U.S. Nuclear Regulatory Commission
Capital Planning Summary

Summary:
This memorandum provides heads of executive departments and agencies with capital planning requirements for real property, in accordance with the Federal Property Management Reform Act of 2016 (FPMRA), 40 U.S.C. § 621. The FPMRA established the Federal Real Property Council (FRPC) and charged it with ensuring implementation of an efficient and effective real property management strategy. A core principle of this Administration's real property strategy is to ensure that agencies consistently implement sound capital planning practices to optimize their portfolio in order to cost efficiently achieve the agency's mission. To that end, agencies must identify, plan for, and allocate resources in the annual budget formulation process to eliminate gaps. This memorandum provides detailed guidance for agencies to implement the *Capital Programming Guide* in OMB Circular A-11.

Responsibilities:
The agency Senior Real Property Officer (SRPO), Chief Financial Officer (CFO), and Budget Officer are jointly responsible for developing the capital planning process, integrating it into the agency's annual budget formulation cycle, monitoring its execution, and analyzing cost and performance information The SRPO and CFO are jointly responsible for development of the capital planning process to maximize cost efficiency and mission effectiveness, and to ensure better real property information informs the annual budget formulation process. These three officials shall also jointly establish annual performance objectives/metrics for the plan to assess whether the agency is progressing towards portfolio optimization and eliminating identified gaps.

Required Actions:
1. Capital Planning Process Documentation
Each agency, as defined per 5 U.S. Code § 105, must provide the specified information described below to the FRPC by August 15th of each year beginning in 2020. An FRPC working group will review the submissions based on information contained in Sections 2 and 3 below.

Each agency shall submit a document that outlines the capital planning process the agency has implemented pursuant to the requirements in this memorandum. The document should outline specific actions and components that make up the capital planning process, specifically addressing items in Section 2 of this document. The intended outcome of this document is to ensure that all agencies have a consistent, repeatable capital planning process that can support their mission. The FRPC working group will review the documentation and provide comments and feedback to the agencies to allow for continuous improvement in the capital planning process.

Based on the FRPC's recommendation, OMB may waive future submission requirement of an agency's Capital Planning Process Documentation if it determines the agency's planning has matured to be fully compliant with this policy and OMB's Capital Programming Guide. Granting a waiver will be based on the FRPC assessment of how well the agency's submission describes its implementation of the requirements in Section 2 of this policy.

2. Required Internal Agency Capital Planning Actions
To meet the government-wide capital planning objective defined above, agencies will implement the following actions through their internal capital planning policies. The plans

are intended to be deliberative and pre-decisional to assist the agencies in the budget formulation and program execution resulting in portfolio optimization:

A. Define Mission Requirements for Real Property
Define the mission requirement(s) for which the agency holds interests in real property, the required functional capabilities required to meet mission requirements across the portfolio, the major lines of business, and clearly explain how the optimized real property portfolio links to and supports the agency's strategic plan.

NRC does not own or lease real property.

B. Conduct Prioritized Needs Assessment
The comprehensive needs assessment is a portfolio level activity and must: 1) identify real property gap in meeting mission requirements and estimate the cost to eliminate mission gaps; 2) within the historical five-year average investment horizon, identify anticipated prioritized future real property gaps in meeting mission requirements over the plan's life (i.e., five years) and the cost to eliminate the gaps.
Gaps can be facility condition, space utilization, security, life safety, location, functional capability, and recapitalization needs, among others identified by an agency. Agencies can also identify excess property holdings as a gap. In this case, agencies, through their needs assessment, could require a disinvestment or disposition.

NRC does not own or lease real property and therefore the agency's primary investments in real property beyond rent to GSA are the initial tenant improvements funded for new procurements via reimbursable work authorization (RWA to GSA) and other smaller day to day and cyclical expenditures. The agency actively tracks its space utilization, occupied, and un-occupied workstations, (the same information annually provided to the FRPC and uploaded into max.gov) at the asset level and uses this information to gauge the current space utilization and utilization rate (as measured by square footage divided by number of personnel) of each location and to identify potential opportunities to consolidate, re-stack, and release additional space. Using this information, NRC continually evaluates its real property portfolio for opportunities to improve space utilization, and the agency has actively attempted to close the gap between the optimal utilization of space, current workspace design, and staff attrition. As a result, per the current plan, by consolidating in place, releasing marketable blocks of space, and changing the design of our workstations, the agency will have released approximately 400K square feet from fiscal year 2019 through fiscal year 2026 (130K feet of which were released in FY 2019 and FY 2020). For example, in NRC's 4 regional locations, NRC plans to convert these locations from primarily enclosed offices to a more contemporary design, which is anticipated to reduce both the real property footprint and related costs in half. The new procurements through GSA will deliver the new space upon the termination of the existing leases. Coordination between the Office of the CFO and the SRPO begins two years in advance regarding the budgeting for renovations and the anticipated rent reduction over time.

C. Perform Alternatives Analysis
Evaluate and identify the best methods to perform alternatives analysis and estimate resource requirements to eliminate the current or future gap within the agency's real property portfolio. All feasible alternatives to eliminate gaps should be considered; the alternative that is most cost effective over the anticipated life of the asset (e.g. lowest overall lifecycle cost) and efficient for the location and that most fully eliminates the gap should generally be selected. *Alternatives are to be limited to options within existing authorities and funding streams. Agencies should not assume new authorities or*

additional funding beyond the five-year historical resource average.

NRC does not own or lease real property therefore this question does not apply.

D. Prioritization
Describe the prioritization scheme used to rank all current and future gaps identified at the asset/project level and summarize how the scheme is aligned to the agency's strategic priorities:

NRC does not own or lease real property. The prioritization and timing of these projects are generally driven by the terms of the occupancy agreements between GSA and NRC for specific locations, the availability of funding, and the details regarding the return on investment. The agency actively tracks the number of occupied and un-occupied workstations at the asset level, and this information, combined with GSA's assistance and additional tools, allow NRC to gauge the current space utilization of each location and to identify potential opportunities to consolidate, re-stack, and release additional space.

E. Portfolio Cost Estimate
Describe how the resources needed to eliminate the gaps will be estimated. Allocate the costs of addressing these gaps in the life cycle phases of planning, acquisition, operations, maintenance and repair, modernization, and disposal.
Parametric modeling, condition assessments, and other tools, such as those developed by the US Army Corps of Engineers to estimate future needs and costs for buildings and roads are available to project future needs and to estimate capital costs.

NRC does not own or lease real property; therefore, portions of this question do not apply. Existing locations are occupied via occupancy agreements with GSA, therefore the rent budget to GSA is determined by the lease agreements negotiated by GSA on NRC's behalf. GSA provides estimates when actual costs are not yet certain (for example a new procurement). In addition to the rents to GSA, to recognize the full potential savings possible by reducing space in the regions, and in certain cases at headquarters, NRC will require significant upfront investments to fund the RWA's to GSA for the initial tenant improvements. NRC uses market data, recent project experience, and GSA's expertise to estimate the resources required for all new lease acquisitions, the timing the funding must be available, as well as an estimate of future lease costs per foot (until the actual amounts are available).

F. Define Performance Goals and Metrics
Define measurable objectives for the capital plan and performance metrics and how they will be used to measure progress toward reducing/eliminating identified gaps.
Objectives and performance metrics that link directly to these identified gaps and the strategic plan should be used to provide an indication of how well the capital plan supports the agency's strategic objectives and addresses these gaps.

Included each year in the Congressional Budget Justification (CBJ) is a section highlighting FY accomplishments for each business line. Due to NRC's objective to reduce real property costs, each fiscal year NRC has included the reduction of space as one of the agency's performance metrics and goals, measured in terms of square feet released, as compared to the prior year or other benchmark (the final size of the portfolio is "measured" and reported by GSA at the end of each fiscal year) and in compliance with the agency's real property and capital planning strategies. NRC is actively addressing the gap that exists in its housing requirements and amount of occupied space, both in the regional locations and the headquarters locations where the reduction in staff has reduced the housing requirements. As documented in successive Real Property Efficiency Plans NRC has submitted to the FRPC, NRC has increased and obtained its reduction goals each year. As previously mentioned, NRC, continually updates and evaluates its capital planning and space requirements. Currently, NRC is in the process of completing a comprehensive space road map (with GSA's assistance) at the request of the agency's Commission, with a long term forward look at NRC's space needs and planned reductions, the potential effect of telework on housing requirements, and related resource requirements.

3. Capital Plan Requirements

The capital plan the agency submits to the Federal Real Property Council (FRPC) annually must include the following information unless there is an agency specific statute that specifies a different structure. The version of the plan agencies submit to the FRPC should include projects with associated funding identified for only the first year and the year should align with the President's budget. The remaining years of the five-year plan are predecisional and intended to inform agencies' decision making and prioritize agency actions and will not be shared with the FRPC.

A. Mission requirements for real property

Define the mission requirements that require a blend of real property assets used to implement the mission.

Through GSA OA's, NRC occupies 9 properties in 6 geographical locations (we have a presence in 7 office buildings, a warehouse presence (reduced by half in FY 2020), and a technical training center). Successfully accomplishing the NRC's mission requires substantial ongoing collaboration among NRC staff and across NRC offices as well as support space such as a small warehouse and technical training center. This collaboration and support among multiple technical experts and others are critical to resolving regulatory issues and fully addressing nuclear safety and security concerns. Collaboration and unified problem solving enhances the quality of the NRC's response and organizational effectiveness. Co-location of NRC headquarters staff is vital for purposes of achieving operational efficiency, regulatory effectiveness, and incident response capability. Providing consolidated agency facilities is key to supporting the NRC mission.

B. CFO and SRPO responsibilities

Define the responsibilities and actions the CFO and SRPO will take to develop and implement the capital plan, including those required by this policy. To the extent that other CXO organizations are implicated, those organizations should also be involved in the planning process.

The role of the Senior Real Property Officer (SRPO) for the agency has been delegated to the Director of the Office of Administration (ADM). As the SRPO, the Director of ADM serves as asset manager for the entire agency, with review and approval authority of all space disposal and acquisition projects. All requests for space are centrally reviewed at headquarters by the Senior Space Acquisition Manager in the Division of Facilities and Security in ADM.

The Chief Financial Officer (CFO) is responsible for the NRC's planning, budgeting, and performance management process and for all the NRC's financial management activities. The CFO provides an agency wide management control program to comply with the Federal Managers' Financial Integrity Act and is responsible for implementing the Chief Financial

Officers Act. The Office of the CFO leads the agency budget formulation process and provides oversight of the agency budget structure.

The Executive Director for Operations (EDO) determines the planning, workload, and resource requirements to be reflected in the budget. The Deputy Executive Director for Materials, Waste, Research, State, Tribal, Compliance, Administration, and Human Capital Programs and the Deputy Executive Director for Reactor and Preparedness Programs provide offices with direction, as needed, including workload expectations, to ensure that the budget aligns with the Commission's direction.

C. Annual budget process
Describe how the capital plan will be integrated into the agency's annual budget process and specify new processes that were implemented to achieve integration of the planning, formulation, execution (including cost and performance) of the agency's budget.

NRC neither owns nor leases real property. Our presence in 9 locations in 6 geographical areas are all occupied via OA's from GSA. The current level of assistance from GSA, and the relatively small size of the agency's real property footprint, allows for an intimate knowledge of the portfolio across departmental lines, far less challenging than that of agency's which are significantly larger or are land holding agencies. Therefore, NRC senior management, GSA, and other stakeholders are involved in, and are familiar with, the capital planning process and how it relates to the release of additional space, resource allocations, the commencement of smaller and less expensive leases, return on investment, and how to integrate and incorporate the prerequisite resource requirements into the budget submissions.

The process commences as ADM reviews the agency's real property portfolio, determines any new requirements for space, modifications, acquisitions, or dispositions, and, in close coordination with OCFO, formulates the proposed agency budget two years in advance, for real property and its components for submission to the Office of the EDO. As part of the normal budget development process, the EDO and CFO meet to discuss the budget submission, which includes the annual real property budget. OCFO works with ADM to adjust the budget request based on decisions made by the EDO and CFO and develops the budget proposal for submission to the Chairman. The Chairman then submits the budget proposal to the Commission. OCFO finalizes and submits the Performance Budget to the Office of Management and Budget once approved by the Commission.

D. Identify Major Lines of Business
Identify major business lines for the agency and discuss each briefly, including how the agency assesses whether asset types within a business line and the business line as a whole, have sufficient capacity to meet mission requirements and how asset types within each business line are assessed for utilization. Any existing planning standards or unique real property requirements that support those major business lines should also be outlined at a high level in this section. This section should be written to help identify potential operational and analytic synergies among agencies and provide enough information for potential standardization to be discussed in more detail in an FRPC chartered workgroup. Workgroup discussion may lead to the development of standard definitions and business processes among the agencies for those business lines where synergies are identified.

NRC does not own or lease real property and therefore does not possess real property assets.

E. Needs Assessment
Describe the processes the agency used to execute the comprehensive needs assessment.

Note whether the assessment uncovered trends, gaps or imbalance in the composition of the portfolio or in its condition.

NRC does not own or lease real property and therefore does not possess real property assets.

F. Alternatives Analysis
Describe the process the agency used to perform its alternatives analysis (consistent with current authorities and historical average of available resources), an explanation of cost benefit methodologies employed to manage tradeoffs in selection of alternatives for capital investments and whether any trends were visible.

Not Applicable.

G. Prioritization Process
Describe the prioritization criteria in detail and explain how the criteria were used. The agency's strategic priorities should be clear from the description of the prioritization criteria and their relative weights in the context of the agency's mission.

NRC does not own or lease real property. The prioritization and timing of these procurements are generally driven by the terms of the occupancy agreements between GSA and NRC for specific locations, the availability of funding, specific mission requirements, and the details regarding the return on investment. Currently, NRC is in the process of developing a comprehensive space road map (with GSA's assistance) at the request of the agency's Commission, with a long term forward look at NRC's space needs and planned reductions, the potential effect of telework on housing requirements, and related resource requirements. This information will be used to inform the FY 2023 budget and beyond.

H. Life Cycle Cost Estimate
Provide the estimate for the total lifecycle cost of the plan and summarize the methodology used by the agency to categorize portfolio life cycle costs. The objective is to document the level of rigor used to develop the estimate.

Not Applicable.

I. Performance Goals and Metrics
Identify performance goals for the capital plan that will indicate the type and number of identified gaps it partially or fully eliminated.

Not Applicable.

J. List of Projects
Provide the list of prioritized capital projects by real property category for the first year of the plan only, and identify those projects that were included in the President's budget request to Congress. The list of projects should include and identify those actions that agencies would previously have included as a separate plan under 0MB Management Procedures Memorandum No. 2015-01 *Reduce the Footprint,* including the annual five year reduction targets for office and warehouse space.

NRC does not own or lease real property, therefore the agency's significant capital expenditures related to real property will be the initial tenant improvements upon the lease terminations in the regions, and floor by floor renovations in OWFN. The prioritization and timing of renovation and new procurement projects are generally driven by the terms of the occupancy agreements (the termination date in particular) between GSA and NRC for each respective location, the availability of funding, and the details regarding the return on investment. The project submitted by NRC as a result of the FASTA data call for consolidations and disposals (the successful backfill of almost 300,000 useable square feet in 3WFN recently completed in 2021), has also been documented in successive Real Property Efficiency Plans of NRC (a “Reduce the Footprint” requirement) as a “consolidation” project.

4. Real Property Strategies in Agency Strategic Plans

All landholding agencies must integrate a discussion of real property management objectives into their Strategic Plans, and note gaps in the portfolio's ability to fully support the agency strategic plan. The intent is to ensure the real property portfolio is fully supportive of land holding agency mission delivery requirements. To ensure real property strategies and management objectives are reflected as part of the agency's overall strategic goals and objectives, agencies should incorporate, beginning with their FY 2022 Annual Performance Plan, the performance goals and metrics developed as part of the capital plans required above.

Not Applicable.

5. Assessment of Agency Submittals

Agencies will submit their capital processes and related documentation to the FRPC annually. The FRPC will convene a working group to review the plans, provide feedback to the agencies and summarize the results of the review for the FRPC. The primary objective of the review is to ensure each agency's planning process meets the requirements of this policy with regard to completeness, level of rigor, conformance to this policy and OMB's Capital Programming Guide, and the extent to which the capital plan has been implemented since the previous submittal, among other factors, and to identify best practices that can be disseminated government wide.

Acknowledge.

6. Relationship to the Program Management Improvement Accountability Act (PMIAA) Portfolio Reviews

OMB guidance implementing the PMIAA requires agencies, in coordination with 0MB, conduct annual reviews of portfolios of programs and projects to ensure effective and efficient management. Agencies are encouraged to use the identification of their real property portfolios as an additional portfolio within the larger enterprise structure shown in their PMIAA implementation plan, and use the focus of PMIAA's program and project management strategies for improving management of the agency's real property.

Acknowledge.