

MINUTES OF THE JULY 29, 2013, FACILITIES COMMITTEE MEETING

The Facilities Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution conducted a meeting in the Regents’ Room of the Smithsonian Castle on July 29, 2013, beginning at 2:00 p.m. Participating in person or by telephone (indicated as *) were Committee Chair Robert Kogod and members Senator Patrick Leahy*, Representative Tom Cole*, Representative Sam Johnson*, and George Hartman*. Committee member Sakurako Fisher was unable to participate.

Staff present, either in the Regents’ Room or by telephone (indicated as *), were Secretary G. Wayne Clough; Chief of Staff to the Secretary Patricia L. Bartlett; Director of the Office of Facilities Engineering and Operations (OFEO) Nancy Bechtol; Deputy Director of OFEO Walter Ennaco; Office of the Regents Senior Writer-Editor Barbara Feininger (recorder); Director of the Office of Facilities Management and Reliability Kendra Gastright; Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath; Deputy Under Secretary for Finance and Administration John K. Lapiana*; OFEO–Office of Planning and Project Management (OPPM) Architect/Project Manager Christopher Lethbridge; Assistant to Representative Cole Sean Murphy*; OPPM Acting Director Debra Nauta-Rodriguez; Director of Government Relations Nell Payne; Deputy General Counsel Marsha Shaines; and Assistant Inspector General for Audits Michael Sinko.

Mr. Kogod called the meeting to order.

APPROVAL OF THE FEBRUARY 28, 2013, COMMITTEE MEETING MINUTES

The Committee approved, without modification, the draft minutes of its February 28, 2013, meeting.

UPDATES ON SPECIFIC INITIATIVES

Facilities Capital and Maintenance Investment Requirements – Fiscal Years 2013–2019. Mr. Kogod directed the Committee to the first of two Facilities Capital and Maintenance Investment Requirements snapshots contained in the meeting materials. Final fiscal year (FY) 2013 Federal appropriations were \$94.471 million for facilities capital improvements and \$65.658 million for facilities maintenance. The Smithsonian annually requires, but does not receive full Federal funding for, \$150 million for facilities capital revitalization projects. OFEO, said Mr. Kogod, ensures that the Smithsonian stays within budget and averts facility crises while operating under shortfalls in Federal funding for facilities capital and maintenance. He added that, historically, the Smithsonian’s expenditures have demonstrated good efficiency with regard to its use of Federal funds. He also noted that the chart is regularly updated to identify and track the Smithsonian’s facilities capital and maintenance requirements accounts from FY 2013 to FY 2019. In addition, it tracks funding for the Smithsonian’s construction program and, in this case, the chart included data on the construction of the new National Museum of African American History and Culture (NMAAHC).

Facilities Capital Federal and Private Investment Requirements. Mr. Kogod next discussed the second chart, which featured the Smithsonian’s facilities capital Federal and private investment requirements. The chart included projects completed from FY 2005 to FY 2012 (\$196.3 million Federal/\$154.1 million private); projects now under way (\$474.1 million Federal/\$330.4 million private); and currently projected projects that are planned but not imminent (\$40.8 million Federal/\$108.9 million private). NMAAHC (\$250 million Federal/\$250 million private) comprises the majority of funding requirements for projects currently under way.

Facilities Capital and Maintenance—Status of Fiscal Years 2013 and 2014 and Trending Charts. Ms. Gastright and Ms. Nauta-Rodriguez were asked to discuss the “trending” charts of Federal funds for facilities capital and maintenance programs. Ms. Nauta-Rodriguez first discussed a snapshot of final facilities capital appropriations for FY 2012 and FY 2013, and the status of the FY 2014 facilities capital appropriation process. Guidance for FY 2014 Federal appropriations does not include a possible continuing resolution and/or sequestration strategy. Overall, added Ms. Nauta-Rodriguez, capital appropriations are decreasing slightly, as also are appropriations for construction. The Smithsonian, nevertheless, is on track to exceed its benchmark obligations for FY 2013 revitalization appropriations: continuing construction contracts are funded and under way, and NMAAHC construction obligations are proceeding according to plan. Earthquake repair funding was not received in FY 2013. An anomaly request is being prepared for FY 2014 and, in the event it is not funded, earthquake repair funding will be included in the FY 2015 request.

Ms. Nauta-Rodriguez reviewed the Federal facilities capital program trend chart for FY 2007–FY 2014. She noted the steady improvement in the facilities condition index from FY 2007 to 2010, and in particular the notable rise in 2009 that resulted from stimulus funding from the American Recovery and Reinvestment Act. The facilities condition index then remained essentially flat in FY 2010–2012, and has trended downward in FY 2013. The facilities condition index is based on all of the Smithsonian’s facilities, and demonstrates the need to keep a minimum base of investment in existing facilities while dealing with expansions. The five-year Federal funding plan for FY 2015–2019 will include the revitalization of the National Air and Space Museum; the expansion of collections storage space in Suitland, Maryland; and the design of the Campus Master Plan. The Secretary clarified that, should private funding become available, work on the Campus Master Plan also could commence during this period.

Ms. Gastright discussed the snapshot report of final facilities maintenance appropriations for FY 2012 and FY 2013, and the status of the FY 2014 facilities maintenance appropriation process. Like facilities capital funding, she said, Federal funding for facilities maintenance has trended downward. The impact of unplanned funding cuts on facilities maintenance, however, differs as the Smithsonian must go from a planning mode to a reactive one, and priorities must change. Because of FY 2013 funding shortfalls and the lack of budget guidance from the Office of Management and Budget (OMB), the trending chart reflected an overall increase in needs but did not include specific FY 2014 facilities maintenance items.

Ms. Gastright discussed the inflation-adjusted Federal facilities maintenance trending chart for FY 2006–FY 2014. Because the Smithsonian’s overall footprint has increased while funding has

decreased for facilities maintenance, the chart demonstrated that the Institution is steadily trending to a reactive maintenance posture. Mr. Kogod noted that, given current budget restraints, OFEO is doing the best job possible to avert maintenance failures. He asked OFEO staff to prepare an in-depth review of facility vulnerabilities for the Committee.

Super Storm Sandy Projects Status. Mr. Ennaco provided an update on the FY 2013 \$1.9 billion Federal supplement for Super Storm Sandy repairs. All but \$25,000 has been awarded, he said, and work will be completed between March and June 2014.

MAJOR PROJECT UPDATES

Ms. Nauta-Rodriguez said the focus of the major project updates would include NMAAHC, the SI Campus Master Plan, and the National Air and Space Museum (NASM). [The advance reading materials included updates on 12 major capital projects: NMAAHC; the SI Campus Master Plan Initiative; NASM; the Arts and Industries Building's shell revitalization and interim use plan; Cooper-Hewitt, National Design Museum's gallery and infrastructure improvements; the National Museum of American History West Wing public space renewal; National Museum of Natural History Paleo Hall renovation and *Deep Time* exhibition; the National Postal Museum's Gross Exhibition Gallery; National Zoological Park North Road retaining wall and General Services Building; the Renwick Gallery of Art; the Smithsonian Environmental Research Center's Mathias Laboratory; and the Smithsonian Tropical Research Institute's Gamboa Laboratory.]

National Museum of African American History and Culture. Ms. Nauta-Rodriguez said the new museum continues to be the most challenging project to date. The design is complete and 16.5 percent of the work on site has been finished. Water issues have impacted the project's costs and schedule; Mr. Horvath added that the water problems have been resolved but resulted in changes to the structure's design. The construction schedule is being closely examined in search of possible accelerations. The next major phase of the museum's development will be the design of its exhibitions. The Smithsonian, added Mr. Horvath, is pleased with the quality of the contractor's work.

Mr. Kogod asked if changes are anticipated to the museum's planned opening. Mr. Horvath reported that the entire structure might not be totally complete until, according to current estimates, April 2016, but said that a ceremonial opening would be held in November 2015, the planned opening date. Mr. Kogod said that, should it appear that the museum's completion date must be moved beyond November 2015, the Board of Regents must be advised in advance and provided with ongoing progress reports. The Secretary said it is estimated that nearly 60 percent of the required private funding for NMAAHC will be raised or committed by the end of FY 2013. He credited the fundraising efforts of NMAAHC Council Chair Ken Chenault, NMAAHC Director Lonnie Bunch, and Director of Advancement and Philanthropic Giving Virginia Clark. Donor prospects continue to be developed and additional staff might be added to contribute to the museum's "fundraising firepower."

SI Campus Master Plan Initiative — South Mall Campus Area. Mr. Lethbridge reported that the project's architecture and planning team recently met, and that the steering committee had

met twice. All concerned parties, including museum directors and senior staff, have been consulted and proposals were made regarding the reimagined use of the Castle and the Quad, interrelationships between campus areas, and ways to better utilize the campus. The architecture and planning committee, said Mr. Kogod, has conducted extensive research on the project and met with constituents. The project is complicated and challenging, he noted, and will help define the Smithsonian for decades to come. The Strategic Planning and Programs Committee is working to help define the programming for the master plan. Mr. Horvath noted that the first substantive output from the architect will be presented to the master planning committee in the fall 2013, after which the full Board will be briefed. Mr. Hartman added that the planners should be apprised of the Smithsonian's economic constraints.

National Air and Space Museum. Ms. Nauta-Rodriguez reported that two initiatives are included in the NASM project: the repair of damage from the 2011 earthquake and the revitalization of the building's major systems and exterior envelope. The earthquake exacerbated preexisting water infiltration problems that have resulted from the Mall museum's deteriorating ceiling joints. It is hoped that ceiling joint repairs will be supported by FY 2014 anomaly funding, or that funding will be included in FY 2015 Federal appropriations.

The revitalization of the exterior envelope and major systems upgrade is a larger, interrelated project. Many of the systems are original to the 1976 construction of the building and beyond their useful life. A team is reviewing the performance requirements and goals desired for the project, including Executive orders for energy conservation, blast protection, and other mandated or best-practice goals. The deficiencies in the building's exterior, emphasized Ms. Nauta-Rodriguez, include the entire envelope system (stone, clips, insulation, etc.). All of the stone must be removed, at least 30 percent must be replaced, and it is uncertain that matching marble is available. A viable and fundable implementation plan is being developed for the project, as NASM is the most-visited and highest revenue-generating Smithsonian museum. Mr. Horvath added that the NASM initiative is second only to NMAAHC in the scope of its challenges, and reported that the budget and facilities teams are coordinating to develop a compelling budget strategy to take to OMB and the Hill. Mr. Kogod asked about the urgency of the project. Ms. Bechtol responded that the project design, which will take a couple of years, must begin now. It will inform how the project is approached, including whether or not the building can remain open during construction. The NASM Master Plan, which is nearing completion, also will inform the project.

Arts and Industries Building. The Secretary reported that issues with the replacement windows will extend the shell revitalization project's completion date by about eight weeks. Regardless, said Mr. Horvath, the building is on track to reopen in fall 2014. Internal work will occur in tandem with the finishing of the exterior shell. The Secretary reported that programming for the new space is being developed by Office of Communications and External Affairs Associate Director of Strategic Communications Pherabe Kolb. Smithsonian staff are volunteering their efforts, the central Office of Advancement is helping cultivate corporate support for the project, and the Smithsonian Channel is developing an engaging idea that will enhance the facility. Because the project will receive limited Federal funding, participating organizations will be assessed exhibition and operational costs.

Cooper-Hewitt, National Design Museum. Ms. Nauta-Rodriguez noted that Cooper-Hewitt, National Design Museum's gallery and infrastructure improvements will be complete in spring 2014. The facility will reopen to the public in fall 2014.

SUSTAINABILITY UPDATE

The Secretary expressed his appreciation to Ms. Bechtol for her leadership of the sustainability initiative for the Smithsonian's physical infrastructure. He noted the ethical importance of the initiative and the cost-savings it achieves. A pan-institutional sustainability initiative, he said, also involves Smithsonian research, education, and exhibitions.

Ms. Bechtol discussed the multiple challenges to the Smithsonian's sustainability efforts. The total infrastructure includes a significant amount of land (over 43,000 acres in 32 locations, 14 of which are in the United States); multiple facilities (356, with a combined total of 12 million gross square feet); and 510 vehicles. The infrastructure, she said, supports the care of and access to the Smithsonian's collections, which include over 137 million objects and over 2,000 live animals; it also hosts over 30 million visitors during the 364 days it is open each year. The care of the collections, as well as support for the visitor experience, requires 24-hour environmental controls and the maintenance of multiple historic facilities.

Reporting mechanisms were reviewed, most of which are through the Department of Energy. The Smithsonian provides annual or biannual reports to multiple Federal sustainability documentation programs, some of which were cited by Ms. Bechtol. In addition, the Smithsonian sustainability/energy scorecard is updated twice a year and the Strategic Sustainability Performance Plan is updated once a year, as also are the Greenhouse Gas Emission Inventory Qualitative Report and the Annual Energy Management Report. Deficiencies in the sustainability/energy scorecard largely reflect the 24-hour-a-day requirements of facilities that house environmentally sensitive collections. Progress continues to be made in efforts to address these shortfalls.

The Federal government, said Ms. Bechtol, is trying to reduce its carbon footprint by monitoring greenhouse gas (GHG) emissions. The Smithsonian is doing well with regard to GHG emission reductions. In FY 2012, it achieved a 20.2 percent reduction in Scope 1 and 2 GHG emissions, and a 3.7 percent reduction in Scope 3 emissions. About 80 percent of the Smithsonian's GHG emissions are due to the size of its collective building footprint. The Smithsonian is trending positively with regard to its energy intensity reduction, but fell short of the 21 percent Federal reduction goal for FY 2012. This shortfall also reflects the 24-hour-a-day operations of Smithsonian science laboratories and museums.

Smithsonian Directives have been developed to help the Institution achieve less energy-intensive buildings. New construction, revitalization projects, and upgrades are now developed with the intent of achieving LEED certification. Ms. Bechtol cited several facilities that have achieved LEED certification, as well as projects that are currently under construction with the intent of achieving LEED certification. The National Museum of the American Indian, she noted, was the first existing Smithsonian museum to achieve LEED certification; it also was the second

museum in the nation to achieve LEED certification at the existing building level. [The first building later lost its certification.] The Smithsonian plans to get all major museums LEED-certified at the existing building level. Current or recent construction projects that are targeting LEED gold certification include the Arts and Industries Building; the new education facility at the Smithsonian Conservation Biology Institute in Front Royal, Virginia; and the National Zoological Park's Elephant House. The Smithsonian Environmental Research Center's Mathias Laboratory, which will soon open, is seeking LEED platinum certification.

Smithsonian recycling efforts made significant gains in FY 2012, due in large part to composting food waste from food service operations. The Smithsonian is on track to meet—and likely surpass—the FY 2015 Federal goal of diverting 50 percent of its non-hazardous solid waste from landfill disposal. Over 75 percent of the 2013 Folklife Festival's trash was compostable, and over 20 tons of compost was retrieved. Manned largely by volunteers, that effort also provided an opportunity to educate visitors about sustainable practices. In addition to recycling, the Smithsonian is reducing the petroleum use of its vehicle fleet. The use of electric and alternative fuel vehicles is increasing. The Smithsonian achieved a 52 percent reduction in the fleet's petroleum use in FY 2012, which surpassed both the FY 2012 Federal goal of 14 percent and the FY 2020 Federal goal of 30 percent.

Mr. Kogod asked how much of the Smithsonian's facilities capital and maintenance funding is directed to sustainability efforts. Ms. Bechtol responded that sustainable solutions are applied to every facilities capital and maintenance upgrade. Mr. Kogod suggested that quantifying these investments, which are for the public good, will support the Smithsonian's case for increased Federal funding.

COMMITTEE CHARTER REVIEW

Mr. Kogod presented proposed amendments to the Facilities Committee Charter. The proposed changes are intended to clarify the scope of the Facilities Committee's purpose and to modify language regarding length of service on the committee. The Committee agreed to recommend that the Governance and Nominating Committee review and recommend the approval of the amendments by the Board of Regents.

ADJOURNMENT

There being no further business, Mr. Kogod thanked the participants for their contributions and adjourned the meeting at 3:17 p.m.

Respectfully submitted,

Robert P. Kogod
Committee Chair