

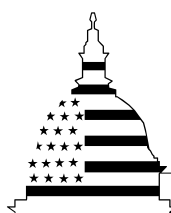
GAO

Report to the Chairman, Subcommittee
on National Security, Emerging Threats,
and International Relations, Committee
on Government Reform,
House of Representatives

September 2003

OVERSEAS PRESENCE

Rightsizing Is Key to Considering Relocation of Regional Staff to New Frankfurt Center



G A O

Accountability * Integrity * Reliability

GAO
Accountability • Integrity • Reliability

Highlights

Highlights of [GAO-03-1061](#), a report to the Chairman, Subcommittee on National Security, Emerging Threats, and International Relations, House Committee on Government Reform

Why GAO Did This Study

The State Department plans to spend at least \$80 million to purchase and renovate a multibuilding facility in Frankfurt, Germany. The facility, known as Creekbed, is scheduled to open in mid-2005.

The project is a key rightsizing initiative under the *President's Management Agenda* to reassess and reconfigure the staffing of the U.S. overseas presence. Creekbed is expected to achieve the department's major rightsizing and regionalization goals. The Office of Management and Budget expects the project to serve as a model for developing other regional centers.

GAO was asked to determine whether State fully examined the potential for relocating regional staff from outside Germany to Creekbed.

What GAO Recommends

GAO is not recommending executive action. However, State's comments on a draft of this report are inconsistent with its rightsizing goals for the facility and may indicate a lack of commitment to relocating regional staff as originally planned. GAO believes that State's actions regarding staffing of the facility warrant oversight. Accordingly, GAO is including a matter for congressional consideration that suggests Congress direct State to submit a staffing plan for Creekbed that specifically lists positions to be relocated from outside Germany.

www.gao.gov/cgi-bin/getrpt?GAO-03-1061.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jess T. Ford at (202) 512-4128 or fordj@gao.gov.

OVERSEAS PRESENCE

Rightsizing Is Key to Considering Relocation of Regional Staff to New Frankfurt Center

What GAO Found

The Department of State indicated it is currently renewing earlier efforts to relocate staff from outside Germany to the new Frankfurt regional center. State said it would pursue a rigorous rightsizing and regionalization strategy in staffing the Frankfurt facility. State prematurely stopped its earlier efforts to relocate regional staff from other posts in August/September 2002 because staffing planners interpreted space planning estimates as indicating that the regional center would be fully occupied. However, according to GAO analysis, the facility was not full and significant additional space existed. After touring the facility and studying staffing requirements and space allocated for specific agencies, GAO found there was space available for additional staff. Successfully staffing the Frankfurt regional facility has the potential to optimize its use and achieve broader regionalization objectives.

Aerial Photo of 23-Acre Regional Center in Frankfurt, Germany



Source: U.S. Department of State.

Contents

Letter		1
	Results in Brief	2
	Background	3
	State Indicated It Has Renewed Efforts to Identify Staff for Relocation from Posts Outside Germany	6
	Conclusions	10
	Agency Comments and Our Evaluation	10
	Matter for Congressional Consideration	12
	Scope and Methodology	12
Appendix I	Comments from the Office of Management and Budget	14
Appendix II	Comments from the Department of State	15
Figure		
	Figure 1: Aerial Photo of 23-Acre Regional Center in Frankfurt, Germany	4

Abbreviations

OBO Bureau of Overseas Buildings Operations
OMB Office of Management and Budget

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



G A O

Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

September 2, 2003

The Honorable Christopher Shays
Chairman, Subcommittee on National Security,
Emerging Threats, and International Relations
Committee on Government Reform
House of Representatives

Dear Mr. Chairman:

The Department of State plans to spend at least \$80 million to purchase and renovate a 23-acre, multibuilding facility in Frankfurt, Germany. This facility, called Creekbed, is scheduled to open in mid-2005 and, when completed, will be the largest U.S. diplomatic facility overseas. As stated in State's business plan to purchase the facility, Creekbed will provide office space for staff currently working at the primary U.S. consulate building in Frankfurt, five nearby office annex buildings, and offices located at the Rhein Main Air Force Base near Frankfurt; some staff currently located at the U.S. embassy in Berlin, Germany; and a substantial number of regional staff currently assigned to other embassies who could be relocated to take advantage of the security that Creekbed will provide. The project is a key initiative under the *President's Management Agenda*¹ to reassess and reconfigure, where appropriate, the staffing of U.S. embassies and consulates. In congressional testimony, State officials have noted that the project is expected to achieve the department's key rightsizing and regionalization goals.² According to the Office of Management and Budget (OMB), the project is also expected to serve as a model for future efforts to expand the use of regional centers to conduct embassy and consular operations.

As you requested, this report discusses whether the Department of State is actively pursuing the potential for relocating regional staff from outside

¹Office of Management and Budget, *President's Management Agenda, Fiscal Year 2002* (Office of Management and Budget, Washington, D.C.: Aug. 2001).

²U.S. Department of State, *The U.S. Presence Overseas*, Testimony of the Under Secretary of State for Management, Grant S. Green, Jr., before the House Committee on Government Reform, Subcommittee on National Security, Veterans Affairs, and International Relations, 107th Congress (Washington, D.C.: May 1, 2002).

Germany to the new Frankfurt regional center. To perform our work, we reviewed State planning documents and met with State Department officials in the Bureau of European and Eurasian Affairs, the Bureau of Overseas Buildings Operations (OBO), and the Office of Management Policy. We also visited the Creekbed facility and agencies in Frankfurt that will be housed in the facility. In addition, we made brief visits to U.S. embassies in Paris, Rome, Budapest, and Vienna to determine what actions they had taken to identify staff who could be considered for relocation to the Frankfurt facility.

Results in Brief

The Department of State indicated it is currently renewing earlier efforts to relocate staff from outside Germany to the new Frankfurt regional center. State said it would pursue a rigorous rightsizing and regionalization strategy in staffing the Frankfurt facility. State plans to base this effort on analyses of security, mission, and cost factors associated with each agency's regional operations at posts in Europe, Eurasia, Africa, and the Near East. State stopped its earlier efforts to relocate regional staff from other posts in August/September 2002 because staffing planners interpreted space planning estimates as indicating the regional center would be fully occupied. However, our analysis indicated that the facility was not full and that significant additional space existed. After we toured the facility and studied the staffing requirements and space allocated for specific agencies, we found there was space available for additional staff. In addition, we found that some agencies already in Frankfurt had overestimated the number of positions they would move to the facility, another factor that freed up space. Successfully staffing the Frankfurt regional facility offers the potential for optimizing the use of the facility and achieving broader regionalization objectives.

We believe that State's comments on a draft of this report are inconsistent with its stated expectations that the Frankfurt project will achieve the department's key rightsizing and regionalization goals and with its plans to pursue a comprehensive approach to staffing the new Frankfurt facility. The comments lead us to question whether the department seriously intends to consider relocation of regional staff to the facility. For example, State questioned the capacity of the facility and suggested that the facility was already rightsized because our draft report did not identify specific positions at locations outside Germany that could be relocated to Frankfurt. There is ample space in the facility to accommodate regional staff from other posts, and there are many regional staff currently working at other posts in buildings with inadequate security that could be considered for relocation. We believe that State's actions regarding

staffing of the facility warrant oversight. Accordingly, we are including a matter for congressional consideration that suggests Congress direct State to submit a detailed staffing plan for the facility that specifically lists positions to be relocated to Frankfurt.

Background

The Creekbed facility was built in 1937 as a German air force hospital. The U.S. military acquired it at the conclusion of World War II and used it as a hospital until the late 1990s. The facility was slated to revert to the German government in 2000. From 2000 to 2001, State conducted discussions with the German government to acquire the property. In July 2002, Creekbed was officially transferred from the German government to the State Department for a cost of \$30.3 million. Since July 2002, OBO has been determining which renovations, including security and safety enhancements, will be necessary to prepare the facility to house the U.S. government's Consulate General in Frankfurt. The design and renovation cost for the facility is estimated at \$49.8 million, bringing total project costs to an estimated \$80.1 million. State estimates that, if Creekbed had not been available, acquiring a site and building a comparable facility to meet U.S. government needs in Frankfurt would have cost roughly \$260 million.

The facility consists of 13 major interconnected buildings that will provide 325,000 square feet of usable office space. In addition, an 85,000-square-foot warehouse will be built on the property. The site also contains significant areas of land that can be used for construction and future expansion of operations if necessary. OBO stressed that the renovation will focus on building a perimeter wall, warehouse, and access controls; and performing basic renovation, such as painting and installing upgraded wiring. OBO does not plan to tear down walls, install air conditioning, or do other extensive work. Renovation of the facility is scheduled from September 2003 to March 2005. State projects that by mid-2005, Creekbed will be fully operational.

Figure 1: Aerial Photo of 23-Acre Regional Center in Frankfurt, Germany



Source: U.S. Department of State.

According to State's business plan to purchase the facility, the Creekbed project had four fundamental objectives. First, the renovated facility would provide secure office space that is a vast improvement over security afforded by existing facilities in Frankfurt. Second, Creekbed would provide space for operations currently located at the Rhein Main Air Force Base, which the U.S. government has agreed to vacate in 2005 and return to the German government. Third, Creekbed would provide office space for staff currently working at the U.S. embassy in Berlin who will not have space in the new U.S. embassy building that is scheduled for construction. Finally, Creekbed has space to accommodate a number of regional staff from outside Germany who are assigned to embassies and consulates with security vulnerabilities. In its business plan, State identified several agencies from outside Germany that would be considered for relocation to

Frankfurt. According to State, the Consul General in Frankfurt, and officials at each of the agencies in Frankfurt that we visited, Frankfurt is considered a good location as a regional hub because of its location and transportation links. They also noted that many of the offices currently assigned to the U.S. consulate have regional responsibilities.

Developing the Frankfurt facility as a regional center is consistent with recommendations of the Overseas Presence Advisory Panel³ calling for use of regional centers and relocation of personnel to reduce security vulnerabilities at overseas posts. It is also consistent with a rightsizing framework we developed to support decision-making on overseas staffing. The framework encourages decisions to be based on a full consideration of the security, mission, and cost factors associated with each agency's presence and outlines rightsizing options, including regionalization of operations.⁴

OMB also cited this project as allowing U.S. agencies to put in one central location appropriate administrative functions now performed in multiple posts around Europe and beyond. Furthermore, the House Conference Report for the Consolidated Appropriations Resolution 2003⁵ stated that the conferees support "the Department [of State]'s effort to initiate a consolidation, streamlining and regionalization of country and multi-regional staffing in Frankfurt, Germany." The report also said, "The success of this initiative will be measured largely by the staffing reductions made possible at less secure locations throughout Germany, Europe, Eurasia, Africa and the Near East."

³Former Secretary of State Madeleine Albright established the panel following the 1998 embassy bombings in Africa to consider the reorganization of embassies and consulates. Department of State, *America's Overseas Presence in the 21st Century, The Report of the Overseas Presence Advisory Panel* (Department of State, Washington, D.C.: Nov. 1999).

⁴U.S. General Accounting Office, *Overseas Presence: Framework for Assessing Embassy Staff Levels Can Support Rightsizing Initiatives*, [GAO-02-780](#) (Washington, D.C.: July 26, 2002).

⁵House of Representatives, Report 108-10: *Making Further Continuing Appropriations For The Fiscal Year 2003, And Other Purposes*, Conference Report to Accompany H.J. Res. 2 (U.S. Government Printing Office, Washington, D.C.: Feb. 13, 2003).

State Indicated It Has Renewed Efforts to Identify Staff for Relocation from Posts Outside Germany

State indicated it has renewed its efforts to identify staff from posts outside Germany who could be relocated to the new Frankfurt regional center. According to State, this process will consider rightsizing factors such as security, mission requirements, and costs as well as possible changes in functions that would make operations more efficient. State's earlier efforts were prematurely halted in August/September 2002 because staffing planners mistakenly interpreted space planning estimates as indicating the regional center would be fully occupied. However, in May 2003, we analyzed State's staffing requirements for Creekbed in relation to the facility's capacity and found additional space was available. We briefed both State and OMB officials on the capacity issue. OMB urged State to reopen the staffing process and to consider relocating more regional staff to Frankfurt.

State's Renewed Process for Staffing Creekbed

In May 2003, State announced that it had restarted a process to identify staff from posts outside Germany who could be relocated to take advantage of Creekbed's available office space and enhanced security. State is reassessing the facility's space plans and staffing projections for all agencies and is focusing on identifying which additional regional activities might be moved to the Frankfurt center, especially where this action would improve security for U.S. government personnel. State also indicated that it would pursue a rigorous rightsizing and regionalization strategy in staffing the Frankfurt facility. State has said that under its new effort, it will analyze security, mission, and cost factors associated with each agency's regional operations at posts in Europe, Eurasia, Africa, and the Near East. On June 12, 2003, State sent formal guidance to the ambassadors at each post, directing them to identify staff who might transfer to the regional center in Frankfurt. To help the posts identify positions for relocation, State plans to conduct a detailed, Web-based survey based on our rightsizing framework. State plans to have revised staffing estimates for Frankfurt at the end of 2003.

The Frankfurt facility will have a capacity of about 1,100 desk positions.⁶ The facility will have sufficient space to consolidate existing diplomatic operations in Frankfurt as well as bring in significant numbers of personnel from posts outside Germany to expand regional operations. Positions currently in Germany envisioned to relocate to the Frankfurt

⁶There will be additional personnel working at the facility who do not require desks, such as security guards and maintenance personnel.

regional center include a total of about 900 personnel from the current Frankfurt consulate, offices at the Rhein Main Air Force Base, and the embassy in Berlin. Based on current capacity estimates, there is also desk space for about 200 staff who could be relocated from other posts.

To help address staffing decisions, State also plans to undertake what it characterizes as a “think outside the box” exercise by asking embassies to examine whether any functions in Europe or elsewhere can be reengineered to be more effective. Our rightsizing framework encourages decision makers to consider reengineering actions such as competitively sourcing support functions, regionalizing contract activities, and centralizing warehouse operations.⁷ This kind of reengineering, which could help reduce costs of support functions and staffing requirements for embassies, should be weighed along with the options for relocating staff to regional centers.

Although State has renewed its process for staffing Creekbed, its comments on a draft of this report lead us to question State’s commitment to the process. State’s comments and our evaluation of them are discussed in more detail on page 10.

Resistance from Some Agencies Is Expected

Although substantial space exists for relocating staff from other posts, State documents indicate that the department may encounter some resistance among agencies identified to relocate. While some agencies and offices agree that relocation would improve their security, State anticipates that they will raise concerns about their relative ability to effectively carry out their mission from Frankfurt, the cost of relocating staff from other locations, the convenience of airline connections, and costs related to living and operating out of Germany. These issues indicate that State and other agencies will have to carefully weigh the security, mission, and cost trade-offs associated with staffing relocation decisions. In some cases, security issues may be so compelling that some staff will have to be relocated.

State’s Earlier Effort Was Halted Prematurely

From September 2001 to August 2002, State tried to identify positions with regional responsibilities that could be relocated to Creekbed. Although

⁷[GAO-02-780](#).

State initially identified potential positions, State halted its efforts in August/September 2002.

In September 2001, State initiated discussions with key agencies operating at its European posts and asked them to consider relocating to Frankfurt if it would be substantially more secure than their current facilities. This process was more formally articulated in a March 2002 State cable to 48 European and Eurasian posts having regional coverage, asking ambassadors to review their staffing with an eye toward relocating to Frankfurt staff whose primary responsibilities were regional. Although many of the posts were slow to respond, some listed possible candidates for relocation. For example, one post identified three agencies with a combined total of more than 50 staff members whom the ambassador believed should be considered for relocation.

Although this effort initially identified positions for possible relocation, it was halted when planners in State's Bureau of European and Eurasian Affairs received a document from OBO in August 2002 stating that "the facility is at 100% occupancy" based on a projected staffing level of about 900 desks. OBO later explained that this document meant that the facility was filled to the requirements level of 900 positions but did not mean the facility was filled to capacity. OBO acknowledged that the wording of the document was confusing. However, State officials told us that based on that document, the department concluded there would be no additional room in the facility for staff beyond the 900-desk staffing level. (The 900-desk projection only included staff currently in the Frankfurt consulate offices, staff currently at the Rhein Main Air Force Base, newly created staff positions, and staff "overflow" from the U.S. embassy in Berlin, Germany.) As a consequence, in August/September 2002, State stopped its efforts to relocate staff from posts outside Germany. For example, in September 2002, State's Under Secretary for Management sent a letter to the U.S. Agency for International Development, one of the key agencies initially identified by State as having staff potentially available for relocation from outside Germany, indicating that the Frankfurt facility would be fully occupied.

Analysis Showed Facility Has Additional Space

Beginning in March 2003, we performed a detailed analysis of State's staffing requirements for Creekbed in relation to the facility's capacity. We found that the facility had substantial additional capacity beyond the 900-desk level, affording opportunity for the relocation of personnel from posts outside Germany.

Before visiting the Frankfurt facility in early May 2003, we interviewed the private contractor officials responsible for the space planning and concept design for Creekbed, who confirmed that there was space available for additional staff. While at the facility, we examined space allotted for two agencies and found the space significantly exceeded the number of positions slated to fill it. For example, one agency projected 28 office personnel for the facility but was allotted space for about 38 offices. Another agency also projected 28 office personnel but was allotted space for about 50 offices.

In addition, we found that there was potentially more office space available at Creekbed because some agencies did not conduct a rigorous staffing process before submitting their staff projections. During our fieldwork in Frankfurt, we reviewed the documented 2002 staffing projections with the agencies in Frankfurt that will be moving into Creekbed and found that some agencies disputed their earlier projections. Some agencies had overestimated their individual staffing requirements, which were eventually curtailed by their headquarters in Washington, D.C. We have previously reported that U.S. agencies do not take a systematic approach to determining long-term staffing needs for embassy buildings scheduled for construction.⁸

We discussed these issues with the Consul General and the facility manager in Frankfurt, who agreed that the facility had substantial space to accommodate staff from other posts. When we completed our fieldwork in May 2003, we also discussed our observations with officials in State's Bureau of European and Eurasian Affairs, the Office of Management Policy, and OBO; and with OMB. They, too, agreed that there was additional space. State then announced that it was renewing its efforts to regionalize operations in Frankfurt. In a May 2003 letter to OMB, State's Under Secretary for Management said that the department was reopening the space plan for the facility and anticipated that Creekbed would accommodate significant additional positions. State indicated that it took this action because OMB urged it to do so. In a June 2003 cable to all posts, State said that it is considering which additional activities might be relocated to Creekbed. State emphasized that its renewed effort is part of its overall rightsizing strategy.

⁸U.S. General Accounting Office, *Embassy Construction: Process for Determining Staffing Requirements Needs Improvement*, [GAO-03-411](#) (Washington, D.C.: Apr. 7, 2003.)

Conclusions

Successful staffing of the Frankfurt facility consistent with State's regionalization goals is a critical step in efforts to rightsize U.S. overseas operations. In fact, it may be the single most visible and concrete example of a rightsizing initiative by the U.S. government in the near term. We believe that the revised staffing plans for Creekbed will provide State a significant opportunity to work with other agencies to regionalize diplomatic operations in Europe and develop a more rational, secure, and cost-effective overseas presence. The facility has ample, available office and other space that, when fully renovated, will provide a secure alternative location to conducting regional operations at embassies and consulates with physical security deficiencies. Deciding which U.S. government positions will be relocated to the facility will require a careful consideration of the security, mission, and cost factors associated with agencies' presence at individual posts. In some situations, State may encounter agency resistance to relocation. However, security considerations may be so compelling that relocation of certain staff may be necessary. In other cases, State and other agencies will have to work hard to reach agreement on the relative importance of the security, mission, and cost factors associated with the relocation decision and how the factors should be weighed. More importantly, it will require a strong and continual commitment by State to the broader objective of rightsizing the U.S. overseas presence.

Agency Comments and Our Evaluation

OMB and the Department of State provided written comments on a draft of this report (see apps. I and II). OMB said that it is working closely with State to develop a plan of action to appropriately staff the new facility, to assess if staff could be shifted from their current overseas location to Frankfurt, and to discuss potential moves to Frankfurt with headquarters staff at all agencies. OMB also expressed the hope that this facility will serve as an example of a best practice for the development of other regional centers around the world.

State said that OBO's estimate that the facility could accommodate about 1,100 desk positions represented a maximum theoretical capacity and that the actual capacity would probably be less. We subsequently asked OBO, which is State's expert on overseas real estate and facility issues, if it was confident of its capacity estimate. OBO reiterated its estimate stating that it has identified space in the facility for about 1,100 personnel. However, even if the capacity of the facility were slightly less, there would still be ample room to accommodate some staff currently assigned to other locations outside Germany.

State also noted that our report did not identify specific agencies or staff that we believe should be relocated to Frankfurt. State said this suggested that we do not believe that there are suitable candidates for relocation. This is not the case. As we noted in this report, State's business plan for the purchase of the facility indicated it has space to accommodate regional staff from outside Germany who are assigned to embassies with security vulnerabilities. Moreover, State's plan identified 73 staff from five agencies at posts outside Germany for potential relocation. As further noted in this report, State's subsequent efforts at its European and Eurasian posts identified suitable candidates for relocation, but that exercise was halted because State mistakenly believed that the facility did not have sufficient space. Our work at the four posts outside Germany validated the existence of significant numbers of staff with regional responsibilities, many of which were located in buildings with substandard security. We did not identify specific candidates for relocation in this report because State said that it was conducting a full assessment of staffing options for Frankfurt, and we did not want to preempt that assessment. However, in our briefings with State and OMB officials, we discussed our fieldwork observations and told them that there were many staff that could be considered for relocation. For example, there were at least 87 staff with regional responsibilities in Vienna and Budapest that were assigned to space with substandard security. Furthermore, we noted that in 2002, we had identified regional positions in Paris that could be considered for relocation to Frankfurt based on security, mission, and/or cost factors.⁹

State also said that it believes, based on their follow-up to the 1999 Overseas Presence Advisory Panel report, that the U.S. government's overseas presence is already rightsized. We have previously pointed out the substantial weaknesses in the pilot studies which provided the basis of State's follow-up.¹⁰ State subsequently indicated that it intended to reinvigorate the rightsizing process consistent with the *President's Management Agenda*, OMB's directives, and our rightsizing framework.

In our view, State's comments are inconsistent with its (1) stated expectations that the Frankfurt project will achieve the department's key rightsizing and regionalization goals and (2) plans to conduct a full assessment of staffing options for the Frankfurt regional center. In

⁹GAO-02-780.

¹⁰U.S. General Accounting Office, *Overseas Presence: More Work Needed on Embassy Rightsizing*, GAO-02-143 (Washington, D.C.; Nov. 27, 2001).

addition, State's comments lead us to question whether the department seriously intends to implement its business plan for the Frankfurt center regarding relocating regional staff, as well as its commitment to the overall rightsizing process. We believe that State's actions regarding staffing of the facility warrant oversight.

State also provided technical comments that we have incorporated into this report, as appropriate.

Matter for Congressional Consideration

In view of State's comments on a draft of this report and the continued importance of rightsizing the overseas U.S. presence consistent with security, mission, and cost factors, the Congress may wish to direct the Secretary of State to submit a detailed staffing plan for the Frankfurt facility that specifically lists positions to be relocated to Frankfurt.

Scope and Methodology

To determine State's process for creating staffing projections for the Frankfurt regional center, we reviewed documents and interviewed officials in State's Bureau of European and Eurasian Affairs, OBO, and Office of Management Policy. We visited the current consulate facilities in Frankfurt and spoke with the Consul General and appropriate State officers about the current security status of their consulate buildings as well as the multiple projections of staff relocating to the facility. We spoke to representatives from agencies that will be moving to the Creekbed facility. We also toured the facilities at the Rhein Main Air Force Base that are scheduled to be relocated by June 2005 as well as the currently empty Frankfurt regional center facility. In addition, we visited other posts in Europe—Paris, Rome, Budapest, and Vienna—to determine (1) the extent to which each has agencies and personnel performing regional functions that could be considered for relocation to Frankfurt based on the nature of their mission and/or their security vulnerability and (2) what actions these embassies had taken to identify staff who could be considered for relocation to the Frankfurt facility. Specifically, at these posts, we interviewed not only the agencies that were earlier identified by State or by their ambassadors as being potential relocatees, but also officials from other agencies with regional responsibilities. To determine the facility's capacity to accommodate staff from outside Germany, we interviewed the private contractor officials in Albany, New York responsible for the initial feasibility design to discuss their space planning and concept design for the Frankfurt center. We also compared OBO's capacity estimates with staffing requirements for the facility. In addition, during our visit to Creekbed, we compared the size of office space allocated to two different

agencies in Frankfurt with the number of people in those agencies. We also met with officials in OMB to obtain documentation on the plans for purchasing the facility and to discuss State's approach to staffing it.

We conducted our work from February 2003 through August 2003 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Director of OMB and the Secretary of State. We are also sending copies of this report to other interested Members of Congress. Copies will be made available to others upon request. This report will also be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me on (202) 512-4128. John Brummet, Janey Cohen, Lynn Moore, Ann M. Ulrich, and Joseph Zamoyta made key contributions to this report.

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 long, sweeping underline.

Jess T. Ford
Director, International Affairs and Trade

Appendix I: Comments from the Office of Management and Budget



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 15, 2003

Ms. Susan Westin
Managing Director, International Affairs and Trade
United States General Accounting Office
Washington, DC 20548

Dear Ms. Westin:

The Office of Management and Budget appreciates the opportunity to provide comments on your draft report, "Rightsizing Considerations Are Key to Renewed Effort to Relocate Staff to Frankfurt Regional Center." The framework developed in this GAO report is a valuable contribution to the rightsizing initiative.

We support GAO's efforts to encourage the Department of State and other agencies to appropriately staff the Creekbed facility and to develop a regional rightsizing framework that can be applied worldwide. OMB continues to work closely with the State Department to develop a plan of action to appropriately staff the new facility and to facilitate the effective review of all existing overseas staff. OMB and the State Department coordinated a survey of European and Eurasian posts and reviewed Near East Asian and South Asian bureau positions to assess if any resources could be shifted from their current overseas location to Frankfurt. Further, OMB and the Department of State have frequent discussions with headquarters staff at all agencies regarding potential moves to Frankfurt. OMB has also asked the State Department to conduct an analysis of staff currently located in the Frankfurt consulate.

As you know, we have worked closely with the GAO on rightsizing, the development of the Frankfurt regional facility, and the Capital Security Cost Sharing proposal, and we truly appreciate the efforts and the recommendations made by the GAO on each of these initiatives. We look forward to working with you, the Department of State, and other agencies to ensure that the Frankfurt Creekbed facility is successfully staffed. It is our hope that this facility will serve as an example of best practice for the development of other regional centers around the world.

Again, thank you for the opportunity to comment on this draft report. If you have any questions concerning this response, please contact Ms. Alexandra Gianinno of the International Affairs Division at (202) 395-1483.

Sincerely,

A handwritten signature in black ink, appearing to read "Robin Cleveland".

Robin Cleveland
Associate Director
National Security Programs

Appendix II: Comments from the Department of State



United States Department of State

Washington, D.C. 20520

AUG 14 2003

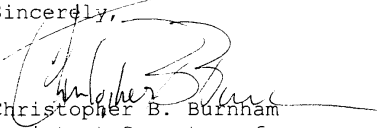
Dear Ms. Westin:

We appreciate the opportunity to review your draft report, "OVERSEAS PRESENCE: Rightsizing Considerations Are Key to Relocate Staff to Frankfurt Regional Center," GAO-03-1061, GAO Job Code 320555.

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 Jay Anania, Director, Office of Management Policy, at (202) 647-0093.

Sincerely,


Christopher B. Burnham
Assistant Secretary for
Resource Management and
Chief Financial Officer

Enclosure:

As stated.

cc: GAO/IAT - John Brummet
State/OIG - Luther Atkins
State/M/P - Jay Anania
State/H - Paul Kelly

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

Department of State Comments on GAO Draft Report
OVERSEAS PRESENCE:
Rightsizing Considerations Are Key to Renewed Effort to Relocate Staff to
Frankfurt Regional Center
(GAO 03-1061)

The Department of State welcomes GAO's on-going rightsizing work, including its review of the Frankfurt Creekbed project.

Creekbed offers a cost-effective solution to the need to provide safe, secure, and modern facilities to U.S.G. staff based in Frankfurt. The remodeled Creekbed facility will meet security requirements, including a 100-foot set back, and will house numerous employees now scattered among six inadequate and insecure sites in Frankfurt. The Department of State estimates that, were Creekbed not available, acquiring a site and building a new facility to meet U.S.G. needs would have cost roughly \$260 million, almost four times Creekbed's projected cost of \$73 million.

Based upon the recent review of desk capacity requested by OMB, the Department now estimates that Creekbed has a maximum theoretical capacity of approximately 1,100 desks. This does not take into account as yet undetermined requirements such as relocating printing operations or for features such as conference and training space, which would reduce the overall desk count. We assume that those requirements, once determined, will result in an actual capacity that falls short of 1,100 desks.

GAO states that it visited four posts other than Frankfurt (Paris, Rome, Budapest, and Vienna) "to determine the extent to which each has agencies and personnel performing regional functions that could be considered for relocation to Frankfurt based on the nature of their mission and/or their security vulnerability." We regret that the report does not state whether GAO identified any agencies or personnel that it believes should be considered for relocation to Frankfurt. The report's silence on this point suggests that GAO does not believe there are any suitable candidates for such a move. This tends to support the Department's judgment that the U.S. Government's interagency overseas presence is already substantially rightsized, based on the follow-up to the 1999 Overseas Presence Advisory Panel report and noted in the Department's report to Congress pursuant to Section 302 (b) (3) of the FY 2003 Department of State Authorization Act (P.L. 107-671).

We look forward to continuing to work with GAO and the Office of Management and Budget on rightsizing.

GAO's Mission

The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO e-mail this list to you every afternoon, go to www.gao.gov and select "Subscribe to e-mail alerts" under the "Order GAO Products" heading.

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
 TDD: (202) 512-2537
 Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

Jeff Nelligan, Managing Director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G Street NW, Room 7149
Washington, D.C. 20548