

Statement of Rafael Borrás
Under Secretary for Management
Department of Homeland Security
House Homeland Security Appropriations Subcommittee
March 21, 2012

Chairman Aderholt, Ranking Member Price, and members of the Committee, good morning. Thank you for the opportunity to appear before this Committee to discuss Management initiatives regarding DHS facilities. I am Rafael Borrás, Under Secretary for Management for the Department of Homeland Security. My responsibilities include the management of the Department's facilities and property, and the establishment of a DHS Consolidated Headquarters Campus at St. Elizabeths. I am pleased to appear before this Committee to provide an overview of the DHS facilities portfolio and give you an update on the progress at St. Elizabeths.

DHS manages a global real estate portfolio of approximately 39,000 assets in all 50 states and seven U.S. territories. The majority of property is located in the coastal and border states, half of which are structures, such as towers and antennas. The Department occupies 96 million square feet of space; 44 percent is in 12,000 DHS-owned buildings and 54 percent is leased, including 14 million square feet in 1,300 GSA federally owned buildings.

Our real property portfolio is diverse in the types and locations of buildings and structures we use—everything from leased office space in Oakland to the newly completed Rescue Swimmer Training Facility in North Carolina to research facilities off the coast of Long Island, NY. We have office buildings in major cities and small towns across the nation. We have family housing to support our Coast Guard and Border Patrol personnel in areas such as Alaska and Puerto Rico. Our training centers in Emmitsburg, MD; Glynco, GA; and Artesia, NM include classrooms and student dormitories, and we run one of the five Service academies. We have laboratory space in New York, New Jersey, New Mexico, and in the metropolitan DC area. Our Aids to Navigation serve major navigable inland waters and both coasts, and our communication systems are supported with antennae and equipment facilities throughout the United States, Puerto Rico, Guam, the Bahamas, and the U.S. Virgin Islands.

In response to the President's memorandum on real property from June 2010, DHS established a goal to save \$260 million on its real estate inventory by the end of FY 2012. Through FY 2011, the Department has reported \$187 million in asset sales, operational cost savings and other avoided costs. Most of this amount derived from the disposal of the outdated navigational signal facilities, lighthouses, military housing, and border patrol stations, as well as alteration or replacement of facilities for more efficient operations. Currently, 61 assets with a \$41 million replacement value are in the disposal process. Less than 1.25 percent of the portfolio is vacant property of which 465,000 square feet are pending demolition at the Federal Law Enforcement Training Center and 325,000 square feet are in the disposal process.

In order to effectively and efficiently manage our real estate portfolio we are assessing our portfolio in a number of ways. We are constantly looking for opportunities to align our space to be more operationally efficient while, at the same time, redesigning space layouts to support a more mobile workforce. These actions will reduce costs and improve space efficiency in the future. DHS is also pursuing a reduced real estate footprint and increased real property cost

savings through its Flexible Workplace Strategies (FWS) initiative. For example, in FY 2011, the Office of the Chief Administrative Officer reduced its space foot print in half which resulted in a rent cost avoidance of approximately \$1 million. This was accomplished using flexible workplace strategies; space redesigned using smaller workstations, hoteling, and touch-down spaces; and an aggressive telework program. Our real property professionals are evaluating and assessing our owned assets for opportunities for co-location, consolidation, accelerated disposals and alternative uses. As described below, our approach to the development of the consolidated DHS Headquarters serves as a model for increasing the efficiency of our real estate portfolio to ensure that our real property is built to support our critical mission needs.

The National Bio-Agro Research Facility (NBAF) is another example where we are carefully assessing our requirements and developing the facilities and operations matched to the mission. The NBAF is envisioned as a state-of-the-art bio-safety level (BSL) 3 & 4 facility to enable the United States to conduct comprehensive research, develop vaccines and anti-virals, and provide enhanced diagnostic capabilities to protect our country from numerous foreign animal and emerging diseases.

As Dr. O'Toole describes in her testimony, to ensure that NBAF is the most effective method to protect our Nation's agriculture infrastructure and public health, DHS, in coordination with the National Academy of Sciences (NAS), is convening a panel of experts and stakeholders., in conjunction with the interagency, to conduct a comprehensive assessment to examine: 1) the current threats from terrorism, foreign animals and the global migration of zoonotic diseases to U.S. agriculture; and 2) the project's viability in the current budget environment, evaluating the cost, capacities, and capabilities of the current plan, as well as potential alternatives to construct and operate NBAF.

The President's Budget continues to invest in repair and improvement of our most important operational assets to increase their efficiency and mission effectiveness. This includes upgrades needed at ports of entry to increase capacity and reduce wait times for visitors and cargo while ensuring our inspection and security functions, including detention and removal activities. U.S. Coast Guard (USCG) shore facilities, such as piers and maintenance support, are in need of critical repairs and improvements to service our cutters and boats, in addition to housing for our enlisted personnel and military families. To support these recapitalization efforts in order to strengthen our operations, the Department's FY 2013 budget request includes a total of \$168 million to support construction, repair, and alteration of real property assets.

In the National Capital Region (NCR), the ongoing programs to consolidate the DHS Headquarters will increase effectiveness and efficiency, enhance communication, and foster a culture that will optimize Department-wide prevention, response, and recovery capabilities. The Administration remains committed to a consolidated Headquarters in Washington, DC, and will continue to work with Congress to advance consolidation while maintaining frontline operations during these challenging fiscal times. Our goal is to significantly reduce the number of locations in the NCR with St. Elizabeths eventually housing the core of DHS leadership and mission functions.

The original plan, as coordinated with the GSA, OMB, and Congress, proposed to complete the full development of St. Elizabeths in 2016. The first phase of the project includes the USCG Headquarters building, adaptive reuse of six historic buildings, and 70 percent of the entire

campus utility infrastructure. The construction remains on schedule and within budget for all funded Phase 1 work.

We continue to work with GSA to re-evaluate the Headquarters Consolidation program's original requirements to achieve the overall goals and objectives at the lowest possible cost to the taxpayers, and we welcome the opportunity to collaborate with Congress to develop a viable path forward for the successful completion of the program. It is expected that future construction work will increase in cost due to current industry escalation standards, which indicate annual increases between 5 and 12 percent through 2017. Future phases will be scoped, costed, and packaged in segments and submitted in future budget requests.

The President's FY 2013 Budget Request reinforces this commitment by requesting funding for the Interstate 295/Malcolm X Avenue Interchange Re-construction and West Campus Access Road extension, a critical transportation infrastructure segment that is vital to support the USCG and future DHS occupancy. This segment will improve access from I-295 directly into the campus for the Coast Guard and provide construction access to St. Elizabeths, as well as improve access to Joint Base Anacostia-Bolling (JBAB) and the greater community.

The interchange reconstruction is an extremely complex engineering and construction effort with elevated road sections and ramp connections that must be accomplished while maintaining the primary daily access for more than 13,000 JBAB employees. It must also allow continuing traffic operations on I-295, Malcolm X Avenue, and South Capitol Street. The project is expected to generate approximately 2,900 jobs for the local economy, in addition to the 10,600 jobs already generated by the USCG Headquarters project. The interchange reconstruction is our immediate priority for campus development to ensure adequate traffic support for the Phase 2 occupancy.

With limited appropriations extending the schedule for St. Elizabeths, the Nebraska Avenue Complex (NAC) will continue to serve as the Department's Headquarters for the near-term. The President's Budget seeks funding to continue maintenance, repairs, and targeted improvements to the NAC. The purpose is to increase the space efficiency, safety, and security of the campus. In FY 2013, we are requesting \$5.5 million to install a campus-wide emergency notification system, upgrade shelter-in-place locations throughout the campus, and improve other operations and maintenance efficiencies. We plan to retain the NAC after St. Elizabeths is completed to serve as one of the Headquarters anchor locations for mission support functions.

The St. Elizabeths Campus offers a tremendous opportunity to create a secure, state-of-the-art Headquarters that supports the Department's ability to remain focused on our core mission—to protect the homeland. We appreciate Congress's continued support for this critical investment and look forward to engaging with this Committee to continue to move the DHS Headquarters Consolidation program forward.

In closing, I would like to assure this Committee that DHS is working hard to remain a good steward of the taxpayers' money by managing our real estate portfolio, both Government owned and leased, in a cost effective manner. The men and women who work tirelessly to protect the homeland deserve and require adequate facilities support to execute their mission.

Thank you very much. I would be pleased to answer any questions the Committee may have.