

Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings and Emergency Management
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Thank you, Chairman Barletta and Ranking Member Carson, for the opportunity to testify before the Subcommittee on Economic Development, Public Buildings and Emergency Management. Due to the steadfast support of Congress, the Smithsonian is able to tell our nation's story in relevant and compelling ways and inspire future generations of American scientists, artists, teachers, and leaders.

Background

The Smithsonian is the world's largest museum, education, and research complex, consisting of 19 museums and galleries, the National Zoological Park, and nine research facilities. While our visitors are familiar with our iconic objects, artworks, and animals, very few see the hard work and dedication happening behind the scenes enabling us to fulfill our mission for the increase and diffusion of knowledge.

Among federal agencies, there is nothing else quite like the Smithsonian. We employ over 6,000 people and 6,300 volunteers. We store, preserve, and make accessible a diverse range of collections, ranging from insects to spacecraft. We conduct cutting edge research on topics from astrophysics to zoonotic disease. And we run retail and dining operations for the 30 million visits we host every year.

To support this wide array of functions the Smithsonian leases space for administrative offices, collections storage, general storage, and research/laboratory space totaling approximately 1.5 million square feet at an annual cost of approximately \$52 million.

This is a substantial amount of space that represents a significant cost to the Smithsonian and in turn to the American public. As such, we take seriously our responsibility to spend those dollars wisely and transparently.

The Smithsonian ensures competitive pricing for our leased spaces by utilizing detailed market studies of real estate submarkets, both independently and with the assistance of prominent commercial real estate firms that are selected through an intensive Request for Proposals (RFP) process. These firms give the Smithsonian access to a comprehensive range of capabilities, such as portfolio management and strategy; transaction management and brokerage; lease negotiation and administration; lease audit and recovery; real estate tax management; and space planning and utilization. This combination of internal and external expertise allows the Smithsonian to identify market comparables and properties best suited to fulfill our unique space requirements, and to ensure that property owners negotiate within a competitive environment.

While the Smithsonian maximizes its federal resources through competition and strives to improve efficiencies, it is equally important to demonstrate responsible use of taxpayer dollars. As an entity with independent leasing authority, we are not required to file annual reports with the Federal Real Property Council, but we do so voluntarily, as part of our effort to follow best practices.

Management of the leased portfolio

In order to determine our leasing requirements, the various units across the Smithsonian are required to formally submit a request to the Under Secretary or the Provost. Once a request is approved and funding is made available, our real estate Division coordinates with the unit and a project manager within Smithsonian Facilities to refine the requirement and develop an appropriate space plan suitable for the unit's needs.

As previously noted, some of the Smithsonian's space needs can be highly specialized. Over its long history, the Smithsonian has developed requirements suited to the proper care and preservation of the National Collections. These requirements can vary dramatically among the 138 million items in the collections and must meet precise standards for temperature, relative humidity, ventilation, lighting, fire suppression, and storage equipment, among others. The Institution has developed directives to properly distinguish the nature of the space and the exact conditions required. Additionally, we must also address any security needs associated with collections of significant value.

Our requirements for office space are less complicated, but are still carefully developed with each respective internal unit to ensure their operational needs are being met in a cost-effective manner.

With such a broad range of leasing needs, the Smithsonian takes great care to foster competition in lease transactions in order to control costs. This task is relatively simple for the leasing of office space, but more challenging with respect to collections space due to the limited number of

entities in the market capable of meeting the highly specific requirements for the management of scientific, historic, and artistic collections.

Office space

Notwithstanding our efforts to keep leasing costs under control through competition, the Smithsonian is pursuing a long-term leasing strategy to identify and achieve additional cost savings wherever possible. Our current leased office holdings are spread across several buildings located in Washington, DC and Northern Virginia. This dispersion of institutional functions contributes directly to operational inefficiencies. When coupled with rising lease rates, the result is a cost escalation to the Institution in a constrained federal budget environment. To combat this, the Smithsonian has systematically aligned the termination dates of these agreements in order to pursue an effective consolidation strategy.

Our own analysis indicates there are substantial costs savings to the Institution if we consolidate the majority of our office leases to one location through space and administrative efficiencies.

In an effort to identify and acquire suitable office space for a potential consolidation, the Smithsonian posted a non-binding Request for Proposals (RFP) and held discussions with the General Services Administration (GSA) to identify suitable properties within its portfolio. In the coming months, the Smithsonian will continue to explore all possibilities and to focus on this important cost-saving initiative.

Collections storage

In 2011, the Smithsonian launched an Institution-wide collections space planning initiative to document, analyze, and plan for addressing the Institution's current and future collections space needs in a pragmatic, strategic, and integrated manner. With these goals in mind, the Smithsonian established an interdisciplinary Collections Space Steering Committee to assess current collections space conditions and to develop a framework plan with near, intermediate, and long-term recommendations for addressing current and projected pan-Institutional collections space requirements.

As part of this initiative, the Smithsonian completed a first-of-its-kind survey of existing collections space, both owned and leased, representing more than 2.1 million square feet of space. The survey analyzed the condition of collections space, storage equipment, accessibility, environmental conditions, security, and fire safety. Based on this assessment, the Collections Space Framework Plan was issued in 2015 to serve as a roadmap to guide short- and long-term facilities capital, real estate, and collections care projects, providing renovation and new construction strategies that address unacceptable collections space conditions, allow for

decompression of overcrowded collections to make them more physically accessible, anticipate future collections growth, and reduce or eliminate reliance on leased space for collections storage.

As a part of our plan, we performed a survey of leased facilities on the East Coast, none of which met our stringent standards for temperature, relative humidity, and security for the long-term storage of collections. In addition, we have conducted a cost-benefit study which shows that owning collections storage facilities is much more cost effective and efficient than leasing.

Additionally, we have reached out to other agencies in the national capital region, such as the National Gallery of Art, Department of the Interior, and others on opportunities to partner on storage needs. These potential partnerships could improve efficiencies, reduce costs, and leverage the combined purchasing power of the agencies. We are currently in the process of formalizing a collections space forum of participating agencies with the goal to quantify individual storage needs based on common methodologies and to explore collaborative storage opportunities.

The Smithsonian has made significant progress in raising the level of collections care through facility capital projects. Construction of the Udvar-Hazy Center near Dulles Airport significantly increased both the storage capacity for and public access to the collections of the National Air and Space Museum (NASM). The National Museum of Natural History (NMNH) improved collections and laboratory space for invertebrate and paleobiology collections at the Mall museum. The construction of Pod 5 at the Museum Support Center (MSC) allows us to safely preserve and make accessible scientific specimens stored in alcohol and formalin. Renovations to the existing MSC Pod 3 provided collections space for three Smithsonian art museums as well as physical anthropology and other collections requiring specialized environments such as Antarctic meteorites and frozen tissue samples. The recent renovation and reopening of the Cooper Hewitt, Smithsonian Design Museum also resulted in a number of improved collections processing, conservation, and storage spaces.

To address near-term space requirements, the implementation of the Framework Plan calls for the construction of an additional storage Pod at MSC and the construction of two new storage modules adjacent to the Udvar-Hazy Center. The first of those modules will be critical as temporary collections swing space during the upcoming NASM Mall Building revitalization, and will then serve to relocate at-risk collections from the Paul E. Garber Facility. Bills authorizing those projects have been referred to this subcommittee.

Long-term, the Framework Plan supports a phased development of the Suitland and Dulles campuses. Each of these strategies will reduce, consolidate, and ultimately eliminate our need for temporary and leased collections space while also improving the environmental and security conditions for our collections.

Conclusion

As we prepare to open the new National Museum of African American History and Culture, renovate the National Air and Space Museum, and collections across the institution continue to grow, our need for space continues to expand. For that reason, we will continue to seek efficiencies and consolidate our leased spaces in the most responsible and transparent manner possible.

Thank you for the opportunity to testify today, and thank you for your support of the Smithsonian Institution.