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Source of document: Federal Deposit Insurance Corporation
FOIA/Privacy Act Group, Legal Division
550 17th Street, NW
Washington, DC 20429-9990
[Submit Electronic FOIA Request](#) (PAL)

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Federal Deposit Insurance Corporation

3501 Fairfax Drive, Arlington, VA 22226-3500

Legal Division

Via Electronic Mail

June 14, 2021

Re: Appeal No. 21-0006

Original Request: FOIA Log No. 21-0160

FOIA/PA Group Response: May 19, 2021

Date Appeal Received: May 27, 2021

On May 19, 2021, the Federal Deposit Insurance Corporation (FDIC) denied your request for records under the Freedom of Information Act (FOIA), 5 U.S.C. § 552(b)(5). The same day, you mailed an administrative appeal of that decision, which the FDIC received on May 27, 2021. This letter responds to your appeal.

Your FOIA request, submitted electronically on April 7, 2021, asked for:

copy of the FDIC Capital Plan (i.e., Agency-wide Real Property Capital Plan), as required and described in OMB Memorandum M-20-03 issued November 6, 2019, and M-20-03 Implementation Guidance issued July 2, 2020.

In its May 19, 2021 response to your request, the FDIC's FOIA/Privacy Act Group denied your request under FOIA Exemption 5, 5 U.S.C. § 552(b)(5). In considering the Plan, your appeal, the administrative record of your FOIA request, and the applicable law, we have determined that the Plan may be disclosed under the FOIA. Accordingly, your appeal is granted, and a copy of the Plan is enclosed.

Sincerely,

**BARBARA
KATRON**

Barbara Katron
Senior Counsel

Digitally signed by
BARBARA KATRON
Date: 2021.06.14
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Enclosure

FDIC Capital Improvement Plan

2021 - 2026

11/13/2020
Procon Consulting

procon|consulting

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Executive Summary

Presented within is a proposed five-year Capital Improvement Plan for years 2021 – 2026. The plan addresses key elements such as available resources, funding, and efficiencies. The projects include current capital improvement projects, anticipated elective projects, and anticipated lifecycle-required projects.

Deliverable Requirements

Procon was tasked with providing a 5-year Capital Improvement/Recapitalization Plan as part of Contract CORHQ-20-C-0198. This plan reviews, evaluates, and provides recommendations to FDIC for capital improvements over the next five years. Information was developed through discussions with FDIC personnel, building conditions review, and professional experience.

FDIC Facilities

This Capital Improvement Plan (CIP) evaluates capital improvement projects within FDIC owned and leased buildings in Arlington, VA and Washington, DC. The L. William Seidman Center, one of FDIC's largest real estate holdings on 9.5 acres, is located at Virginia Square in Arlington, VA. The Seidman Center is a multi-building complex commonly referred to as Virginia Square (VASQ). The complex consists of five office buildings and a student residence center. The complex has office space, training facilities, auditoriums, classrooms, residential student lodging, fitness center, business center, cafeteria, and swimming pool. FDIC Headquarters, located at 550 17th St. Washington, DC, is FDIC's most notable real estate holding in its prominent location in downtown DC across from the Eisenhower Executive Office Building. The 550 Headquarters building is a seven-story office tower including an executive conference room, executive dining room, cafeteria, fitness center, and one below ground parking deck. Additionally located in Washington, DC on the same block, FDIC holds the 1776 F St building. The 1776 F St Building includes eight floors of office space above ground, one floor of office space below ground, and two parking decks also below ground.

In addition to FDIC's owned property, FDIC has leased office space in the United Nations Building, 1750 New York Ave. NW Washington, DC, 1310 Courthouse Road Arlington, VA, and 3701 N Fairfax Drive Arlington, VA.

Capital Improvement Definition

FDIC currently utilizes two governing body's definitions for capital improvement projects. The first document recognizes capital improvement as projects with estimated costs greater than \$250,000. The second document details capital improvement projects in value greater than \$500,000.

It is recommended FDIC consolidate guidance and governance for capital improvement projects. Procon would recommend for capital improvement projects to meet the following criteria for designation.

1. Total project cost estimations exceeding \$1,500,000.
2. Alteration or restoration of the property to a "like new" condition.
3. Extends the useful life of the property.
4. Improves efficiency of the property.
5. Improves the quality of the property.

This plan utilizes the above criteria for project selection, inclusion, and evaluation.

One key item for consideration is the difference in "capital improvement" versus "repair." Repairs are improvements that keep the property in efficient operating condition. They restore the property to its previous condition and/or protect the property through routine maintenance. Repairs are not included in this CIP.

Project Prioritization & Sequencing Factors

The presented Capital Improvement Plan considers a multitude of factors for sequencing and prioritizing capital improvement projects. From an order of most important to lesser importance these factors include:

- Available budget
- Resource availability (FDIC staff and consultants)
- Risk of Failure
- Equipment Lifecycle
- Project Synergies

Additional considerations for project sequencing, that play a lesser role in prioritization, include project cost escalation and current market conditions. Particularly, market conditions fluctuate quickly and are difficult to anticipate over the next five years. With the COVID-19 pandemic, the market has experienced material cost increases, material shortages, delayed delivery times, and worker inefficiencies. SMACNA, Sheet Metal and Air Conditioning Contractors' National Association, reports that

labor productivity is down 18% to meet COVID-19 protocols. Commercial building inflation is expected to range between 4% and 5% for 2021 according to Construction Analytics economist, Ed Zarenski. Additionally, labor costs are anticipated to rise as labor shortages become greater. The U.S. Bureau of Labor Statics reported in August 2020 a total of 264,000 job openings in construction.

Five-year planning with evaluation of these factors are included in greater detail in the rationale description of the CIP.

Capital Budget

Between 2019 and 2020, the Division of Administration had an average annual operating budget of \$265 million. Of this annual operating budget, approximately \$12 million is set aside for capital improvement projects. This figure can be adjusted based upon bi-annual budget evaluations; FDIC's fiscal year aligns with the calendar year. The capital budget receives annual and mid-year evaluations and adjustments. A call for budget evaluations begins in mid-July through mid-August for the upcoming calendar year.

A FDIC initiative is more accurate evaluation and reporting of the mid-year budget. A database of actual project costs, with project sizing and complexity details, can be a beneficial tool for this initiative moving forward. Additionally, tracking costs and complexity of consultant contracts will prove beneficial in projecting future project cost forecasting as well.

Consideration of capital improvement projects that are estimated to be greater in value than the \$12 million budget are given and discussed further in later sections of this deliverable. These projects receive board-approved funding and may not have a direct impact on the capital improvement budget. However, these projects do have a direct impact on the available resources and staff to manage the projects. As the projects are larger, additional staff is necessary than on typical, smaller projects. The Training Center Modernization (TCM) is an example of a capital improvement project utilizing several resources but funded by the Board. The TCM project is anticipated to spend approximately \$15 million in the first three quarters of 2021. Currently, the project utilizes five FDIC facilities staff members either full or part time.

Consultant and External Costs

To accurately calculate the overall total cost of a capital improvement project, all additional costs should be considered. Additional costs include architectural/engineering services, construction management services, building management costs, and FDIC provided equipment and furniture. For the purpose of this CIP, all equipment and furniture are assumed to be included in the cost of construction.

Architectural and engineering design costs, in the current construction industry, range from 9% - 15% of construction costs depending upon complexity and scope of services. Similarly, construction management fees typically range from 7% - 12% of construction costs depending upon complexity and scope of services. The supporting consultant costs are included in this CIP. Design costs may reflect greater than the stated percentages due to the non-competitive nature of FDIC's design contract.

Project Overview

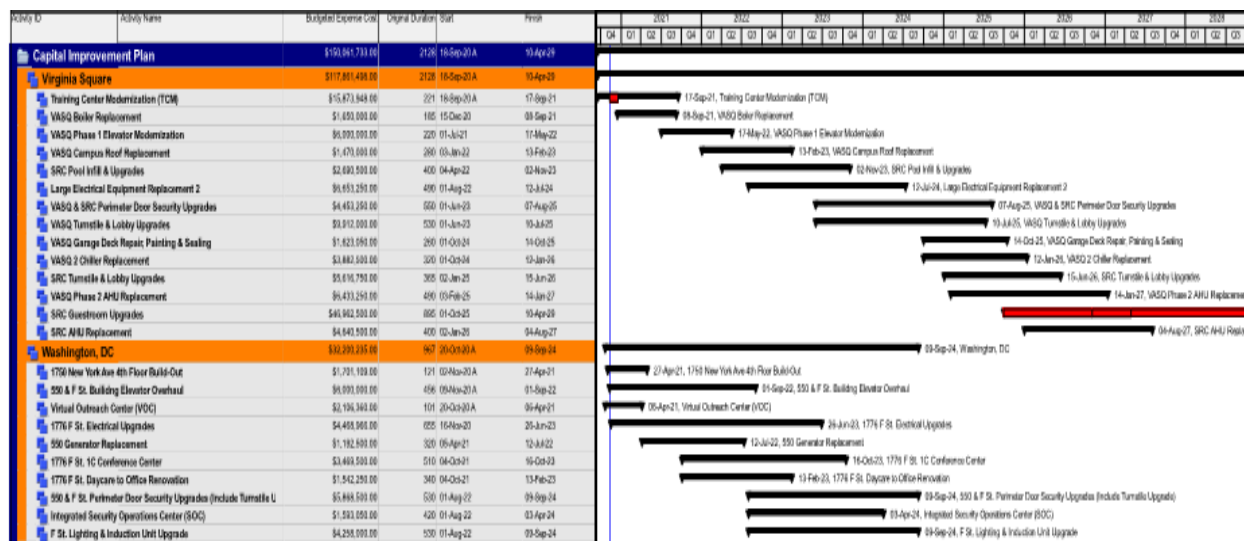
Below are the projects identified as meeting the proposed capital improvement project minimum requirements outlined the Capital Improvements Definition section. The projects are categorized by FDIC location; Virginia Square or Washington, DC. Categorization by physical location is important in capital improvement plan development as two distinct FDIC teams lead the projects in their respective locations. The quantity of projects in these locations is limited by the resources and staff available to manage them. Following the project name, the project status is noted indicating which phase the project is currently in. If the status notes "Queue," the project has not been initiated; it is an anticipated project with no defined scope or documents currently. The project priority is also provided to note the criticality of completing the project. This priority notation assisted in project sequencing with greater priority going to aging systems.

Virginia Square		
Training Center Modernization (TCM)	\$15,873,948.00	
Status:	Procurement	
Priority:	In Progress	
VASQ Boiler Replacement	\$1,650,000.00	
Status:	Design	
Priority:	Lifecycle - High	
VASQ 2 Chiller Replacement	\$3,882,500.00	
Status:	Queue	
Priority:	Lifecycle - High	
VASQ Phase 1 Elevator Modernization	\$6,000,000.00	
Status:	Queue	
Priority:	Lifecycle - Medium	
VASQ Campus Roof Replacement	\$1,470,000.00	
Status:	Queue	
Priority:	Lifecycle - Medium	
Large Electrical Equipment Replacement 2	\$6,653,250.00	
Status:	Queue	
Priority:	Lifecycle - Medium	
VASQ Phase 2 AHU Replacement	\$6,433,250.00	
Status:	Queue	
Priority:	Lifecycle - Low	
SRC AHU Replacement	\$4,640,500.00	
Status:	Queue	
Priority:	Lifecycle - Low	
VASQ & SRC Perimeter Door Security Upgrades	\$4,453,250.00	
Status:	Queue	
Priority:	Low	
VASQ Turnstile & Lobby Upgrades	\$9,912,000.00	
Status:	Queue	
Priority:	Low	
SRC Turnstile & Lobby Upgrades	\$5,616,750.00	
Status:	Queue	
Priority:	Low	
VASQ Garage Deck Repair, Painting & Sealing	\$1,623,050.00	
Status:	Queue	
Priority:	Low	
SRC Guestroom Upgrades	\$46,962,500.00	
Status:	Queue	
Priority:	Low	
SRC Pool Infill & Upgrades	\$2,690,500.00	
Status:	Queue	
Priority:	Low	

Washington, DC		
1750 New York Ave 4th Floor Build-Out	\$1,701,109.00	
Status:	Construction	
Priority:	In Progress	
550 & F St. Building Elevator Overhaul	\$6,000,000.00	
Status:	Construction	
Priority:	In Progress	
Virtual Outreach Center (VOC)	\$2,106,360.00	
Status:	Procurement	
Priority:	In Progress	
1776 F St. Electrical Upgrades	\$4,468,966.00	
Status:	Design	
Priority:	In Progress	
550 Generator Replacement	\$1,192,500.00	
Status:	Queue	
Priority:	Lifecycle - Medium	
F St. Lighting & Induction Unit Upgrade	\$3,258,000.00	
Status:	Queue	
Priority:	Efficiency - Medium	
1776 F St. 1C Conference Center	\$3,469,500.00	
Status:	Queue	
Priority:	Low	
550 & F St. Perimeter Door Security Upgrades (Include Turnstile)	\$5,868,500.00	
Status:	Queue	
Priority:	Low	
Integrated Security Operations Center (SOC)	\$1,593,050.00	
Status:	Queue	
Priority:	Low	
1776 F St. Daycare to Office Renovation	\$1,542,250.00	
Status:	Queue	
Priority:	Low	

Capital Improvement Plan

The full proposed Capital Improvement Plan can be located in Attachment A. A snapshot of this plan is included below. The plan assesses twenty four projects from September 2020 through April 2029. For the general purpose of this plan, focus will be placed upon the time period of 2021 through 2026.



Resources

Most significantly this CIP, as noted above, considers available resources as one of the most important limiting factors. This plan allows optimum use of current FDIC staff and does not require additional resources from FDIC to execute the projects. However, this plan does require additional resources and personnel from consulting vendors, most notably the design team. The below resource chart indicates periods of time where the design team would require additional staffing to meet the demand. These periods of time are indicated by the red brackets alerting us that the current staff quantity will be insufficient at these times. A larger print of this resource chart can be found in Attachment B.

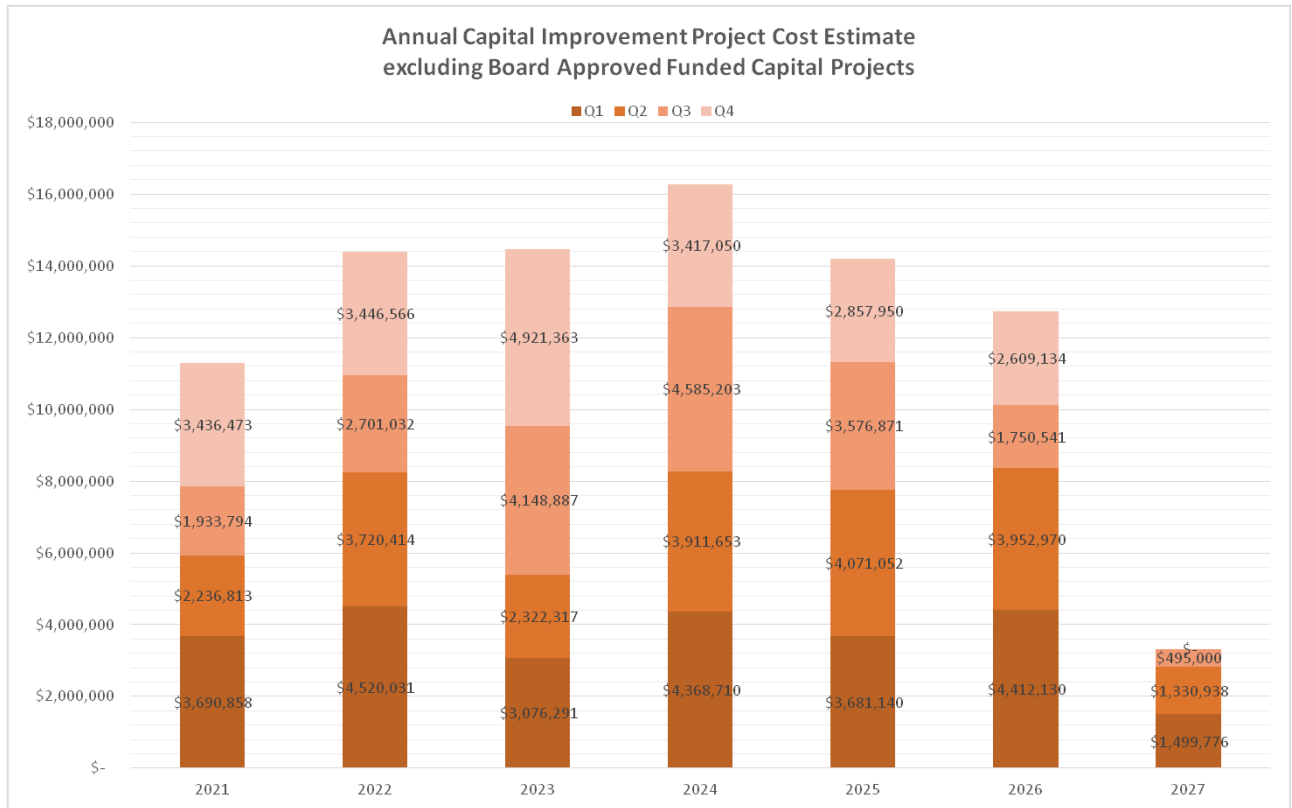


It is recommended that FDIC consider other design resources at the extended times indicated. As we have seen with current projects, the design team and their sub consultants can be exhausted quickly depending upon the demand. Alternatively, FDIC could recommend the prime design firm to limit sub consultants to two or three projects at one time. Additional projects would require the prime design firm to contract other sub consultants to limit resource exhaustion at the sub consultant level.

Funding

Excluding board approved projects, this CIP is estimating an average of \$13,891,540 annually from 2021 to 2026 for project execution. This average is higher than the capital improvement budget of \$12 million. One item to consider, which will be addressed in more detail below, is to request board approved funding for the Virginia Square security initiative.

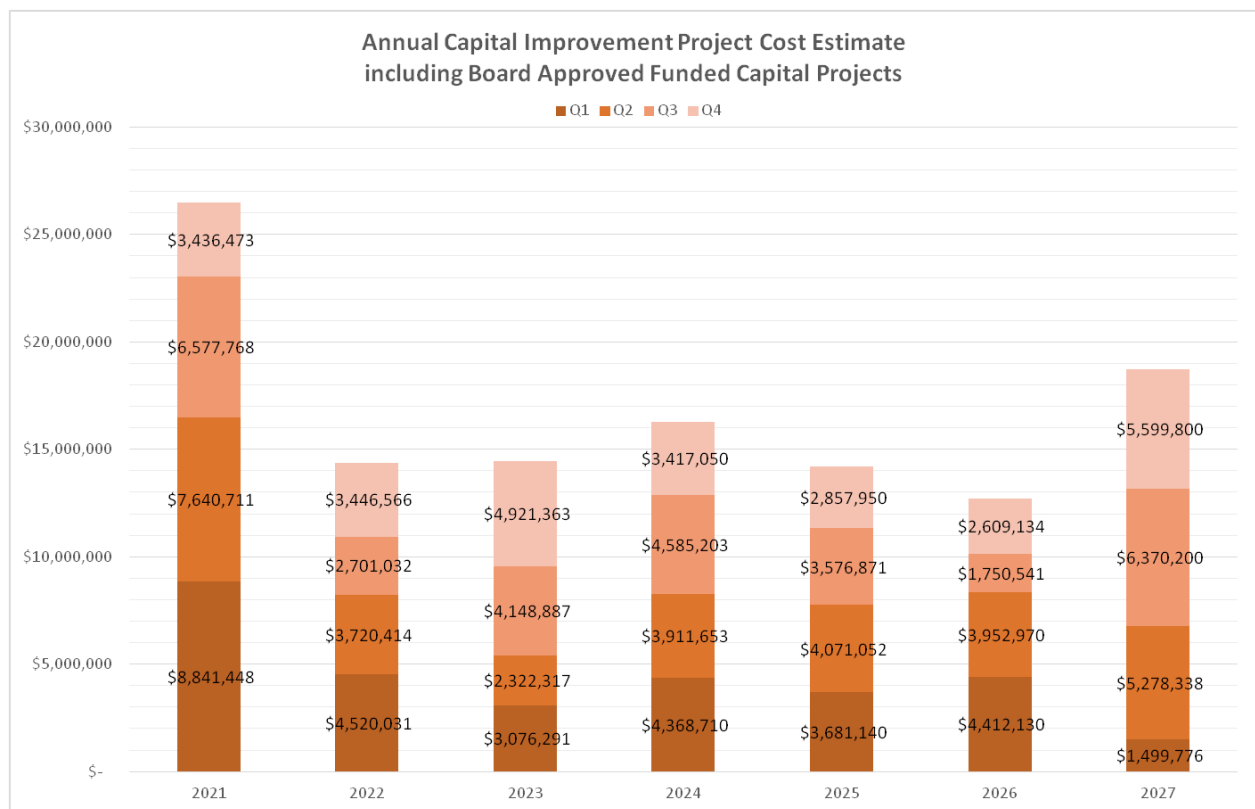
The annual estimated costs, by quarter and year, are shown in the graph and table below.



Annual Cost Estimate (excluding Board Approved Funding)			
Yearly		Quarterly	
2021	\$ 11,297,938.90	Q1	\$ 3,690,858.24
		Q2	\$ 2,236,813.45
		Q3	\$ 1,933,794.21
		Q4	\$ 3,436,473.00
2022	\$ 14,388,043.15	Q1	\$ 4,520,031.14
		Q2	\$ 3,720,413.60
		Q3	\$ 2,701,032.37
		Q4	\$ 3,446,566.04
2023	\$ 14,468,857.30	Q1	\$ 3,076,290.63
		Q2	\$ 2,322,316.67
		Q3	\$ 4,148,886.67
		Q4	\$ 4,921,363.33
2024	\$ 16,282,616.33	Q1	\$ 4,368,710.00
		Q2	\$ 3,911,653.33
		Q3	\$ 4,585,203.00
		Q4	\$ 3,417,050.00
2025	\$ 14,187,012.87	Q1	\$ 3,681,139.58
		Q2	\$ 4,071,052.08
		Q3	\$ 3,576,870.83
		Q4	\$ 2,857,950.38
2026	\$ 12,724,773.79	Q1	\$ 4,412,129.85
		Q2	\$ 3,952,969.77
		Q3	\$ 1,750,540.61
		Q4	\$ 2,609,133.56
2027	\$ 3,325,713.33	Q1	\$ 1,499,775.83
		Q2	\$ 1,330,937.50
		Q3	\$ 495,000.00
		Q4	\$ -

The CIP includes renovation of the Student Residence Center guestrooms. Design is anticipated to begin in the third quarter of 2025. The design and procurement costs are included in the chart above. As with TCM, the anticipated construction costs have been removed from the figures above. As construction of this project is estimated to be in excess of \$45 million, FDIC will be required to seek board approved funding. This cost estimate is based upon a multi-phase, multi-year plan to maintain FDIC usage of the guestrooms for continued hosting of students throughout construction.

Below is a chart indicating the anticipated annual expenses including the following board-approved funding initiatives; the Training Center Modernization and the Student Residence Center guest room upgrades.



Attachment C includes a detailed cost analysis of anticipated project costs each quarter. The anticipated costs are uniformly distributed across the duration of the project. In addition, the cost analysis identifies the anticipated quarterly costs at the Virginia Square and Washington, DC buildings, respectively.

Sequencing

As the anticipated annual costs are greater than the average \$12 million operating budget, it is recommended FDIC seek board approved funding for their Virginia Square security initiative. This initiative includes the following projects: Virginia Square and Student Residence Center Perimeter Door Security Upgrades and Virginia Square Turnstile and Lobby Upgrades. This CIP anticipates both projects to be performed simultaneously, as one contract. As Virginia Square is a single complex, all entrances and doors are recommended to be performed as one project. This ensures all equipment is designed and integrated across all lobbies and entrances. Additionally, there is great efficiency and cost savings in hiring one construction contractor to perform this scope as a single contract. The construction

contractor will have knowledgeable labor forces to adequately address the single perimeter doors while they are replacing the larger lobby entrances. This also ensures a well integrated system of these single doors with the main lobbies. Security device programming will be consistent. Furthermore, to FDIC's benefit, there is one contractor responsible for the functionality of this system.

The downtown Washington, DC buildings, 550 17th St and 1776 F St., are also anticipated to be included in this security initiative. It is not recommended for the Washington, DC lobby and perimeter door security upgrades to be included with the Virginia Square upgrades. Due to the physical locations, the construction contractor's oversight would be extended and thus negatively impacted. The scope of the project would be too large and complex for a positive, timely execution.

This CIP suggests that the downtown lobby and perimeter door security upgrade is completed prior to Virginia Square's execution. The reasoning behind this scheduling is that the downtown project costs would not be as extensive as Virginia Square's. This work fits into the capital improvement budget without seeking board approved funding. The 550 building's lobby envelope was recently renovated in 2015, hence, no work is required to the envelope, saving significant costs. At Virginia Square, it is anticipated the scope of these projects include complete demolition and reconstruction of the building envelope at the lobby locations. The current doors and layout have numerous issues which should be addressed during this renovation. Additionally, the 1776 lobby is smaller in square feet and overall the buildings have less single perimeter doors to secure.

The CIP finds efficiency in renovation of the Security Operations Center (SOC) at the 1776 F St. building while performing the turnstile and lobby upgrades as a single contract. Specification of the turnstiles will ensure proper integration with any new equipment in the SOC. Renovation of the lobby will also provide and allow new pathways to tie-in equipment supporting the SOC.

As the design of the downtown security initiatives is finalizing, the CIP has the design of the Virginia Square security initiatives beginning. This is intentional scheduling; first, in an attempt to allocate resources properly and second, to utilize lessons learned from the downtown design in the Virginia Square design. Furthermore, specified products will already be known and approved, hence, reducing the design burden for that discipline on the Virginia Square design.

The final years of the CIP initiate design of equipment and systems supporting Virginia Square 2. VASQ 2 will be approaching twenty years of life in 2026. Preparation for replacement and renovation of these systems is critical.

Attachment A

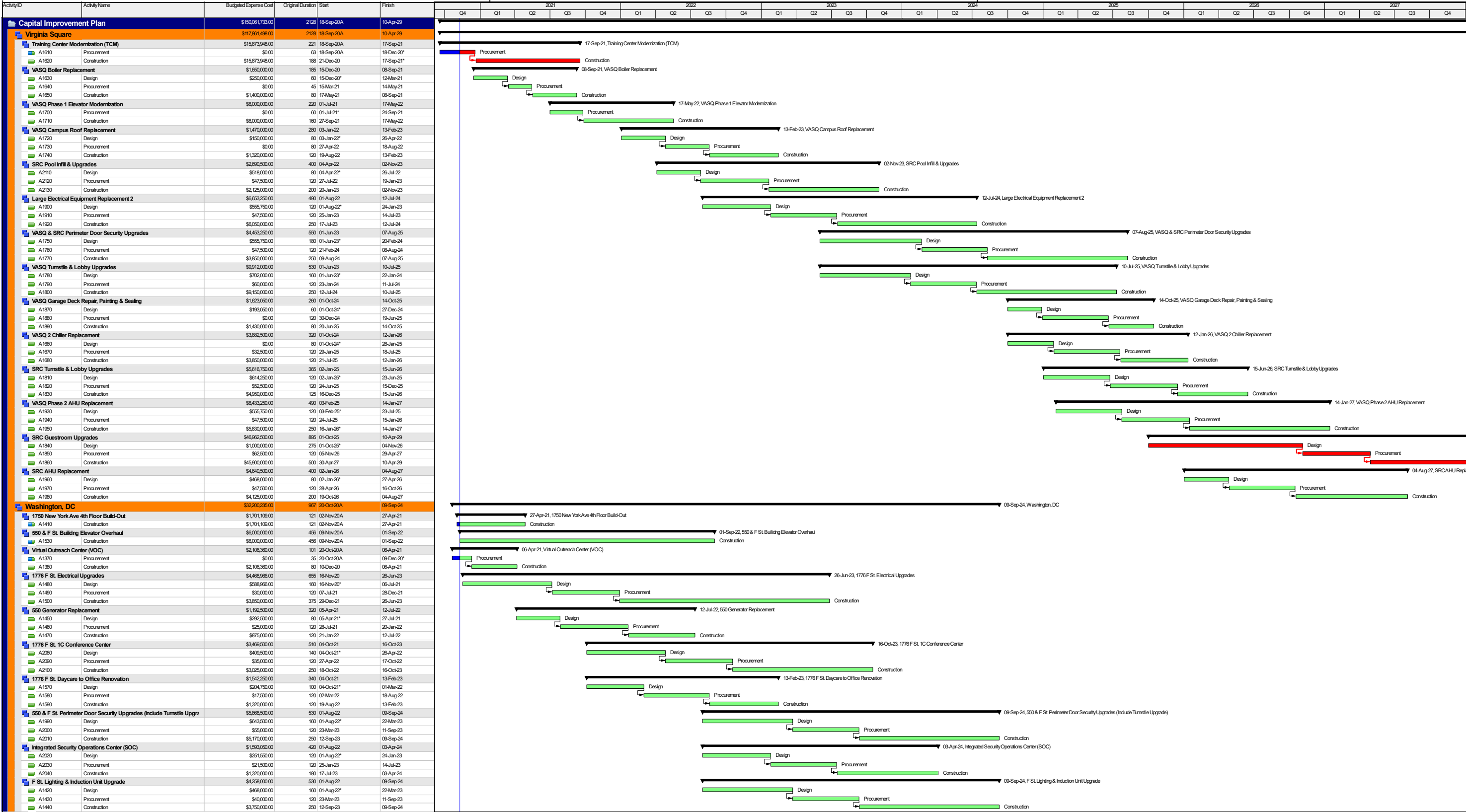
FDIC Capital Improvement Plan

2021 - 2026

Capital Improvement Plan

Classic Schedule Layout

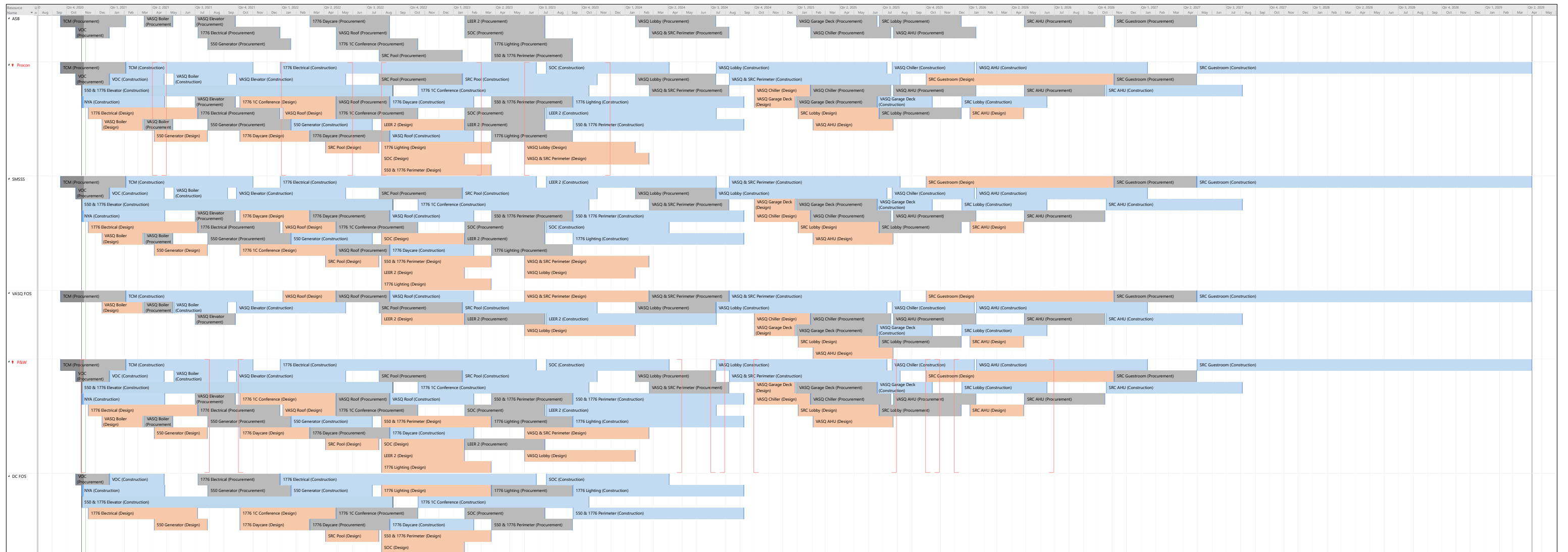
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Actual Level of Effort Remaining Work Milestone
Actual Work Critical Remaining Work summary

Attachment B

Capital Improvement Plan Resource Chart



Attachment C

Capital Improvement Plan Detailed Cost Layout

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