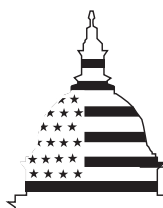
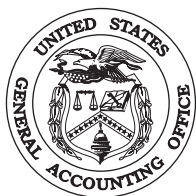


April 2001

STATE DEPARTMENT

Decision to Retain Embassy Parking Lot in Paris, France, Should Be Revisited



G A O

Accountability * Integrity * Reliability

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United States General Accounting Office
Washington, D.C. 20548

April 13, 2001

The Honorable Judd Gregg
Chairman
The Honorable Ernest F. Hollings
Ranking Member
Subcommittee on Commerce, Justice, State,
and the Judiciary
Committee on Appropriations
United States Senate

The Honorable Frank R. Wolf
Chairman
The Honorable José E. Serrano
Ranking Minority Member
Subcommittee on Commerce, Justice, State,
and the Judiciary
Committee on Appropriations
House of Representatives

The U.S. government owns a 0.4-acre parking lot adjoining the U.S. ambassador's residence in a prime location in Paris, France. In 1998, the State Department's Office of Inspector General reported that the property was underused and that continuing to park embassy vehicles on this high-value property was not economically justified. In February 2000, the department reported that it had decided to retain the lot and to continue using it for parking because it believed the property was needed to enhance security for the U.S. mission and that French authorities were highly unlikely to permit development of the property.

This letter responds to a requirement contained in a conference report that we study State's decision to retain the parking lot.¹ Our report (1) assesses State's rationale for retaining the parking lot for security purposes and (2) analyzes the factors to be considered in determining the merits of selling the property.

¹H.Rept. 106-1005 at 297 accompanying H.R. 4942 (enacted into law as P.L. 106-533).

We interviewed officials at State Department headquarters who are responsible for overseas embassy security and real estate issues, including the Assistant Secretary for Administration. We also visited Paris, France, where we made first-hand observations of the parking lot and surrounding properties. In Paris, we interviewed embassy officials— including the Chargé d’Affaires (the officer in charge of the embassy), the Administrative Counselor, and the Regional Security Officer—and French government and private sector real estate experts. More details about our scope and methodology can be found on page 23.

Results in Brief

State said that the parking lot is needed for various security reasons and should not be sold. However, our analysis shows that there may be alternative means to achieve security needs. According to State, the parking lot enhances security at the U.S. mission in Paris, primarily by protecting about 40 government-owned vehicles from terrorist actions such as attaching bombs or otherwise tampering with the vehicles. Based on our analysis, however, we determined that there are alternative secure parking arrangements that potentially could be established without the existing parking lot. State also indicated that the lot provides other security benefits that are important but less essential. For example, it reported that the security setback² afforded by the lot prevents unauthorized vehicles from getting close to the rear of the ambassador’s residence. However, if the parking lot were sold, the setback between the residence and the edge of the lot would still be over 160 feet, more than three times the 50-foot setback standard for ambassadorial residences.³

Several factors determine the merits of selling the lot, including the potential sale price, the feasibility and cost of providing secure parking alternatives for official vehicles, and the potential need of the property as a site for building a new U.S. embassy. According to French real estate experts, the lot has exceptional potential for the development of apartments and could sell for about \$10 million. These experts and French officials from the national and city governments that would have to

²Setback refers to the distance between a government building and the perimeter wall or fence separating it from any property not controlled by the U.S. government.

³State Department security standards require a 50-foot setback for new ambassadorial residences. The standards do not specifically address existing residences, such as the one in Paris. However, State’s Office of Diplomatic Security said that it would be desirable to have a 50-foot setback for all ambassadorial residences.

approve the sale and/or development of the property believe that there would be no insurmountable legal impediments to selling the property for private development. While the parking lot provides security enhancements, it would be feasible, based on our analysis, to meet the embassy's security needs without the parking lot if the embassy can arrange alternative secure parking for official vehicles. One alternative would be to build an underground facility on the grounds of the ambassador's residence at an estimated cost of \$1.5 million. Finally, the department has determined that the lot and adjoining U.S. government property would not be large enough to use as a site for building a new embassy that meets security standards and that the lot is therefore not needed for this purpose.

We recommended that the Secretary of State initiate a formal study to determine the feasibility of selling the parking lot. This study should verify the potential sale price of the property and determine the feasibility of obtaining alternative, cost-effective, and secure parking for official vehicles. Because the State Department did not indicate if it planned to implement our recommendation and because it opposed the sale of the parking lot without first exploring this option, we have added a matter for congressional consideration to require State to conduct a formal study to determine the feasibility of selling the parking lot.

Background

Identification and sale of excess property has been a long-standing issue for the State Department. In 1996, we reported that, in addition to properties State had identified for potential sale, it also owned other properties worth millions of dollars that were potentially in excess of State's needs, had questionable value, or were expensive to maintain.⁴ To support efforts by State's Under Secretary for Management to identify potentially excess overseas real estate, the Inspector General agreed to include identification of such properties as part of its inspections and audits, where possible. In September 1998, an inspection report by the Office of the Inspector General concluded that continued use of the Paris property to park vehicles was not economically justified and recommended that the State Department decide on the best use for the property. In addition, the Office of Inspector General informed the Under Secretary in

⁴*Overseas Real Estate: Millions of Dollars Could Be Generated by Selling Unneeded Real Estate* (GAO/NSIAD-96-36, Apr. 23, 1996).

October 1998 that the parking lot was underutilized. Two possible options were to sell the property or build on it.

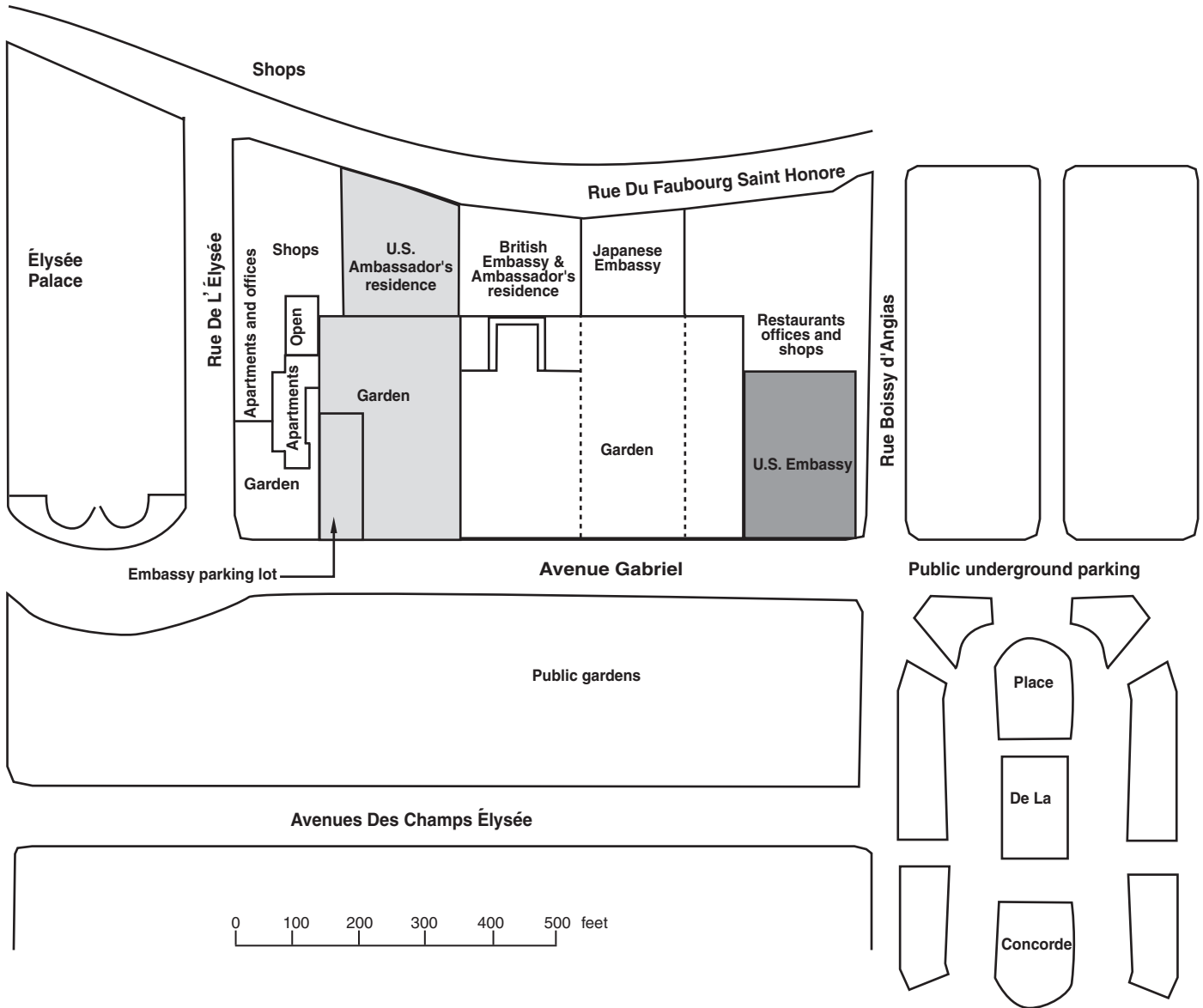
In February 2000, the Office of Foreign Buildings Operations reported to the Office of the Inspector General that the department had decided to make no changes in its use of the property. State believed the lot was needed for security reasons and that France would probably not permit development of the property. In March 2000, the Office of the Inspector General closed the recommendation based on State's response. Inspector General officials said they did not explore alternative means of providing security that could increase the feasibility of selling the property or verify if France would permit development of the property.

The parking lot is part of an approximately 3.4-acre parcel of land about 500 feet from the embassy that contains a 5-story building of about 55,000 square feet. The U.S. government purchased the property in 1948 for about \$2 million. The building and 3 acres of grounds are used as the ambassador's residence. The remaining 0.4 acre⁵ is used as the primary parking area for the embassy. The lot has spaces for about 75 vehicles.

The lot is located in an historic neighborhood with about 70 feet of frontage on Avenue Gabriel, which leads to the grounds of the Élysée Palace, home of the French President. The lot overlooks the Champs Élysée, about 300 feet away. Figure 1 shows the location of the parking lot, the Ambassador's residence, the embassy, and the surrounding neighborhood.

⁵In a 1998 inspection report, the Office of the Inspector General, based on information supplied by the embassy, described the parking lot as a 1-acre parcel purchased in 1928 for \$1.25 million. However, our work shows that the 0.4-acre lot is part of a larger 3.4-acre property purchased in 1948 for about \$2 million.

Figure 1: Diagram of the Parking Lot, the Ambassador's Residence, the Embassy, and the Surrounding Neighborhood

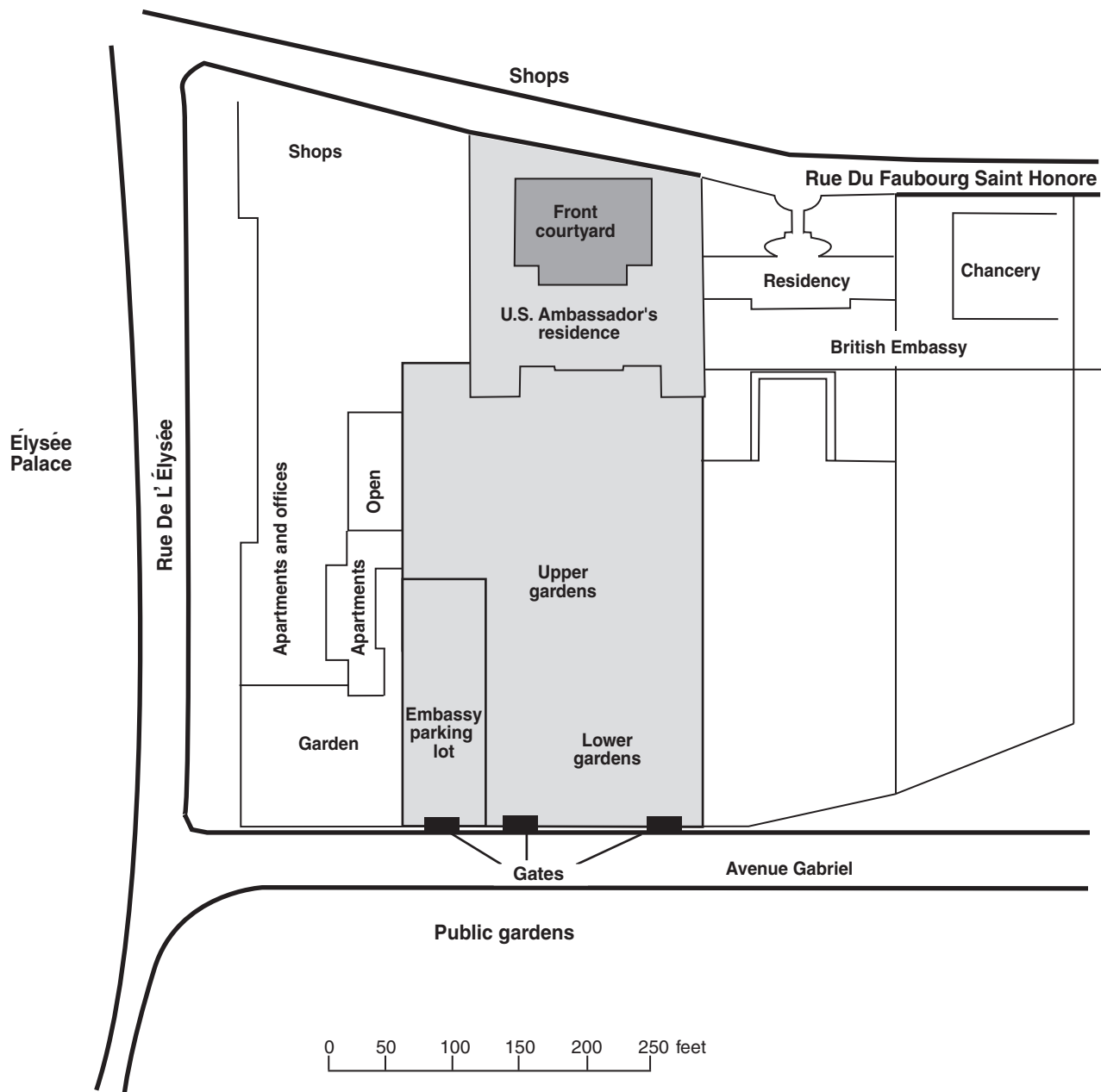


The light shading represents the 3.4 acre parcel that includes the Ambassador's residence and the parking lot. The dark shading represents the U.S. Embassy.

Source: State Department.

The parking lot is secured by stone and concrete walls on three sides of about 10 feet and by a metal fence covered by material to prevent ground level observation on one side. Security is provided by a heavy metal gate and a 24-hour guard. The lot is located along the side of the lower gardens at the ambassador's residence, separated by concrete and stone walls. Apartment buildings overlook both the parking lot and the ambassador's residence. The apartments are built up to the wall of the parking lot at one point. Other apartment buildings are built up to the wall of the residence. Figure 2 shows the proximity of the parking lot to the residence and the residence's gardens.

Figure 2: Diagram of the Ambassador's Residence, the Gardens, and the Parking Lot



The shaded area represents the 3.4 acre parcel, including the Ambassador's residence and the parking lot.

Source: State Department.

Figures 3, 4, and 5 below show the parking lot, the residence, and the gardens behind the residence.

Figure 3: Parking Lot With the Ambassador's Residence in the Background



Source: GAO.

Figure 4: View from the Ambassador's Residence Showing the Parking Lot and Nearby Apartment Buildings



Source: GAO.

Figure 5: Garden Area of the Ambassador's Residence



Source: GAO.

State's Rationale for Retaining the Parking Lot for Security Purposes

According to State, the most important benefit provided by the parking lot is the security it provides for government-owned vehicles used by personnel at the embassy. Security officials stressed that there is a threat to U.S. government personnel and property in Paris and that, although the threat to U.S. interests has not been particularly high in the past, post personnel have not been immune to terrorist activity. There were three attacks directed against U.S. personnel in the early 1980s, including the assassination of a U.S. government official in 1982. Moreover, the State Department now treats every post as a potential target because of the transnational nature of terrorism.⁶ State has also identified other less essential security enhancements that the parking lot provides for the ambassador's residence. These enhancements include protecting the ambassador's residence against physical attack and eavesdropping, protecting and maintaining the privacy of events in the residence's garden, and providing secure parking for events at the residence. In addition, officials have indicated that the lot provides secure parking for privately owned vehicles and a secure staging area for high-level visits. As follows, we discuss our analysis of each of the security benefits cited.

Providing Security for Government-Owned Vehicles

According to embassy officials, the security of the parking lot makes it difficult for terrorists to place bombs on, or otherwise tamper with, official vehicles. About half of the spaces in the parking lot (39 of 75) are assigned to official vehicles from 6 U.S. agencies. Twenty-seven spaces are reserved for the use of various State Department offices, including the motor pool and General Services Office, five are reserved for Defense Department agencies, and the remaining seven are reserved for four other agencies. We counted 44 vehicles in this lot during an after-hours visit, most of which were official vehicles.

Parking facilities at two nearby U.S. government-owned buildings are filled to or near capacity with official vehicles. The embassy's basement garage has 25 spaces, all of which are reserved for official vehicles; and during an after hours visit, we counted 33 vehicles crowded into the garage. Another embassy parking area at an office building about 1 mile away has 20 spaces,

⁶This policy is consistent with recommendations contained in the *Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar Es Salaam (January 1999)*. The Accountability Review Boards, led by Admiral William J. Crowe, Jr., were established to review the circumstances surrounding the 1998 embassy bombings and State's vulnerability to terrorist threats.

17 of which are reserved for official vehicles, with only 3 unassigned spaces, which are used for visitors.

The State Department believes that the terrorist threat in Paris is sufficient to warrant continuous protection for official vehicles and that parking them in insecure public lots would result in unacceptable risks. Officials said that if these vehicles were parked in unprotected areas, such as public lots, terrorists might have greater access to these cars. With sufficient time, they could potentially plant explosive devices that would not be easily detected before detonation because they could be well hidden or disguised to look like a part of the vehicle's undercarriage.

Official cars are currently permitted to enter the embassy courtyard, after being inspected for explosives, to pick up and discharge passengers (and occasionally may enter the underground garage). If an undetected explosive device concealed on one of these vehicles detonated when the vehicle was close to the building's walls, the damage to property and personnel would be extensive. Therefore, lack of secure parking for these vehicles would force the embassy to consider preventing these vehicles from entering the embassy courtyard.

Figure 6 shows the vehicle entrance to the embassy. The figure illustrates that vehicles can approach the embassy prior to inspection at the gate and can get close to the embassy wall after they are cleared through the gate.

Figure 6: Vehicle Entrance to the Embassy



Source: GAO.

Other Security Enhancements Provided by the Parking Lot Are Less Essential

The State Department listed several other security enhancements provided by the parking lot. Our analysis of these enhancements shows that they may not be essential or that there are readily available alternatives that could provide comparable security. The Assistant Secretary for Administration agreed that these enhancements were far less important than the secure parking for official vehicles provided by the parking lot.

Protecting the Ambassador's Residence Against Physical Attack and Eavesdropping

In February 2000, the department reported that the parking lot provides much needed perimeter security for the ambassador's residence, making it almost impossible for an unauthorized vehicle to get close to the rear of the residence. Officials in Washington, D.C., and at the post said that it is preferable to have as much setback as possible for protection against explosions or other terrorist acts, eavesdropping, surveillance, break-ins, and thievery. These officials expressed concern that, if the parking lot was

sold and developed into apartments or offices, terrorists or foreign governments could lease or purchase space in the buildings, thereby making it easier for them to commit acts damaging to U.S. interests.

Even without the lot, the setback would exceed State's standards. We determined that the ambassador's residence is more than 160 feet from the closest edge of the lot. Current State Department standards call for a 50-foot setback for new residences; the standards do not mention the desired setback for existing residences. We also noted that the residence faces onto a main street with little setback and with shops directly across the street. Furthermore, the apartments next to the parking lot and the ambassador's residence already have a direct line of sight into the residence, which poses some risk of eavesdropping.

Protecting and Maintaining Privacy of Events in the Residence's Gardens

The security of people attending outdoor events in the gardens of the ambassador's residence is also a concern. However, such events are infrequent. On July 4, 2000, there was a large-scale event in the gardens attended by about 2,000 people. But, according to the embassy security office, there were only two other events during the year that took place in the gardens. Both of these were smaller events, one with 300 guests and the other with about 35 guests. Construction of private apartment buildings on the parking lot would pose some additional threat to persons attending events in the gardens. However, we noted that there is already some risk from the existing apartment buildings that overlook the parking lot and gardens.

Providing Secure Parking for Events at the Ambassador's Residence

The lot also provides a secure parking area for large events held within the ambassador's residence. However, embassy officials indicated that cars bringing high-level guests generally discharge them at the main entrance and then park in the front courtyard or on nearby streets. Officials said Paris police are accommodating when it comes to parking vehicles for events at the residence and will generally allow cars of high-level guests to park on the street. Parking for other guests is available in the public garage near the embassy, less than 2 blocks away from the back entrance to the residence. Security officials may also use the parking lot on occasion to inspect caterers' vehicles entering the gardens. Officials believe that arrangements could be made with local police to have these vehicles inspected on the street behind the residence.

Providing Secure Parking for Privately Owned Vehicles

The lot also provides secure parking for privately owned vehicles. About one-third of the spaces (28) in the parking lot are made available to privately owned vehicles of embassy employees at no cost. Ten of the spaces are provided to embassy section heads to commute to and from work.⁷ The remaining 18 spaces are used by employees whose work schedules make it difficult to use public transportation and by visiting U.S. officials that work in other buildings in Paris.⁸ The parking lot protects these cars from the risk of theft, vandalism, and terrorist action that they would face if parked in public facilities or on the street. However, the embassy believes that providing secure parking for these vehicles is not essential and that alternative commuting means are available. Private vehicles are already at risk because they are not under U.S. government control when parked in lots or garages at the owners' residences.⁹ They are rarely allowed within the embassy courtyard and only with advance permission from security and only after being inspected for explosives. They cannot be parked in the underground garage. Therefore, there would be little danger of a private vehicle entering the courtyard with an undetected bomb attached that could detonate and damage the embassy. If the parking lot was not available, these employees could park in a 24-hour, public-parking garage that is closer to the embassy than the parking lot for about \$14 daily, or they could use public transportation.

⁷According to an embassy official, most U.S. government and foreign service national employees walk or use public transportation to commute to and from work. However, there may be some employees that commute by privately owned vehicle and park in nearby public facilities or commercial garages.

⁸At the time of our visit, there were also eight vehicles (official and private) in the parking lot awaiting shipment, sale, or acquisition of license plates.

⁹On-street parking is very limited and unsafe due to incidences of theft and vandalism. U.S. employees are reimbursed for parking costs at their residence.

Providing a Secure Staging Area for High-Level Visits

Officials at the Office of Inspector General and the Bureau of Diplomatic Security said that the parking lot could be used to support visits by high-level officials, including the President. Secret Service officials agreed that the parking lot could be useful to support high-level visits. The parking lot could, for example, be used to assemble motorcades. However, it has not been used much for this purpose. A Secret Service official indicated that the former President made only one trip to Paris in the last 2 years (in 1999) and only two in the last 4 years.¹⁰ Furthermore, they said that they could arrange alternative security measures if the parking lot was no longer available.

If the President stayed at the ambassador's residence, as was done by the former President during a 1999 visit, the "secure package" (the President's cars and Secret Service support vehicles) would generally stay in the front courtyard or in the embassy garage. Other official U.S. government cars would return to their normal parking place overnight, in the embassy garage or the parking lot. Some cars in a large motorcade, including some used by government staff, are generally rented by the day and do not have secure parking overnight. These must be inspected for explosives before joining the motorcade the next day. This could be done at other locations if the parking lot was unavailable. The top-ranking Secret Service official in Paris noted that the French police are flexible when it comes to arranging parking and forming motorcades for U.S. high-level visits and would be prepared to accommodate U.S. security needs if the parking lot was no longer available. For example, the French police might agree to restrict traffic on Avenue Gabriel and block off an area for the motorcade to assemble.

The former Secretary of State made several visits to Paris per year in the last few years. According to security officials, the motorcades were formed at the hotel where she stayed and the secure package would most likely have used parking areas in or around the hotel guarded by U.S. government personnel, rather than the parking lot. Other U.S. government officials also stay in hotels. Therefore, motorcades for these officials would not be staged in the parking lot.

¹⁰The Secret Service also provided protection for four other visits to Paris during 1999 and 2000. One visit was by the former First Lady, one by the daughter of the former President, and two by another former President. Officials could not recall if any of the motorcades for these visits used the parking lot for staging or parking.

Factors Affecting the Merits of Selling the Property

Several factors should be considered in determining the disposition of the parking lot. French government officials believe that France would permit the sale and development of the parking lot, and private sector real estate officials believe that developers would pay about \$10 million for the property. However, before a decision is made to sell the property, the department would need to arrange alternative secure parking for official vehicles that is cost effective. One potential alternative would be to build an underground facility on the grounds of the U.S. ambassador's residence at an estimated cost of about \$1.5 million. The amount of secure parking required would depend on the number of official vehicles at the embassy, which could change due to embassy right-sizing. The lot and adjoining property also have been proposed as a potential site on which to build a new embassy. However, State has determined that the land parcel formed by the lot and adjoining gardens is not large enough to use as a site for a new embassy and is therefore not needed for this purpose.

Potential Sale of Property for \$10 Million

The parking lot could be sold and private development would not face insurmountable obstacles, according to French government officials that deal with real estate proposals from foreign governments, city officials that deal with requests for construction permits, and a local real estate lawyer who works with the embassy. Private development plans would have to be approved by various French zoning and construction offices to ensure compliance with applicable building codes and special restrictions on building in this historic and culturally important neighborhood. These restrictions include the need to retain the wall, gates, and about 80 feet of garden between the building site and the street. There are also restrictions that apply to building size and use.

Local real estate representatives said that buyers would be enthusiastic if such a uniquely located property became available for sale. Rarely does land come up for sale as close to the Élysée Palace and the Champs Élysée. Market price would depend on the type and size of structure that could be built there. The realtors we spoke to believe that apartments, similar to those located next to the parking lot, would probably be the highest value use for this property.

Based on their experience with the market, real estate experts we spoke to estimated that the parking lot would sell for about \$10 million. These estimates are based on total available floor space for an apartment building of about three floors above the ground. The estimates also assumed the

required garden area setback. The experts emphasized that land prices had increased dramatically since 1997. The Assistant Secretary for Administration cautioned that an estimated market value of \$10 million for the lot may be high and that French building restrictions might substantially reduce the price potential purchasers would be willing to pay.

If the U.S. government decided to sell portions of the rear gardens of the residence along with the parking lot, the sales price would be much higher. For example, the back gardens adjacent to the parking lot are twice the size of the parking lot, which could potentially bring the sale price of a combined parcel (lower gardens and parking lot) to about \$30 million. The real estate lawyer said that the residence (including the parking lot) is now considered one parcel but that there were no restrictions on selling part or all of the gardens along with the parking lot.

The real estate lawyer said that the United States could place stipulations in a sales contract that would limit how the purchaser could develop the property. For example, the U.S. government could stipulate the property be developed only for housing and could limit the number and size of windows on the side facing the residence. However, it would not be possible to stipulate who could buy the property or lease space after the property was developed.

Potential Alternatives for Secure Parking

Before deciding to sell the parking lot, the embassy would have to determine that alternative secure parking for official vehicles could be arranged at another location, preferably near the embassy where the vehicles would be readily available for use. We identified two potential alternatives. One alternative would be to seek secure parking space in the underground public lot under the Place de la Concorde near the embassy. This lot has more than 800 spaces on 3 levels; it also has a private level. At the time of our visit, there were at least 30 available public spaces, although the lot was full one afternoon during our visit. The embassy estimated that it would cost about \$57,000 per year to house 45 vehicles in this garage if spaces could be reserved. Security guards currently assigned to the parking lot could potentially be reassigned to protect a U.S. government section of the facility. The embassy did not know if management of the facility would permit the presence of embassy guards. If not, the embassy could approach other commercial parking garages within a few blocks to seek arrangements for secure parking.

Another alternative is to build an underground parking facility beneath the residence's gardens adjacent to the parking lot. The British embassy, located between the U.S. embassy and the parking lot, built an underground parking garage for about 25 vehicles beneath its gardens. According to rough estimates that the U.S. embassy obtained at our request, the likely cost to construct a similar facility for 50 vehicles under the gardens of the residence is about \$1.5 million.

Embassy officials have not explored the feasibility of expanding the capacity of the parking area in the basement of the embassy. However, they believe that this may be extremely expensive and difficult given the age of the building and its proximity to underground power lines and the subway.

Size of Embassy Staff Could Affect Amount of Secure Parking Needed

An ongoing U. S. government effort to reconsider the appropriate size of U.S. posts may affect the number of official vehicles needing secure parking. The Overseas Presence Advisory Panel, created by the Secretary of State in 1999 to consider the future of U.S. overseas representation, called for the streamlining of U.S. embassies to reduce security vulnerability, achieve budget savings, and free up resources for other priorities. In early 2000, an interagency committee, chaired by the Secretary of State, began studies to determine the appropriate number and composition of staff at U.S. overseas posts, including pilot studies of the embassy in Paris, which has more than 900 U.S. and foreign national employees, and 5 other posts. In November 2000, the Ambassador reported that initial study results had not led to recommendations for substantial changes in workload that would lead to significant personnel reductions. Nevertheless, he believed that there are opportunities to reduce workload and personnel levels that would reduce costs and security vulnerabilities and that efforts to right-size the embassy in Paris should continue. In January 2001, the Chargé d'Affaires said that the embassy was waiting to see how the new administration would approach reassessments of embassy size.

Parking Lot Does Not Provide a Suitable Site for a New Embassy

Current embassy office buildings in central Paris are vulnerable to terrorist action due to their limited setback from public streets. (See appendix I for more information on these buildings.) As a result, the State Department plans to build a new, secure embassy in Paris some time in the next 15 years. The department believes the parking lot and adjoining gardens of the ambassador's residence are unsuitable as a building site because together they are only about 230 feet wide. The State Department requires a 100-foot

setback for new embassies. (This is twice the setback required for ambassadorial residences.) It would not be feasible to maintain this setback on each side of a new embassy as this would leave a width of only 30 feet to build a large new building. In 1999, the U.S. Ambassador proposed to develop the parking lot and adjoining gardens of the residence for embassy office space. However, State rejected this proposal because the lot was not large enough and because it believed that the proposal was incompatible with zoning restrictions.

Conclusions

State's decision in February 2000 to continue using the lot for parking was not based on a full consideration of security needs, secure parking alternatives, and the merits of selling the property. French authorities have indicated that the property is valuable and marketable. At a time when the State Department has billions of dollars of security construction and maintenance needs at its embassies and consulates around the world, the sale of the parking lot in Paris, France, should receive serious consideration if State can arrange alternative, cost-effective, and secure parking for official vehicles and if a purchaser would pay \$10 million for the lot. We therefore believe State's decision should be revisited.

To develop a sound basis for deciding on the disposition of the property, we recommended that the Secretary of State initiate a formal study to determine the feasibility of selling the parking lot. The study should verify the potential sale price of the property and determine the feasibility of obtaining alternative, cost-effective, and secure parking for official vehicles. The State Department did not address our recommendation but stated that it opposes the sale of the parking lot for security reasons.

Matter for Congressional Consideration

In view of State's position, the Congress may wish to consider requiring that State perform a comprehensive study to determine the feasibility of selling the parking lot.

Agency Comments and Our Evaluation

In written comments on a draft of this report, State did not comment specifically on our recommendation to perform a formal study to determine the feasibility of selling the property, but it opposed the sale of the parking lot based on security reasons. State questioned the feasibility and potential costs of obtaining alternative parking for official vehicles

without having seriously studied the alternatives. Through a feasibility study, we believe that State could verify the potential sale price of the property, explore potential parking alternatives, such as construction of a secure underground parking facility, and determine if such alternatives are cost effective and if they would provide the degree of security required. We believe that it would be worthwhile to fully consider sale of the property because the potential revenue of \$10 million could provide State with resources to fund alternative, secure parking, as well as address some of its many other security and real estate needs in Paris and around the world. State's comments are reprinted in appendix II. State also provided technical comments, which we incorporated into the report where appropriate.

Scope and Methodology

To assess State's rationale for retaining the property for security purposes, we interviewed State's Assistant Secretary for Administration and headquarters security experts from the State Department's Bureau of Diplomatic Security and its Office of the Inspector General, as well as headquarters officials of the Secret Service. We also examined documents and studies prepared by the Office of the Inspector General regarding use of the parking lot and related security issues in Paris and the department's responses. We visited the embassy in Paris, France, in late January 2001, where we observed the parking lot and surrounding buildings and compared security that would be afforded with and without the parking lot to the department's standards and stated needs. We also explored security actions that could be taken if the parking lot was sold. We discussed the security benefits and use of the parking lot with key embassy officials, including the Chargé d'Affaires, the Regional Security Officer, the Administrative Counselor, the General Services Officer, and a Political Officer. We met with several agencies' representatives to discuss the security afforded by the parking lot to their operations. We received briefings on the security threat to embassy facilities and employees. We also obtained data on parking policies and practices for government-owned and personal vehicles at the embassy. We did not, however, assess the agencies' needs for official vehicles.

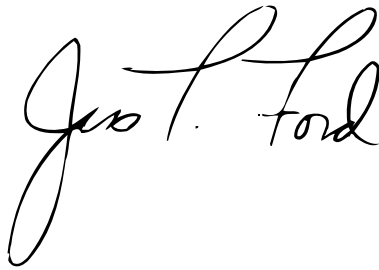
To analyze factors to be considered in determining the merits of selling the parking lot, we obtained estimates of the property's market value and development potential from French real estate experts. To obtain French views on potential zoning and other restrictions that may affect sale or development of the property, we met with national and city government officials that the U.S. embassy identified as responsible for approving U.S.

government real estate proposals and government or private construction plans. At the national level, we met with the Director of the Office of Construction and the Director of the Office of Urban Planning in the Prefecture of Paris. At the city level, we met with the Director and Assistant Director of Urban Planning in the Office of the Mayor of Paris. We also met with a French real estate lawyer. We explored parking alternatives such as public and commercial garages. We also toured an underground parking facility built at the British embassy on property that is similar in size and location to the gardens of the residence. We identified and explored two other factors that could affect decisions to retain or sell the property. First, we obtained information on the overall size of the U.S. government presence in Paris and the status of efforts to consider adjustments to that size that could affect the post's security requirements and overall real estate needs. Second, we discussed the feasibility of U.S. government development of the parking lot and adjoining land with U.S. and French government officials. Finally, we discussed the tradeoffs and considerations in selling or retaining the property with State's Assistant Secretary for Administration.

We conducted our review from January through March 2001 in accordance with generally accepted government auditing standards.

We are sending copies of this report to interested congressional committees and the Honorable Colin L. Powell, the Secretary of State. We will make copies available to others upon request.

Sincerely yours,

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J" and a distinct "T" and "F".

Jess T. Ford, Director
International Affairs and Trade

Description of Primary Embassy-Owned Office Buildings

The U.S. government owns four office buildings in central Paris. Two of these buildings are joined together to form the embassy. It also owns the Talleyrand Building and Building D. The following gives information on each building.

The most prominent building is the embassy. Figure 6 on page 15 shows the front of the building. It occupies about 1.5 acres near the Place de la Concord, one of Paris's busiest intersections. The land for the original building was purchased in 1928, and construction began in 1931. An adjacent building was purchased in 1946, and the two buildings were joined together. It has seven floors and about 130,000 square feet. The building has virtually no setback on one side as the wall is separated from a public street by about a 10-foot sidewalk. The building has about 50 feet of setback from the building wall to the front gate. The building adjoins private office space in the back. The setback requirement for new embassy buildings is 100 feet. Personnel in offices on the east side of the embassy are particularly vulnerable to potential blast damage from bombs.¹ As shown in figure 7, this side of the embassy is very close to the Rue Boissy d'Anglas. The government of France has rejected United States requests to close this public street.

¹In November 2000, the Regional Security Officer recommended that about 80 personnel in offices on the east side of the embassy be relocated to mitigate this vulnerability. As of March 2001, the State Department was considering this recommendation.

Appendix I
Description of Primary Embassy-Owned
Office Buildings

Figure 7: Rue Boissy d'Anglas, Public Street on East Side of the Embassy



Note: The embassy is in left foreground.

Source: GAO.

The Talleyrand Building is located on a corner of the Place de la Concorde. It houses the consular section and other offices. The building has four floors and about 61,000 square feet, including several large reception rooms that have historical significance and cannot be used as offices. The United States acquired the building after World War II and used it to administer the Marshall Plan to assist Europe's postwar recovery. In 1980, the government of France designated the building an historic monument. The building has virtually no setback on three sides, as its walls are separated from the street by a sidewalk of 10 feet or less. It is therefore very vulnerable to terrorists.

The U.S. government owns another office building, called Building D, about a mile from the embassy. The building has nine floors and about 56,000 square feet. It currently houses State's Financial Service Center and other

Appendix I
Description of Primary Embassy-Owned
Office Buildings

government agencies. In 2000, the U.S. Ambassador proposed selling this building, estimated to be worth over \$40 million, as part of a plan to improve security and reduce overall U.S. government real estate holdings in Paris. State, however, decided to retain and renovate this building. The building is located behind other buildings that face onto the street and is therefore less vulnerable to terrorist bombs from that direction. However, the building has less than a 100-foot setback in the rear and adjoins private buildings on two sides.

Comments From the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State

Chief Financial Officer

Washington, D.C. 20520-7427

March 27, 2001

Dear Ms. Westin:

We appreciate the opportunity to review your draft report, "STATE DEPARTMENT: Decision to Retain Embassy Parking Lot in Paris, France, Should be Revisited," GAO Job Code 320017.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Helen H. Hahn, Bureau of European Affairs, Executive Office, on (202) 647-3279.

Sincerely,


Larry J. Eisenhart
Acting

Enclosure:

As stated.

cc: GAO/IAT - Mr. Brummet
State/OIG - Ms. Cook
State/EUR/EX - Ms. Hahn

Ms. Susan S. Westin,
Managing Director,
International Affairs and Trade,
U.S. General Accounting Office.

Appendix II
Comments From the Department of State

Department of State Comments on GAO Draft Report
STATE DEPARTMENT: Decision to Retain Embassy Parking Lot
in Paris, France, Should be Revisited, GAO Job Code 320017

See comment 1.

Embassy Paris (Embassy) faces a multitude of security challenges: as the draft report correctly notes, both the Chancery and the Talleyrand buildings lack the setback required for new buildings. We are also aware of how expensive security can be. Three security projects are currently under contract in Paris for millions of dollars, and D building will be renovated at significant expense to house the Marine Security Guard (MSG) detachment so that their react time will be reduced. At many other missions with similar setback problems to Paris, we are buying, not selling land.

See comment 2.

Security is most effective when there are multiple layers. The various layers hinder an opponent's ability to reach the target. The Embassy lot is one of the Mission's layers of protection in that this secure, guarded location precludes anyone from placing explosives in or under an official vehicle. In a written opinion, our Bureau of Diplomatic Security opposes the sale of this land.

See comment 3.

See comment 4.

Given Embassy Paris' less-than-optimum security situation, the Department is opposed to any changes that would lessen the security measures that Paris now has in place. We recognize that the language of the draft predicates sale of this parcel on arranging for cost-effective, alternative secure parking. We believe that "secure parking" must be defined as meeting or exceeding the level of security provided by the existing area. The criteria that must be assessed when making this determination are: a) the extent to which the vehicles can be isolated and be under constant surveillance, b) local law enforcement presence in the immediately adjacent areas, c) an environment that is not conducive to hostile surveillance (i.e., a location that does not permit easy concealment and/or difficulty to identify those who may be "casing" an area regularly frequented by embassy personnel) and, d) a location that would provide the same level of protection against kidnapping and/or assassination. No other comparable, existing location meets the security level of our current Embassy lot. Stationing police inside a public, underground area for Mission employee protection would be unacceptable to French authorities. Parking in a

See comment 5.

Appendix II
Comments From the Department of State

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See comment 6.

public lot, even within a secure, segregated area would not prevent a device being placed on a non-embassy vehicle in the area and being detonated when an embassy vehicle passes. Employees walking to and from a dedicated Embassy vehicle in a public compound would be at risk from an attack. The public aspect of an alternate facility would permit easy cover and concealment for an attacker. These methods have been used in the past and there is no guarantee they will not be used again. The report indicates that there has been only one incident in Paris. This statement, however, is not completely accurate. In addition to a member of our Defense Attaché Office (DAO) being assassinated in 1982, a previous Deputy Chief of Mission (DCM) was almost gunned down in late 1981. Finally, a car bomb placed under the vehicle of the Embassy's Commercial Counselor (1982) killed two French bomb squad officers as they tried to disarm it.

See comment 7.

See comment 8.

We want to emphasize that 1.5 million dollars for a garage under the Embassy Main Residence (EMR) garden is a very rough estimate. There are neither plans nor specifications nor a site study. Further, we have costs that the private sector normally does not incur, such as delta barriers and other security requirements. The information provided to GAO was a basic planning estimate from a local company. The rate of exchange to convert French francs to dollars was also arbitrary and costs could be understated as such.

See comment 9.

On a technical matter, during the review it was discovered that the parcel has different street numbers assigned to it; that some treated it as a separate property and others as a single property with the EMR; that different offices had varying dimensions for the land, etc. The GAO report states that their findings differ from OIG.

See comment 10.

Not all the walls around this plot are as the report indicates. Between the lot and the apartment building to the west, there is a metal fence with some screening material attached to the fence that prevents viewing of the property at ground level and presents a better image from the apartment compound. The report's language that there is some common wall shared by the parcel and apartment building, while true, overstates the situation. This represents a relatively small part of the boundary in one corner of the lot.

Appendix II
Comments From the Department of State

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See comment 11.

The Department is concerned by the report's suggestion to sell a portion of the EMR's garden grounds. It was not our understanding that this property would also be reviewed. However, we provide the following analysis should this section remain in the text. The rear entry to the compound is adjacent to the east wall of the parcel. Any sale of property to the east of the lot would incorporate this access route. Access through the EMR's front gate is limited by the width of the passage through the gatehouse. The street in front of the EMR is also narrow and heavily used; traffic is often backed up on the street. Should additional land be sold, the ability to construct an adequately sized facility would be diminished if not precluded (assuming that option would result in an economic and secure alternative). Finally, it is highly unlikely that any underground facility built on the EMR compound would be able to accommodate the motor pool's large trucks. The draft report's language indicates that relocating Government-owned vehicles (GOV) from the lot to a public garage "might" make the vehicles more susceptible to tampering. We do not see where there would be any doubt that the vehicles would be at greater risk in a public lot compared to the current secure compound. We also note that many of our vehicles are American-made. Even with non-diplomatic plates, these vehicles are relatively easy to identify because they are quite uncommon in Paris.

See comment 12.

See comment 13.

See comment 14.

The Department appreciates the opportunity to comment on the draft and Foreign Buildings Operations is willing to study this subject further should there be a decision to do so. We cannot overemphasize that improving security at the Mission is the criterion upon which any such study must be predicated. We are concerned with inconsistencies between the out-briefings at post in which the GAO stated that the security concerns were compelling and that the nature of the report would be informational only, and the final draft report that goes beyond observations and, indeed, makes conclusions and recommendations.

See comment 15.

The Department of State opposes the sale of this property on security grounds.

GAO's Comments

The following are GAO's comments on the Department of State's letter dated March 27, 2001.

1. Our report acknowledges the setback problems of the office buildings in Paris. However, sale of the parking lot would not affect these problems, as the parking lot is about 500 feet from the main embassy building. Furthermore, the corner of the parking lot is more than 160 feet from the nearest corner of the ambassador's residence, which is more than three times the 50-foot setback standard for new ambassadorial residences. Using setback as a security rationale for retaining the parking lot obscures the primary security benefit afforded by the parking lot (i.e., it provides secure parking for official vehicles). If the parking lot could be sold for \$10 million, and alternative secure parking for official vehicles could be obtained for considerably less, the difference could be used to meet security and other facility needs in Paris or elsewhere.

2. Our report emphasizes that the parking lot provides a secure, guarded area to park official vehicles and that this is by far the most important security benefit afforded by the property.

3. The Bureau of Diplomatic Security opposes sale of the property because of the additional security buffer or setback it provides for the residence, the secure parking it provides for embassy vehicles, and the utility it has as a motorcade staging area for high-level visits to Paris. Our report addressed each of these security factors. We agree that the parking lot provides important security for official vehicles. However, there are potential alternative parking arrangements that should be examined, such as an underground facility on the grounds of the residence that could enhance security for official vehicles compared to the current above-ground lot. We believe other security afforded by the lot is less essential.

4. Our report recognizes the security vulnerabilities at various embassy buildings in Paris. Although we did not perform a comprehensive security review, we believe that there is a need for more security at some facilities in Paris.

5. We emphasize throughout our report and in our conclusions and recommendation that consideration of selling the property would be appropriate if alternative, cost-effective, and secure parking for official vehicles can be obtained. State proposes criteria to be used in assessing whether alternative parking for official vehicles would meet or exceed the

security currently afforded by the parking lot. We believe that full exploration of secure parking alternatives, using this or other criteria, would be a good step in determining the feasibility of obtaining alternative, secure, and cost-effective parking for official vehicles.

State also indicated that a public lot would not meet its security criteria even within a secure, segregated area. However, there are other potential alternatives that need to be explored, including building an underground facility on secure, U.S. government controlled land.

6. These are valid concerns to consider in determining if alternative secure parking can be obtained. We observed that employees walking to and from the current embassy parking lot could also be vulnerable as they are on a public street with cars parked along one side. Only through serious consideration of potential parking alternatives and ways of mitigating risks will State be able to determine and weigh the advantages and disadvantages of various alternatives.

7. Our draft report indicated that there is a threat to U.S. government personnel and property in Paris. We have clarified the report to explain that although the threat to U.S. personnel and property in Paris has not been particularly high in the past, past personnel have not been immune to terrorist activity. We also added to the report that there were three attacks directed against U.S. personnel in the early 1980s, including the assassination of a U.S. government official in 1982.

8. We agree that the \$1.5 million cost estimate for an underground parking facility is a rough estimate. That is why we think it would be useful for State to explore this and other parking alternatives to determine if they would be secure and cost effective. Even if a feasibility study determines that building an underground facility would cost much more than the \$1.5 million rough estimate, pursuing this alternative may still make sense if the parking lot can be sold for \$10 million.

9. Our report correctly describes the parking lot as part of an approximately 3.4 acre parcel of land with a 5-story building purchased in 1948, which is now separated from the rest of the property by solid walls. Past inconsistencies regarding the address, dimensions, and whether the lot was a separate property or part of the ambassador's residence were partly a result of incomplete or inaccurate information contained in property inventory records of the Office of Foreign Buildings Operations

and material that the embassy in Paris provided to the Office of the Inspector General in 1998.

10. We have clarified language in the report to better describe the walls surrounding the parking lot and the location of adjacent properties.

11. We did not assess the merits of selling portions of the gardens of the ambassador's residence. However, the parking lot and gardens are both part of one parcel of land, and according to the real estate lawyer we spoke with, the embassy would be able to sell portions of the gardens along with the parking lot. We agree that any consideration of selling portions of the gardens would need to take into account access and security issues for the ambassador's residence as well as the potential need of the garden area to construct an underground parking facility for the embassy.

12. State did not indicate its basis for asserting that it is highly unlikely an underground facility could be built beneath the gardens of the ambassador's residence that would accommodate the embassy's large trucks. We toured a nearby underground parking facility at the British embassy built to accommodate cars and vans. British officials indicated that the height of the entry way precluded several of its larger trucks from entering and suggested that the United States consider this design issue if it plans to construct a similar facility. Parking several large trucks belonging to the U.S. embassy in existing spaces at the embassy or Building D may also be an option to overcome this concern. Full consideration of the underground parking alternative, including the cost of a facility designed to accommodate the embassy's large trucks, is needed to determine if this alternative is feasible and cost effective.

13. Throughout our report, we have stressed the importance of providing secure parking for official vehicles. We agree that vehicles parked in an unguarded public lot would be at greater risk than vehicles parked in the secure parking lot. Our report says that if official "vehicles were parked in unprotected areas, such as public lots, terrorists might have greater access to these cars."

14. To develop a sound basis for deciding the disposition of the property, State needs to consider security and cost factors and weigh the alternatives. State indicated that it would be willing to study this subject further if a decision is made to do so. This is what we recommend.

15. We believe that our report is consistent with the briefing on our preliminary observations that we provided in January 2001 to embassy officials at the conclusion of our fieldwork. In our briefing, we emphasized that our work did not support some of State's security rationale for retaining the parking lot, such as the argument that the lot was needed to achieve setback. However, we agreed that there was a need to provide secure parking for official vehicles. We told embassy officials that selling the parking lot for \$10 million should receive serious consideration if alternative, secure parking could be obtained and if State did not need the property for the construction of a new embassy building. We subsequently determined that State did not need the parking lot to construct a new embassy. Based on this additional information, we determined that the reasonable course of action for State would be to conduct a formal feasibility study that would verify the potential sale price and determine if alternative, cost-effective, and secure parking for official vehicles could be obtained.

GAO Contact and Staff Acknowledgements

GAO Contact

John Brummet (202) 512-5260

**Staff
Acknowledgements**

In addition to the contact named above, Ed Kennedy and Lynn Cothorn made key contributions to this report.

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