

MAY 11 1981

Mr. Richard Iselin, Chief
Assignment & Utilization Branch, WPRU
Space Management Division, GSA
Regional Public Buildings Service
7th & D Streets, S.W., Room 7031
Washington, D. C. 20407

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DJDonoghue, ADM
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JHCorley, FOS ✓

Dear Mr. Iselin:

Subject: Additional Space - 1717 H Street, N.W., Washington, D. C.

This is to confirm recent discussions and to advise you that the NRC does want to be assigned the space which the Merit System Protection Board will vacate at 1717 H Street, N.W., Washington, D. C.

Our preliminary assessment of the situation is that NRC can relocate a substantial portion of a major program office, the Office of Nuclear Material Safety and Safeguards (NMSS) now housed in the Willste Building, to that space. In addition, the Commission elements at H Street have been in undue compression, and the space assignment will provide minor relief there, as well.

The Office of Nuclear Regulatory Research (RES), recently reorganized to include the former Office of Standards Development, is housed in two locations: Nicholson Lane, and the Willste Building. When the NMSS has been partially relocated, we can then consolidate RES in the Willste Building, providing them organizational integrity.

The NRC has been undergoing reorganization and realignment of both functions and personnel, with attendant physical relocations hampered by our dispersal in so many buildings. With this assignment of the MSPB space at the Natomic Building, and with the planned assignment of approximately 40,000 square feet of space at East-West Towers (former LEAA space), the NRC will be able to return the building at 5650 Nicholson Lane to the GSA inventory.

Timing will depend in large measure, on the speed with which GSA can accomplish the necessary minimal alterations to the space at H Street. We will begin preparing the space layout and alteration request as early as we can.

We appreciate your interest in and attention to our space problems, and will cooperate to expedite occupancy. If additional information is required, please let us know.

Sincerely,

Original Signed by:

John H. Corley

John H. Corley, Director
Division of Facilities and
Operations Support
Office of Administration



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

SEP 11 1980

B-200163

The Honorable Warren Magnuson
Chairman, Committee on
Appropriations
United States Senate

The Honorable Jamie Whitten
Chairman, Committee on
Appropriations
House of Representatives

Subject: Proposed Interim Consolidation of
the Nuclear Regulatory Commission
(EMD-80-118)

This report responds to the July 2, 1980, supplemental appropriations conference report of the Senate and House Committees on Appropriations. The conference report requires the General Accounting Office to review the proposed Nuclear Regulatory Commission (NRC) interim consolidation plan, and to identify and evaluate other options which would enable presently dispersed NRC activities to be consolidated at an early date in a cost-effective manner.

An interim consolidation is planned pending completion of a permanent facility of sufficient size to house the entire NRC headquarters. In this regard, both the Senate Committee on Environment and Public Works and the House Committee on Public Works and Transportation recently authorized the General Services Administration (GSA) to proceed with design and engineering studies for a Federal building in Silver Spring, Maryland, to house all of NRC. NRC and GSA began efforts to obtain such a building several years ago.

The impetus for the proposed interim consolidation derives from findings of investigations into the Three Mile Island nuclear powerplant accident. These investigations concluded that NRC's regulatory effectiveness is significantly impaired because the agency is housed in eight buildings in four geographic locations in Washington, D.C., and Montgomery County, Maryland. We also concluded in our recent assessment of NRC's overall performance over its first 5 years that the agency's scattered physical

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locations adversely affect its efficiency. Our assessment was largely based on 50 of our earlier reports covering a wide range of NRC programs and activities.

The conference report required us to report within 60 days. Consequently, we were limited in the amount of work we could do to independently verify the accuracy of the cost and other data obtained during our review. Further, because of the many subjective judgments involved, we were not able to arrive at any clear-cut viewpoint regarding NRC's position that its management would be most improved under its proposed interim consolidation plan when compared to other alternatives.

The NRC proposed interim consolidation entails relocating about 1,200 employees from Montgomery County to the Matomic building in Washington, D.C., and consolidating the remaining 1,400 NRC employees in four buildings in Bethesda. About 1,000 employees of 8 Federal agencies would be relocated to the space vacated by NRC. GSA initially estimated that the proposed consolidation would take 18 months at a minimum cost of \$3 million.

According to NRC, the proposed plan is an opportunity for NRC to achieve a substantial interim consolidation in two geographic locations. In so doing, the plan would put senior agency management and the major regulatory offices in the same building and put the agency's research and standards development offices within about two city blocks of each other. Another advantage, according to NRC, is to reduce the number of buildings it occupies from eight to five.

There are, however, some disadvantages. The cost of the proposed move could go as high as \$5.7 million; staff of some organizational units would be split between the Matomic building and Bethesda; apparently many Federal agencies being moved from the Matomic building will not "backfill" space vacated by NRC; and GSA's lease on the Matomic building has expired with no immediate prospects for renewal.

A less costly interim alternative is to move the five Commissioners and their staff to Bethesda, and to make room for them by relocating other NRC employees to the Matomic building. This alternative would cost on the order of \$500,000. It would not permit a large consolidation under one roof, but it would keep organizational units intact and would not affect other Federal agencies. This alternative would put the Commissioners and about 1,800 of NRC's 2,700 headquarters employees in six buildings in Bethesda, any one of which is within a 15-minute walk of the others.

GSA also tried unsuccessfully to identify reasonable options for permanently consolidating NRC in an existing federally owned or leased building in the Washington, D.C., metropolitan area. Our efforts to identify such an alternative were also unsuccessful.

In conclusion, we believe there are two practical options for consolidating NRC on an interim basis. One is the proposed plan. NRC's management believes it is the preferred option because it would consolidate senior management and key staff in the Matomic building and put the rest of NRC in Bethesda, at the expense of breaking up some organizational units. The second alternative is to move the NRC Commissioners and their staff to Bethesda, and to make room for them by relocating other NRC employees to the Matomic building. This option is much less costly to implement, and we believe it could accomplish the same basic objectives of the proposed plan. It would not reduce the number of NRC locations, nor permit a large consolidation in one building. It would, however, put about two-thirds of NRC's employees in buildings within a 15-minute walk of each other.

Thus, there is a clear-cut initial cost advantage to moving the Commissioners to Bethesda. Which interim consolidation would prove more effective from a management standpoint involves many subjective judgments and cannot be clearly evaluated. Further, the relative importance of the cost advantage diminishes somewhat over time if budget constraints or other factors prevent the early completion of a permanent facility for NRC and the interim consolidation becomes more of a permanent fix.

Still other factors, in addition to initial costs and potential management improvements, need to be considered in choosing between the two basic interim options. Specifically:

- GSA and NRC need to resolve the matter of the Matomic building lease before the proposed plan is implemented.
- The August 26, 1980, House Committee on Public Works and Transportation resolution authorizing GSA to begin work on a permanent facility for NRC in Silver Spring also directed GSA to consolidate NRC in suitable space in Bethesda on an interim basis. At the time we completed our review, GSA officials were as yet undecided on how the resolution would affect NRC's proposed interim consolidation.

--If GSA and NRC decide to consolidate NRC in Bethesda, the two agencies need to renew past efforts to relocate NRC's employees from Rockville and Silver Spring to Bethesda, in addition to moving NRC's Commissioners and their staff from the Matomic building to Bethesda.

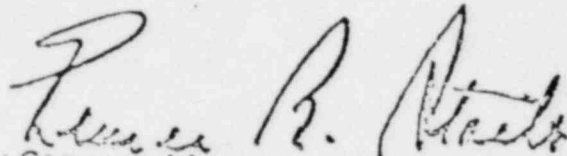
Regardless of which option is pursued, it is important that the Congress, the administration, and NRC not lose sight of the fact that neither option adequately fulfills the consolidation objectives of the Three Mile Island investigation reports and our own recent report assessing NRC's regulatory effectiveness. Thus, neither option is satisfactory as more than an interim step pending congressional approval, funding, and GSA construction of a facility large enough for the entire agency.

In commenting on this report, NRC said the proposed interim consolidation is the only acceptable alternative identified to date which would foster Commission interaction with its staff and the coordination of numerous staff offices with each other. NRC said our alternative option of moving the Commissioners to Bethesda is not acceptable because it would not cut down on the agency's dispersal problem. NRC's comments did not address the recent House Committee on Public Works and Transportation resolution directing GSA to locate NRC in Bethesda on an interim basis. Furthermore, GSA officials could not tell us how the resolution would affect the proposed interim consolidation plan.

We agree that our alternative would not reduce the number of locations where NRC is presently housed. Unlike NRC's proposal, however, our alternative would keep organizational units intact and would permit the largest congregation of NRC employees to be within walking distance of each other. Enclosure II to this letter contains NRC's comments in their entirety. Enclosure I discusses the results of our evaluation in more detail.

E-200163

We are providing copies of this report to the Chairman, NRC, and other interested parties, and we will make copies available to others on request.


Comptroller General
of the United States

Enclosures - 2

ALTERNATIVES FOR AN INTERIMCONSOLIDATION OF THENUCLEAR REGULATORY COMMISSIONPERSPECTIVE

On January 19, 1975, the Atomic Energy Commission (AEC) was abolished, the Nuclear Regulatory Commission (NRC) was created to regulate commercial nuclear activities, and the Energy Research and Development Administration ^{1/} was created to develop energy technologies. The new Energy Administration retained AEC's office building at Germantown, Maryland, and the NRC staff remained in the Bethesda, Maryland, offices it occupied as AEC's regulatory arm. The new NRC Commissioners, however, housed themselves in the Matomic building, 1717 H Street, N.W., Washington, D.C. This office space had been the "downtown" offices available to AEC's Commissioners.

The new NRC, however, was immediately faced with the need to acquire more office space because (1) certain AEC developmental functions, such as reactor safety research, were transferred to NRC, and (2) as a new agency, NRC had to develop its own supporting infrastructure. Over the next year, therefore, additional office space was leased in Bethesda, Silver Spring, and Rockville, Maryland. NRC's headquarters organization has grown from about 1,600 employees in January 1975, to about 2,700 employees at present.

NRC's Office of Administration, at the direction of NRC's first Chairman, was also preparing to relocate the Commissioners and their staff to Bethesda. Although renovation work was already in progress, NRC officials said it then became apparent that the selected space was too small. Renovation work was stopped and plans to relocate the Commissioners were dropped, they said, when efforts to acquire additional space in the building were unsuccessful. Also, NRC's first Chairman left the agency shortly thereafter and none of the subsequent NRC Chairmen or Commissioners have attempted to relocate the Commissioners and their staff to Bethesda.

^{1/}On Oct. 1, 1977, the Energy Research and Development Administration became a part of the Department of Energy.

Soon after it was created, NRC, working with the General Services Administration (GSA), began efforts to permanently house the entire headquarters organization in one building. In May 1977 GSA submitted a prospectus on such a building to the Congress. Recently, the Senate Committee on Environment and Public Works and the House Committee on Public Works and Transportation authorized GSA to proceed with design and engineering on a Federal building to house NRC in Silver Spring. GSA officials told us this congressional action would enable them to complete the Federal building in 5 to 10 years depending on future congressional appropriations.

The Three Mile Island accident

The accident at the Three Mile Island nuclear powerplant in March 1979 renewed the impetus for consolidating NRC's headquarters organization. For example, the President's Commission on the Accident at Three Mile Island found that the geographic spread of NRC inhibited the easy exchange of ideas. The President's Commission recommended locating top management and major staff components in the same building or group of buildings. On December 7, 1979, the President agreed and directed that GSA plan to consolidate the NRC Commissioners with NRC's major staff components in the same building or a group of buildings close to each other.

The NRC Commissioners' own Special Inquiry Group investigating the Three Mile Island nuclear powerplant accident also concluded that NRC should be consolidated. The Group pointed out that physical separation of organizational components wastes time on travel and fosters poor working relationships. The group recommended

"* * * that high priority be given to locating the entire agency in a single location. The fact that the location may not be in downtown Washington, D.C., should not slow down the agency's unification. In the interim, we believe the offices of the Commissioners and their personal staff should be promptly relocated in Bethesda, Maryland, adjacent to most NRC staff offices."

Finally, in our recent assessment of NRC's overall performance over its first 5 years, we also concluded that its scattered physical locations adversely affected its efficiency. 1/

1/"The Nuclear Regulatory Commission: More Aggressive Leadership Needed," EMD-80-17, Jan. 15, 1980.

Our assessment was largely based on 50 of our earlier reports covering a wide range of NRC programs and activities.

On the strength of the three major reports discussed above, the NRC Commissioners and the Office of Management and Budget (OMB) decided that some interim consolidation step was essential pending completion of a facility large enough to house the entire agency. According to GSA, there was no existing facility in the Washington, D.C., metropolitan area large enough for an interim consolidation of all of NRC. Thus, NRC decided, with OMB concurrence, that the best interim step would be to colocate senior management and the Offices of Nuclear Reactor Regulation, Nuclear Material Safety and Safeguards, and Inspection and Enforcement in the Matom c building. Leasing new office space for the Commissioners in Bethesda was rejected because this would not consolidate these key personnel in one facility, and because contacts with agencies such as the Department of Energy and the Environmental Protection Agency are in Washington, D.C. Another objective is to move the research and standards development offices from their present Silver Spring and Rockville locations to buildings in Bethesda within two city blocks of each other.

We have evaluated the proposed consolidation plan and found it to be much more costly than moving the Commissioners and their staff to Bethesda as NRC's first Chairman had planned. There are strong and weak points about both options, but on balance, we believe both represent an improvement over how the agency is presently located. We also tried to identify options for an early permanent consolidation of NRC. Our work confirmed earlier GSA conclusions that there are no realistic options for an early permanent consolidation.

The following sections discuss the results of our work in more detail.

ADVANTAGES AND DISADVANTAGES OF THE PROPOSED INTERIM CONSOLIDATION

The proposed interim consolidation plan entails (1) relocating about 1,200 selected NRC employees from buildings at three locations in Montgomery County, Maryland, to the Matomic building; (2) relocating about 1,000 employees of eight Federal agencies now in the Matomic building to the space vacated by NRC; and, (3) consolidating the remaining approximately 1,400 NRC employees into four buildings in Bethesda which are within two city blocks of each other. GSA initially estimated that the interim consolidation would cost about \$3 million and take 18 months.

According to NRC, the proposed plan is an opportunity for a substantial interim consolidation in two geographic locations which has these principal advantages:

- It would put the Commissioners, the Executive Director for Operations, and the major program offices in the same building.
- It would permit NRC to put its standards and research offices, which require close coordination, within two blocks of each other in Bethesda.
- It would reduce the number of buildings NRC occupies from eight to five.

The cost of implementing the proposed plan, however, is much higher than the cost of moving the NRC Commissioners to Bethesda, and there are a number of disadvantages to the plan, as discussed below.

GSA's initial \$3 million cost estimate for the proposed interim consolidation was based on a minimal amount of office space renovation; did not include the cost of relocating NRC's emergency-related incident response center in Bethesda to either the Matomic building or other space in Bethesda; and did not include the cost of relocating any other special equipment belonging to NRC or the other affected agencies. The estimate also assumes that the agencies vacating the Matomic building will "backfill" office space in Silver Spring, Rockville, and Bethesda to be vacated by NRC. Thus, any more than minimal essential renovation requirements will increase the cost of the consolidation. Furthermore, apparently few of the agencies vacating the Matomic building were willing to "backfill" what is now NRC office space in Montgomery County. GSA plans, however, now call for requiring other agencies to use major blocks of this space. GSA has yet to identify space for some of the eight Federal agencies affected by the proposed consolidation. GSA now estimates that the cost of the proposed plan could increase from \$3 million to \$5.7 million, depending on how many agencies acquire new space rather than backfill the vacated NRC space. Finally, some agencies are resisting the move from the Matomic building, and as a result, the projected consolidation schedule has already slipped, and may slip more depending on GSA's ability to locate new space for these agencies.

NRC's detailed plan for implementing the interim consolidation also shows that the proposal would break up some organizational components now physically intact. For example:

- The Office of Nuclear Reactor Regulation would be split, with 325 employees going to the Matomic building, and 415 employees remaining in Bethesda. Although it recognized that some higher NRC management objectives might necessitate this split, the management of this Office considers keeping the Office staff physically intact to be the most important criterion for effective Office operations.
- The Directors of the Offices of Standards Development and Nuclear Regulatory Research would move to the Matomic building, but their staffs would be in Bethesda.
- The NRC incident response center would be relocated within Bethesda, even though key incident response personnel would be located in the Matomic building.

NRC also plans to move about 100 employees to the Matomic building who do not have any direct role in nuclear regulation. These units include equal employment opportunity, the Commissioners' Office of Inspector and Auditor, and portions of the Executive Director's Management and Program Analysis Office.

Other factors also detract from the proposal. First, except for the immediate office of the Department of Energy's Assistant Secretary for Nuclear Energy, NRC's contacts with the Department's nuclear technology organization are located at Germantown, Maryland, rather than Washington, D.C.

Second, there would be no room for further expansion in the Matomic building, so any future staff expansion would have to occur in Bethesda or a second Washington, D.C., location.

Finally, and of importance to the proposed interim consolidation, GSA's lease on the Matomic building expired on August 1, 1980. GSA has been informally negotiating with the building owner for about 1 year, pending congressional authorization to negotiate a lease extension, but the owner has been unwilling to renew the lease on the terms offered by GSA. Until the lease is renewed, GSA is in what it terms a "holdover status" in which the tenants continue to occupy the building without a lease. GSA officials could not estimate when they might finally be able to obtain a new lease, but they also said they foresee no difficulty in eventually obtaining one.

Furthermore, GSA currently prohibits alterations in amounts over \$50,000 for a building in "holdover" status. Included in the proposed consolidation plan, however, are "minimal" alterations and renovations to the Matomic building, which GSA estimates will cost about \$1.5 million. Therefore, these alterations cannot be made until GSA obtains a new lease or changes its current policy on renovating space in a "holdover" status.

ADVANTAGES AND DISADVANTAGES OF
MOVING THE COMMISSIONERS TO BETHESDA

We identified an alternative which would be less costly than the proposed interim consolidation plan. This alternative would involve relocating the 5 Commissioners and their staff--up to about 150 employees--to Bethesda. To make room for them, other NRC employees could be relocated to the Matomic building. For example, NRC's Atomic Safety and Licensing Board Panel and Atomic Safety and Licensing Appeal Board Panel, about 50 employees in all, could be moved to the Matomic building. These panels operate independently and, therefore, have no need to be close to the Commissioners or the NRC staff. This alternative (1) would cost on the order of \$500,000; (2) could be accomplished relatively quickly; (3) would involve up to about 450 NRC employees rather than 1,200 NRC employees and about 1,000 employees of eight other Federal agencies; and (4) would not require NRC to acquire additional space, except for temporary space to facilitate movement of personnel and space alterations. The cost of acquiring a small amount of temporary space is not known at this time.

This alternative would not permit NRC to consolidate almost half its organization under one roof, nor would it reduce the total number of NRC locations and buildings. It would, however, permit organizational units to remain intact and would put the Commissioners, the Executive Director for Operations, and the Office of Nuclear Reactor Regulation within two blocks of each other. The Office of Inspection and Enforcement and the NRC incident response center would also be in Bethesda at about a 15-minute walk from these other units. Without further reshuffling, the Offices of Nuclear Material Safety and Safeguards and Nuclear Regulatory Research would remain 5 miles from Bethesda in Silver Spring and the Office of Standards Development would remain 5 miles away from Bethesda in Rockville.

Additional reshuffling of NRC organizational units could further enhance the relative physical proximity of units directly involved in the day-to-day regulation of nuclear power.

The extent of any such further reshuffling would, of course, increase the cost of this alternative option accordingly.

EARLY PERMANENT CONSOLIDATION
DOES NOT APPEAR FEASIBLE

We also attempted to identify reasonable options for permanently consolidating NRC in a federally owned or leased building complex sooner than the 5 to 10 years currently required to construct a new Federal building. According to GSA officials, they also tried to identify any available options, but were unable to do so. Our discussions with area realtors, developers, and county government officials confirmed that there is no realistically available option for permanently consolidating NRC in an existing federally owned or leased building in the Washington, D.C., metropolitan area.

CONCLUSIONS

We believe there are two practical options for consolidating NRC on an interim basis. One is the proposed plan. NRC's management believes it is the preferred option because it would consolidate senior management and key staff in the Matomic building and put the rest of NRC in Bethesda, at the expense of breaking up some organizational units. The second alternative is to move the NRC Commissioners and their staff to Bethesda, and to make room for them by relocating other NRC employees to the Matomic building. This option is much less costly to implement, and we believe it could accomplish the same basic objectives of the proposed plan. It would not reduce the number of NRC locations, nor permit a large consolidation in one building. It would, however, put about two-thirds of NRC's employees in buildings within a 15-minute walk of each other.

Thus, there is a clear-cut initial cost advantage to moving the Commissioners to Bethesda. Which interim consolidation would prove more effective from a management standpoint involves many subjective judgments and cannot be clearly evaluated. Further, the relative importance of the cost advantage diminishes somewhat over time if budget constraints or other factors prevent the early completion of a permanent facility for NRC and the interim consolidation becomes more of a permanent fix.

Still other factors, in addition to initial costs and potential management improvements, need to be considered in choosing between the two basic interim options. Specifically:

--GSA and NRC need to resolve the matter of the Matomic building lease before the proposed plan is implemented.

--The August 26, 1980, House Committee on Public Works and Transportation resolution authorizing GSA to begin work on a permanent facility for NRC in Silver Spring also directed GSA to consolidate NRC in suitable space in Bethesda on an interim basis. At the time we completed our review, GSA officials were as yet undecided on how the resolution would affect NRC's proposed interim consolidation.

--If GSA and NRC decide to consolidate NRC in Bethesda, the two agencies need to renew past efforts to relocate NRC's employees from Rockville and Silver Spring to Bethesda, in addition to moving NRC's Commissioners and their staff from the Matomic building to Bethesda.

Regardless of which option is pursued, it is important that the Congress, the administration, and NRC not lose sight of the fact that neither option adequately fulfills the consolidation objectives of the Three Mile Island investigation reports and our own recent report assessing NRC's regulatory effectiveness. Thus, neither option is satisfactory as more than an interim step pending congressional approval, funding, and GSA construction of a facility large enough for the entire agency.

NRC COMMENTS AND OUR EVALUATION

NRC maintained that the proposed interim consolidation plan is the only identified option which can significantly reduce problems of Commission interaction with the NRC staff and coordination among numerous staff offices. The basic advantage, NRC said, is that the plan would reduce the number of distinct agency locations to two. On the other hand, NRC said, moving the Commissioners to Bethesda is unacceptable because it does nothing to solve the present dispersal problem. NRC's comments did not address the recent House Committee on Public Works and Transportation resolution directing GSA to locate NRC in Bethesda on an interim basis. Furthermore, GSA officials could not tell us how the resolution would affect the proposed interim consolidation plan.

If the objective of an interim relocation is to reduce the number of dispersed NRC locations, we agree that the proposed interim consolidation is superior to our alternative

option. The basic objective, however, is to significantly improve interaction among all NRC organizational components so that the agency, in its entirety, functions more effectively. While the alternative we offered would not reduce the number of dispersed NRC locations, it would, as discussed in our report, put the largest number of NRC headquarters employees within walking distance of each other. Furthermore, it would not disperse organizational units, such as splitting up the Office of Nuclear Reactor Regulation, in the process of consolidating the agency. In the final analysis, the issue boils down to whether or not it is better, from a management effectiveness viewpoint, to split NRC in half in two locations, or to have the Commissioners and about two-thirds of the agency within walking distance of each other.

NRC also said the \$500,000 cost estimate for moving the Commissioners to Bethesda is low, because (1) it does not account for special Commission needs, such as hearing rooms and security arrangements; and (2) NRC would save about \$1 million a year in administrative costs by consolidating in two locations.

We disagree that our \$500,000 cost estimate is necessarily low. GSA estimated the cost of relocating the NRC Commissioners and their staff to newly leased space in Bethesda (without simultaneously moving NRC employees from Bethesda to the Matomic building as proposed in our alternative option) at about \$200,000.

We recognize that NRC might realize some administrative savings by consolidating in two locations. These could, however, be offset by increased administrative costs of the eight agencies to be moved from the Matomic building. Because GSA has not yet decided where some of these agencies will be housed, however, we were not able to estimate what the net annual administrative cost impact would be on the Federal budget.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objective was to determine if there are cost-effective alternatives to the proposed interim consolidation of NRC. Because the Appropriations Committees' conference report required us to report within 60 days, the methodology we followed in conducting our review was limited to

--interviewing officials of the Office of Management and Budget, GSA, NRC, Montgomery County, other local government officials, and area real estate developers;

- reviewing correspondence and other documentation provided by the above officials related to the proposed interim consolidation and alternatives to it; and
- developing potential alternative options for consolidating NRC, comparing these options with the proposed interim consolidation, and eliminating all but one alternative as impractical compared to the proposed plan.

We were limited in the amount of work we could do to independently verify the accuracy of data obtained, such as GSA and NRC estimates of the costs of various consolidation options, or to develop our own cost estimates of alternatives not considered by those agencies. Furthermore, GSA officials cautioned us that their cost estimates of the proposed interim consolidation are subject to significant changes as work proceeds.

Furthermore, because of the many subjective judgments involved, we were not able to evaluate how effectively NRC could improve its management under either its interim consolidation plan or alternatives to it.



OFFICE OF THE
CHAIRMAN

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

September 3, 1980

Mr. J. Dexter Peach
Director, Energy and Minerals Division,
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Peach:

We have reviewed the draft GAO report, "Proposed Interim Consolidation of the NRC," and agree with the conclusion that NRC's scattered physical locations seriously affect NRC operations. We continue to maintain, however, that the OMB proposed interim consolidation plan, which would relocate half the agency in the Matomic Building and half in Bethesda, is the only acceptable short-term solution identified to date. This plan would significantly reduce two existing problems of Commission interaction with its staff and the coordination of numerous staff offices with each other. The proposed alternative plan suggested by GAO, however, would only marginally address the first of these problems. Moreover, by merely reshuffling the agency within the currently dispersed configuration, the GAO plan would leave the NRC scattered in five different locations. In contrast, the OMB plan provides for substantial consolidation in two locations. Since the GAO alternative would not improve our dispersal problem, we feel strongly that the agency should not go forward with this alternative.

With regard to the difference in costs of the alternatives, it is important to note two points. First, the \$500,000 estimate for the GAO alternative is low since it does not take account of the extensive alterations which would be required to meet the Commission's special needs, such as public hearing rooms and security arrangements. Second, we estimate that under the OMB proposal the agency would save one million dollars a year in administrative costs by consolidating in two locations. Thus, over a five-year period, which is the shortest possible time before a permanent building could be ready, the savings would be enough to offset the initial cost difference. These savings would not be realized under the GAO proposal.

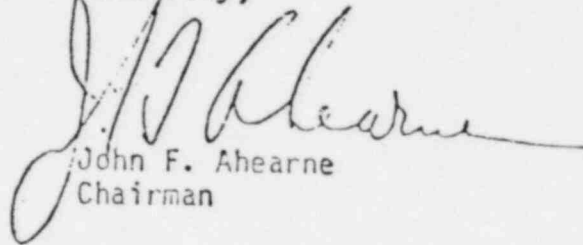
In summary, the Commission is concerned that the GAO report could create the false impression that either of the proposed alternatives is acceptable. To the contrary, the GAO alternative does nothing to solve the current state of dispersal and as such is unacceptable. We have to emphasize that it is we who are given the responsibility of managing this agency to assure safe nuclear power. We have pointed out for years the need to deal with the chaotic housing pattern of the agency. It was only after the accident at Three Mile Island

PDR 4609300 250

September 3, 1980

that we received general recognition of the need to assist us with our problem. If we lose this opportunity that is presented to us in the form of the OMB proposal, it will be extremely unfortunate, not only for us in our abilities to manage and control this agency, but more significantly for the adverse impact of this loss on our ability to assure safe nuclear power.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. F. Ahearne". The signature is fluid and cursive, with a long horizontal stroke at the end.

John F. Ahearne
Chairman