NRC Fiscal Year (FY) 2025 – FY 2029 Capital Plan Submission

The Nuclear Regulatory Commission's (NRC) Mission
The NRC licenses and regulates the Nation's civilian use of radioactive materials to provide reasonable assurance of adequate protection of public health and safety and to promote the common defense and security and to protect the environment.

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.

1) Major lines of business and asset utilization[1]

Major lines of business
The NRC's regulatory mission covers two main program areas - Reactor Safety and Materials and Waste Safety. The Reactor Safety Program regulates commercial reactors for generating for electric power and research and test reactors used for research, testing, and training. The Materials and Waste Safety Program regulates the uses of nuclear materials in medical, industrial, and academic settings and facilities that produce nuclear fuel, as well as the transportation, storage, and disposal of nuclear materials and waste, and decommissioning of nuclear facilities from service. To support these programs, the Corporate Support Business Line covers the overhead costs of these programs.

Asset Utilization
The NRC does not own or lease real property; each of its nine buildings are occupied utilizing the real estate authority of the General Services Administration (GSA) pursuant to occupancy agreements between NRC and GSA. As necessary to support the mission requirements, NRC occupies space in three headquarters office buildings, warehouse space near the headquarters, space in four regional offices, and a technical training center. In addition to standard office space at headquarters and regional locations, mission requirements also necessitate "special use space" in each office location (e.g., Incident Response Centers, Hearing Rooms, and SCIF space).

2) Document the process used to develop the internal five-year capital plan

The agency's five-year capital plan expenditures consist of rent payments to GSA, the day-to-day costs of two headquarters buildings for which the NRC has delegated authority to operate and maintain, and other smaller day to day and cyclical expenditures. In addition, the FY 2025 budget requests funding for the move and replication costs necessary to exit one of the headquarters buildings, Three White Flint North (3WFN), upon its lease expiration in November 2027. The 3WFN location currently houses the NRC's Headquarters Operations Center (HOC), Special Use Areas, and the Data Centers. In the future, these functions will be relocated to the GSA owned

---

[1] The inclusion of major lines of business and asset management is in response to OMB's review of the FY 2024 Capital Improvement Plan submission whereby NRC was asked to include this information in the FY 2025 submission.

headquarters building known as One White Flint North (OWFN). These FY 2025 budgeted costs are informed by occupancy agreement data, historical operation and maintenance data, and institutional knowledge of the NRC's portfolio.

The agency's significant investments in real property, beyond the above-mentioned renovations of existing space, include floor by floor renovations of OWFN. The renovations to upgrade OWFN are necessary as the 30-year-old buildout has outlived its life expectancy and efficiency - and the renovations will allow for a more contemporary build-out to support the future of work. However, the current capital plan and associated FY 2025 budget does not contain a request for any additional funding for regional renovations (which were funded in previous years), or further renovations to OWFN.

The NRC's process for developing the internal five-year capital plan consists of an ongoing evaluation of our current and future space needs and considers budget, staffing, type of work (hybrid, in office, independent, collaborative), agency culture, work policies and practices both at Headquarters and in the Regions. Further, our evaluation places emphasis on optimizing, renovating, and reducing space for the current and future workforce. The plan recognizes the changing work environment and has incorporated concepts such as an inclusive environment for hybrid and onsite collaboration and onsite work, telework, alternative work schedules, online collaboration, hoteling, and remote work policies and practices. These measures are already being incorporated into the design of regional locations upon lease expirations and are anticipated to significantly reduce space requirements in each location.

3) Five Year Budget Outlook

Aside from rent and related costs, the only other capital funding to be budgeted for real property over the next 5 years is the move from 3WFN, and potentially funding to support renovations in NRC's Region IV location in Arlington, TX, upon lease expiration in FY 2026. The move and replication costs necessary to exit 3WFN and relocate in OWFN are currently estimated to be $29.35M, $14.35M of which has been requested in the FY 2025 budget. Regarding Region IV, the NRC staff and GSA are currently evaluating optimal lease options, and the NRC has commissioned a space study to inform the agency of the optimal path forward with emphasis on the cost benefit analysis.

4) Performance goals and metrics to assess progress in eliminating any unidentified gaps

The NRC continually evaluates its real property portfolio for opportunities to improve space utilization. The agency is actively reducing the gap between the existing number of workstations in comparison to our housing requirements to optimize the utilization of space. The NRC's former metric for the utilization rate for new construction was 200 useable square footage (USF) per person. This is an "all in" calculation, measured by the USF divided by the number of office-based personnel. As the nature of the workplace changes (e.g., increased telework, new technologies, etc.), the agency is reassessing the utilization rate goal to determine the optimal space utilization metric while considering mission requirements and actual occupancy (utilizing daily badge swipe data).

Using projection for staffing and mission requirements and taking into consideration the opportunity afforded by reducing the size of expiring leases (in regional locations), the agency is actively reducing the gap between the historic utilization of space and the optimal utilization of space in relation to its housing requirements, actual occupancy, and the size of its current real property footprint.

Included each year in the agency's Congressional Budget Justification and the Annual Performance Plan and Report is a section highlighting fiscal year accomplishments for each business line. Due to the NRC's objective to reduce real property costs, each fiscal year the NRC has included the reduction of space as one of the agency's performance metrics and goals. This metric is measured in terms of square feet released, as compared to the prior year or other benchmark and is in compliance with the agency's real property and capital planning strategies. The final size of the portfolio is "measured" and reported by GSA at the end of each fiscal year.

5) Inclusion of real property management objectives and a discussion of gaps in agency Strategic Plans

The 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, telework, and related considerations have reduced the housing requirements and presented opportunities to reduce the agency's portfolio. To date, the NRC has increased, and met, its reduction goals each year. As previously mentioned, the NRC continually updates and evaluates its capital planning and space requirements. On an annual basis, the NRC updates a comprehensive space "Road Map" that is provided to the Commission, which includes a long term look at the NRC's space needs, planned reductions, the potential effect of telework on housing requirements, and related resource requirements. The agency will continue to search for additional opportunities to release space while also taking into consideration its mission requirements.

The current real property management objective is to reduce the size of the agency's portfolio by over 30 percent by the end of FY 2025, as compared to the beginning of FY 2020. This reduction equates to over 350,000 USF. This decrease in USF is being achieved by consolidating in place, releasing marketable blocks of space, changing the design of our workstations, and reducing the size of regional locations upon lease expirations. By the end of FY 2023, the NRC will have released over 245,000 USF as compared to FY 2020, with plans to release an additional 105,000 USF in FY 2025. Renovating space to a new contemporary design that supports a hybrid work model has required a significant capital outlay that is recaptured over the life of the new lease. For example, in the NRC's four regional locations, the agency plans to convert the workspace design of primarily enclosed offices to a more efficient design. This new design is anticipated to reduce both the real property footprint and related costs in half. The costs of these renovations have already been funded by the agency and range from $5M to $7M per region. The new procurements through GSA will deliver the new space upon the termination of the existing leases and are anticipated to reduce the agency's rent and related costs by $1.1M to $1.9M per year for each Region renovated, over a 10-to-15-year period.

6) Annual reduction targets for square footage and disposals of office, warehouse, and owned space year capital plan, including a project list for the next 5 years

Domestic Office and Warehouse Square Foot (SF) Leased Space Reduction Targets FY 2025 through FY 2029

	FY 2025[1]	FY 2026	FY 2027	FY 2028	FY 2029
Office Target (Net SF Reduction)	78,000	0	0	24,800	0
Warehouse Targets (Net SF Reduction)	0	0	0	0	0

[1] Anticipated reduction for Region II (Atlanta, GA) and one floor of the Two White Flint North building at headquarters.

The NRC does not own any real property and therefore does not have any planned disposals. Actual and Projected Space reductions by USF from FY 2020 through FY 2026

Fiscal Year	Total Agency USF Beginning of Fiscal Year	Total Agency USF end of Fiscal Year	USF Released During the Fiscal Year
FY 2020	1,083,465	991,251	92,214
FY 2021	991,251	936,212	55,039
FY 2022	936,212	896,790	39,422
FY 2023	896,790	837,730	59,060
FY 2024	837,730	808,647	29,083
FY 2025	808,647	730,647	78,000
FY 2026*	730,647	730,647	0

***The NRC is still evaluating options for space reductions for FY 2026 and FY 2027. The agency will release over 24,800 USF when it exits the 3WFN space in November 2027.**

Other than rent and operations and maintenance costs, the NRC's only FY 2025 capital cost is the (partial) funding associated with the relocation of the 3WFN functions to OWFN as illustrated below:

FY 2025 Budgeted Costs to replicate 3WFN functions in OWFN (partial)	FY 2025 ($ in M)
Basic Renovation of Floors 2 and 3 of OWFN necessary to move the Headquarters Operation Center (HOC) and Special Use Areas (SUA's)	$5.50
Specialized Construction for HOC and SUAs	$4.50
IT Infrastructure for HOC and SUAs	$3.00
IT Infrastructure for Consolidated Data Center	$1.35
Total:	$14.35

The NRC's FY 2025 Capital Plan consists of rents and related costs of $28.385M, Operations and Maintenance costs for OWFN and TWFN of $4.65M**,** and $14.35M of funding (partial) for the 3WFN relocation project**.** The amounts provided in the table reflect the current estimate of lifecycle costs for rent, operations and maintenance in the fiscal year. As the program of requirements for the move of 3WFN functions to OWFN are still under development, the long-term life cycle costs are not yet determined. The current estimate to replicate the functionality from 3WFN to OWFN is approximately $30M. Once complete, the life-cycle costs are not anticipated to be significantly different than the current costs to maintain this type of equipment at its current location (in 3WFN).

NRC does not own or lease real property. The prioritization and timing of projects are generally driven by the terms of the occupancy agreements between GSA and NRC for specific locations, the availability of funding, the details regarding the return on investment, and the need to support mission essential functions (e.g., replicating functions currently in 3WFN to OWFN).

7) How are agency capital reporting thresholds integrated into the capital planning process?

The NRC's Capital Plan for FY 2025 consists of rent and related expenses to GSA, the operations and maintenance costs for the two headquarters buildings, and the 3WFN relocation costs which are itemized in the FY 2025 budget submission and integrated into the capital planning process.

8) Agencies should coordinate with their Chief Information Officer to assess the status at the agency of online collaboration tools, cloud-based software, and cybersecurity to support a distributed workforce, including as demonstrated during the Coronavirus Disease 2019 (COVID-19) pandemic, and the potential impact of these tools to the agency's need for office space agency wide.

Prior to the COVID-19 pandemic, the NRC migrated from desktop workstations to providing all staff with a modern laptop. The team implemented virtual private network (VPN) capabilities and allowed limited remote access via Citrix. During the pandemic the agency: significantly improved VPN services; moved from Skype to Microsoft Teams; realized bandwidth and network changes for better remote performance; and upgraded from Citrix to Microsoft Azure Virtual Desktop. In addition, the NRC provided a targeted technology adoption program to encourage the use of online collaboration tools.

More recently, in addition to the aforementioned services, the agency has moved key agency applications, data, and infrastructure services to Equinix, Azure co-location and cloud services to improve reliability, redundancy, cybersecurity, and performance for remote and mobile users. These updates supported and continue to support both a fully remote workforce and now hybrid workforce.

9) Agencies should coordinate with their Chief Human Capital Officer (CHCO) to assess the status of the agency's post-reentry personnel policies that support the future of work at the agency and their potential impact to the need for office space agency wide

The NRC has transitioned to a hybrid work environment post-reentry in support of the future of work at the agency. Additionally, the NRC has increased telework flexibility available to staff and modified approval authority thresholds to first-line supervisors for staff seeking up to 6 telework days per pay period (resulting in a 60/40 work split between home and office). Office Directors still hold approval for greater levels of flexibility, with review by the Office of the Chief Human Capital Officer (OCHCO), as appropriate.

The hybrid model gives employees the flexibility to choose their in-office days during the work week with consideration for in-person work needs in accordance with management and agency workload expectations. These factors have led to increased use of telework flexibilities by NRC staff and has resulted in decreased occupancy rates overall in the agency's buildings as noted in the identified gap between the agency's housing requirements and number of occupied workstations. The decrease in occupancy rates and associated increase in the number of vacant or underutilized workspaces allows the agency the opportunity to optimize its workspace design and reassess its housing requirements, potentially allowing for the release of additional space. Coordination with OCHCO occurs through the Agency's Space Roadmap Working Group interactions, ensuring that all relevant offices have a voice in the planning process, and through routine interactions between the agency's Senior Real Property Officer and OCHCO directly, to determine if existing policies or adaptations to policy might provide additional flexibilities to optimize space.

Marcelino Neville
Signed by Neville, Marcellino
on 02/16/24

____
Marcelino Neville, Director
Division if Budget
Office of Chief Financial Officer

Jennifer Golder
Signed by Golder, Jennifer
on 02/21/24

____
Jennifer Golder, Acting Director
Office of Chief Financial Officer

James C. Corbett
Signed by Corbett ,James
on 02/21/24

____
James Corbett, Acting Director
Office of Administration

SUBJECT: FISCAL YEAR 2025 U.S. NUCLEAR REGULATORY COMMISSION CAPITAL IMPROVEMENT PLANNING DOCUMENT, DATED: February 21, 2024

DISTRIBUTION:
NON-PUBLIC
DFS r/f
RidsAdmMailCenter Resource
RidsOcfoMailCenter Resource
RidsOcioMailCenter Resource

ADAMS Accession Number: ML24044214 Package; ML24044A217 Memo

OFFICE	ADM/DFS	ADM/DFS/D	OCFO/DOB
NAME	BMohler	BThomson	MNeville
DATE	02/13/2024	02/14/2024	02/16/2024
OFFICE	CFO	ADM/D	[redacted]
NAME	JGolder	JCorbett	[redacted]
DATE	02/21/2024	02/21/2024	[redacted]

OFFICIAL RECORD COPY