

December 1992

NOAA AIRCRAFT OPERATIONS

Cost Analysis Does Not Support Decision to Relocate



General Government Division

B-251549

December 21, 1992

The Honorable Dante B. Fascell
The Honorable William Lehman
The Honorable Ileana Ros-Lehtinen
The Honorable E. Clay Shaw
The Honorable Lawrence J. Smith
House of Representatives

This report responds to your request that we review whether the decision to relocate the Aircraft Operations Center (AOC) of the National Oceanic and Atmospheric Administration (NOAA) from Miami, FL, to Tampa, FL, is supported by a thorough and realistic cost analysis. You specifically questioned whether the cost analysis used by NOAA (1) overstated rental costs at Miami International Airport (MIA), (2) estimated a 10 percent per year rent escalation at MIA, (3) correctly assumed that Opa-locka Airport and MIA would charge the same rental rates, and (4) was justified in estimating that telephone service at Opa-locka would be nearly four times the cost of service at MIA.

Results in Brief

NOAA's desire to relocate AOC to better facilities at a government-owned installation is understandable. However, NOAA's cost analysis of AOC's move from Miami to MacDill Air Force Base in Tampa was not thorough or adequately supported by facts. The major flaws in NOAA's cost study were its failure to include the cost of operating the MacDill airfield after the Air Force closes it in 1994 and the lack of support for estimated rental costs at commercial airports that were considered as alternative locations. Because it is unknown who will be responsible for running the MacDill airfield after 1994, the costs to operate there are uncertain. NOAA will likely be liable for some of the airfield's operating costs, which could exceed the costs of leasing space elsewhere. From a cost perspective, NOAA's decision to relocate was risky and could prove to be premature, primarily because of the uncertainties of costs associated with the MacDill operation.

Background

AOC is responsible for gathering atmospheric and oceanographic data for NOAA and other federal agencies. The center has been located at MIA for over 20 years. AOC's administrative headquarters and 8 of its 15 aircraft are based at MIA. AOC's largest aircraft are two Lockheed P-3s, which are based at Miami and used for hurricane research and other missions. The other seven NOAA aircraft are based at four different locations around the country. AOC employs 79 people, 53 of whom are civilian employees and 26

of whom are in the NOAA Corps. AOC's estimated fiscal year 1993 budget is \$9.9 million.

AOC supports hurricane research and forecasting for NOAA's Hurricane Research Division (HRD) and the National Hurricane Center (NHC) in Miami. Most hurricane reconnaissance is done by the Air Force, using a separate fleet of aircraft based in Biloxi, MS. AOC supports hurricane reconnaissance over foreign airspace such as Cuba, where Air Force aircraft are prohibited. AOC flew 3,562 hours in fiscal year 1992, 154 of which, or 4 percent, were hurricane-related. While 67 of the 154 hurricane-related flight hours originated in Miami, other missions originated from deployment points closer to storms, such as San Juan, Puerto Rico. Nonhurricane missions include aeronautical and nautical charting and mapping, climate and global change research, weather predictions, and fisheries surveys. AOC flies about five sorties per week from its Miami facility.

NOAA, a unit of the Department of Commerce, has been considering relocating to a military airfield for over a decade. NOAA first considered relocating AOC in 1981 because of rent increases at MIA and uncertainties about the future availability of space. In 1982, NOAA chose to move AOC to Patrick Air Force Base at Cocoa Beach, FL. In 1983, we reviewed the proposed location and found that NOAA lacked sufficient documentation of relocation costs and did not devote sufficient attention to developing location options in the Miami area.¹ Congress ultimately denied NOAA's request to reprogram funds for that move.

NOAA again identified the need for more adequate space for AOC in January 1988, initially selecting the Jacksonville Naval Air Station. However, AOC did not move because by the time NOAA finally approved Jacksonville, the space was no longer available.

NOAA officials said AOC's facilities at MIA are inadequate and in poor condition. They said that because the facilities do not include a full-time hangar, it is difficult and dangerous for mechanics to work outdoors on aircraft containing sophisticated avionics. Officials also said that when they attempt to lease hangar space during emergencies, it is frequently unavailable. The facilities continue to suffer from leaking roofs resulting from Hurricane Andrew. Further, the current AOC facilities are not handicapped-accessible.

¹Planned Relocation of National Oceanic and Atmospheric Administration's Research Facilities Center from Miami to Cocoa Beach, Florida (GAO/RCED-83-183, June 24, 1983).

Until December 31, 1991, AOC's facilities at MIA were under a General Services Administration (GSA) 5-year sublease agreement with Dyn Air Tech of Florida, an aircraft maintenance firm that leases hangar, ramp, and office space from MIA. When the sublease expired, NOAA had not yet made a relocation decision and GSA extended the Dyn Air sublease to December 31, 1992.

In February 1992, NOAA formally asked GSA for new AOC facilities consisting of office, warehouse, conference, and hangar space, to replace the Dyn Air arrangement. NOAA also required access to an 8,000-foot runway and a hangar large enough to house its Lockheed P-3s. After studying the anticipated costs of leasing versus using space at military installations, GSA told NOAA that AOC should attempt to relocate to lower cost, existing, government-owned space. GSA said that to accommodate AOC at commercial airports, substantial alterations to meet AOC's needs would be necessary, which would require a long-term lease commitment to spread out high lease costs. Thereafter, NOAA studied the costs of remaining in the Miami area or relocating to military bases in the southern United States. On June 12, 1992, NOAA proposed that GSA compete its lease in Dade, Broward, and Palm Beach counties and stated that NOAA would also seek relocation to available government-owned space in Florida. GSA responded that since it would be less costly to operate at government-owned facilities, GSA believed that soliciting for leased space would not be in the best interests of the government.

On June 24, 1992, NOAA completed an analysis of the costs of locating AOC in five alternative locations: MIA; Opa-locka Airport in Dade County, FL; Homestead Air Force Base, FL; MacDill Air Force Base, FL; and Charleston Air Force Base, SC. This study was prepared by a NOAA budget officer, who primarily used data compiled by NOAA's Central Administrative Support Center in Kansas City and from GSA's Florida Support Center.

Scope and Methodology

Our review involved interviewing Department of Defense (DOD), Air Force, and GSA officials, inspecting AOC's current and proposed facilities, and reviewing documentation related to the cost analysis. We also interviewed local airport officials in Tampa and Miami regarding space they had available for NOAA's use. Since our objective was to determine whether the decision to relocate AOC was supported by a thorough and realistic cost analysis and we did not evaluate other facets of the decision to relocate, we are making no conclusions or recommendations on where

AOC should be located or whether MacDill should be closed. A detailed description of our objective, scope, and methodology is provided in appendix I.

NOAA's Cost Analysis

NOAA's June 1992 cost analysis concluded that moving to MacDill Air Force Base could save NOAA up to \$10 million over 10 years compared to leasing space in Miami. The major elements of the cost study are provided in table 1. We found some overall problems with NOAA's methodology for its study, questionable costs for elements in the study, and failure by NOAA to include all economic costs in its study.

Table 1: NOAA's 10-Year Cost Analysis

Description	Miami	Homestead	Opa-locka	Charleston	MacDill
Rent	\$13,940,000	\$ 0	\$13,940,000	\$ 0	\$ 0
Alterations	361,400	0	361,400	0	150,000
Relocation	260,000	1,758,700	260,000	1,950,000	2,130,000
Telephone service	540,000	648,000	1,980,000	990,000	700,000
Telephone relocation	100,000	100,000	100,000	100,000	100,000
Security	0	0	1,000,000	500,000	0
Non-AOC programmatic	0	0	0	476,000	476,000
New construction	0	10,938,000	0	13,200,000	0
Utilities	0	800,000	0	500,000	1,066,000
Janitorial	0	1,000,000	0	800,000	275,000
AOC operating expenses	550,000	550,000	550,000	550,000	550,000
Facility maintenance	0	450,000	0	450,000	500,000
Total 10-year costs	\$15,751,400	\$16,244,700	\$18,191,400	\$19,516,000	\$ 5,947,000

Source: NOAA.

Overall Problems With NOAA's Methodology

First, NOAA's cost study did not consider all possible alternatives because GSA did not do a market survey or solicit bids. Without a solicitation, NOAA was unable to determine if other airports would be interested in having AOC or what lease costs would be at commercial airports.² Second, NOAA was unable to fully document estimates contained in the cost study. A March 1992 Department of Commerce Inspector General study of a proposed AOC relocation completed before the MacDill option was

²For example, a GSA official told us that a commercial developer had recently mentioned the availability of airport space in Ft. Lauderdale at attractive rates.

considered similarly said that NOAA did not develop sufficient information to select the best alternative.

Finally, NOAA's analysis was not prepared using present value dollars. Present value analysis should be used to compare alternatives that involve incurring different costs at different times, such as comparing construction, where outlays are made at the start of a 10-year period, to leasing, where outlays are made throughout the 10-year period. Discounting should be used to compare alternatives on an equal basis. Discounting determines the amount of money that, if invested today at a selected interest rate, would be sufficient to meet expected future costs.

NOAA's Estimated Costs for Miami and MacDill

Because the crux of the decision to relocate centered on the difference in the costs of remaining in the Miami area or relocating to MacDill, we centered our work on these costs and on the specific questions you raised regarding rent and telephone service in the Miami area. The individual costs in NOAA's analysis are discussed below.

Rent: GSA provided the estimated rent of \$13.9 million for 10 years at both MIA and Opa-locka for NOAA's cost study. GSA based its estimate on rates other agencies paid in south Florida, applying them to AOC's space requirements.

You questioned whether NOAA overestimated rental costs at MIA by a factor of four. Because GSA based its rental estimates on rates paid by other agencies in south Florida, it is uncertain whether GSA's \$13.9 million 10-year rent estimate for MIA is reasonable. With the recent demise of Eastern and Pan Am operations and the availability of their space at MIA, the airport may have offered an attractive rate to the government. We also understand that when you questioned the rental rates NOAA used in its study, MIA cited rates at MIA that did not include utilities, janitorial services, and maintenance. The GSA/NOAA rates appropriately included these services and were therefore higher.

Another specific question you raised was whether NOAA assumed rent increases at MIA would be 10 percent per year. Estimated rent at Miami was escalated in the cost study at 1 percent per year, for a total of \$1.2 million over the 10-year period. Since GSA assumed 10 years of inflationary increases, rather than 9 years, and did not compound the 1 percent per year inflation, it overstated the rent by \$77,949.

However, because none of the other costs in the study were escalated for inflation, we disagree with NOAA's inclusion of expected increases in rent at MIA and Opa-locka. The \$13.9 million total rental cost should have been decreased by \$1.2 million for the 10-year period. The rental rate not considering inflation should have been \$12.7 million, including \$361,400 for alterations.

You also questioned whether NOAA should have used the same rental rates for Opa-locka as for MIA. In September 1991, the Dade County Aviation Department, which operates both MIA and Opa-locka Airports, wrote NOAA officials that hangar space was available for lease at Opa-locka at substantially lower rates than at MIA. Opa-locka is a much smaller airport located about 9 miles north of MIA. Dade County said that Opa-locka hangar space, for example, would lease for \$1.95 per square foot per year, compared to \$10 per square foot at MIA. However, we found that available hangars at Opa-locka were not large enough to house NOAA's P-3 aircraft. Dade County officials said that without detailed specifications, they could not provide an estimate of what they would charge the government in rent if they built a new hangar at Opa-locka large enough to house the P-3s.

GSA and NOAA officials said GSA did not publicly disclose AOC's expanded space requirements or competitively seek bids because doing so would have created a false expectation of opportunities to bid. Because competitive bids were not received for the Miami and Opa-locka alternatives, and Dade County officials told us they could not provide rental estimates without having NOAA's requirements, we were unable to determine if either rental rate estimate was reasonable or if the same rental rates should have been assumed for both airports.

Alterations: In its cost study, NOAA estimated that alterations at the MacDill facilities would cost \$150,000, on the basis of the initial cost of alterations made at AOC's current space. We believe NOAA's estimate for this cost is low. NOAA also double-counted alterations costs at Miami and Opa-locka.

Civil engineers at MacDill said they currently estimate the cost of making known alterations to AOC's MacDill facilities at \$304,920. The civil engineers also said an additional \$150,000 may be required for additional alterations that NOAA is considering. Further, since NOAA has not compared its facility requirements to existing conditions at MacDill, it is uncertain whether the estimated alterations costs are complete. Therefore, the alterations at MacDill could cost \$455,000 or more.

GSA included estimated alterations costs in its estimated rent figures contained in NOAA's cost study for the sites to be leased. As a separate item, NOAA also listed \$361,400 for alterations at Miami and Opa-locka as additional costs, because NOAA was unaware that GSA had included alterations in its rent estimate.

Relocation Expense: NOAA estimated relocation expenses to MacDill would cost \$1,929,635 to move civilian employees and about \$128,638 to move NOAA Corps personnel, or a total of \$2,058,273. NOAA officials said these estimates were based on relocation entitlements provided for in applicable laws and regulations. NOAA officials also said they made their relocation estimates for the other sites using standard moving costs and a "best guess" of the weight of items to be moved. NOAA's methodology for estimating relocation expenses appeared reasonable.

Telephone Expenses: You asked about the reasonableness of NOAA's estimates that 10-year telephone service at Opa-locka would cost \$1.98 million compared to only \$540,000 at MIA. According to GSA, the monthly phone service would cost \$33.79 per line at MIA and \$77.94 per line at Opa-locka. Applying these rates to NOAA's requirements over a 10-year period results in \$608,220 for MIA and \$1,402,920 at Opa-locka.

According to NOAA's Facilities Management Specialist, GSA provided the telephone rates for the other sites on the basis of local service rates. However, GSA did not provide any documentation of those rates.

Security: NOAA did not include security expenses for Homestead and MacDill because both locations are military installations with limited access. NOAA estimated 10-year security costs at Charleston Air Force Base at \$500,000 because the proposed site was near areas where public access was allowed. NOAA's Facility Management Specialist said the \$500,000 estimate was based on a verbal quote from Charleston Air Force Base, and no documentation was provided.

NOAA estimated Opa-locka airport security expenses would be \$1 million for 10 years on the basis of the cost of security incurred by the Coast Guard, which is also located there. We contacted the Comptroller at the Coast Guard station at Opa-locka, who said the facility spends about

\$135,600 per year for security, or about \$1.4 million for 10 years.³ Because NOAA's facility would be smaller than the Coast Guard's facility at Opa-locka, the security estimate of \$1 million for NOAA appears reasonable.

Non-AOC Programmatic: For the MacDill option, NOAA included \$476,000 in programmatic costs that would be incurred for transporting NOAA scientists to the AOC aircraft at MacDill. NOAA's documentation for the \$476,000 non-AOC programmatic estimate showed that it was overstated by \$10,000. However, NOAA's Assistant Administrator for Oceanic and Atmospheric Research estimated that the annual cost of transporting personnel from the Hurricane Research Division to AOC facilities located outside Miami at between \$40,000 and \$100,000. Using the median of this range, programmatic costs could increase to \$700,000 for a 10-year period.

New Construction: According to the cost study, new construction outlays would not be incurred at Miami, Opa-locka, or MacDill. The study assumed construction outlays would be needed at the other military installations for AOC and that the Opa-locka rental rate would include construction costs. The Air Force provided the \$13.2 million cost estimate for new construction that would be needed at Charleston. In addition to the cost of constructing the buildings and hangars needed, this estimate included the cost of moving a road, paving a new road, and installing utilities to meet NOAA's requirements.

NOAA based the \$10.9 million estimate for new construction at Homestead on the Charleston construction estimate, less the \$2,250,000 cost of moving a road and installing utilities, which was not needed at Homestead.

Utilities: Utility costs were included in the rent estimates for MIA and Opa-locka. NOAA's Facilities Management Specialist said that utilities costs of \$800,000 at Homestead were based on Florida Power and Light rates and local sewer charges. However, no documentation was available from NOAA.

The Facilities Management Specialist also said he estimated that utilities would cost \$500,000 at Charleston on the basis of unit costs for electric, natural gas, water, and sewer usage provided by the Air Force. However, no documentation of the calculations was provided.

³NOAA officials have said one reason they would not want to relocate to Opa-locka is because of security concerns. Opa-locka has suffered some incidents of vandalism and thefts of private planes. However, the Captain in charge of the Coast Guard's Opa-locka facility said security is not a problem for the Coast Guard at the airport because it has erected a fence around its property and has hired a security service.

According to the Facilities Management Specialist, the estimate for utilities at MacDill was based on information the Air Force provided to GSA for operating the facilities 24 hours per day, 7 days a week. NOAA reduced the Air Force's \$2.5 million estimate by about one-half because AOC would not use utilities at all times. NOAA's approach for estimating utilities appears reasonable.

Janitorial: Janitorial services were included in the leases at MIA and Opa-locka. The Facilities Management Specialist said the \$1 million estimate for janitorial services at Homestead and the \$800,000 estimate for janitorial services at Charleston were based on the cost of such services at NOAA's Southeast Fishery Center in Key Biscayne, FL.

To estimate that janitorial services would cost \$800,000 over 10 years at Charleston, the Facilities Management Specialist said he used a \$2-per-square-foot estimate for cleaning 40,000 square feet of space per year. He did not include the warehouse/operations facility in this figure because it required minimal cleaning. According to GSA, janitorial services generally cost about \$1.30 per square foot for office space. GSA had no estimate for cleaning hangar space. Using the GSA estimate of \$1.30 per square foot for the 72,000 square feet of office and hangar space at MacDill, the 10-year janitorial service would cost \$936,000. This figure lies between the Charleston and Homestead estimates, but it is more than three times the \$275,000 figure estimated for MacDill in the NOAA cost study.

AOC Operating Expenses: The cost study included an estimate of \$550,000 over 10 years for all five sites for sending NOAA's P-3 pilots to Jacksonville, FL, for training. According to the AOC Director, the amounts of these expenses are "best guesses" that would be incurred at any of the sites. Although no documentation was provided, it seems reasonable that these costs would be comparable for all five sites. If AOC were located at Jacksonville, however, these costs could be avoided.

Facility Maintenance: The MacDill estimate of \$500,000 for facility maintenance over 10 years was based on GSA's estimated annual cost of \$1 per square foot for facilities in general times 50,000 square feet. The MacDill estimate was the basis for the Homestead and Charleston estimates of \$450,000, including a subtraction of 1 year's maintenance, on the assumption that because these locations would be newly constructed, facility maintenance would not be needed for the first year. We believe this is a reasonable adjustment.

NOAA Did Not Include All Costs in Its Analysis

The Base Closure and Realignment Commission (BRAC) recommended closing MacDill's airfield after March 1994, leaving MacDill as an administrative base only. DOD has agreed to allow AOC to occupy a hangar and building at MacDill without rent until March 31, 1994. After March 1994, the Air Force will close the airfield and fence off the remainder of the base. It is possible the City of Tampa or another government agency could take over the airfield, but its disposition is presently uncertain. NOAA, however, estimated no costs for operating at MacDill after 1994. Because of the uncertainty about the potential users and cost to operate the MacDill airfield after 1994, we cannot say exactly how much NOAA may spend to operate AOC there for 10 years.

Because the Secretary of Defense wrote the Secretary of Commerce in October 1992 that he intended to seek a transfer of the MacDill airfield to a local use authority, NOAA's cost study assumed that NOAA would not incur costs to operate the airfield after 1994. We contacted the president of the local aviation authority in Tampa—the Hillsborough County Aviation Authority—who said he has no immediate need for MacDill's airfield. His views were based on a January 1992 study the authority commissioned, which said it is unlikely that a civil aviation entity can be found that would commit to MacDill in the near future and carry the project economically. However, a Tampa City official said that since the Mayor wants to keep MacDill as an aviation facility, the city may consider assuming its cost of operation until a major commercial tenant can be found. The Mayor of Tampa is a member of the local airport authority but does not control the authority.

The entities planning to remain at MacDill after 1994 needing access to an airfield include the United States Special Operations Command (SOCOM), the Central Command (CENTCOM), the 290th Joint Communication Squadron, and the United States Customs Service, which together fly about 1,293 sorties per year at the base.⁴ AOC flies about 5 sorties per week, or 260 sorties per year, which would be about 16.7 percent of the sorties at MacDill after 1994 if NOAA were included. Studies prepared for SOCOM and the Air Force estimated the potential cost of running the airfield would range between \$3.6 million and \$12 million. If all users share costs based on usage of the airfield and these estimates are reasonable, NOAA's share of those operating costs—16.7 percent—would be between \$601,200 to

⁴An Air Force official said the Drug Enforcement Agency (DEA) also operates at MacDill, but that DEA would not disclose the number of sorties it flies. If DEA remains at MacDill after 1994, NOAA's share of the operating costs could be lower than what we estimate. We excluded 370 sorties from the total number of sorties DOD officials said are flown per year at MacDill that were for Desert Storm, Desert Shield, and Operation Provide Comfort.

\$2,004,000 per year. See table 2 for a calculation of estimated shares of costs to users of the MacDill airfield after 1994.

Table 2: Estimated Costs of Operating the MacDill Airfield

User ^a	Number of sorties	Percentage of total sorties	Cost share assuming \$3.6 million total operating cost	Cost share assuming \$12 million total operating cost
SOCOM	707	45.5%	\$1,638,000	\$5,460,000
Customs Service	500	32.2%	1,159,200	3,864,000
NOAA	260	16.7%	601,200	2,004,000
CENTCOM	64	4.1%	147,600	492,000
290th Joint Communication Squadron	22	1.4%	50,400	168,000
Total	1,553	99.9%^b	\$3,596,400^b	\$11,988,000^b

^aEstimates do not include DEA's sorties as explained in footnote 4.

^bDoes not add due to rounding.

Source: GAO-generated based on DOD and NOAA estimates.

If the airfield were not transferred to the local aviation authority but instead to the Department of Commerce, NOAA may have to pay the property's fair market value.⁵ In either case, if local authorities or another government agency operates the airfield after the Air Force closes its operations in 1994, NOAA will not be able to operate at MacDill over the 10-year period in the analysis for no cost as its study assumes.

Further, even if NOAA did not have to actually pay Defense for the market value of the airfield, the cost study should recognize as an opportunity cost the value of the government asset that is used for this alternative. Office of Management and Budget (OMB) Circular A-94, issued in October 1992, says that "in the case of property that is already owned by the Federal Government or that has been donated or acquired by condemnation, an imputed purchase price should be estimated." In its base closure recommendation, the Air Force estimated the value of the land to be disposed of at MacDill at \$50 million. However, since DOD has not appraised the property, we were unable to estimate its worth. We

⁵We could find no legal authority for the Commerce Department to use funds to purchase or operate an airfield. Therefore, Congress would have to grant such authority if NOAA is to pursue this option.

believe that the cost study should include, as an opportunity cost, at least a portion of the value of the MacDill airfield.

Other Issues

Impact on Hurricane Research

The Directors of NHC and HRD would like AOC to remain in the Miami area. They said that interaction between NHC, HRD, and AOC is necessary to design missions and that close proximity of one to another is required for quick response on hurricane missions. However, other NOAA management officials said that hurricane missions are only a small part of AOC's mission and that if costs were not a factor, they too would prefer AOC to stay in Miami. While NOAA's cost analysis included an estimated cost of flying from MacDill to Miami to pick up scientists for hurricane mission flights, the impact, if any, on hurricane research was not quantified.

Future of MacDill

In addition to the uncertainty about who will operate the airfield after 1994 is the possible effect on MacDill of BRAC's third phase of recommendations. BRAC III, which is expected to make further base closure recommendations in March 1993, could conceivably change the makeup of MacDill's future tenants. Moreover, a new administration will have to decide whether to rebuild Homestead Air Force Base. If Homestead is not rebuilt, it is possible that some of its tenants could be transferred to MacDill and NOAA's costs to remain there could be lower. However, Air Force officials said it was extremely doubtful that the Air Force would revisit the closing of MacDill.

Conclusions

We generally support the concept of using available government assets when feasible, and our past work has shown that government ownership is generally less costly in the long term than leasing. We also appreciate NOAA's desire to improve its space. However, NOAA's cost study is not thorough or realistic. NOAA's planned use of the MacDill airfield in this case may not be supported from a cost standpoint. Major flaws in NOAA's cost analysis include the failure to provide estimates for the cost of operating the airfield after 1994, the lack of support for estimated rental rates at commercial airports, the failure to use present value analysis in comparing the alternatives, and the failure to include any opportunity cost for the

MacDill facilities representing the use of the government property. As a result, NOAA made its decision on the basis of incomplete cost information.

NOAA's decision to move to MacDill was risky and could prove to be premature due to the uncertainties of the level of activity of the airfield by other users and the resulting costs to NOAA. Until local authorities in Tampa come forward with a proposal to operate the airfield or a decision is made in the base closure process, NOAA will not be able to determine what its costs will be. AOC employees may be forced to move twice if the MacDill airfield is closed entirely or if AOC cannot afford its share of the costs. Further, the move also could have some impact on hurricane research by increasing the distance between the aircraft and the hurricane personnel.

Further, we believe that GSA could have solicited offers for space in the Miami area without creating false expectations of opportunities to bid. GSA could have solicited offers with the qualification that a lease would not be awarded unless lease costs were lower than government operations at a military base. Such a solicitation would be needed before reliable rental estimates could be obtained and to assure that the MacDill facilities were the most cost effective for AOC.

Agency Comments

We discussed our findings with Air Force, Department of Commerce, and NOAA officials on December 9, 1992.

NOAA and Commerce officials said that given the \$10 million difference in cost between MIA and MacDill and because GSA had recommended that NOAA relocate to government-owned space and its lease in Miami was expiring, NOAA's decision to relocate to MacDill seemed reasonable, even though the costs to operate the airfield after 1994 were unknown. NOAA officials said that making the decision to relocate despite these unknown costs seemed worth the risk. They said that when Hurricane Andrew severely damaged employees' homes and the AOC facility in August 1992, Commerce management felt compelled to make an accelerated decision to relocate out of compassion for employees who had been waiting for a decision for several years.


NOAA also said that many of the cost figures used in the cost analysis were supplied by GSA, and NOAA was not in a position to challenge them. NOAA officials clarified some technical points, and we incorporated their comments where appropriate.

NOAA officials also said that they disagreed with our estimated 10-year janitorial services at MacDill of \$936,000. NOAA said it has an agreement with the 56th Fighter Wing at MacDill that provides for custodial services at \$10,631 per year, or \$106,310 for 10 years. However, the agreement is with a tenant at MacDill that will be relocated by March 1994. The agreement cautions NOAA that it has an indefinite expiration date and can be terminated when the 56th Fighter Wing leaves.

Air Force officials said that the Air Force does not plan to readdress the issue of whether MacDill's airfield should be closed. Therefore, they said that NOAA's occupancy at MacDill is only temporary. They thought it would be prudent for NOAA to wait before moving to MacDill or making any improvements to MacDill's facilities until NOAA has more information about who the other tenants will be, their missions, and NOAA's share of the costs of running the airfield.

Since we focused our work on NOAA's cost analysis and did not do sufficient work to make conclusions on where AOC should be located or on other facets of NOAA's decision to relocate to MacDill, we have no comment on the NOAA and Air Force positions on these matters.

We are sending copies of this report to the Secretary of Commerce, the Secretary of Defense, the Director of OMB, the Administrator of GSA, the Florida congressional delegation, and other interested parties. Major contributors to this report are listed in appendix II. If you have any questions about this report, please contact me on (202) 275-8676.



L. Nye Stevens
Director, Government Business
Operations and Information Issues

Objective, Scope, and Methodology

Our objective was to determine whether the decision by the National Oceanic and Atmospheric Administration (NOAA) to move its Aircraft Operation Center (AOC) from Miami International Airport (MIA) to MacDill Air Force Base in Tampa, FL, was supported by a thorough and realistic cost analysis. To meet our objective, we inspected AOC's current facility at MIA and proposed facilities at MacDill. We interviewed numerous NOAA personnel and asked for and reviewed documentation of the elements in the cost study. We also reviewed NOAA correspondence and studies regarding the move and a March 1992 Department of Commerce Inspector General report of issues relating to the proposed relocation.

We interviewed GSA officials who provided estimated costs for rent, alterations, and telephone cost estimates contained in NOAA's study, and we reviewed GSA's supporting documentation. We also interviewed Federal Aviation Administration and DOD officials to obtain their views on the future operation of the MacDill airfield. In addition, we reviewed Department of Commerce correspondence regarding the airfield's closure and AOC's relocation to MacDill. We interviewed Air Force and DOD officials regarding the partial closure of MacDill Air Force Base and reviewed reports of the Base Closure and Realignment Commission regarding MacDill. In addition, we interviewed Coast Guard officials at Opa-locka Airport regarding security at the site.

In Tampa, we interviewed local officials regarding the partial base closure, including officials at the Mayor's office, the Hillsborough County Aviation Authority, and the Tampa Chamber of Commerce. To assess the MacDill airfield's potential future usage, we reviewed studies prepared for the Hillsborough County Aviation Authority and the City of Tampa. We also interviewed DOD and Air Force personnel at MacDill regarding the future needs for the airfield by the Central Operations Command (CENTCOM) and the Special Operations Command (SOCOM), the cost of operating the airfield, and the estimated cost of NOAA's alterations to the MacDill facilities.

We also interviewed officials from the Dade County Aviation Department regarding space that might be available for AOC in the Miami area, including the Miami International Airport and Opa-locka Airport. In addition, we interviewed Customs Service officials regarding plans to rebuild at Homestead Air Force Base and use of MacDill in the future. We also inspected aviation facilities at Opa-locka Airport.

Appendix I
Objective, Scope, and Methodology

We did our work from October to December 1992 in accordance with generally accepted government accounting standards. Since our objective was narrowly focused on the cost issue, we reached no conclusions on other facets of NOAA's decision to relocate to MacDill, on where AOC should be located, or on whether the MacDill airfield should be closed. We discussed our analysis with Air Force, NOAA, and Commerce officials and included their oral comments in the report where appropriate.

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