



governmentattic.org

"Rummaging in the government's attic"

Description of document: National Credit Union Administration (NCUA) Central Office Facilities Modernization Plan 2020-2021

Requested date: October 2021

Release date: 02-November-2021

Posted date: 14-November-2022

Source of document: FOIA Request
National Credit Union Administration
Attn: Office of General Counsel
1775 Duke St.
Alexandria, VA 22314
Email: FOIA@ncua.gov

The governmentattic.org web site ("the site") is a First Amendment free speech web site and is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file. The public records published on the site were obtained from government agencies using proper legal channels. Each document is identified as to the source. Any concerns about the contents of the site should be directed to the agency originating the document in question. GovernmentAttic.org is not responsible for the contents of documents published on the website.



National Credit Union Administration

Office of General Counsel

November 2, 2021

SENT BY E-MAIL

RE: #21-FOI-00112

This responds to your recent Freedom of Information Act request to the National Credit Union Administration, assigned #21-FOI-00112. You requested

A copy of the Central Office Facilities (detailed) Modernization Plan. A copy of the most recent status report concerning Central Office facilities modernization.

The request is granted in part. Attached are pages of NCUA Central Office facilities modernization records. Withheld records are exempt from release under one or more of the FOIA exemptions at 5 U.S.C. § 552(b)(4), (5), (6), and (7)(E). Exemption 4 protects trade secrets and commercial or financial information obtained from a person that is privileged or confidential. Exemption 5 protects interagency or intra-agency memoranda or letters which would not be available by law to a party other than an agency in litigation with the agency. Exemption 6 protects information about individuals when its disclosure would constitute a clearly unwarranted invasion of personal privacy. Exemption 7(E) protects law enforcement information that would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law.

For further assistance or to discuss your request, you may contact me, as well as our FOIA Public Liaison, by e-mail to FOIA@ncua.gov or office phone, 703.518.6540. You also have the option to contact the Office of Government Information Services at the National Archives and Records Administration to inquire about FOIA mediation services. Contact information for OGIS: NARA is by e-mail to ogis@nara.gov or phone, 202.741.5770 or 1.877.684.6448.

If you are not satisfied with the response, you may file an administrative appeal. It must be in writing and submitted within 90 days from now. If you file an appeal, please send it by e-mail to FOIA@ncua.gov with "NCUA Office of General Counsel-FOIA APPEAL" in the subject line.

Sincerely,

REGINA
METZ

Digitally signed by
REGINA METZ
Date: 2021.11.02
22:14:39 -04'00'

Regina Metz
Senior Attorney Advisor

GC/RM
21-FOI-00112



NCUA
National Credit Union Administration

Office of the Chief Financial Officer

NCUA First Floor Renovation Modernization Phase 3 Update

June 2021

Central Office Phase 3 Project Status

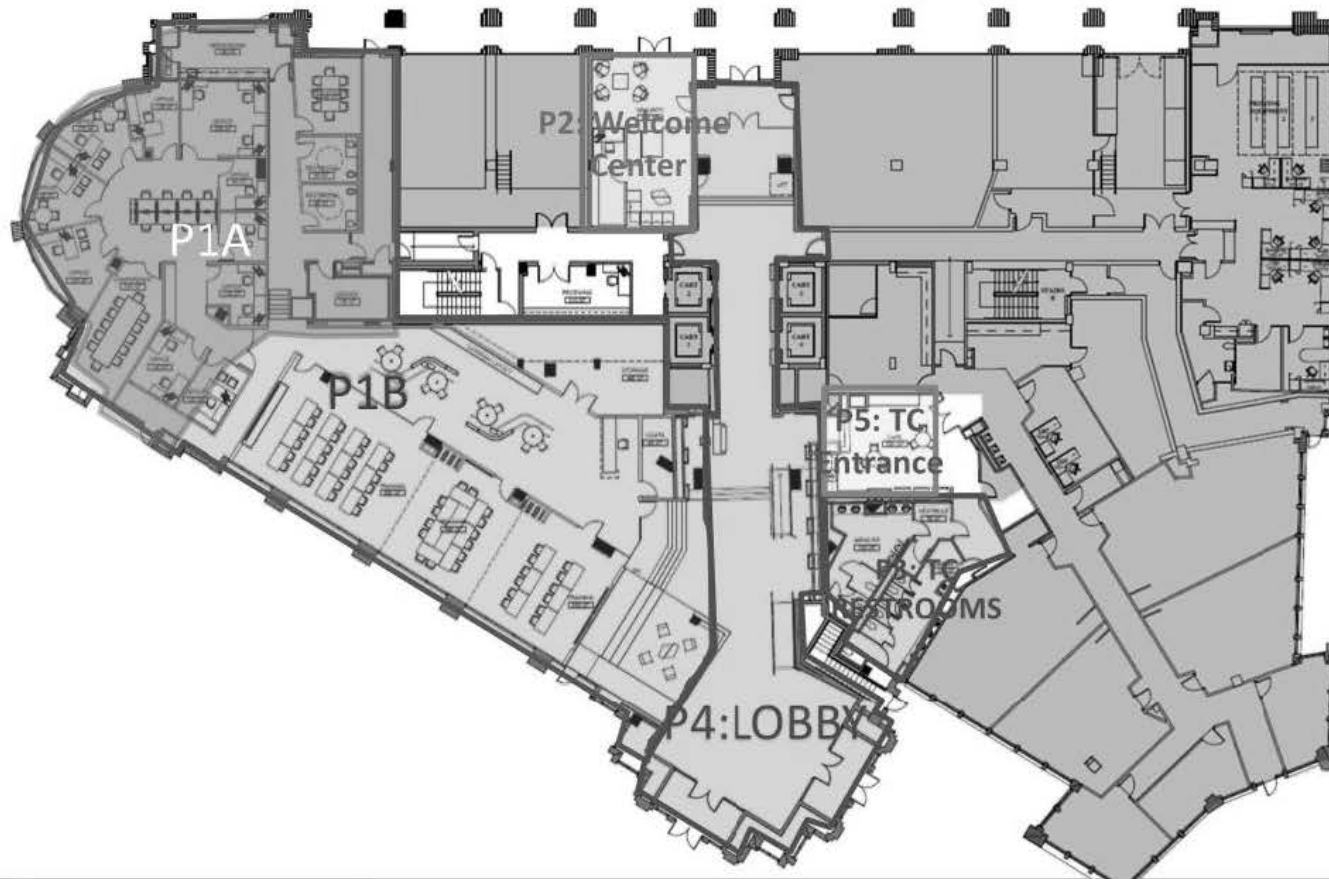
- Board approved funding for the project to proceed at the November 2020 Board Meeting, and the project was also referenced in the 2021-2022 NCUA budget justification document (page 6).

(b)(4); (b)(5)

- Anticipated duration of 35 weeks
- Anticipated demolition start date: June 2021
- Anticipated construction completion: January 2022



Phase 3 Projects



Project 1A: OBI Area in Merrill Lynch Space

Project 1B: The NCUA Event Center in Merrill Lynch

Project 2: Welcome Center

Project 3: Training Center Restrooms

Project 4: Lobby Modernization

Project 5: Training Center Entrance

BACKGROUND

Construction in Central Office Building

OM

_OCFO Mail

Mon 7/26/2021 4:15 PM

To: _All Central Office Mailboxes; _All Central Office Staff; _Eastern Office Staff

To Central Office Staff and Eastern Region Office Staff: Construction in the NCUA's Central Office Lobby and Training Center is scheduled to begin the week of July 26. Some of the improvements that will be made during this project include:

- Construction of a Welcome Center and Security Screening Center that will be located off the Diagonal Road entrance
- Modernization of the space formerly occupied by Merrill Lynch, which will provide NCUA with additional meeting rooms on the ground floor
- Modernization of the Training Center, including better access and renovated bathrooms
- Workspace and offices for the Office of Business Innovation

Starting the week of July 26, and continuing through the end of the 2021, for safety reasons the Duke Street entrance will remain closed for regular pedestrian access. Construction walls will separate the renovation areas in the Lobby. Access from Diagonal Road and from the parking garage (P1 and P2) will remain available, and security functions will continue to be performed on the security desk located on the 1st floor lobby.

The repair to the HVAC system is still awaiting completion, and we will let you know when that task is completed.

We apologize for any inconvenience this may cause and ask for you to please follow the directional signs and instructions posted in the area. Please do not hesitate to contact

(b)(6)

with questions or concerns. Thank you.

NCUA Facilities Team

[Reply](#) | [Reply all](#) | [Forward](#)



NCUA
National Credit Union Administration

Eugene H. Schied, Chief Financial Officer

2020 Budget Update

Updated 2020 Travel and Spending Projection

- The Board-approved 2020 budget included \$27.4 million for Travel.
- OCFO's midsession briefing projected approximately \$13 million of unspent Travel budget in 2020 due to the COVID-19 pandemic.
- OCFO updated its projection and estimates at least \$18 million of unspent Travel budget for 2020.
- Additionally, \$0.3 million budgeted for facilities-related expenses such as employee parking and building operations will not be spent in 2020.

2020 Budget Reallocation

- Board approval is required to reallocate \$4.32 million for COVID-related costs and opportunities. These actions would:
 - Cover certain increased expenses in 2020, such as information technology costs that support offsite examinations and remote work posture;
 - Pull forward from the 2021 budget previously planned Central Office renovations while much of the workforce is offsite.

2020 NCUA Budget Update: Recommended Reallocations	
Projected unspent Travel budget (Nov 1, 2020).....	18,000
Other unspent budget (parking, building operations).....	255
Less previously approved reallocations.....	-3,549
Remaining estimated surplus.....	14,706
2020 COVID-19 pandemic expenses.....	-1,721
2020 Central Office renovations.....	-2,600
Residual projected unspent budget.....	10,385

Pandemic-Related Expense Detail

2020 COVID-19 Pandemic Response	
(amounts in thousands of dollars)	
	2020
<u>Information Technology expenses</u>	<u>Estimate</u>
Virtual meeting software licenses.....	177
Conference calling services.....	121
Network capacity and connectivity.....	113
Business application development and support.....	353
<u>Operational Planning expenses</u>	
Virtual examination design and implementation.....	700
<u>Facilities and Supplies expenses</u>	
Central Office HVAC enhanced cleaning.....	137
Personal protective equipment and cleaning supplies.....	120
Total, COVID-19 pandemic response.....	1,721

Central Office Improvements

- The final phase of the multi-year Central Office renovation project includes reconfiguration of the building entrances and lobby to meet security and accessibility requirements, and reconfiguration of office space to meet NCUA needs.
- \$3 million was programmed in the 2021 Capital Budget that the Board approved last year as part of the 2020/2021 budget.
- The request is to provide \$2.6 million from unspent 2020 Travel budget in lieu of the \$3 million request for 2021. In so doing:
 - The project timeline can be accelerated to take advantage of most staff working offsite during COVID.
 - By accelerating this project, we can forego a year of lease costs in Alexandria, VA in 2021, reducing the 2021 rental budget by \$600,000.
 - The \$3 million planned for the 2021 Capital budget can be eliminated.

Recommended Action

It is recommended that the NCUA Board approve reprogramming a total of \$4,321,000 from unspent 2020 travel budgets for agency coronavirus response activities and Central Office renovations, which shall remain available for obligation through 2021.



National Credit Union Administration
Office of the Chief Financial Officer

BOARD ACTION MEMORANDUM

TO: The NCUA Board **DATE:** November 17, 2020
FROM: Chief Financial Officer **SUBJ:** Reprogramming Request

Digitally signed
by EUGENE
SCHIED
Date: 2020.11.17
17:29:29 -05'00'

ACTION REQUESTED: Request for approval of reprogramming \$1,721,000 of projected unspent 2020 travel budget to fund NCUA response and activities related to the coronavirus pandemic in 2020 and \$2,600,000 of projected unspent 2020 travel budget to fund renovation of the NCUA Central Office building.

DATE ACTION REQUESTED: November 19, 2020

OTHER OFFICES CONSULTED: Office of the Executive Director
Office of the Chief Information Officer
Office of Examination and Insurance

VIEWS OF OTHER OFFICES CONSULTED: Concur

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes

RESPONSIBLE STAFF MEMBERS: James S. Holm, Supervisory Budget Analyst, Office of the Chief Financial Officer.

SUMMARY: The NCUA's response to the coronavirus pandemic has led to a number of unplanned and unbudgeted expenses for various information technology and operational support activities. The Office of the Chief Financial Officer (OCFO) estimates that approximately \$1.7 million is required for NCUA initiatives and efforts related to the pandemic, the individual costs for which exceed delegated reprogramming authorities. Additionally, OCFO has identified a need for \$2.6 million in funding to complete several important renovation projects for the NCUA Central Office building. Central Office building renovations have been underway for several years, and this request funds the final phase of this program.

The COVID-19 pandemic and resultant changes in NCUA's operating posture have resulted in much lower-than-planned spending on NCUA employee travel. OCFO currently estimates that the agency will end 2020 with a travel-related surplus of approximately \$18 million.¹

This memorandum discusses the specific pandemic-related expenses the agency has and expects to incur, as well as the estimated costs for Central Office building renovations, and recommends using a portion of the projected unspent travel budget to fund these costs.

¹ OCFO estimate as of 10/30/2020; actual surplus will vary.

Pandemic-related Expenses

Information Technology

Since March 2020 nearly all NCUA employees have performed their duties in a mandatory telework/offsite examination posture, which has resulted in increased spending on conference calling services, virtual meeting software, and data capacity for computer networks. In addition, the Office of the Chief Information Officer developed improved reporting capabilities that enable the NCUA's senior management team to understand and respond more efficiently to pandemic-related risks. In total, approximately \$0.8 million is required for these costs, as shown in the following table:

	2020
Virtual meeting software licenses	\$177,000
Conference calling services	\$121,000
Network capacity and connectivity	\$113,000
Business application development and support	\$353,000
Total, Information Technology	\$764,000

Operational Planning

Since the necessary shift to an offsite work policy due to COVID-19, the agency has been conducting examination work offsite. During most of these offsite exams, NCUA staff were able to perform substantial examination procedures and complete the examination. The NCUA anticipates that examiners will continue using tools they leveraged during the offsite posture even after the current pandemic has passed. The NCUA plans to evaluate the successes and challenges examiners have been experiencing while working remotely, and develop best practices for using these tools in the future. To support this effort, \$700,000 is included in this reprogramming.

The NCUA has several initiatives in process to improve and modernize how the agency conducts examinations and supervision. The goals of these initiatives are to replace outdated, end-of-life examination systems, streamline processes, adopt enhanced examination techniques, and leverage new technology and data to maintain high quality supervision of federally insured credit unions with less onsite presence.

In 2017, the NCUA Board approved the virtual examination project and associated resources to research methods to conduct offsite as many aspects of the examination and supervision processes as possible. Currently, the program is in the research and discovery phase. During this phase, the team is researching ways the agency can harness new and emerging data, assess advancements in analytical techniques, and utilize innovative technologies. Additionally, the team is identifying ways to improve its supervisory approach and to move to a more virtual-based examination model in the next five to ten years.

Facilities, Supplies, and Other Contract Services

In order to ensure efficient and sanitary operation of the NCUA's heating, ventilation, and air conditioning (HVAC) system, funding is needed for enhanced cleaning of the system. The

NCUA also purchased personal protective equipment for its workforce and cleaning supplies. In total, approximately \$0.3 million is required for these costs, as shown in the following table:

	2020
Central Office HVAC enhanced cleaning and maint.	\$137,000
Personal protective equipment and cleaning supplies	\$120,000
Total, Facilities and Supplies	\$257,000

Central Office Renovations

There are several improvements planned for the NCUA Central Office building, which will allow the NCUA to consolidate its DC-area workforce in agency-owned space, enhance visitor and occupant security, improve the usability of the NCUA training center, and expand the availability of office and meeting spaces. The total estimated cost to complete these improvements is approximately \$4.8 million, of which the NCUA Board has already provided \$2.2 million in past budgets. An additional \$2.6 million is required to ensure completion of these projects as expeditiously as possible.

Funding Sources

The pandemic has significantly reduced agency travel, and OCFO currently projects that \$18 million budgeted for travel-related costs will remain unspent by the end of the year. As a result, unspent travel funds can be reprogrammed to pay for the 2020 costs necessary to respond to the coronavirus pandemic and to complete Central Office building renovations.

RECOMMENDED ACTION: It is recommended that the NCUA Board approve reprogramming a total of \$4,321,000 from unspent 2020 travel budgets for agency coronavirus response activities and Central Office renovations, which shall remain available for obligation through 2021, as described in this memorandum.

Attachment:

2020 Projects with Costs Exceeding Delegated Reprogramming Authorities (amounts in thousands of dollars)	
	2020
<u>Information Technology expenses</u>	<u>Estimate</u>
Virtual meeting software licenses.....	177
Conference calling services.....	121
Network capacity and connectivity.....	113
Business application development and support.....	353
<u>Operational Planning expenses</u>	
Virtual examination design and implementation.....	700
<u>Facilities and Supplies expenses</u>	
Central Office HVAC enhanced cleaning.....	137
Personal protective equipment and cleaning supplies.....	120
Total, COVID-19 pandemic response.....	1,721
Central Office renovations.....	2,600
Grand Total, 2020 estimate.....	4,321



- Modifications to facilities operations and maintenance, including improvements to air handling and filtration systems; increased facility cleaning and cleaning supplies; and medical consultant support to assess operating status and issues.
- An assessment of virtual exams in light of the shift to remote and off-site examination and supervision in 2020 as a result of COVID-19, to evaluate opportunities and long-term changes to the supervision program.
- \$2.6 million for the final phase of facilities modernization at the Central Office. This project was originally planned in the original 2021 Capital Budget for \$3.0 million. Over the past three years, the NCUA has been modernizing and updating the Central Office, much of which has not been updated in over 20 years. The project also supports security upgrades at the Central and regional offices. Accelerating the funding enables much of the work to be done while a number of staff continue to work remotely, and will allow NCUA to terminate the lease it has at 1900 Duke Street rather than keep it for 2021, avoiding a cost of approximately \$600,000. Therefore, in total, the use of the surplus for this project reduced the overall 2021 budget by \$3.6 million.

Deducting the \$7.9 million that has been reallocated from the \$18.3 million, leaves a balance of \$10.4 million, which – subject to approval by the NCUA Board – is being proposed for use in the following way:

- \$5.8 million of the budget surplus for 2020 would be made available in 2021, to offset 2021's travel budget. For 2021, the NCUA is currently forecasting a need for about 66% of its annual travel budget, due to the anticipated ongoing travel and on-site work restrictions related to COVID. In addition to the \$12.3 million included in this 2021 budget, an additional \$5.8 million would be made available from the 2020 surplus, to fund travel at about 66% of the typical need.
- \$3.7 million of the surplus would be used to retire the note owed by the Operating Budget to the Share Insurance Fund for the Central Office building at 1775 Duke Street, Alexandria, VA. When the NCUA purchased the building, it was financed by the Share Insurance Fund, and the Operating Fund makes annual principal and interest payments. This action would retire the note three years ahead of schedule, fully repaying the Share Insurance Fund. This will reduce the Operating Budget by about \$1.3 million in annual principal payments scheduled for 2021 through 2023, and also avoid additional interest payments for the remaining three years of the loan.
- \$0.9 million of the surplus would be used for expected COVID-related expenses in 2021, such as for continued enhanced office cleaning and cleaning supplies, medical consultant services, and other miscellaneous costs.

Budget Trends

As shown in the chart below, the relative size of the NCUA budget (dotted line) continues to decline when compared to balance sheets at federally insured credit unions (solid line). This trend illustrates the greater operating efficiencies the NCUA has attained in the last several years relative to the size of the credit union system. Additionally, the NCUA has improved its operating efficiencies more aggressively than other financial industry regulators (dotted line compared to dashed line).