WRITTEN STATEMENT

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UNITED STATES NUCLEAR REGULATORY COMMISSION

TO THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND

EMERGENCY MANAGEMENT

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Chairman Barletta, Ranking Member Norton, Members of the Subcommittee:

Thank you for the opportunity to discuss the Nuclear Regulatory Commission's (NRC) efforts to reduce office space consistent with the Federal *Freeze the Footprint* policy.

NRC was established in 1975 as an independent Federal agency to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment. As such, we regulate the safety of all 102 operating nuclear power plants, and over 5,000 nuclear materials, medical, industrial, and fuel cycle licensees in the United States.

To fulfill its responsibility, the NRC performs the following regulatory functions: develops regulations and guidance for applicants and licensees; licenses or certifies applicants to use nuclear materials or operate nuclear facilities; regulates the decommissioning of facilities; inspects and assesses licensee operations and facilities to ensure that licensees comply with NRC requirements and takes appropriate follow-up or enforcement actions when necessary; evaluates operations experience of licensed facilities and activities; and conducts research, holds hearings, interfaces with domestic agencies and international partners, and obtains independent reviews to support regulatory decisions. Many of these functions require special facilities, such as: secure hearing spaces, emergency response centers, technical and law libraries, a public document room, public meeting facilities, and numerous collaborative workspaces.

Importance of Collocation

The Three Mile Island nuclear accident demonstrated the need for collocation of NRC's diverse headquarters staff to sustain NRC's operational efficiency, regulatory effectiveness, and emergency response capability. At that time, the NRC headquarters staff was housed in more than ten buildings located in the D.C. metropolitan area. Following that accident, the President's Commission on the Accident at Three Mile Island, headed by John Kemeny, strongly recommended the collocation of headquarters staff. These recommendations were recently reinforced by NRC's experience and that of Japan's in responding to the Fukushima nuclear accident. As observed by NRC technical experts, Japan experienced challenges in coordinating its response efforts that stemmed from a regulatory infrastructure dispersed across multiple ministries and agencies in several locations throughout Tokyo. NRC also experienced challenges in coordinating its support to Japan because of the dispersion of NRC staff experts in multiple Montgomery County, Maryland, locations.

NRC's initial consolidation of its headquarters began in 1986 with the General Services Administration's (GSA) acquisition of the One White Flint North (1WFN) building. At the time of the 1WFN building acquisition, GSA and the NRC agreed that a contract would be entered into by GSA and the lessor (White Flint North LLP) to construct, build, and lease Two White Flint North (2WFN) for purposes of housing the remainder of NRC headquarters employees on one campus. In order to fully integrate the two buildings, the 2WFN building was constructed with surface and sub-surface connectors to 1WFN. Collocation of NRC headquarters staff was achieved in 1994 with the completion of the 2WFN building. In recent years with the growth of the NRC staff, the NRC has had to lease additional space in four different buildings in the Bethesda-Rockville area. Some of this growth was driven by the need to enhance the security-related regulatory framework for NRC licensees following the terrorist attacks of 9/11.

In 2006, a potential nuclear power resurgence was stimulated by projected demands for increased electricity and national policy initiatives contained in the Energy Policy Act of 2005, such as loan guarantees from the Department of Energy. The NRC's projection for applications to construct new, nuclear power plants jumped significantly in FY 2007. The rapid pace at which applications were submitted had an immediate impact on the structure and workload of the agency. In response to the increased workload, the NRC ultimately projected its

headquarters staff would need to be augmented substantially. As a result, the NRC pursued a third building.

On December 26, 2007, the President signed appropriations law (P.L. 110-161) that included a specific provision for the NRC to obtain additional office space collocated with its headquarters buildings in order to maintain NRC's regulatory effectiveness, efficiency, and emergency response capability. GSA signed the lease for Three White Flint North (3WFN) on October 23, 2009.

In the years it has taken to design, construct, and lease Three White Flint North (3WFN), the NRC staffing has increased, but not to the level originally expected. As a result of economic factors and revised business plans of applicants, the number of new license applications under consideration has tapered and NRC's staff growth commensurately stabilized in response. Concurrent with these developments, the Federal government has instituted new guidelines for utilization of real estate. A Presidential Memorandum issued in June 2010 and the Office of Management and Budget (OMB) Management Procedures Memorandum issued on March 14, 2013, set new guidelines for space utilization within Federal buildings.

Soon after arriving at the NRC in the summer of 2012, NRC Chairman Macfarlane became aware of office space issues, including concerns from the Subcommittee on Economic Development, Public Buildings, and Emergency Management regarding the renewal lease prospectus for 2WFN.

Upon learning of these concerns, the Chairman took immediate action by chartering a task force of senior staff to take a thorough look at space utilization and cost estimates. The Chairman charged this task force with delivery of a comprehensive, integrated, and updated business case that rebaselined the space requirements and campus cost profile to achieve both footprint reductions and target utilization rates for office space.

The NRC is committed to ensuring that the agency's footprint is the right size to sustain NRC's mission, is cost effective, and is consistent with the Administration's space utilization policies.

To further that objective, NRC has been working intensively with GSA on developing a building consolidation solution that is designed to address issues identified by the Subcommittee.

Importantly, the NRC Chairman and the Acting GSA Administrator met and subsequently chartered teams that have worked jointly and diligently over the past 5 months to evaluate the NRC's updated business case and develop the financial analysis to support a recommendation to this Committee. The teams have considered a range of scenarios. The resulting housing analysis concludes that even with a reduced utilization rate, the NRC needs approximately two and a half buildings to house NRC staff and perform its functions. The optimal approach for meeting these NRC housing needs is to retain 2WFN in its entirety and for the NRC to relinquish several floors in 3WFN for use by another Federal tenant.

The NRC's preferred path forward is consistent with the *Freeze the Footprint* policy and achieves targets for space utilization set forth in OMB guidelines. The plan is also consistent with the agency's goal to consolidate its headquarters staff on one campus without adversely affecting the agency's safety and security mission responsibilities, while providing effective working conditions for the agency's predominately professional, engineering, and scientific workforce, and providing a working environment that will allow it to recruit and retain a highly qualified, primarily technical, workforce.

Rationale for Maintaining 2WFN

If the lease prospectus is not renewed and the NRC were to vacate 2WFN, the agency would have insufficient space to house its current employees and conduct effectively its nuclear safety mission. A two-building campus consisting of 1WFN and 3WFN would result in an office utilization rate of approximately 100/sf, a utilization rate that is more typically associated with organizations whose employees work predominantly outside of an office (in the field). Government organizations with a large number of professional level, scientific, and engineering staff whose work requires a significant amount of in-office work require significantly more space.

Additionally, vacating 2WFN in its entirety will require NRC to give up mission-critical special-use space that is needed to support various activities required by law, including the Atomic Safety and Licensing Board Panel hearing room, the Advisory Committee on Reactor Safeguards rooms, and the NRC Technical Library. The Atomic Safety and Licensing Board Panel hearing room is specially constructed for conducting hearings regarding licensing actions, including those of a security-sensitive nature, that are pending before the NRC. The statutorily

required Advisory Committee on Reactor Safeguards necessitates special space for the conduct of meetings, often involving sensitive, proprietary, and security-related information to review significant NRC licensing actions. The costs incurred in the construction and configuration of these special-use spaces in 2WFN would be lost were the lease not renewed. As these are mission-critical facilities, new costs would have to be incurred with the construction of replacement facilities, including configuration necessary to meet security standards (Underwriters Laboratories 2050 certified) for security-sensitive hearings.

Vacating 2WFN would also result in the NRC giving up valuable joint use space such as the Government child care facility that was designed and constructed to meet specific siting and licensing requirements. The child care center cannot be replicated in either 1WFN or 3WFN because sufficient space is not available to provide a secure outdoor play area or easy access to a child care facility. Displacement of children from the 2WFN building, and the effect on NRC employees, and other federal employees who use the center, should be taken into account.

NRC and GSA analysis concludes that there are significant financial, logistical, and security-related issues associated with leasing a portion of 2WFN. If the NRC were to share occupancy of 2WFN with another tenant, for security reasons, measures would need to be taken to provide for viable ingress and egress to the 2WFN building. As stated earlier, 1WFN and 2WFN currently share multiple surface and sub-surface connectors; as currently configured vehicle ingress is entirely via 1WFN and vehicle egress is entirely via 2WFN. In light of the security requirements that apply to the NRC, if another tenant were to occupy 2WFN, measures would need to be taken to provide for segregation of the buildings and viable entrances for each tenant would be required. According to GSA preliminary estimates, it would cost approximately $16.4 million and take approximately 54 months, to separate 1WFN and 2WFN to address logistical and security concerns. Separating the buildings would require the demolition, redesign, and reconstruction of numerous above- and below-ground connections and building systems, the renegotiation of easements, Montgomery County approval of a revised site plan, and new security installations between 1WFN and 2WFN.

According to GSA, the Government will be financially responsible for paying rent for all space in 2WFN regardless of whether it is occupied in whole or in part by the NRC, for the entire 54-month time period, because additional occupants could not be permitted until renovations required by the lease and the new tenant are completed. Consequently, any vacant floors in

2WFN will be unmarketable for that period. For the above stated reasons, partial occupancy of 2WFN is not cost-effective to the NRC, the Government, or taxpayers.

The joint analysis by NRC and GSA of available options for right-sizing the NRC campus footprint and minimizing costs suggests that the optimal approach is to retain a campus consisting of 1WFN, 2WFN, and part of 3WFN.

The 3WFN building is a certified silver building under the U.S. Green Building Council's Leadership in Energy and Environmental Design Program and capable of multi-occupancy tenancy. The 3WFN building is more marketable to potential tenants than 2WFN because it is new construction adjacent to a Metro station. Additionally, 3WFN can better sustain level 4 security standards with multiple tenants at lower costs as compared to 2WFN because there will be no need to incur building separation and ingress creation costs that would be required if NRC were to vacate or relinquish space in 2WFN.

Conclusion

In closing, I want to reiterate NRC's commitment to being responsive to the *Freeze the Footprint* initiative, our changing space needs, and the Subcommittee's interest in its efforts to right-size the Government's foot print in a cost-effective and timely manner. We will continue to work with GSA, OMB, and Congress in order to identify a solution that accomplishes these objectives while optimizing the use of the NRC campus in a manner that maintains NRC's regulatory effectiveness, efficiency, and emergency response capability. We will continue to address these issues fully and transparently. We look forward to working with this Committee on this important matter.

I would be happy to answer any questions you may have.