees in their revised consolidation plan, but has yet to provide detailed information on how they will ensure that teleworking employees have reliable home internet service and infrastructure that is needed to implement teleworking. DHS's implementation has been mixed, with some components such as FEMA having more robust telework strategies than others.

VII.

Green Initiatives

LEED Certification



Source: Clark Construction

The U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) certification process "provides third-party verification of green buildings."⁵¹ The goal of the LEED certification process is to ensure that a building was designed, built, or renovated using environmentally oriented strategies to achieve the highest performance in human and environmental health based on sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. A building project will receive LEED certification if the project earns a certain amount of points on a 125-point scale. LEED offers four levels of certification, Certified (40-49 points), Silver (50-59 points), Gold (60-79 points), and Platinum (80+ points). After paying a registration fee, USGBC reviews the project in question and will decide whether or not to certify the project.⁵²

⁵⁰ "DHS Headquarters Consolidation Project: Issues for Congress." William L. Painter, *U.S. Congressional Research Service*, September 11, 2013 (R42753). Available at:

<http://crs.gov/pages/Reports.aspx?PRODCODE=R42753&Source=author>

⁵¹ "LEED is driving the green building industry." U.S. Green Building Council. Available at:

<http://www.usgbc.org/leed>

⁵² "LEED Green Building Certification System." U.S. Green Building Council. Available at:

<http://www.usgbc.org/Docs/Archive/General/Docs3330.pdf>

According to a Sustainability Summary released by GSA in February 2012, the St. Elizabeths campus project is utilizing sustainable measures that “meet or exceed government mandates on building operation and LEED energy requirements.”⁵³ According to GSA’s February 2012 summary, a majority of the buildings at the St. Elizabeths campus are pursuing LEED 2009 Gold certification, including the USCG headquarters facility. However, DHS and GSA have provided conflicting statements regarding LEED certification for the USCG headquarters facility. GSA’s Sustainability Summary states that the Coast Guard’s facility was designed and built to the standards required for LEED Gold certification, however, the Coast Guard has stated that its office space was designed to meet LEED Silver certification.⁵⁴ More detailed information regarding LEED certification at St. Elizabeths was not provided by DHS or GSA to the public.

Is LEED appropriate for a facility like St. Elizabeths?

St. Elizabeths is a considerably large renovation project by any standard. The current campus is an aged historical facility in need of extensive structural, technological, logistical, and aesthetic renovations in order to effectively accommodate an agency the size of DHS. Some of these renovations include new



Source: GSA

roadways, sewer/water facility overhaul, harvesting rain water for toilets, and an environmentally sustainable water irrigation plan. These renovation projects are all in addition to the new construction of facilities that are being built with sustainability in mind. The Committee would like to know whether a cost benefit analysis study was done for any of these considerations. For example, is it the best use of taxpayer dollars to use rainwater toilets and Ipe wood imported from Brazil for the boardwalk decking of USCG headquarters.⁵⁵ Although Ipe wood is durable and aesthetically pleasing, it is possible that a domestically produced composite material would have been able to provide the durability of Ipe wood at a lower cost to the taxpayer. According

⁵³ “DHS St. Elizabeths Campus: Sustainability Summary.” General Services Administration, February 15, 2013. Available at: http://www.stelizabethsdevelopment.com/userfiles/files/REVISED%20HANDOUT%20St_%20Elizabeths%20Sustainability%20Summary%20V2%202-15-12%20%282%29%281%29.pdf

⁵⁴ “Coast Guard Headquarters at St. Elizabeths: Sustainability.” United States Coast Guard, September 19, 2013. Available at: <http://www.uscg.mil/stelizabeths/about/sustainability.asp>

⁵⁵ Information provided to Committee staff by CRS, November 2013

to CRS, one of the major reservations about housing DHS at St. Elizabeths was the cost of “constructive reuse” of the site’s historic buildings.⁵⁶ Given the known additional financial costs and larger time investments associated with constructive reuse and green facility construction, the Committee questions whether these factors were properly considered by DHS and GSA when St. Elizabeths was selected and whether green initiatives have caused construction delays or unnecessary waste of taxpayer dollars. Additionally, the Committee is concerned how the cost of LEED certification and what the final cost of building and retrofitting St. Elizabeths up to LEED standards ultimately will be.

VIII.

Conclusion

The Committee is alarmed that DHS has not followed best practices and adequately prioritized headquarters consolidation. Although construction began at St. Elizabeths in 2009, former Coast Guard Commandant Admiral Thad Allen noted in his testimony before the House Committee on Homeland Security on February 13, 2013, “In the Washington Area the Department remains a disjointed collection of facilities and the future of the relocation to the St. Elizabeth’s campus remains in serious doubt.”⁵⁷ In addition, comments from then-Secretary of Homeland Security Janet Napolitano indicate that St. Elizabeths may no longer be the priority at DHS. In discussing DHS appropriations for FY 2012, Secretary Janet Napolitano noted that she would “rather have the money to complete building a National Security Cutter for the Coast Guard and support the Secret Service in its activities, and sustain our efforts at the border than [have] a new building, and so that is why St. Es is on the chopping block for now. I think that ultimately it will happen, but not now.”⁵⁸ Secretary Napolitano’s remarks sparked a follow up statement from the Department’s Chief Financial Officer that DHS remains committed to the headquarters consolidation project and that it is still a priority. The Committee is concerned that despite the Department’s statements otherwise, DHS has not been properly planning at St. Elizabeths and as

⁵⁶ “DHS Headquarters Consolidation Project: Issues for Congress.” William L. Painter, *U.S. Congressional Research Service*, September 11, 2013 (R42753). Available at:

<http://crs.gov/pages/Reports.aspx?PRODCODE=R42753&Source=author>

⁵⁷ “Testimony of Thad W. Allen Admiral, U.S. Coast Guard (retired),” Thad W. Allen, February 13, 2013. Available at: <http://docs.house.gov/meetings/HM/HM00/20130213/100227/HHRG-113-HM00-Wstate-AllenT-20130213.pdf>

⁵⁸ “DHS St. E’s to be victim of budget axe.” Jason Miller and Julia Ziegler, Federal News Radio, September 8, 2011. Available at: <http://www.federalnewsradio.com/?nid=741&sid=2534819>

a result the project has been mismanaged and squandered untold taxpayer dollars. With statements made by senior leadership, the morale concerns, the \$1 billion cost increase, and slippage of the completion date to FY 2026, the Committee questions why there has not been a major reassessment of the headquarters consolidation project now with a ten year extension to the project's deadline and why DHS has not considered a new approach to headquarters consolidation. Because of these concerns, Representative Jeff Duncan, Chair of the House Committee on Homeland Security's Subcommittee on Oversight and Management Efficiency has requested GAO review the St. Elizabeths headquarters consolidation program. A copy of the Subcommittee Chair's letter requesting GAO review the program can be found in this report's appendix.

Appendix



**One Hundred Thirteenth Congress
U.S. House of Representatives
Committee on Homeland Security
Washington, DC 20515**

March 20, 2013

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Comptroller General Dodaro:

The Department of Homeland Security is both years and billions of dollars away from completing its project to consolidate its headquarters at St. Elizabeths Campus. Under current plans, the St. Elizabeths Campus project remains about a decade away from completion with a total projected cost of over \$4 billion. Even upon completion, most DHS components will not send all of their headquarters staff to St. Elizabeths Campus.

In his testimony prepared for the February 13th Committee on Homeland Security hearing entitled “A New Perspective on Threats to the Homeland”, Admiral Thad Allen (Ret.) stated: “In the Washington Area, the Department [of Homeland Security] remains a disjointed collection of facilities and the future of the relocation to the St. Elizabeth’s campus remains in serious doubt.” From courtyard decks featuring “the hardest wood in the world” to harvesting rainwater for toilets, serious questions exist as to whether DHS made decisions for the project in the most cost effective manner. We write to request that GAO review DHS’s headquarters consolidation at St. Elizabeths Campus. Specifically, we request that the GAO report address the following questions:

- (1) What are current cost and schedule estimates and how effectively has DHS estimated future costs for the project as compared to cost estimating best practices?
- (2) To what extent did DHS effectively define requirements and analyze alternatives before moving forward? How relevant are the project’s requirements considering priorities will evolve over the 17 years from when they were initially defined to project completion?
- (3) To what extent have DHS’s decisions on this project been cost effective? How sound is DHS’s analysis of potential benefits and cost-savings regarding its project to consolidate its headquarters at St. Elizabeths Campus?
- (4) To what extent did DHS analyze the cost differential between restoring, maintaining and building on designated Historic Landmark Building versus starting construction anew?

- (5) In the original requirements for the consolidated headquarters project, to what extent did the Department consider the impact of potential telework or alternate work schedules for its employees at St. Elizabeths? Moving forward, to what extent does the Department plan to assess the impacts of increased telework and alternate work schedules in the development of the St. Elizabeth's campus? How will these human capital initiatives impact the potential benefits of headquarters consolidation?

Thank you kindly in advance for your prompt attention to this important request. Should any questions on this request arise, please have your staff contact Mr. Ryan Consaul, Staff Director for the Subcommittee on Oversight and Management Efficiency at (202) 226-8887.

Sincerely,



Jeff Duncan

Chairman

Subcommittee on Oversight and Management Efficiency