

STATEMENT OF SECRETARY OF TRANSPORTATION
SAMUEL K. SKINNER

BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
SUBCOMMITTEE ON WATER RESOURCES, TRANSPORTATION
AND INFRASTRUCTURE

CONCERNING A DEPARTMENT HEADQUARTERS BUILDING
AUGUST 1, 1991

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I'D LIKE TO THANK YOU FOR INVITING ME TO TESTIFY IN SUPPORT OF THE DEPARTMENT'S PROPOSAL FOR A NEW DEPARTMENT OF TRANSPORTATION HEADQUARTERS. AS YOU KNOW, ONE OF MY GREATEST PRIORITIES AS SECRETARY IS TO PUT INTO PLACE STRUCTURES THAT WILL CONTINUE THE SUCCESS AND MOMENTUM OF THE NATIONAL TRANSPORTATION POLICY. SOME OF THESE STRUCTURES ARE INSTITUTIONAL -- A PERMANENT STRATEGIC PLANNING PROCESS, INSTITUTIONS TO FACILITATE MULTIMODALISM AND INTERMODALISM, AN AGGRESSIVE PROGRAM TO INTRODUCE DIVERSITY INTO OUR DEPARTMENT'S WORKFORCE. BUT ONE OF THE STRUCTURES IS IN FACT A STRUCTURE -- A MODERN, PLEASANT WORKING ENVIRONMENT FOR WASHINGTON-BASED DOT EMPLOYEES. DOT'S EMPLOYEES HAVE LABORED FOR A QUARTER OF A CENTURY IN LEASED OFFICE SPACE DESCRIBED IN A RECENT BESTSELLER AS DARK, GRIM AND ALMOST INTENTIONALLY UGLY. I THINK THEY -- AND THE NATION THEY SERVE -- DESERVE BETTER.

CURRENTLY OUR LIVING QUARTERS LEAVE MUCH TO BE DESIRED. THE DEPARTMENT'S 12,200 WASHINGTON-BASED EMPLOYEES ARE HEADQUARTERED IN THREE DIFFERENT BUILDINGS IN THE DISTRICT; TWO BUILDINGS ARE

20 YEAR-OLD STRUCTURES BUILT FOR GENERAL OFFICE USE AND LEASED TO THE GOVERNMENT BY PRIVATE DEVELOPERS. THE HEADQUARTERS BUILDING, WHERE THE OFFICE OF THE SECRETARY AND MOST OF THE OPERATING ADMINISTRATIONS ARE LOCATED, HOUSES ONLY HALF OF DOT'S WASHINGTON WORK FORCE. WE HAVE JUST NEGOTIATED A TEN-YEAR LEASE RENEWAL FOR THE HEADQUARTERS BUILDING. HOWEVER, WE BELIEVE THAT LONGER-TERM HOUSING IN THAT BUILDING WOULD ULTIMATELY REQUIRE SIGNIFICANT AND COSTLY RENOVATION. THE LEASE FOR THE BUILDING IN WHICH THE COAST GUARD IS CURRENTLY HEADQUARTERED ALSO EXPIRES SOON -- IN MAY 1993. ALTHOUGH THE LANDLORD HAS INDICATED THAT IT MIGHT BE WILLING TO AGREE TO A SHORT-TERM RENEWAL OF THAT LEASE, HE HAS INFORMED US THAT HE IS NOT INTERESTED IN A LONG-TERM EXTENSION. IN ANY EVENT, EVEN WERE THE LANDLORD TO AGREE TO A RENEWAL OF THE LEASE, THAT BUILDING WOULD ALSO REQUIRE SIGNIFICANT RENOVATION.

THE BUILDINGS' LOCATIONS ARE ALSO A PROBLEM. THE THREE BUILDINGS ARE NOT ADJACENT TO EACH OTHER, A FACT WHICH OFTEN REQUIRES OFFICIALS OF THE FAA AND COAST GUARD TO TAKE CARS, TAXIS, OR A DEPARTMENT-OPERATED SHUTTLE BUS SERVICE TO MEETINGS OR EVENTS AT THE DOT HEADQUARTERS BUILDING. THE PHYSICAL DISTANCES AMONG THE THREE BUILDINGS DOES LITTLE TO FOSTER THE SORT OF MULTIMODAL TEAM SPIRIT I AM TRYING TO INSTILL AT THE DEPARTMENT.

ALLOW ME, MR. CHAIRMAN, TO PROVIDE YOU WITH SOME OF THE DETAILS OF THE CAREFUL PROCESS WE FOLLOWED AS WE DEVELOPED THE PROPOSAL BEFORE YOU. WE BEGAN WORKING CLOSELY WITH THE GENERAL SERVICES

ADMINISTRATION TWO YEARS AGO TO DEVELOP AN OPTIMAL SOLUTION TO SOME OF THE PROBLEMS FACING THE DEPARTMENT -- OVERCROWDING, POOR WORKING CONDITIONS, THE PENDING EXPIRATION OF TWO LEASES. WE HAVE ALSO PUT AN EXPERIENCED TEAM INTO PLACE TO EXAMINE ALTERNATIVES AND DEVELOP A PROPOSAL. WHEN I FIRST ASKED MY STAFF TO EXPLORE ALTERNATIVES FOR A NEW HEADQUARTERS, I INSISTED THAT WE HIRE BOTH HIGHLY QUALIFIED FEDERAL EMPLOYEES AND EXPERIENCED OUTSIDE CONTRACTORS. WE HAVE, THEREFORE, ASSEMBLED A TEAM OF EXPERTS WITH A WEALTH OF EXPERIENCE IN ARCHITECTURE, ENGINEERING, AND MAJOR PROJECT MANAGEMENT. OUR CONTRACTOR, 3D INTERNATIONAL, HAS WORKED ON OVER 120 MILLION SQUARE FEET OF OFFICE SPACE AROUND THE WORLD AND DEVELOPED THE PLANNING AND DESIGN GUIDELINES FOR THE JUDICIAL OFFICE BUILDING WHICH IS BEING BUILT NEXT TO UNION STATION -- AND THEIR PROJECT LEADER IS AN ARCHITECT WITH OVER 40 YEARS OF ARCHITECTURAL AND PROJECT MANAGEMENT EXPERIENCE, INCLUDING THE SEARS TOWER IN CHICAGO. WE HAVE CONSULTED WITH THE EXECUTIVE ARCHITECT OF THE UNION STATION REDEVELOPMENT, AND ONE OF OUR MAJOR SUBCONTRACTORS HAS CONDUCTED PLANNING STUDIES FOR THE CAPITOL AND THE MALL. WE HAVE ALSO OBTAINED OUTSIDE COUNSEL ON ISSUES OF AIR RIGHTS OWNERSHIP AND ZONING. ON THE DOT STAFF, WE HAVE AUGMENTED OUR TALENT IN BUILDING PROJECT MANAGEMENT, WITH AN EXPERIENCED ARCHITECT/ENGINEER WHO WORKED ON THE PROGRAM PLAN FOR THE CITY POST OFFICE NEXT TO UNION STATION, THE RENOVATION OF THE OLD POST OFFICE, AND THE MASTER PLAN FOR THE FEDERAL TRIANGLE. SO THIS PROPOSAL IS THE RESULT OF ADVICE FROM THE BEST THAT GOVERNMENT AND THE PRIVATE SECTOR HAVE TO OFFER.

WE EXPLORED SEVERAL ALTERNATIVE SOLUTIONS BEFORE ARRIVING AT OUR PROPOSAL FOR A NEW DOT HEADQUARTERS NEAR UNION STATION. ONE ALTERNATIVE WE EXAMINED WAS SIMPLY TO IMPROVE OUR CURRENT SPACE. QUITE FRANKLY, WE COULD DO THAT. HOWEVER, MORE THAN TWO-THIRDS OF OUR HEADQUARTERS EMPLOYEES ARE CURRENTLY HOUSED IN LOW-QUALITY RENTED SPACE WHICH WOULD REQUIRE EXTENSIVE IMPROVEMENTS. THOSE IMPROVEMENTS WOULD COST THE U.S. TAXPAYER OVER \$150 MILLION. MOREOVER, WE WILL REQUIRE ADDITIONAL SPACE IF WE ARE TO RELIEVE THE SERIOUS OVERCROWDING OF EMPLOYEES AND CONTRACTORS IN THE FAA BUILDING, FB10A. THE AVERAGE OFFICE IN THAT BUILDING IS 22 PERCENT SMALLER THAN THE GSA STANDARD. SO WHILE WE COULD SOMEWHAT IMPROVE OUR PRESENT FACILITIES, IT WOULD NEITHER MAKE ECONOMIC SENSE NOR PROVIDE SUFFICIENT QUALITY SPACE TO HOUSE DOT'S EMPLOYEES.

WE HAVE ALSO LOOKED AT ALTERNATIVES IN THE PRIVATE SECTOR. WE HAVE TWICE TESTED THE MARKET WITH EXPRESSIONS OF INTEREST, BUT FEW SITES HAD THE CAPACITY TO ACCOMMODATE THE DEPARTMENT'S REQUIREMENT FOR 1.7 MILLION OCCUPIABLE SQUARE FEET. WHILE THERE IS MUCH VACANT OFFICE SPACE IN THE WASHINGTON REAL ESTATE MARKET, THAT SPACE GENERALLY CONSISTS OF PARCELS WHICH ARE MUCH TOO SMALL TO MEET DOT'S REQUIREMENTS. WE WILL, OF COURSE, CONTINUE TO EVALUATE THE PRIVATE SECTOR ALTERNATIVES AS WE PROCEED THROUGH THE ENVIRONMENTAL IMPACT ANALYSIS.

OUR PREFERRED ALTERNATIVE IS TO CONSTRUCT A 1.7 MILLION OCCUPIABLE SQUARE FOOT BUILDING ON AIR RIGHTS BEHIND UNION STATION, AND TO RENOVATE TWO EXISTING FEDERAL BUILDINGS TO HOUSE THE BALANCE OF OUR EMPLOYEES. WE ARE PROPOSING TO COMBINE 5.8 ACRES OF GOVERNMENT-OWNED AIR RIGHTS BEHIND UNION STATION WITH THE PURCHASE OF 10.7 ACRES OF AMTRAK OWNED AIR RIGHTS TO CREATE A 16.5 ACRE SITE, WHICH WE WILL DEVELOP TO ONLY 75 PERCENT OF ITS ZONING CAPACITY. THIS WILL RESPECT THE URBAN SCALE OF THE IMMEDIATE VICINITY AND PROVIDE FOR GENEROUS OPEN SPACE BETWEEN THE HISTORIC UNION STATION AND THE PROPOSED NEW DOT BUILDING. BY CONSTRUCTING A BUILDING THERE -- A BUILDING WHICH WILL ARCHITECTURALLY COMPLEMENT UNION STATION -- WE WILL REPLACE A VISUALLY UNATTRACTIVE NO MAN'S LAND WITH A THRIVING URBAN SETTING.

THE PROSPECTUS BEFORE THIS COMMITTEE AUTHORIZES THE FIRST PART OF THIS PROPOSAL: THE CONSTRUCTION OF THE DOT HEADQUARTERS AT UNION STATION. FOR FISCAL YEARS 1991 AND 1992, WE ARE REQUESTING A TOTAL OF \$591.5 MILLION -- \$522.5 MILLION IN PUBLIC BUILDINGS FUNDS, WITH AN ADDITIONAL \$69 MILLION IN THE TRANSPORTATION DEPARTMENT'S BUDGET FOR DOT SPECIFIC REQUIREMENTS SUCH AS BASIC COMMUNICATIONS. THE BUILDING WOULD BE CONSTRUCTED ACCORDING TO SITE-SPECIFIC DESIGN GUIDELINES ASSURING AN OFFICE BUILDING OF THE QUALITY REQUIRED FOR A CABINET DEPARTMENT. THE COST OF THAT CONSTRUCTION WOULD APPROXIMATE THAT OF OTHER QUALITY BUILDINGS IN THE DOWNTOWN DISTRICT -- \$109 PER GROSS SQUARE FOOT FOR THE BASIC

BUILDING. WITH THE ADDITION OF PARKING, SPECIAL PROGRAMMATIC REQUIREMENTS AND ADVANCED TELECOMMUNICATIONS, THE COST WOULD BE APPROXIMATELY \$128 PER GROSS SQUARE FOOT.

I BELIEVE STRONGLY THAT OUR PROPOSAL FOR A NEW HEADQUARTERS WILL ACHIEVE SEVERAL KEY OBJECTIVES AT A VERY LOW COST TO THE GOVERNMENT: FIRST, DOT EMPLOYEES WILL FOR THE FIRST TIME IN THE HISTORY OF THE DEPARTMENT HAVE A QUALITY ENVIRONMENT IN WHICH TO WORK -- AN ATTRACTIVE AND MODERN BUILDING WHERE THINGS WORK AND THE WALLS ARE NOT PAPER-THIN.

SECOND, OUR PROPOSAL WILL PROMOTE INTERMODALISM, A KEY FACET OF THE NATIONAL TRANSPORTATION POLICY, BY LOCATING THE POLICY AND MANAGEMENT LEADERSHIP OF THE OFFICE OF THE SECRETARY AND ALL OF THE OPERATING ADMINISTRATIONS IN THE SAME BUILDING.

THIRD, OUR PROPOSAL WILL ADD A BEAUTIFUL AND ARCHITECTURALLY SIGNIFICANT BUILDING TO A CURRENTLY DESOLATE SITE WITHIN VIEW OF THE CAPITOL AND UNION STATION. AS OUR CONCEPTS VIVIDLY DEMONSTRATE, WE HAVE TAKEN GREAT CARE TO PLAN A HEADQUARTERS BUILDING THAT DOES JUSTICE TO THE CLASSICAL AND BEAUX-ARTS STRUCTURES AROUND IT, SUCH AS THE CAPITOL, THE SENATE OFFICE BUILDINGS, THE CITY POST OFFICE, AND UNION STATION. THIS WILL BE A BUILDING OF WHICH AMERICANS CAN BE PROUD.

FINALLY, BY PUTTING THE DEPARTMENT INTO QUARTERS OWNED AND CONTROLLED BY THE FEDERAL GOVERNMENT, OUR PROPOSAL WILL RESULT IN LONG-TERM COST SAVINGS TO THE GOVERNMENT.

LET ME FIRST TALK ABOUT WHY I THINK THIS PROPOSAL IS IMPORTANT TO THE DEPARTMENT'S MISSION. AS YOU KNOW, I BELIEVE VERY STRONGLY THAT THIS NATION NEEDS TO INVEST IN ITS TRANSPORTATION INFRASTRUCTURE IF IT IS TO REMAIN COMPETITIVE IN THE GLOBAL ECONOMY. THAT COMMITMENT IS SPELLED OUT IN OUR NATIONAL TRANSPORTATION POLICY AND OUR SURFACE REAUTHORIZATION PROPOSAL, AND I KNOW THAT YOU, MR. CHAIRMAN, SHARE IT AS WELL. AS THE NATIONAL TRANSPORTATION POLICY MADE CLEAR, WE MUST ALSO MAKE AN INVESTMENT IN THE PEOPLE WHO HAVE DEDICATED THEIR LIVES TO MEETING THE TRANSPORTATION CHALLENGES FACING US. IMPROVING THE PRODUCTIVITY AND MORALE OF THE DEPARTMENT OF TRANSPORTATION EMPLOYEES IS, THEREFORE, ONE OF MY MOST IMPORTANT GOALS.

OUR CURRENT BUILDING IS, FRANKLY, AN OBSTACLE TO THAT GOAL. CURRENTLY DOT EMPLOYEES MUST WORK ELBOW-TO-ELBOW IN CROWDED OFFICES, WAIT FOR PHANTOM ELEVATORS THAT NEVER SEEM TO ARRIVE, WALK DOWN ENDLESS HALLS OF TATTERED CARPET OR CHIPPED LINOLEUM, LISTEN TO THEIR COWORKERS' MEETINGS THROUGH PAPER-THIN IMITATION WOODGRAIN WALLS, AND SWEAT OR FREEZE WHILE THEIR BUILDING'S AIR CONDITIONERS OR HEAT SYSTEMS MALFUNCTION. IN ADDITION, THEIR WORK

OUTPUT IS SEVERELY LIMITED BY LACK OF ADEQUATE TELECOMMUNICATIONS NETWORKS TO SUPPORT OFFICE AUTOMATION -- A PROBLEM WHICH COULD BE EASILY RECTIFIED IN A NEW BUILDING.

I DO NOT THINK THAT WE CAN EXPECT OUR EMPLOYEES TO FUNCTION EFFECTIVELY UNLESS WE DO SOMETHING TO CHANGE THAT ENVIRONMENT. NOR CAN WE AS A GOVERNMENT HOPE TO COMPETE FOR BRIGHT, QUALIFIED, AND CREATIVE PEOPLE IF WE STATION THEM IN DEPRESSING AND UNCOMFORTABLE QUARTERS. WE SPEND ALMOST \$600 MILLION A YEAR ON THE SALARIES AND BENEFITS OF OUR EMPLOYEES. I BELIEVE THAT WE SHOULD BE WILLING TO MAKE A ONE-TIME INVESTMENT OF ABOUT THE SAME AMOUNT TO CREATE AN ENVIRONMENT WHICH WILL LAST BEYOND OUR LIFETIMES -- A HEADQUARTERS IN WHICH THOSE EMPLOYEES, AND THE EMPLOYEES WHO SUCCEED THEM, WILL PROVIDE CREATIVE SOLUTIONS TO THE TRANSPORTATION PROBLEMS WE FACE AS A NATION.

I'VE ALSO TALKED A BIT ABOUT INTERMODALISM AND MULTIMODALISM. THESE ARE MORE THAN BUZZWORDS IN THE TRANSPORTATION COMMUNITY -- THEY ARE AN IMPORTANT PART OF OUR NATIONAL TRANSPORTATION POLICY AND THE WAY WE HOPE TO DO BUSINESS. I WILL LEAVE IT TO PHILOSOPHERS TO WAX ELOQUENT ABOUT HOW ONE'S ENVIRONMENT ALTER'S ONE'S WAY OF THINKING. BUT IT IS CLEAR TO ME THAT SCATTERING THE DEPARTMENT'S TWO LARGEST OPERATING ADMINISTRATIONS ACROSS TOWN DOES LITTLE TO FOSTER THE SORT OF INTERMODAL POLICY-MAKING THE NATIONAL TRANSPORTATION POLICY STRIVES FOR. OUR PROPOSAL WOULD

ELIMINATE BOTH THE PSYCHOLOGICAL IMPEDIMENT AND THE PHYSICAL BARRIERS TO INTERMODALISM BY PUTTING THE POLICY-MAKING OFFICES OF ALL OF OUR OPERATING ADMINISTRATIONS IN ONE BUILDING.

AND AS WE ACHIEVE THESE OTHER IMPORTANT GOALS, WE WILL ALSO ENHANCE THE BEAUTY OF THE NATION'S CAPITAL GENERALLY AND THE HARMONY OF THE CAPITOL HILL AREA SPECIFICALLY. MR. CHAIRMAN, IN THE MID-1980S YOU PLAYED A KEY ROLE IN HELPING US RESTORE UNION STATION TO THE JEWEL THAT IT IS TODAY. WHEN THE RENOVATION OF THE CITY POST OFFICE AND THE CONSTRUCTION OF THE JUDICIAL OFFICE BUILDING ARE COMPLETED, THIS AREA WILL BE EVEN MORE BEAUTIFUL THAN IT IS NOW. THE CONCEPTS WE HAVE DEVELOPED FOR A BUILDING BEHIND UNION STATION WILL COMPLEMENT AND INDEED ENHANCE THE AESTHETIC QUALITY OF THIS VERY BEAUTIFUL AND ARCHITECTURALLY SENSITIVE AREA.

REMARKABLY, AS I NOTED, ALL THESE ADVANTAGES CAN BE ACHIEVED WITH A 30-YEAR PRESENT VALUE COST ADVANTAGE OF \$98 MILLION DOLLARS IF WE BUILD ON THE AIR RIGHTS BEHIND UNION STATION RATHER THAN CONTINUE LONG-TERM LEASING.

IF I MAY, I WOULD LIKE TO ADDRESS SOME CONCERNS I UNDERSTAND SOME COMMITTEE MEMBERS MIGHT HAVE ABOUT OUR PROPOSAL. ONE ISSUE THAT HAS ARISEN IS THE FEASIBILITY OF BUILDING OVER AIR RIGHTS. THE DEVELOPMENT OF AIR RIGHTS HAS BEEN AN ESTABLISHED PRACTICE FOR MANY DECADES. IN THIS COUNTRY, WE ARE SEEING MORE DEVELOPMENT OF

AIR RIGHTS AS THESE PROPERTIES ARE AT THE HUB OF URBAN ACTIVITY, IDEALLY LOCATED FOR PUBLIC TRANSPORTATION. IN FACT, OUR QUICK REVIEW OF THE AIR RIGHTS PROJECTS OVER RAILROAD TRACKS IN SOME MAJOR U.S. CITIES INCLUDING CHICAGO, ATLANTA, PHILADELPHIA, NEW YORK AND LOS ANGELES REVEALED THAT OVER 6 MILLION SQUARE FEET OF OFFICE SPACE ALREADY HAS ALREADY BEEN CONSTRUCTED AND ANOTHER 75 MILLION SQUARE FEET IS PROPOSED FOR DEVELOPMENT.

LET ME ASSURE YOU THAT WE HAVE CAREFULLY LOOKED AT THE COSTS ASSOCIATED WITH BUILDING OVER AIR RIGHTS, AND HAVE CONCLUDED THAT THE COST OF AIR RIGHTS CONSTRUCTION IS USUALLY OFFSET BY THE REDUCED PRICE OF THE AIR RIGHTS THEMSELVES.

SOME HAVE ALSO, QUITE JUSTIFIABLY, WONDERED WHETHER THE BUILDING WILL DO JUSTICE TO THE BEAUTIFUL AND HISTORIC AREA IN WHICH IT IS TO BE BUILT. LET ME ASSURE THE COMMITTEE THAT OUR PROPOSAL ENVISIONS A STRUCTURE IN HARMONY WITH ITS SURROUNDINGS. WE HAVE ALREADY BEGUN TO WORK WITH THE COMMISSION OF FINE ARTS AND THE NATIONAL CAPITAL PLANNING COMMISSION (NCPC), AND WE WILL GIVE THEM AND THE DISTRICT'S HISTORIC PRESERVATION REVIEW BOARD, THE ARCHITECT OF THE CAPITOL AND COMMUNITY ASSOCIATIONS NUMEROUS OPPORTUNITIES TO PARTICIPATE IN THE PROCESS OF DEVELOPING THE DESIGN GUIDELINES. WITH THEIR ASSISTANCE, WE WILL ENSURE THAT THE PROPOSED DOT HEADQUARTERS COMPLEMENTS THE UNION STATION AREA, ADHERES TO NCPC'S GUIDANCE ON VISUAL IMPACT ON THE CAPITOL, AND IS SENSITIVE TO THE CONCERNS OF THE COMMUNITY.

IN CONCLUSION, LET ME MAKE CLEAR THAT THIS BUILDING WILL NOT DIRECTLY BENEFIT ME, DICK AUSTIN, OR INDEED ANY OF THE CURRENT NONCAREER EMPLOYEES OF THE DEPARTMENT OF TRANSPORTATION. WE ANTICIPATE THAT DOT WOULD NOT BE FULLY RELOCATED IN THE NEW HEADQUARTERS UNTIL THE LATE 1990'S. BUT AN INVESTMENT IN THIS BUILDING WILL BENEFIT FUTURE GENERATIONS OF DOT EMPLOYEES AND INDEED THE NATION. THE INVESTMENT IN THE PEOPLE OF THE DEPARTMENT OF TRANSPORTATION WILL PAY OFF IN INCREASED PRODUCTIVITY AND BETTER SERVICE TO AMERICANS EVERYWHERE. THE INVESTMENT WILL REAP FINANCIAL DIVIDENDS FOR THE U.S. GOVERNMENT. THE INVESTMENT WILL ENRICH THE NATION'S CAPITAL THROUGH INCREASED EMPLOYMENT DURING CONSTRUCTION AND THE DEVELOPMENT OF ONE OF THE LAST MAJOR TRACTS AVAILABLE IN THE DISTRICT. THIS PROPOSAL, I SUGGEST TO THE COMMITTEE, IS A GOOD INVESTMENT, AND I URGE YOU TO SUPPORT IT. .