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UNITED STATES GENERAL ACCOUNTING OFFICE  
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STATEMENT OF  
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BEFORE THE  
SUBCOMMITTEE ON BUILDINGS AND GROUNDS  
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

ON

THE NATIONAL VISITOR CENTER

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to appear at these hearings on the National Visitor Center. We were asked to discuss our April 1977 report on the status and the problems that were encountered in constructing the Center, as well as to comment on commitments made by the Government with respect to the use of the parking facility; rail passenger projections; and possible alternative courses of action to complete the station/visitor center complex.

As you know, the facility is incomplete and cost estimates for finishing the project range to as much as \$70 million. Our report, issued just about one year ago, was critical of the manner in which the project was managed, or mismanaged, as the case may be, by the Department of the Interior. We pointed out that the project evolved from a relatively simple arrangement, whereby the railroads that owned Union Station would convert it into a combination visitor center

and railroad station and then lease it to the Government--  
to a very complex financial and management arrangement.  
To set this entire matter in perspective, I think a brief  
chronological review of events is necessary.

--March 1968 - Congress approved legislation which  
provided for the conversion of Union Station into  
the National Visitor Center. The legislative  
history and the language of the statute clearly  
indicate that the Congress did not wish to provide  
large appropriations to purchase the property  
and to convert it into the Center. As an  
alternative, the act specified that the Department  
of the Interior would enter into an agreement  
with the owners whereby the owners would pay for  
the conversion and lease the facility to the  
Government.

--December 1968 - Interior entered into a lease  
agreement with the terminal realty companies, the  
owners, for renovation of the station and construction  
of a parking facility. The agreement provided that  
the owners would spend \$5 million for the Center  
and \$11 million for the parking project, and that  
the Government would lease the project, when it  
was completed, for 25 years at an annual rental  
of \$3.5 million. It is interesting to note that  
the agreement provided protection for the owners--  
particularly in that the availability of adequate

financing was made a prerequisite for proceeding with the project, but the interests of the Government with respect to any guarantees of completion were not protected. The omission of these provisions, as we will see later, prevented the Government from insuring that the legislative desires of the Congress were carried out in an efficient and economical manner.

--In 1969, The National Capital Planning Commission promoted interest in having the facility designed as an intermodal transportation complex--to include facilities for intercity buses, intracity buses, and rail. At the request of the National Park Service, the owners authorized the architect to draw designs for such a facility. We believe much of the difficulties with this project can be traced to this period. We are not sure whether the Congress was informed of the fact that the entire scope of the project was being changed and that substantial additional Federal funding would be required. There was no way it could be completed for the originally conceived figure of \$16 million.

--November 1970 - First designs were completed by the architect, with an estimated cost of \$35.6 million for direct construction costs only.

- September 1971 - A new design was completed after objections were raised to the first design by the Fine Arts Commission and the National Park Service. Cost to complete was estimated at over \$54 million.
- February 1973 - Interior requested \$8.68 million in appropriated funds for completion of a ramp and to complete certain work in the station building. The full extent of the changed design was still apparently not communicated to the Congress.
- February 1973 - The George Hyman Construction Company became contractor-agent for the project and construction began one month later. I would like to point out here, that we have never been able to obtain a satisfactory explanation for the series of events leading to the selection of George Hyman Construction Company as the contractor. During the initial screening of bidders, Hyman was eliminated from consideration because of a potential conflict of interest--as manager of the project, it intended to subcontract with itself for the actual construction. A contract was actually awarded to another firm in June 1972, but it was canceled shortly thereafter. On February 27, 1973, a contract was awarded to Hyman, without

readvertising, as contractor-agent. Hyman did, in fact, contract with itself for most of the construction work under a cost-plus-a-percentage of cost contract.

It should be kept in mind here, that the Government was not officially a party to these events. The agreement was between the owners of the station and the contractor, the Government was just waiting to assume its position as a tenant of the property.

--June 1974 - Amtrak filed suit against the owners for failure to provide an adequate passenger station. It was at this point that the Government was forced to step in and assume financial and managerial control of the project if it were ever to be completed. When Amtrak filed suit, construction work was suspended and the bank that was providing financing to the owners withdrew its support. The owners, under the clause in its agreement with Interior said they were no longer responsible because of lack of adequate financing. This position was later upheld by the courts.

The owners then demanded that the Government assume full financial responsibility for expenditures after August 31, 1974, guarantee financing, eliminate the contractual requirement for 4,000

parking spaces, and provide for the new Amtrak station.

- October 1974 - Owners agreed to provide a replacement passenger station, Amtrak withdrew its lawsuit, and suspension of work was lifted 2 months later.
- January 1976 - Interior ordered acceleration of work for the bicentennial celebration after the project was delayed in 1975 waiting for steel deliveries.
- May 1976 - Hyman notified the owners of a cost overrun of \$4.9 million and the need for additional funds.
- July 4, 1976 - Center officially opened although the two ends of the concourse were unfinished and work on the parking facility was suspended.
- September 1976 - Partial termination of project; Interior directed that all work on auto parking levels cease.
- November 1976 - Final termination notice directed completion of the east wall of the Center and stopped construction of the southeast ramp.
- December 1976 - A team of architects, engineers, and others in the National Park Service identified major structural, mechanical and electrical problems in the 70-year old building which will require corrective action. The project manager estimated that it would cost \$38 to \$68 million to complete

the existing facilities.

In summary, in our report we concluded that the interests of the Government had not been protected by the Department of the Interior, that the Congress had not been kept informed of significant changes in the scope of the project and its costs, and as a result, the Government had been placed in an untenable position.

The project today encompasses an incomplete and unusable parking facility, a visitor center with less than the originally envisioned services, and a railroad station that is probably inadequate for the future. In addition, it became known during the last several years that the basic Union Station structure--70 years old--would require substantial repairs and improvements in order for the building to be usable. The Federal Government has already paid about \$28 million in construction funds, has assumed a lease payment of over \$3 million a year, and is faced with additional expenditures of as much as \$70 million if the project is to be completed.

If additional funds are to be appropriated, we believe it is essential for the Congress to decide what the final configuration of the Center should be, what a reasonable cost for that configuration should be, and require that good project management procedures be instituted. Particularly, we recommended that a Government agency, such as GSA or the Army Corps of Engineers, that is capable of managing a major construction project, be given responsibility

for completion of the Center.

With respect to completion of the Center, there are a number of options open. Recently, as you know, the Department of Transportation has expressed the desire to assume management of the building and to make certain modifications that would accommodate the long term needs of Amtrak. Transportation's recommended plan for a new station, completion of a parking facility for about 1,400 cars, and repairs to the building, is estimated to cost about \$52 million. A National Park Service plan--that does not include a new railroad station, is estimated to cost between \$38 and \$68 million--reflecting a high degree of uncertainty in the cost to make repairs to Union Station. Several other estimates with minor variations are in the \$55 million range.

Mr. Chairman, we cannot stress too strongly our feeling that there be a full agreement by the appropriate congressional committees on the final configuration of the Visitor Center before funds are made available. Also, there should be a clear understanding of which agency will manage the construction and which will manage the completed project. Unless these steps are taken, it is likely that there will be continued cost growth as well as uncertainty as to ultimate completion.

#### AMTRAK PASSENGER PROJECTIONS

The extent of modifications to the building to accommodate rail passengers is one of the open questions to be decided. The Department of Transportation leans toward a plan that



would, in essence, reconvert the building to being primarily a railroad station with a visitor center as a secondary use. This is based on an Amtrak estimate of significant rail passenger growth in the northeast corridor and throughout the United States through fiscal year 1982.

Amtrak's five year plan for fiscal years 1978-1982, forecasts a ridership increase of 38 percent based on fiscal year 1977 ridership of 19.2 million passengers increasing to 26.4 million in fiscal year 1982. For the northeast corridor, Amtrak forecasts a ridership of 11 million passengers increasing to 14.8 million in fiscal year 1982, about a 35 percent increase. The forecast has seven underlying assumptions, three of which we believe are worthy of note here.

- The estimates are based partly on population growth projected from the latest national census. The population growth for the states in the northeast corridor, however, has not been as great as for the rest of the United States.
- The growth in northeast corridor rail traffic in the next several years is predicated partly on timely completion of the rail improvement program and the acquisition of new rail equipment. These improvements are expected to attract significant numbers of additional passengers.
- An increase in rail traffic is expected as a result of energy shortages and the high costs of operating automobiles. Recently, the price

of gasoline has leveled off because of availability of oil from the North Sea and Alaska.

GAO is currently completing an analysis of Amtrak's projections and, except for the questions relating to these three assumptions, we have found Amtrak's figures to be conservative. We will provide a copy of our report for the record as soon as it is available.

COMMITMENTS MADE BY THE GOVERNMENT

The last item that you asked us to comment on was what commitments have been made by the Federal Government with respect to the Visitor Center construction.

We are aware of only one firm obligation. As we pointed out earlier, the plans for the Center included an intermodal bus-train concept. In 1975, the Urban Mass Transportation Administration contributed \$8.2 million in grant funds, through the District of Columbia, to cover the costs of a main level bus terminal in the parking structure together with ramps connecting to Massachusetts Avenue for public transit vehicles, and a mezzanine gallery to provide for pedestrian movement between transit modes. These funds have been obligated and it would appear that there is a commitment to have those facilities operable in the final configuration.

While there have been discussions about other aspects of the Center, such as a possible inter-city bus terminal, there is no obligation for any other specific features to be included.

Mr. Chairman, this concludes my prepared statement.  
I will be happy to answer any questions you may have.

## CHART 1

CONSTRUCTION PROJECTS OF GENERAL SERVICES ADMINISTRATION  
 THAT COMPARE WITH THE VISITOR CENTER PARKING FACILITY  
 AT SEPTEMBER 30, 1977

<u>PROJECT</u>	<u>BASELINE ESTIMATE (DOLLARS IN MILLIONS)</u>	<u>CURRENT ESTIMATE</u>	<u>INCREASE OR DECREASE (-) PERCENT</u>
ANCHORAGE - COURTHOUSE FED. BLDG. AND PARKING FACILITY	71.5	62.8	12-
BALTIMORE - SSA METRO WEST BLDG.	92.4	91.0	2-
COLUMBIA, SC - STROM THURMOND FED. BLDG., COURTHOUSE & PARKING FACILITY	26.7	28.3	6
DC - FED. HOME LOAN BANK BOARD BLDG.	38.5	42.1	9
GLYNCO, GA - FED. LAW ENFORCEMENT TRAINING CTR.	30.1	27.7	8-
SEATTLE - NATIONAL OCEANIC AND ATMOSPHERIC ADMIN. WESTERN REGIONAL CTR.	83.8	83.8	-
WOODLAWN, MD - SSA COMPUTER CTR. BLDG.	68.7	69.3	1

## CHART 2

CONSTRUCTION PROJECTS OF CORPS OF ENGINEERS THAT COMPARE  
WITH THE VISITOR CENTER PARKING FACILITY  
AT SEPTEMBER 30, 1977

<u>PROJECT</u>	<u>BASELINE ESTIMATE</u> (DOLLARS IN MILLIONS)	<u>CURRENT ESTIMATE</u>	<u>INCREASE OR DECREASE (-) PERCENT</u>
KEESLER AFB, MEDICAL FACILITY	43.1	35.7	17-
LACKLAND AFB, MEDICAL FACILITY	97.6	94.7	3-
FORT BENNING, BARRACKS COMPLEX	25.0	26.3	5
FORT CAMBELL, BARRACKS AND HOSPITAL	89.7	79.3	12-
FORT HOOD, BARRACKS COMPLEX	29.6	25.3	15-
FORT KNOX, HOSPITAL/ALTERATION	42.3	34.8	18-
FORT LEONARD WOOD, BARRACKS COMPLEX	41.3	44.8	8
FORT POLK, BARRACKS COMPLEX	147.7	137.8	7-
FORT STEWART, BARRACKS COMPLEX	61.9	52.2	16-
FORT STEWART/HUNTER AAF, BARRACKS COMPLEX	32.9	26.2	20-
NAVAL ACADEMY, ENGINEERING STUDIES COMPLEX	27.7	30.3	9
UNIFORMED SERVICES UNIVERSITY OF HEALTH SCIENCES, BETHESDA, MD	64.9	51.3	21-

CHART 3

ALTERNATIVE STATION & NYC CONFIGURATIONS  
(\$ MILLION)

<u>CONSTRUCTION &amp; MODIFICATION</u>	<u>I 2/</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V 1/</u>
NORTHEAST CORRIDOR IMPROVEMENT STATION PLAN	\$11.98	\$16.54 <u>3/</u>	\$14.58 <u>3/</u>	\$14.14 <u>3/</u>	-
ROADWAY IMPROVEMENTS					
A. CONCOURSE ROADWAY	-	-	1.50	-	Included
B. TAXI LOOP	1.28	1.28	-	1.28	-
C. SOUTHEAST RAMP	6.06	6.06	6.06	6.06	\$ 8.4
PARKING GARAGE	13.10	13.10	13.10	13.10	10.0
NEAR TERM REPAIRS					
A. GARAGE & SOUTHEAST RAMP	1.28	1.28	1.28	1.28	6.6
B. MAIN BUILDING	3.48	3.48	3.48	3.48	3.0
LONG TERM REPAIRS/MAIN BUILDING	10.14	10.14	10.14	10.14	10 to 40
NON-CONSTRUCTION COSTS	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	
TOTAL	<u>\$52.32</u>	<u>\$56.88 3/</u>	<u>\$55.14 3/</u>	<u>\$54.48 3/</u>	<u>\$38 to 68</u>

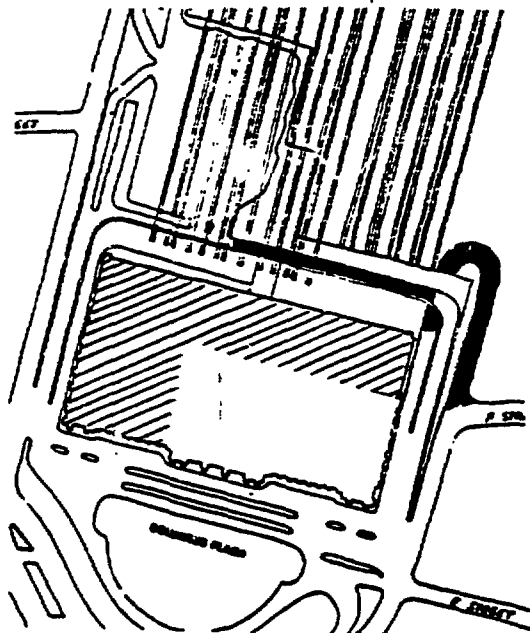
1/ NATIONAL PARK SERVICE PROJECT MANAGER ESTIMATE OF DECEMBER, 1976.

2/ DEPARTMENT OF TRANSPORTATION PREFERRED PLAN.

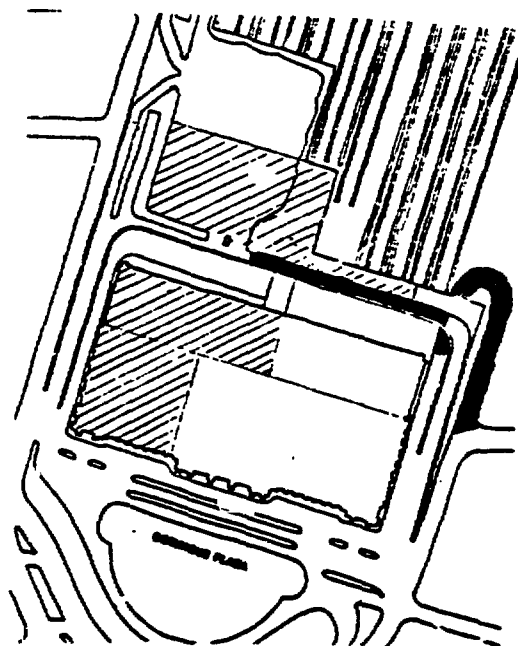
3/ ADJUSTED BY GAO BASED ON LATER DATA (FEB. 1978) PROVIDED FOR ALTERNATIVE I.

FOUR ALTERNATIVES FOR DOT USE OF UNION STATION  
WITH POSSIBLE ROADWAY CONSTRUCTION

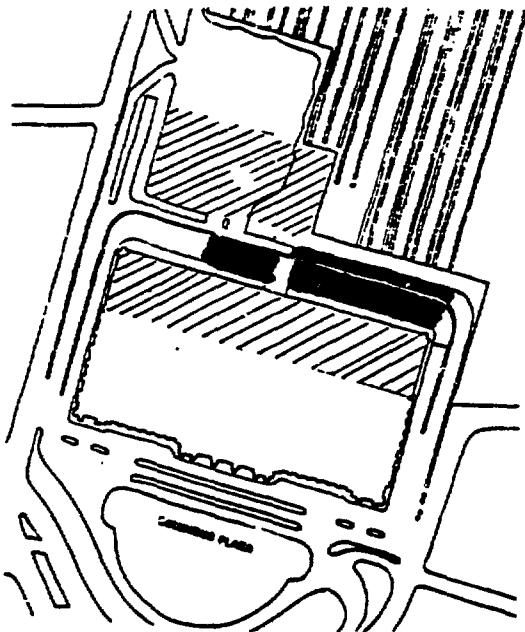
CHART 4



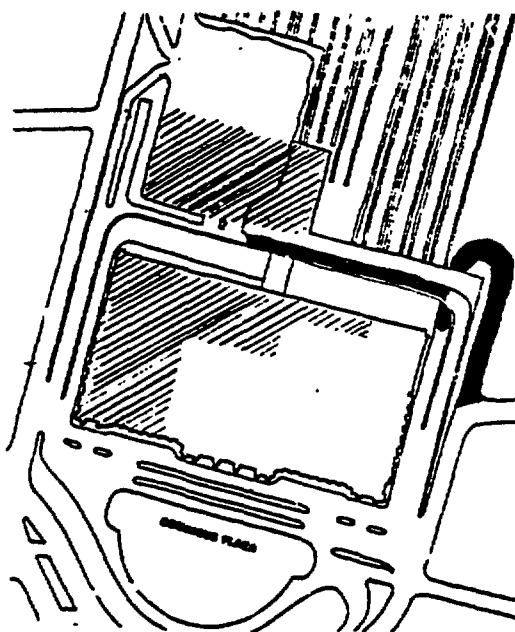
ALTERNATIVE I



ALTERNATIVE II





ALTERNATIVE III

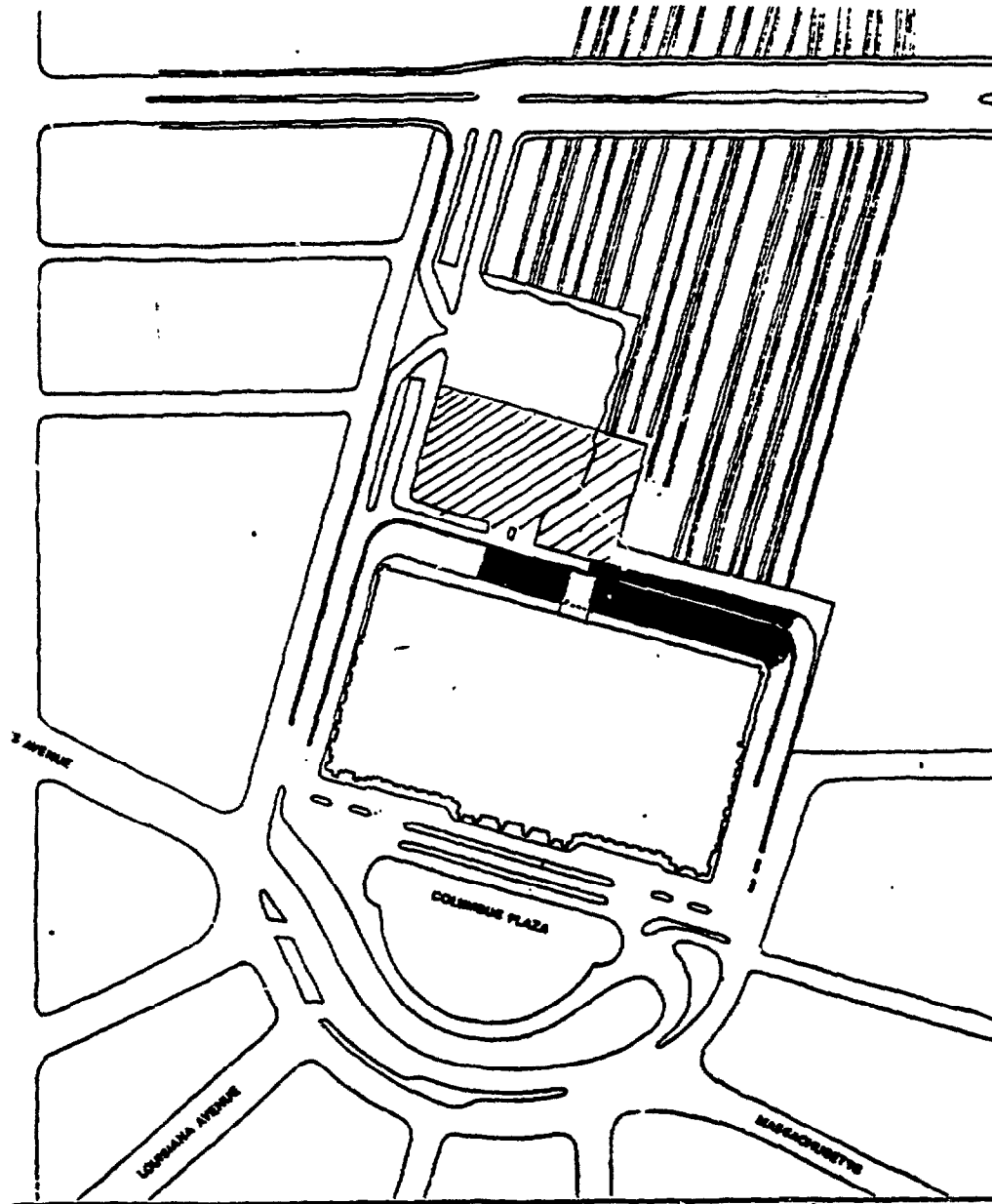


ALTERNATIVE IV

LEGEND:

-  Roadway Construction
-  Space for DOT use

DEPARTMENT OF INTERIOR'S ALTERNATIVE FOR  
USE OF UNION STATION AND ROADWAY CONSTRUCTION



ALTERNATIVE V

LEGEND:  
■ Roadway Construction  
///// Space for DOT use