

GAO

Briefing Report to the Chairman,
Subcommittee on Investigations and
Oversight, Committee on Science, Space
and Technology, House of
Representatives

September 1992

NATIONAL SCIENCE
FOUNDATION

Planned Relocation to
Arlington



147619



General Government Division
B-249783

September 17, 1992

The Honorable Howard Wolpe
Chairman, Subcommittee on Investigations and Oversight
Committee on Science, Space and Technology
House of Representatives

Dear Mr. Chairman:

This briefing report responds to your request that we review the proposed relocation of the National Science Foundation (NSF) headquarters from Washington, D.C., to Arlington, VA. You asked in particular whether the proposed location would make it difficult for NSF to fulfill its role in the development and implementation of national science policy and whether the General Services Administration (GSA) followed a proper process in selecting the Arlington site.

We briefed the Subcommittee on September 14, 1992, on the results of our review. As requested, this briefing report summarizes the information we provided, including detailed responses to nine issues you asked us to review. Our objectives, scope, and methodology are described in appendix I. A more detailed analysis of the issues that you were interested in is contained in appendix II.

RESULTS IN BRIEF

We believe that the choice of Arlington, VA, as the site for NSF's new headquarters building will allow the Foundation to fulfill its role in the development and implementation of national science policy. Although the new building is located outside downtown Washington, D.C., it (1) will enable employees who are currently housed in four different locations to be consolidated into one building; (2) will provide working conditions superior to those in NSF's current headquarters buildings; (3) will provide reasonably convenient access to other government offices and libraries in downtown Washington, D.C., through the adjacent Ballston Metrorail station, albeit less convenient than a downtown site; and (4) is surrounded by plentiful amenities, including a hotel and shopping and eating establishments.

We found that GSA and NSF followed a reasonable and systematic approach in selecting the Arlington building, which is about \$9 less expensive per square foot than

offers received for buildings in the District of Columbia. Over a 20-year period, leasing the Arlington building will save the government \$81 million, compared to leasing comparable space in the District of Columbia. Lease savings will be offset somewhat by an unquantified cost of additional time some NSF employees will spend in travel to meetings and by additional transportation costs.

However, as a rough estimate, we calculated that the \$81 million lease savings equate to a \$15,577 daily savings. We estimated that the additional daily travel costs might be \$3,680, based on 1 hour of lost time per employee at \$41 per hour, \$5 additional Metrorail fare per trip, and NSF's estimate of 80 staff trips per day.

NSF contends that it cannot move to Arlington because Congress has not appropriated its \$16 million relocation expense request for fiscal year 1993. We believe that Congress should appropriate the funds necessary for NSF to move to Arlington because (1) the Arlington location was selected after a thorough procurement process dating to 1987 that was based on NSF's requirements, which have not been changed; (2) GSA estimated it could lose about \$15 million representing rental payments on unoccupied space for 14 months, nonpayment of funds GSA loaned to NSF, and construction costs if GSA had to seek a new tenant for the Arlington building; and (3) NSF probably would incur relocation expenses in any case for an alternative location when the lease expires on its current headquarters building in 1995.

BACKGROUND

In September 1987, NSF's Director asked GSA for new office space to replace the Foundation's current headquarters building located at 1800 G St., N.W., Washington, D.C., two blocks from the White House. The Director said a new facility was needed to consolidate staff in one location, replace outdated and degenerating facilities, and accommodate expected staff increases. In his request to GSA, the Director said he preferred that the new headquarters be located in Washington, D.C., but acknowledged that the project authorization would solicit offers from elsewhere in the Washington, D.C., metropolitan area.

According to NSF and GSA officials, NSF's former Director and GSA's former Administrator decided that to further competition in the lease procurement, sites should be considered throughout the Washington, D.C., metropolitan area for the Foundation's new headquarters building. In May 1987, GSA sent Congress a prospectus indicating that NSF would be moved to the Silver

Spring Metro Center, in Silver Spring, MD. GSA did not go through with this plan because NSF did not want to move to Silver Spring. After NSF indicated it would not move to Silver Spring, GSA proposed another prospectus indicating that NSF would be located in Washington, D.C., only. In October 1988, the House Committee on Public Works and Transportation authorized the lease of 329,700 occupiable square feet of space for NSF in the Washington, D.C., metropolitan area. Staff of the Senate Appropriations Subcommittee on VA, HUD, and Independent Agencies said the area of consideration was changed to encompass the Washington metropolitan area at the request of Subcommittee Chairman Barbara Mikulski.

In March 1989, GSA issued a solicitation for offers (SFO) seeking 344,200 to 372,600 net usable square feet of office space within the District of Columbia; the City of Alexandria, VA; Fairfax and Arlington Counties, VA; and Montgomery and Prince Georges Counties, MD.¹ The SFO, which was drafted by a panel of three GSA officials and one NSF official, had five technical evaluation factors in descending order of importance that would be used to rank offers: building efficiency, quality and security of neighborhood, proximity to transportation systems, offeror qualifications, and building design. Price was of less importance than all of the factors except building design, which was of equal importance to price.

Fifty-three firms received the SFO, and 18 firms formally responded. In January 1990, the GSA/NSF evaluation panel determined that 6 of the 18 respondents were acceptable and competitive. Two of the six finalists withdrew from competition because they found other tenants, leaving four finalists: Stafford Place II, 600 N. Glebe Road, the Portals, and Station Place. The Stafford Place II and 600 N. Glebe Road proposals are located near the Ballston Metrorail station in Arlington, VA. The Portals site is located in Southwest Washington, D.C., behind the Department of Agriculture. Station Place is located near Union Station, Washington, D.C. In July 1990, the panel recommended that Stafford Place II be selected among the four

¹GSA said it leases space on a net usable square feet basis, while it assigns space to agencies on the basis of occupiable space. Occupiable space is that which can be used for offices and excludes parking, restrooms, and mechanical rooms. Net usable space is similar to occupiable space, except that net usable space includes space required for fire safety corridors and telephone closets.

finalists because it had the highest technical rating and the lowest price of the four developments.

In August 1990 and October 1990, GSA's Regional Administrator wrote to NSF's Director and Acting Director, informing them about the site selection and asking for concurrence in the decision.² In November 1990, NSF's Acting Director informed GSA that the Foundation could not afford to move because Congress had not appropriated NSF's \$5.5 million relocation expense request for fiscal year 1991.

In November and December 1990 correspondence between NSF and GSA, NSF officials reiterated their position that the Foundation could not move without the needed appropriations. GSA said the move should proceed and that GSA considered NSF's correspondence to constitute a formal appeal of GSA's site selection decision, which is permitted under the Federal Property Management Regulations (FPMR). GSA subsequently denied NSF's objection. See appendix II for a detailed description of the correspondence and the appeal procedure.

On December 19, 1990, GSA directed NSF to move to Stafford Place II. On the same day, GSA signed a lease for 363,000 net usable square feet of space at Stafford Place II, at an average annual rate of \$29.94 per net usable square foot. In February and May 1991, GSA executed two supplemental leases at NSF's request for 86,825 square feet of additional space at Stafford Place II.

GSA currently leases 303,851 square feet of occupiable space for NSF at four different locations in Washington, D.C. The current leases range in cost from \$10.96 to \$29.69 per net usable square foot. The lease on the largest block of space--NSF's current headquarters building at 1800 G St., N.W.--expires on May 5, 1995. GSA officials said they have not attempted to renegotiate that lease because the building needs to be renovated and because GSA plans to begin moving NSF to Stafford Place II in January 1993. Stafford Place II will allow NSF employees currently housed in four aging buildings to be consolidated in one building with modern facilities.

At NSF's request, GSA will spend about \$2.6 million for special features, such as computer and exercise facilities at Stafford Place II--costs that are normally paid by the agency. GSA has

²An NSF official said the term of NSF's former director expired in August 1990. The current Director started his term in March 1991.

already spent \$961,897 on space planning services for the new building and plans to spend about \$150,000 more. GSA also spent \$81,000 on space programming, performance specifications, and SFO development before signing the lease. NSF officials said the Foundation has spent about \$1.9 million of the \$7 million transferred from GSA in fiscal year 1992 for architectural/engineering services, project management, telecommunications planning and design, building improvements, construction changes and delays, and data communications equipment for the building. NSF spent \$609,000 on architectural/engineering and project management services before GSA signed the lease. In addition, NSF has contracts of \$5.8 million on hold for furniture and telecommunications equipment, pending its relocation appropriations request. According to GSA, the 12-story building is already standing and about 85 percent complete.

On April 30, 1991, after Congress denied NSF's fiscal year 1991 request for \$5.5 million in relocation costs, the Foundation's Office of Inspector General (IG) concluded that NSF should not proceed with the move to Arlington because it lacked the necessary funds. The IG said:

"The proposed relocation will meet NSF's objectives to consolidate agency operations, upgrade the work environment, and provide additional space, but only if sufficient funds are appropriated in support of the project. If sufficient funds are not appropriated and NSF is compelled to make the proposed move, we believe adverse effects on its operations will be significant and lasting."

The IG did not address the issue of where the Foundation should be located when its current leases expire, but she said that GSA could obtain a lower cost lease in an existing building instead of a new building. However, the IG did not survey existing Washington, D.C., office space to determine potential rental rates or consider that relocation costs would also be incurred in a move within the District.

Because some NSF officials and the National Science Board were not fully supporting the move to Arlington, the Office of Management and Budget (OMB) reaffirmed the administration's commitment to the Stafford Place II lease on March 18, 1992. OMB asked the NSF Director to ensure support for the move and to work with Congress to obtain the needed appropriations. The NSF Director informed OMB on April 1, 1992, that he would accept the administration's position.

On March 27, 1992, the White House Chief of Staff also wrote to the NSF Director affirming the administration's intent to proceed with the Foundation's relocation to Stafford Place II. On April 7, 1992, the NSF Director reiterated that he would support this decision. The NSF Director told us that the Foundation would move to Arlington, but only if Congress appropriates its \$16 million relocation budget request.

On June 28, 1992, OMB released a Statement of Administration Policy regarding the House Appropriations Committee's fiscal year 1993 appropriations bill for the Department of Veterans Affairs, Housing and Urban Development, and Independent Agencies, which includes NSF's relocation request. OMB urged the House to restore \$19.5 million for NSF's move, which the Committee had eliminated.³ On July 23, 1992, the House Appropriations Committee delayed NSF's \$16 million relocation request pending completion of our report. The House of Representatives passed NSF's appropriations bill on July 29, 1992.

On September 4, 1992, OMB released a second Statement of Administration Policy, this time regarding the Senate Appropriations Committee's fiscal year 1993 appropriations bill for the Department of Veterans Affairs, Housing and Urban Development, and Independent Agencies, which decreased NSF's salaries and expenses by \$24 million. OMB said that "[a]lthough not specifically mentioned in either bill or report language, this decrease would terminate NSF's relocation to the Ballston, Virginia, site that has been competitively selected by GSA. NSF's current lease expires in 1995. The Senate is strongly urged to restore these funds." The Senate passed its appropriations bill for NSF on September 9, 1992. The House and Senate disagree on levels of funding for NSF's salaries and expenses, which includes the agency's relocation expense request.

ANALYSIS OF RELOCATION ISSUES

We believe that relocating NSF to the Stafford Place II building serves the government's best interests. Over 20 years, this building will cost the government about \$81 million less than leasing comparable space in the District of Columbia, and will improve current employee working conditions. Moreover, GSA estimated that if NSF does not move to Arlington at this stage of planning and construction, GSA could lose about \$15 million in

³The statement said the bill deletes a \$3.5 million repayment to GSA for pre-move planning efforts. (H.R. 5679).

the cost of renting vacant space for 15 months, construction costs, and money loaned to NSF. This estimate excludes costs of redesigning the building for another tenant.

NSF is governed by the National Science Board, which consists of 24 part-time members and the NSF Director as a member ex officio. The NSF Director said his views on moving to Arlington reflect concerns raised by the Board. The NSF Director cited a February 21, 1992, letter from the Board Chairman to OMB indicating that moving to Arlington could significantly diminish NSF's role in federal science and technology policy. The Chairman said that NSF should continue to be located near universities and government agencies with which it interacts. The NSF Director also noted a March 13, 1991, letter from former Board Chairman Mary Good, which said that the Foundation's role in the science and technology process would be significantly diminished were it no longer located "in close proximity to the center of the Executive policy process." On March 20, 1992, OMB responded to the Chairman's concerns, saying that OMB did not believe the move will have "any serious adverse effects in this regard."

While NSF staff will be inconvenienced in local travel, we believe such inconvenience should have been quantified and evaluated by NSF and compared to the benefits of the move. Such an evaluation was not done by the NSF IG or NSF management. GSA will lease Stafford Place II for \$270 million over 20 years. We estimated that leasing comparable space for 20 years in Washington, D.C., would cost about \$351 million--\$81 million more than the Stafford Place II lease. We also estimated that productivity losses and travel expenses would cost NSF \$46 per employee per trip, traveling from the Arlington facility to Washington, D.C. NSF estimated that about 80 staff per day attend meetings in the District of Columbia. This daily cost of \$3,680 is less than the daily savings of \$15,577 to the government of leasing the Arlington facility as compared to leasing a building in Washington, D.C., and would indicate that the move is cost effective.

Although NSF never formally appealed GSA's decision to relocate NSF to Arlington, we believe that GSA's handling of NSF's objection to the move was proper. Had NSF formally appealed, the outcome would not have been changed. Further, the White House and OMB reviewed NSF's objection and concurred with GSA's decision.

GSA officials could cite only one example of GSA signing a lease for new space without the concurrence of the agency. This case involved the Peace Corps, which did not wish to move to suburban

Virginia. In that case, a new tenant began occupying the space 20 months after GSA signed the lease. GSA was forced to absorb the cost of leasing vacant space for that period.

We found no evidence that GSA and NSF followed an improper process in selecting Stafford Place II for NSF. We believe that the evaluation panel developed appropriate factors to consider, assigned reasonable weights to those criteria, and scored the offers appropriately.

CONCLUSIONS

We believe NSF should relocate to the Arlington building for several reasons. First, NSF initiated the space consolidation in 1987 and its requirements have not been changed. Second, there is no assurance that NSF will be able to find less costly space in the District of Columbia or avoid relocation costs, since the present lease will expire in 1995. The two District of Columbia locations that competed against the Arlington alternative were found to be both technically inferior and considerably more costly in the evaluation. Without a cost study to substantiate the IG's opinion, we are not convinced that a cancellation of this project and rental of existing space in the District of Columbia is supported by fact or reasonable. Third, while the Arlington site will be slightly inconvenient to NSF staff using libraries or attending meetings in the District of Columbia, the costs of such inconvenience will not approach the lease cost savings this site offers. We could find no evidence that NSF will not be able to accomplish its mission at Arlington. Finally, Congress could satisfy NSF's and its IG's stated objection to the move by providing the funds necessary to carry out NSF's move.

RECOMMENDATION

We recommend that Congress appropriate the funds necessary in fiscal year 1993 for NSF to proceed with its planned relocation to Arlington.

AGENCY COMMENTS

We discussed our analysis with GSA and NSF officials on September 11, 1992. NSF officials said that because of the short time they had to review our draft report, their views could not be regarded as official agency comments. GSA officials said they generally agreed with our facts and recommendation.

NSF's IG said the Foundation did not appeal the relocation to Arlington because GSA's temporary regulations on appeals were unclear and because NSF was unable to obtain clarification from GSA. Since GSA handled NSF's objection as an appeal, even if NSF had formally appealed, we believe the result would have been the same. We also note that after GSA's decision, the White House and OMB reviewed NSF's objection to the relocation and agreed with GSA.

NSF officials also said that their concern with the relocation centers on the relatively stable funding NSF has received since 1980 for salaries and expenses, which they said has not kept pace with increased appropriations for science programs. They also said that if they could have anticipated this, the agency probably would not have sought a new headquarters. They added that they would now prefer to remain in their present headquarters location.

GSA officials said that if NSF does not move to Arlington, they could not extend the present headquarters lease without offering it for competition. They reiterated that the present headquarters building needs renovation and that the owner would want a 20-year contract for a new lease. They added that occupying the building during renovation would be disruptive and costly.

GSA officials also said that in recent years all agencies have had difficulty in obtaining appropriations for moves because of tight budgets. They said that GSA tries to be objective in its decisions and if agencies were allowed to "deep-six" the outcomes of GSA's competitive process, this would make GSA's central property management role and the private sector procurement process a farce.

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As arranged with the Subcommittee, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days after its issue date. At that time, we will send copies to the House and Senate Appropriations Committees, the Directors of OMB and NSF, the Administrator of GSA, other interested congressional Committees and Subcommittees, and other interested parties.

The major contributors to this report were John S. Baldwin, Sr., Assistant Director; and Robert Homan, Evaluator-in-Charge. If you have any questions about this report, please contact me on (202) 275-8676.

Sincerely yours,



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

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ABBREVIATIONS

FCCSET	Federal Coordinating Council on Science, Engineering, and Technology
FPMR	Federal Property Management Regulations
GSA	General Services Administration
IG	Inspector General
NSF	National Science Foundation
OMB	Office of Management and Budget

Objectives

- Who initiated relocation
 - What site selection criteria were used
 - What offers were considered
 - How the Arlington site was chosen
 - Whether agencies can appeal GSA decisions
 - Whether GSA properly handled any NSF appeal
 - Whether GSA signs leases without agency agreement
-

Objectives (con't)

- When GSA signed lease
 - How much NSF & GSA have spent on the move
 - Whether GSA will extend NSF's current lease
 - Whether move will impair NSF's ability to fulfill mission
 - Whether move serves government's best interests
-

Scope and Methodology

- Interviewed agency officials
 - Reviewed prospectus, SFO, correspondence, FPMR, offers, site selection process, NSF & GSA files, legislative history
 - Recorded travel times between Arlington and Washington, D.C., sites
 - Estimated lease savings in Arlington
 - Estimated added travel costs from Arlington to D.C.
-

OBJECTIVES, SCOPE, AND METHODOLOGY

Our overall objectives were to determine whether relocating NSF to Arlington, VA, would make it difficult for the Foundation to fulfill its role in developing and implementing national science policy and whether GSA followed a proper process in selecting the Arlington site. As requested by the Chairman, our specific objectives were to determine the following:

- Who initiated the search for new space.
- What site selection criteria were contained in the solicitation for offers and who determined the area of consideration.
- What offers were submitted, when and how did the evaluation panel recommend the Arlington site, and did the panel properly assign weights to the criteria.
- Did NSF object to the panel's decision, under what procedures can agencies appeal a site selection decision, did GSA properly handle NSF's appeal, and how often does GSA enter into lease agreements without an agency's concurrence.
- When did GSA sign the lease on the Arlington site and what is the status of construction.
- What costs did NSF and GSA incur before the lease was signed, how much has been spent since the lease was signed, and how much do they expect the relocation to cost.
- Whether GSA will extend leases for NSF's current space.
- Whether NSF's stated need to locate in the District of Columbia convincing.
- Whether the move serves the government's best interests, including the cost of comparable space in the District of Columbia and the estimated cost of cancelling the move now.

We did our work by reviewing NSF and GSA files and interviewing appropriate officials at GSA and NSF, including GSA's National Capital Regional Administrator, GSA's Real Estate Division Director, and realty specialists in GSA's Real Estate Division. To assess whether relocating NSF from Washington, D.C., to Arlington would negatively affect the Foundation's ability to fulfill its mission, we interviewed NSF officials, including its Director, Deputy Director, Relocation Project Manager, and

Inspector General. We also sent written questions to NSF's Director and its Director of Information and Resource Management.

We recorded the times it took us to travel between NSF's current headquarters and the Arlington site to the airport, the nearest academic libraries to Stafford Place II and the Foundation's current headquarters building, the White House, and the nearest Metrorail station. We also counted the number of eating establishments and hotels near the current headquarters site and the proposed site.

To determine whether GSA followed a proper process in selecting the Arlington site, we reviewed relevant correspondence between NSF and GSA regarding the move, GSA's leases on NSF's current space, reports issued by the evaluation panel, panel members' individual score sheets, information the panel considered regarding distances to various locations and amenities, and the SFO.

We also reviewed NSF's Inspector General report regarding the proposed move and the legislative history pertaining to relocation funds, the prospectus, and correspondence from Maryland Governor Schaefer to Senator Mikulski regarding the Governor's support for locating NSF in Maryland. To determine whether GSA properly handled NSF's objection to the site selection decision, we reviewed the relevant correspondence between GSA and NSF and relevant regulations.

We asked NSF to provide information about how often NSF staff attended meetings within the District of Columbia in the past year. NSF could not provide such specific data, and it provided instead an estimate of the number of times NSF staff attend meetings in the District. We used this information to estimate the cost to NSF of additional travel and lost time due to being located outside of the District of Columbia.

We did our work during August and September 1992 in accordance with generally accepted government auditing standards. We received oral comments from the NSF IG and GSA and incorporated them in this report. NSF management declined to provide comments.

NSF Requested Relocation

- Former NSF Director asked for relocation in 1987 to
 - consolidate employees
 - replace old facilities
 - accommodate new staff
 - NSF agreed to metro-wide search for space, but preferred D.C.
 - House authorized metro-wide prospectus in October 1988
-

RELOCATION ISSUES AND OUR ANALYSISNSF INITIATED SEARCH FOR NEW SPACE BUT PREFERRED WASHINGTON, D.C., LOCATION

On September 3, 1987, NSF's then Director, Erich Bloch, wrote to GSA asking for new office space to replace the Foundation's current headquarters building located at 1800 G Street, N.W., Washington, D.C. Mr. Bloch said a new facility was needed to (1) consolidate staff in one location, (2) replace outdated and degenerating facilities, and (3) accommodate expected staff increases.⁴ In his letter to GSA, Mr. Bloch did not rule out relocating outside downtown Washington, D.C., but said:

"I understand that when a prospectus is approved, you will advertise for expressions of interest from building owners and developers throughout the metropolitan area. Ideally, NSF's new facility should be located downtown to take maximum advantage of available hotel space and airport access. A quality downtown site will provide a convenient, centrally-located destination for NSF's many visitors, including scientists, engineers, international liaisons and delegations, and professionals from government, industry and academia."

According to NSF and GSA officials, NSF's former director and GSA's former Administrator had decided that sites for the Foundation's new headquarters building should be considered in the Washington, D.C., metropolitan area, rather than limited to the District of Columbia, to take advantage of the additional competition that suburban locations would offer. In May 1987, GSA sent Congress a prospectus indicating that NSF would be moved to the Silver Spring Metro Center in Silver Spring, MD. GSA did not go through with this plan because NSF did not want to move to Silver Spring. After NSF refused to move to Silver Spring, GSA prepared another prospectus indicating that NSF would be located in Washington, D.C., only. Staff of Maryland Senator Barbara Mikulski said that the area of consideration for this prospectus was later changed to include the Washington metropolitan area at the Senator's request.

⁴NSF currently occupies 303,851 square feet in four buildings in Washington, D.C., located at 1800 G St., N.W., 2000 L St., N.W., 1776 G St., N.W., and 1110 Vermont Ave., N.W. According to a January 1989 report prepared for the United States Secret Service, which shares NSF's headquarters building at 1800 G St., the facility needs \$7.8 million to repair electric service and elevators and comply with fire and safety codes.

On July 21, 1988, OMB Director James Miller wrote the NSF Director that "[w]e are pleased that NSF is willing to solicit the market for a location in the Washington metropolitan area. As you may know, the Administration is committed to locating agencies in adequate space in the lowest cost locations. We believe that the broadest solicitation possible will ensure the greatest competition and lowest cost to the taxpayer." On October 13, 1988, the House Committee on Public Works and Transportation authorized the lease of 329,700 occupiable square feet of space for NSF in the Washington, D.C., metropolitan area.

GSA/NSF Panel Developed Selection Criteria

- GSA/NSF panel developed evaluation criteria:
 - building efficiency
 - neighborhood quality
 - transportation proximity
 - offeror qualifications
 - building design

 - Price equally important to building design, but less important than other criteria
-

GSA/NSF PANEL DEVELOPED SELECTION CRITERIA FOR OFFERS IN THE WASHINGTON, D.C., METROPOLITAN AREA

On March 22, 1989, GSA issued an SFO seeking offers to lease from 344,200 to 372,600 net usable square feet of office space for 20 years. A panel consisting of three GSA officials--a realty specialist, a contract specialist, and a space planner--and one NSF official--the chief of NSF's facilities management branch--drafted the SFO and evaluated the offers. The SFO said offers would be considered for space within the District of Columbia; Fairfax and Arlington Counties, VA; the City of Alexandria, VA; and Montgomery and Prince Georges Counties, MD.

NSF's former Acting Director said that NSF accepted a solicitation for offers in the Washington, D.C., metropolitan area with the expectation that the agency would be able to choose among the finalists. However, GSA's National Capital Regional Administrator and GSA's Director of Real Estate for the National Capital Region strongly denied suggesting that Foundation officials would be able to choose the site. GSA's Director of Real Estate, who was the contracting officer for the NSF relocation, said that to allow the Foundation to choose the site would have been contrary to federal regulations concerning site selection and the panel's site selection plan.

Among other minimum requirements, the SFO said the building must be

- "located in a prime commercial office district with attractive, prestigious, professional surroundings with a prevalence of modern design and/or tasteful rehabilitation in modern use";
- accessible to a major airport within a 30-minute drive during nonrush hour;
- located within 2,000 walkable linear feet of quality hotel accommodations and quality restaurants providing three meals a day; an existing, operational Metrorail station and be accessible to other regularly scheduled public transportation;
- accessible to "adequate eating facilities serving both breakfast and lunch, and other employee services such as an auditorium, day care, retail shops, cleaners, banks, etc"; and

-- accessible to "relevant Government and scientific offices and facilities (e.g., White House, Congress, OMB, National Academy of Sciences, etc.)."

In addition to these minimum requirements, the solicitation listed five technical evaluation factors in descending order of importance: building efficiency, quality and security of neighborhood, proximity to transportation systems, offeror qualifications, and building design. Price was equally important as building design but less important than the other evaluation factors. The lease was to be awarded to the offeror whose offer represented the greatest overall value to government, price and other award factors specified. The five evaluation factors and their respective subfactors are listed on table II.1.

Table II.1: Five Site Selection Evaluation Factors and SubfactorsEvaluation Factors

Building efficiency	Quality and security of neighborhood	Proximity to transportation systems	Offeror qualifications	Building design
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Evaluation Subfactors

Floor size	Quality of surroundings	Access to Metrorail	Management plan	Building interior and exterior
Column spacing	Access to location amenities	Access to parking	Prior performance on similar projects	Enhanced handi-capped accessibility
Core efficiency	Access to relevant government and scientific offices and facilities	Access to airport and academic library		Other enhancements
Contiguous space				
Ratio of secondary circulation to net space				

Source: GSA's March 22, 1989, Solicitation for Offers.

The SFO was amended seven times, mainly to change technical specifications. However, the first two amendments were also designed to keep the procurement on schedule and to increase competition. Amendment No. 1, issued June 9, 1989, allowed sites to be located within 2,000 walkable linear feet of a Metrorail station that would be operational by initial occupancy, but it added that "initial occupancy will not be delayed for the purposes of meeting this requirement." Amendment No. 2, issued January 26, 1990, changed a requirement that location amenities (quality hotel accommodations, restaurants, and other employee services, such as retail shops, cleaners, and banks) be located within "2000 walkable linear feet" to within "reasonable walking distance." That amendment also specified that the building be "accessible to a major airport," omitting the original specification that it be located within 30 minutes driving time in nonrush hour traffic to a major airport.⁵

Fifty-three firms received the SFO, and 18 firms formally responded. On January 25, 1990, the evaluation panel determined that 6 of the 18 respondents were acceptable and competitive.⁶ Of the six finalists, two later withdrew because the developers found other tenants, leaving four finalists: Stafford Place II and 600 N. Glebe, both in Arlington, VA; and the Portals and Station Place, both in Washington, D.C.

⁵According to GSA, the original location specifications could have excluded some offers and thus restricted competition.

⁶One of the original offerors, Hoffman Management Inc., protested GSA's determination that its offer was not competitive to GAO's bid protest unit. GAO denied the protest, saying that the evaluation approach was consistent with the criteria contained in the SFO. (B-238752, July 6, 1990). Another unsuccessful bidder, the Washington Corporation, challenged the proposed award to Stafford Place Associates in U.S. Claims Court. That case was dismissed by joint agreement of the parties on March 27, 1991. (Hyde Park Limited Partnership v. United States, No. 90-3869C.)

Four Final Offers Considered

- 18 qualified firms responded to SFO
 - Panel chose 4 finalists:
 - Arlington, VA, near Ballston:
 - **Stafford Place II**
 - **600 N. Glebe**
 - DC near Union Station:
 - **Station Place**
 - Southwest DC:
 - **Portals**
-

Stafford Place II Selected

- Panel followed evaluation criteria
 - Stafford Place II selected
 - Highest rating
 - Lowest cost
 - \$9 per square foot less than D.C. offers
-

GSA/NSF EVALUATION PANEL RECOMMENDED STAFFORD PLACE II

On July 30, 1990, the panel recommended that Stafford Place II be selected among the four finalists. The GSA/NSF panel ranked Stafford Place II higher than the other offers. Stafford Place II also offered the lowest price.⁷ We believe that the scoring system and weights GSA assigned to the evaluation factors were reasonable and that the panel followed the criteria established under the SFO in making its decision.

The panel issued both an initial report, on January 25, 1990, and a final report, on July 30, 1990. The panel scored the offers differently in its initial and final reports but gave Stafford Place II the highest technical rating in both reports. According to the panel, the scores changed between the two reports because offerors made building design changes after meeting with government and contract space planners on building layout requirements. The panel said after the initial report, some offerors also decided to no longer provide certain enhancements at no cost to the government. For example, the Stafford Place II developer indicated that he was no longer able to provide a 9-foot minimum ceiling height, which was one reason the site's score changed.

NSF's panel member rated Stafford Place II the highest throughout the evaluation process and signed the final report recommending Stafford Place II. Table II.2 shows the panel's initial and final technical scores, price offers, and information that GSA collected concerning the sites' proximity to various locations.

⁷GSA asked us not to reveal its scoring system out of concern that making such information public could affect solicitations for other projects. We agreed to GSA's request.

Table II.2: Comparison of the Final Four Offers

	Stafford Place II, Wilson Blvd., Arlington	The Portals, 12th & D Sts., S.W.	600 N. Glebe Rd., Arlington	Station Place (Union Station)
Initial technical score	84.38	72.91	63.54	62.91
Final technical score	78.33	72.91	61.25	56.66
Cost per net usable square foot	\$29.94 ^a	\$38.99 ^b	\$32.48 ^c	\$39.54 ^d
Travel times				
Driving to the White House	13 minutes	6 minutes	14 minutes	11 minutes
Driving to National Airport	17 minutes	10 minutes	16 minutes	15 minutes
Driving to nearest academic library	10 minutes ^e	10 minutes ^f	10 minutes ^e	5 minutes ^f
Distance to nearest Metrorail station	Direct covered access	1,771 walkable linear feet	2,426 walkable linear feet ^g	Direct covered access

^aAverage rate, net electric. Rent is \$28.44 for years 1-10, \$30.44 for years 11-15, and \$32.44 for years 16-20.

^bRent would have been \$38.99, net electric, for all 20 years.

^cAverage rate, net electric. Rent would have been \$29.48 for years 1-5, \$31.48 for years 6-10, \$33.48 for years 11-15, and \$35.48 for years 16-20.

^dAverage rate, net utilities. Rent would have been \$34.04 for years 1-5, \$37.04 for years 6-10, \$41.04 for years 11-15, and \$46.04 for years 16-20.

^eMarymount University.

^fLibrary of Congress.

^gRoute would be through Ballston Common and Stafford Place II.

Source: GSA.

The evaluation panel gave three of the four finalists a "good" rating, with Station Place receiving an "acceptable" rating. A "good" rating was defined as "a proposal which demonstrates competence and exceeds in most areas the standard for evaluation; high probability of success; many weaknesses are correctable." An "acceptable" rating was one that "meets in most aspects the standard for evaluation; good probability of success; some major weaknesses can be corrected or improved."

In its final report, the panel said Stafford Place II had an efficient layout and planning of circulation patterns. The panel also said that the facility had excellent access to amenities, the White House, Metrorail, parking, the airport, and a library located at Marymount University in Arlington, VA.⁶ In addition, the panel said the interior had high-quality stone finishes, and that the two-story main lobby had high-quality but low-maintenance materials. The only weaknesses cited were the amount of space taken by restrooms, elevators, and stairwells (core efficiency) and a lack of enhanced handicapped accessibility features.

The panel evaluated the Portals proposal as being strong in building efficiency, quality and security of neighborhood, and offeror qualifications. The report said this offeror could provide most of the amenities and had excellent access to the White House, parking, an airport, and the Library of Congress. The panel said the management plan contained innovative ways of managing space. The building interior was considered excellent. Weaknesses cited included column spacing, building location, and a lack of substantial enhancements to building design. The report said the building was almost 2,000 walkable feet from the nearest Metrorail station and had no enhanced handicapped accessibility features.

The panel said the proposed building at 600 N. Glebe Road in Arlington, VA, was particularly strong in building efficiency and had some strengths in all factors. The floor size and column spacing received high ratings for facilitating efficient layout and planning circulation patterns. The report said the building had excellent access to the White House, parking, the airport, and the Marymount University library. The building interior was described as impressive and having high-quality materials. However, the panel said the building also had weaknesses in all factors, including core efficiency, access to a Metrorail

⁶Library officials said Marymount University's library has about 100,000 volumes, compared to George Washington University library's 1.2 million volumes, which NSF staff currently use.

station, and the lack of a well-developed management plan. Other weaknesses included the lack of a quality hotel within 1,000 linear feet of the site and the building's location in a neighborhood with some industrial uses and car repair shops.

Station Place received high ratings for building efficiency, quality and security of neighborhood, and proximity to transportation systems. The panel noted the site's access to the White House, Metrorail, and an academic library. According to the panel, the offer excelled in offeror qualifications and building interior. Weaknesses included column spacing, lack of quality and security of neighborhood, the absence of a quality hotel within 1,000 linear feet of the site, the presence of blight in the neighborhood, and parking.

On August 6, 1990, GSA's Source Selection Authority, who was GSA's Director of Real Estate at its National Capital Region Office, concurred in the panel's recommendation. On August 9, 1990, GSA's Contracting Officer and Regional Counsel agreed to the panel's recommendation. GSA signed the Stafford Place II lease on December 19, 1990.

NSF's former Acting Director, who served from August 1990 to March 1991 and is now the Foundation's Deputy Director, said he was unaware that the Foundation's Chief of Facilities Management Branch served on the panel that drafted the SFO, evaluated the offers, and recommended Stafford Place II. The NSF official who served on the evaluation panel told us that he did not believe that the panel acted improperly in evaluating the offers and that the panel acted according to the evaluation plan. The official also provided us with agendas for meetings when he said he briefed NSF's Director on the status of the relocation effort on August 21, 1989, November 7, 1989, May 9, 1990, and May 24, 1990.

NSF Objected to Selection

- GSA sought NSF's concurrence on selection from Aug. to Dec. 1990
 - NSF objected to move without relocation appropriations
 - Agencies may appeal GSA decision under FPMR
 - NSF did not formally appeal
-

GSA PROPERLY HANDLED NSF'S OBJECTION TO MOVE

On August 2, 1990, the GSA National Capital Regional Administrator informed the NSF Director that the evaluation panel had reviewed best and final offers for the four offers, and GSA proposed to award the lease for the Stafford Place II building. GSA asked for NSF's concurrence on the selection. After receiving no concurrence from NSF, on October 18, 1990, and October 23, 1990, the GSA Regional Administrator wrote letters to the NSF Acting Director, again asking for the Foundation's agreement with the selection. On November 6, 1990, NSF's Acting Director did not accept or reject the selection, but instead he informed GSA's Regional Administrator that the Foundation could not afford to move because Congress did not appropriate NSF's \$5.5 million fiscal year 1991 request for relocation expenses.

On November 20, 1990, the GSA Regional Administrator wrote NSF's Acting Director that he saw "no reason for the move not to take place as planned" because (1) NSF would still have to move out of its current headquarters building in 1995, when its lease expired, incurring relocation expenses; (2) GSA would pay for moving NSF's furniture and office and special space layout for the new building; and (3) NSF could reduce relocation expenses by using existing telephone systems and substituting planned purchases of modular furniture with systems furniture. On November 30, 1990, NSF's Assistant Director for Administration wrote the GSA Regional Administrator that the Foundation would not change its position that it could not afford to move. Also on November 30, the GSA Regional Administrator wrote to NSF's Acting Director, directing NSF to move to the Arlington site. The GSA Regional Administrator added that NSF could appeal GSA's decision to the GSA Administrator within 15 days.⁹

On December 14, 1990, NSF's Acting Director wrote to the GSA Administrator that the Foundation could not move because it lacked the necessary funds and that NSF had never formally appealed GSA's decision. GSA's Deputy Administrator, signing for the Administrator, denied NSF's objection on December 19, 1990. The Deputy Administrator pointed out that NSF had initiated the formal appeal process through its November 6, 1990, letter to the Regional Administrator and that no further appeal was available. GSA's Deputy Administrator added that since NSF's relocation was

⁹Although GSA cited 15 days for appeal, we noted that the Code of Federal Regulations has allowed agencies 30 days since 1977. GSA had been operating under a temporary regulation allowing 15 days for appeals since 1987, but this temporary regulation had expired by November 1990 and was not reinstated until August 1991.

not scheduled to occur until fiscal year 1993, time was available to obtain the necessary funds through the budget process. The Deputy Administrator offered NSF assistance in obtaining the necessary funds from OMB and Congress.

The FPMR, 41 CFR 101-17.104-4, provides that:

"Within 30 calendar days after the agency has been notified of the Regional Administrator's decision, a final appeal may be filed by the agency head with the Administrator of General Services. Substantial justification should be furnished that the decision was arbitrary, capricious, or not supported by the evidence presented. The Administrator will render the agency's decision within 30 days of receipt of the appeal."

We believe that GSA followed the proper procedure in handling NSF's objection to the move. Although NSF did not file a formal review or appeal, GSA handled NSF's objections to the move as if they were a formal appeal. However, it appears that GSA did not cite the correct number of days for NSF to appeal to the GSA Administrator. In spite of this, NSF was able to have the GSA Administrator reconsider its objection to the GSA Regional Administrator's decision.

It is also our view that NSF neither agreed nor proved that GSA's decision to select Stafford Place II was arbitrary, capricious, or not supported by the evidence, as specified under either the temporary regulations or the Code of Federal Regulations.

GSA is granted authority to direct an agency to move under section 210(e) of the Federal Property and Administrative Services Act of 1949, 40 U.S.C. 490 (e). GSA's Regional Administrator said that he did not need NSF's concurrence in the decision and that he asked for it only as a courtesy. The Regional Administrator said he did not know that NSF would not move to the Arlington site; he only knew of the Acting Director's objection. The Regional Administrator added that with a new Director expected to arrive soon, he could not assume that NSF would not move.

GSA's Director of Real Estate said it is not customary for GSA to sign a lease without the concurrence of the agency and GSA had done so in this case because it was so instructed by

administration officials.¹⁰ The Real Estate Director could cite only one example of GSA signing a lease for new space without the concurrence of the agency. This case involved the Peace Corps, which did not wish move to suburban Virginia. In that case, a new tenant began occupying the space 20 months after GSA signed the lease.

¹⁰In March 1992, OMB and White House officials wrote to the NSF Director, affirming the administration's intent to move the Foundation to Arlington. We could find no correspondence between GSA, NSF, OMB, and the White House on this matter predating the December 19, 1990, lease execution, however.

NSF Requested Additional Space at Stafford Place

- GSA signed lease in December 1990 for 363,000 square feet
 - At NSF's request, GSA has leased 86,825 more square feet at Stafford Place II
 - 12-story building is standing and 85-percent complete
 - Government rent begins January 1993
-

NSF HAS REQUESTED ADDITIONAL SPACE AT STAFFORD PLACE II

On December 19, 1990, GSA signed the lease with Stafford Place Associates for 363,000 net usable square feet of space for NSF. At NSF's request, GSA leased an additional 56,072 net usable square feet of space at Stafford Place II in February 1992. Also at NSF's request, GSA leased an additional 30,753 net usable square feet of space at Stafford II in May 1992, for a total of 449,825 net usable square feet.

According to GSA, the 12-story structure is already standing and is about 85-percent complete. A six-phase occupancy is scheduled to begin in early 1993.

The beginning of October 1992 is a crucial time for the project, as GSA must give notice by October 2 on whether to proceed with the third phase of design construction. The project schedule is provided in table II.3.

Table II.3: Project Schedule

<u>Phase</u>	<u>Notice to Proceed</u>	<u>Construction Completion</u>	<u>Rent start</u>
1	April 10, 1992	Dec. 22, 1992	January 20, 1993
2	July 30, 1992	February 8, 1993	March 6, 1993
3	October 2, 1992	March 19, 1993	April 16, 1993
4	December 9, 1992	April 19, 1993	May 17, 1993
5	February 9, 1993	May 17, 1993	June 16, 1993
6	April 7, 1993	July 16, 1993	August 12, 1993

Source: GSA.

NSF IG Concerns and Administration Position

- April 1991 NSF IG report
 - GSA could obtain lower cost lease in existing building
 - Did not do market survey or consider moving costs
- White House, OMB support relocation to Arlington

Relocation Costs

- **Before lease signed**
 - GSA spent \$81,000 on space programming
 - NSF spent \$609,000 on A/E & project management services

 - **After lease signed**
 - GSA spent \$1 million on design
 - NSF spent \$1.9 million on A/E & project management services
-

Relocation Costs (con't)

- NSF requested \$16 million for relocation:
 - \$1.7 million for telecommunications
 - \$4.4 million for furniture & equipment
 - \$4 million in additional rent
 - \$1.2 million for building improvements
 - \$1.2 million for consultants
 - \$3.5 million to repay GSA
-

NSF HAS ASKED FOR \$16 MILLION IN RELOCATION COSTS

NSF has requested that Congress appropriate \$16 million in relocation costs for fiscal year 1993. NSF's budget includes \$250,000 for a voice communication system, \$4.4 million for furniture and equipment, \$1.4 million for telecommunications systems, \$4 million for additional rent, \$1.2 million in building improvements, \$1.2 million in technical services consulting, and a \$3.5 million repayment to GSA.

NSF originally estimated a \$17 million relocation cost to be incurred over 3 years: \$5.5 million in fiscal year 1991, \$7.4 million in fiscal year 1992, and \$4.1 million in fiscal year 1993. However, the Senate Appropriations Committee denied NSF's fiscal year 1991 request for \$5.5 million. In a report the Committee said it "would not entertain any relocation plan, nor will it provide additional funds for rent increases at the agency's existing headquarters building beyond fiscal year 1991, unless and until the Foundation reevaluates its policy about selecting a new agency headquarters that is consistent with its original commitments to the Committee."¹¹ Staff of the Senate Appropriations Subcommittee on VA, HUD, and Independent Agencies told us that by "original commitments," the Committee meant the inclusion of offers from the Washington, D.C., metropolitan area, and not those limited to the District of Columbia.

On April 30, 1991, after Congress denied NSF's fiscal year 1991 request for \$5.5 million in relocation expenses, the Foundation's Office of Inspector General issued a report concluding that NSF not proceed with the move to Arlington because it lacked the necessary funds. The report said:

"The proposed relocation will meet NSF's objectives to consolidate agency operations, upgrade the work environment, and provide additional space, but only if sufficient funds are appropriated in support of the project. If sufficient funds are not appropriated and NSF is compelled to make the proposed move, we believe adverse effects on its operations will be significant and lasting."

The IG did not address the issue of where the Foundation should be located. The IG said that GSA could obtain a lower cost lease in an existing building instead of a new building, but she offered no evidence of that claim. The IG did not survey existing Washington, D.C., office space to determine potential

¹¹S. Rep. No. 474, 101st Cong., 2d Sess. 156 (1990).

rental rates or consider that relocation costs would likely be incurred even if NSF remained in the District of Columbia.

Congress has granted GSA authority to spend \$7 million in fiscal year 1992 to pay for relocating NSF. On March 31, 1992, NSF agreed to repay the \$7 million to GSA over a 2-year period starting in fiscal year 1993.

Because some NSF officials and the National Science Board were not fully supporting the move to Arlington, OMB reaffirmed the administration's commitment to the Stafford Place II lease on March 18, 1992. OMB asked the NSF Director to ensure agency support for the move and work with Congress to obtain the needed appropriations.

On March 27, 1992, the White House Chief of Staff also wrote to the NSF Director affirming the administration's intent to proceed with the Foundation's relocation. On April 7, 1992, NSF's Director responded to the White House Chief of Staff that he accepted the decision. On April 1, 1992, the NSF Director also informed OMB that he would accept this decision. The NSF Director told us that the Foundation would move to Arlington, but only if it receives its \$16 million relocation budget request from Congress. The NSF Director said he is unwilling to reprogram funds to pay for the relocation and that to do so would "devastate" the agency.

On June 28, 1992, OMB released a Statement of Administration Policy regarding the House Appropriations Committee's fiscal year 1993 appropriations bill for the Department of Veterans Affairs, Housing and Urban Development, and Independent Agencies, of which NSF's relocation expense request is a part. OMB urged the House to restore \$19.5 million for NSF's moving expenses, which the Committee had eliminated.¹² On July 23, 1992, the House Appropriations Committee delayed NSF's \$16 million relocation request pending completion of our report. The House of Representatives passed NSF's appropriations bill on July 29, 1992.

On September 4, 1992, OMB released a second Statement of Administration Policy, this time regarding the Senate Appropriations Committee's fiscal year 1993 appropriations bill for the Department of Veterans Affairs, Housing and Urban Development, and Independent Agencies, which decreased NSF's salaries and expenses by \$24 million. OMB said that "[a]lthough

¹²The statement said the bill deletes a \$3.5 million repayment to GSA for pre-move planning efforts. (H.R. 5679).

not specifically mentioned in either bill or report language, this decrease would terminate NSF's relocation to the Ballston, Virginia, site that has been competitively selected by GSA. NSF's current lease expires in 1995. The Senate is strongly urged to restore these funds." The Senate passed its appropriations bill for NSF on September 9, 1992. The House and Senate disagree on levels of funding for NSF's salaries and expenses, which includes the agency's relocation expense request.

In agency relocations, GSA said it normally pays for design and physical moving costs and the agency pays for telecommunications expenses and new furniture. This is also the case with the NSF relocation. GSA said it has already spent \$961,897 on space planning services for the new building, and it plans to spend another \$150,000 to complete the work. GSA also spent \$81,000 on space programming, performance specifications, and SFO development before signing the lease.

NSF officials said the Foundation has spent about \$1.9 million for architectural/engineering services, project management services, telecommunications planning and design, building improvements, construction changes and delays, and data communications equipment. NSF spent about \$609,000 on the relocation effort before GSA signed the lease on architectural/engineering and project management services. In addition, NSF has contracts of \$5.8 million on hold for furniture and telecommunications costs, pending receipt of its relocation appropriations request.

GSA will spend about \$3.4 million to build Stafford Place II for meeting above-standard specifications. The \$3.4 million represents \$2.6 million in above-standard features requested by NSF, which agencies normally pay, and about \$836,000 in standard alterations, which GSA normally pays. GSA said it plans to pay for the above-standard build-out and standard alterations using credits the developer is expected to provide GSA for items not needed during construction but which were specified under the lease. GSA said it would normally keep these credits and transfer the money to its building fund, rather than allowing the agency to use them.

GSA officials said that GSA is initially paying for the construction of NSF's special features, such as exercise, health, computer, and training facilities, as an incentive for the Foundation to relocate to the Arlington site. NSF officials said that NSF will pay GSA about \$6.7 million in extra rent for the above-standard space over 20 years. (See table II.4.)

Table II.4: Major Above-Standard Features to be Included at Stafford Place II

<u>Description</u>	<u>Square feet</u>
Offices of the Director ^a	4,821
Health center	1,800
Exercise facility	3,000
Credit union	1,500
Travel office	1,000
Graphics room	1,000
Library	2,500
Board suites	8,800
Training center	11,172
Lunch room/vending/kitchen	3,400
Computer facility	10,000
Printing room	2,500
Conference rooms (20)	10,350
Archives	2,500

Note: GSA asked that we not identify the individual costs of the above items, since the costs are still being negotiated with the developer.

^aThe Offices of the Director include the reception area, secretarial space, and the Director's staff.

Source: December 19, 1990, GSA lease.

GSA's Current Leases for NSF

- NSF now occupies 303,851 square feet in 4 buildings
 - Headquarters lease expires in 1995
 - GSA not renegotiating headquarters lease because
 - building needs repairs
 - GSA planning to move NSF to Arlington
-

NSF's CURRENT LEASED SPACE

GSA currently leases 303,851 occupiable square feet of office space for NSF at four locations in Washington, D.C.: 1800 G St., N.W.; 2000 L St., N.W.; 1776 G St., N.W.; and 1110 Vermont Ave., N.W. Lease costs are \$3,780,465 per year, including real estate taxes and utilities. Details on these leases are listed on table II.5.

Table II.5: NSF Current Leased Space

	1800 G St., N.W.	2000 L St., N.W.	1776 G St., N.W.	1110 Vermont Ave., N.W.
Number of occupiable square feet ^a	266,157	10,842	6,264	20,588
Cost per net usable square foot	\$10.96	\$25.52	\$29.69	\$25.25
Date lease signed	May 16, 1975	April 1, 1988	May 1, 1990	June 7, 1991
Date lease expires	May 5, 1995	March 31, 1993	May 31, 1995	August 26, 1996

^aGSA said it leases space on the basis of the amount of net usable square space, while it assigns space to agencies on the basis of occupiable space. Occupiable space is that which can be used for offices, and excludes parking, restrooms, and mechanical rooms. Net usable space is similar to occupiable space except that net usable space includes space required for fire safety corridors and telephone closets.

Source: GSA.

GSA officials have not attempted to renegotiate the leases for NSF's current space and do not know what the rates would be if they were to be extended. One GSA official stressed that the rates for NSF's current space are relatively low because the leases are old and the space needs renovation. Therefore, they said renegotiated rates would be considerably higher.

GSA officials said they have not attempted to renegotiate the lease on NSF's current headquarters building because (1) GSA plans to move NSF to Arlington, (2) the government is seeking to construct or purchase a new building for the other tenant of 1800 G St.--the Secret Service, and (3) the building needs renovation. GSA officials said that if there were an emergency need for the space, they would run advertisements asking for informal quotes on comparable space. If the rates for the current space were comparatively favorable, GSA could prepare a justification for lease extension. However, that assumes that the government wants to stay in a deteriorating building and the lessor wants to lease it.

A January 1989 report prepared on the condition of the 1800 G St. building by an architectural/engineering firm for the Secret Service, another tenant of the building, indicated that the facility needed about \$7.8 million in repair work. The report said that the electric service was "barely adequate" for existing conditions, the fire and life safety systems did not meet current building codes, and the entire passenger elevator system needed renovation.¹³

¹³GSA said it has spent \$749,528 in elevator repairs at 1800 G St. since the report was issued. The report recommended \$2.4 million worth of elevator repairs.

National Science Board Prefers To Stay in D.C.

- Board believes NSF should be near universities and other federal agencies in D.C.
- Inferior library in VA
- About 80 NSF staff attend meetings in D.C. daily
- Travel time from Arlington to D.C. is not unreasonable
- Other agencies (DOD, NRC, CIA, NIH) are in suburbs

Travel Times from 1800 G St. and Stafford Place II

Car to White House

- 3 minutes from 1800 G
- 12 minutes from Stafford

Car to Library of Congress

- 12 minutes from 1800 G
- 19 minutes from Stafford

Car to National Airport

- 12 minutes from 1800 G
- 13 minutes from Stafford

Metro to Library of Congress

- 20 minutes from 1800 G
 - 29 minutes from Stafford
-

Travel Times from 1800 G St. and Stafford Place II (con't)

Metro to National Airport

- 27 minutes from 1800 G
- 32 minutes from Stafford

Walking to George Washington University Library

- 6 minutes from 1800 G

Metro to George Washington University Library

- 15 minutes from Stafford
-

NSF'S STATED NEED TO LOCATE IN THE DISTRICT OF COLUMBIA IS NOT CONVINCING

NSF is governed by the National Science Board, which consists of 24 part-time members and the NSF Director as a member ex officio. The NSF Director said that it is very important for NSF to be located in downtown Washington, D.C., because many Foundation staff interact with other agencies located there and because NSF staff use libraries in the District. However, he said that while relocating to Arlington would make operations less efficient, NSF could still accomplish its mission there.

The NSF Director said his views on moving the Foundation to Arlington reflect concerns raised by the Board. The Director cited a February 21, 1992, letter from Board Chairman James J. Duderstadt to Richard Darman, Director of the Office of Management and Budget, which stated:

"We believe that such a move [to Arlington] could significantly diminish both the Board's and the Foundation's role in federal science and technology policy. Further, it could seriously impede the Foundation's effectiveness in interagency efforts such as those developed through the Federal Coordinating Council on Science, Engineering, and Technology. The close cooperation and coordination of federal science and technology through the FCCSET process has allowed the NSF to contribute both its strengths and its unique relationship to universities to the efforts of other federal agencies. We believe that such cooperative arrangements work best if physical proximity can be maintained."

The NSF Director also noted a March 13, 1991, letter from former Board Chairman Mary Good, which said:

"I believe that NSF's role in [the science and technology] process would be significantly diminished were it no longer physically located in close proximity to the center of the Executive policy process."

On March 20, 1992, Frank Hodsoll, OMB's Deputy Director for Management, wrote the NSF Director that the Stafford Place II "provides the greatest overall value to the government, while ensuring a quality facility for NSF." Mr. Hodsoll said NSF's existing facilities do not (1) provide adequate electrical support for the Foundation's computer and communications operations; (2) meet NSF's expansion requirements; and (3) provide needed on-site space, such as conference and meeting rooms. He added:

"The [Stafford Place II] lease provides the greatest overall value to the government, while ensuring a quality facility for NSF. Cancellation of NSF's move to this site would be counterproductive to our mutual goal of ensuring that NSF is economically housed in a building that will promote the efficiency of NSF's operations....In response to your specific concern about NSF's effectiveness in the FCCSET process, we recognize NSF's important role and fully support its continued strong participation. We do not believe the move will have any serious adverse effects in this regard."

The NSF Director told us that while NSF would still be able to do its mission work at Arlington, the suburban location would be less convenient than its present location. NSF was unable to provide specific quantitative information we requested concerning the number of times NSF staff and officials attend meetings in the District of Columbia, such as at the White House, on Capitol Hill, or at other agencies, in the past year. However, NSF estimated that NSF staff make about 400 trips to meetings in Washington, D.C., per week, or 80 trips per day (see tab. II.6).

Table II.6: Estimated Weekly NSF Staff Trips to Meetings in Washington, D.C.

<u>Location</u>	<u>Estimated number of weekly trips</u>
Federal Coordinating Council on Science, Engineering, and Technology	75
National Academy of Sciences and National Academy of Engineering	50
Congress	45
Office of Science and Technology Policy and Office of Management and Budget	20
Scientific/engineering Societies	50
Other federal agencies	100
Miscellaneous	<u>60</u>
Total	400

Source: NSF.

We compared the accessibility of NSF's current and proposed headquarters sites to various locations and amenities. Our analysis shows that Stafford Place II is located about the same travel time from National Airport as NSF's current headquarters building, and it is closer to Dulles Airport. We recognize that NSF's current headquarters building is closer to George Washington University's library than Stafford Place is to Marymount University, and that NSF's current space is closer to the White House and other agencies located in the District.¹⁴ However, the additional travel times that Arlington is from these locations do not seem unreasonable. Table II.7 shows our comparisons.

¹⁴Although Marymount University qualified under the evaluation panel's criteria as being an academic institution proximate to Stafford Place II, we recognize that Marymount University's library may not have adequate resources for NSF's scientific staff. We contacted the Dean of Marymount University's Library and Learning Services, who said the library does not have a traditional scientific research collection. She said the library, which has about 100,000 volumes, is geared toward arts and sciences, plus nursing. By contrast, George Washington University's Gelman Library, which is located within a 6-minute walk of NSF's current headquarters building, has 1.2 million volumes. It is reachable from Stafford Place II by Metrorail, but this involves a 15-minute trip.

Table II.7: Proximity of Current and Proposed NSF Headquarters Buildings to Selected Locations and Amenities

	1800 G St., N.W.	Stafford Place II
Travel times		
Nearest Metrorail station	6 minutes ^a	3 minutes ^b
White House	^c	
Via Metrorail	3 minutes ^e	27 minutes ^d
Via car		12 minutes ^f
Library of Congress		
Via Metrorail	20 minutes ^g	29 minutes ^h
Via car	12 minutes ⁱ	19 minutes ^j
Marymount University	^k	7 minutes
Via car		
George Washington University Library	6 minutes ^l	15 minutes ^m
National Airport		
Via Metrorail	27 minutes ⁿ	32 minutes ^o
Via car	12 minutes ^p	13 minutes ^q
Dulles Airport		
Via car	36 minutes ^r	25 minutes ^r
Amenities		
Number of eating establishments within 2 Blocks	11	43
Number of hotels within 2 blocks	0	1 ^s

^aFarragut West Metrorail station entrance on 18th and I Streets, N.W.

^bBallston Metrorail station.

^cNo Metrorail service between 1800 G St. and the White House. Walking time from 1800 G St. to the White House west gate is 6 minutes.

^dTravel time consisted of 3 minutes walking from Stafford Place II to the Ballston Metrorail station, 14 minutes on Metrorail to the McPherson Square station, and 10 minutes walking from the McPherson Square Metrorail station to the east gate of the White House.

^eRepresents travel time to the White House west gate.

^fTravel route: Glebe Road, Interstate 66, Constitution Ave., N.W.; 17th Street, N.W.; Pennsylvania Avenue, N.W.; to the White House west gate.

^gTravel time consisted of 6 minutes walking from 1800 G St.; to the Farragut West Metrorail station; 11 minutes on Metrorail to the Capitol South station; and 3 minutes walking from the Capitol South station to the Library, which is located across the street from the station.

^hTravel time consisted of 3 minutes walking time from Stafford Place II to the Ballston Metrorail station, 24 minutes on Metrorail to the Capitol South station, and 3 minutes walking from the Capitol South station to the Library.

ⁱTravel route: Pennsylvania Avenue.

^jTravel route: Glebe Road, Interstate 66, Constitution Ave., Pennsylvania Ave.

^kWe did not collect this information because we assumed that employees working in NSF's current headquarters would use the Library of Congress rather than Marymount University.

^lWalking time.

^mTravel time consisted of 3 minutes walking from Stafford Place II to the Ballston Metrorail station, 8 minutes on Metrorail to the Foggy Bottom station, and 4 minutes walking from the Foggy Bottom station to the Gelman Library.

ⁿTravel time consisted of 6 minutes walking from 1800 G St. to the Farragut West Metrorail station, 16 minutes on Metrorail to the National Airport station, and 5 minutes walking from the National Airport station to the airport's main terminal.

^oTravel time consisted of 3 minutes walking from Stafford Place II to the Ballston station, 24 minutes on Metrorail to the National Airport station, and 5 minutes walking from the National Airport station to the airport's main terminal.

^pTravel route: Constitution Avenue to Memorial Bridge, George Washington Memorial Parkway.

^qTravel route: Glebe Road, Route 50, George Washington Memorial Parkway.

^rTravel route: Interstate 66, Dulles Access Road.

^sA Holiday Inn is located about 3 blocks from Stafford Place II.

Note: Metrorail times were taken from time schedules posted at stations by the Washington Metropolitan Area Transit Authority. Walking times are actual amounts it took a GAO evaluator to walk the distance, walking at a normal speed during working hours.

Stafford Place II is located immediately adjacent to the Ballston Metrorail station. It will have direct covered access to the Ballston Common shopping mall, located across Wilson Boulevard, and Ballston Metro Center, which includes a Ramada Renaissance Hotel. Ballston Common contains over 100 stores and 25 eating establishments. Including Ballston Common, we counted 43 eating establishments that are located within two blocks of the building.

We also noted that the headquarters of other executive branch agencies, such as agencies of the Department of Defense, the Social Security Administration, the National Institutes of Health, the Central Intelligence Agency, and the Nuclear Regulatory Commission, are located outside of Washington, D.C.

During our review, NSF staff said they have reservations about the Stafford Place II building. NSF officials said the design of Stafford Place II--angular with a central atrium--does not permit the optimum use of space. NSF officials also indicated that the building will not contain enough space for the Foundation by 1994. NSF projects that of the 1,720 workstations the building will accommodate, Foundation staff will use 1,677 workstations by 1993.

GSA officials countered that Stafford Place II was not constructed by the federal government, but, as documented by the competitive procurement process followed, it is the best building available. GSA officials also said that while NSF has not presented any documented need for additional space, GSA could lease additional space near Stafford Place II, if eventually needed.

Move Serves Government's Best Interests

- Stafford Place II lease \$81 million lower than comparable D.C. lease over 20 years
 - Daily savings of \$15,577
 - Possible extra daily travel cost of \$3,680
 - Cancelling move would cost GSA \$15 million
 - Renovated building in D.C. would cost more than Stafford Place II
-

GAO Conclusion

- GAO believes Congress should appropriate funds for NSF relocation to Arlington

COMPARABLE SPACE IN WASHINGTON, D.C., WOULD COST \$81 MILLION MORE THAN STAFFORD PLACE II OVER 20 YEARS

We estimated that leasing comparable space in Washington, D.C., that GSA has leased for NSF in Arlington, VA, would cost the government an additional \$81 million over 20 years. Moreover, GSA estimated that if NSF does not move to Arlington at this stage of planning and construction, GSA could lose about \$15 million in renting vacant space for 14 months, construction costs, and money loaned to NSF. This estimate excludes the costs of redesigning the building for another tenant. GSA's estimate is provided in table II.8.

Table II.8: Estimated Cost to GSA if NSF Does Not Move to Stafford Place II

<u>Item</u>	<u>Estimated cost</u> (in millions of dollars)
Rent on vacant space for 14 months	\$11.60
Special building features already constructed for NSF	1.75
No return of relocation funds from NSF advanced by GSA	<u>2.00</u>
Total	\$15.35

Note 1: Costs reflect losses to GSA only. Of the \$7 million advanced to NSF from GSA in fiscal year 1992, estimated balance of \$5 million to be recovered in fiscal year 1993.

Note 2: All costs are based on NSF agreeing to move by October 1, 1992.

Note 3: Costs exclude redesigning the building for a new tenant.

Source: GSA.

Stafford Place II is also likely less expensive to lease than recently renovated buildings located in the District of Columbia. In a recent report concerning the lease of office space by the Securities and Exchange Commission, we estimated the cost of leasing a renovated building in the District of Columbia at \$34 per square foot, or about \$4 more per square foot than GSA has leased Stafford Place II, a new building.¹⁵ GSA agreed that our \$34-per-square-foot estimate for renovated office space in Washington, D.C., was reasonable.

In addition, the two offers submitted in response to NSF's SFO for new buildings in Washington, D.C., were an average of \$38.99 and \$39.54 per square foot, or about \$9 higher per square foot than Stafford Place II. Assuming that GSA had leased 449,825 square feet of space in one of the buildings offered in the District of Columbia for 20 years at a rate of \$39 per square foot, the total cost to the government would have been \$351 million, compared to \$270 million for the same amount of space at Stafford Place II--an \$81 million difference.

We calculated that at a savings of \$81 million over 20 years, the government would save \$4 million per year, or \$15,577 per day. This compares to an extra travel cost from Arlington, compared to from Washington, D.C., of about \$3,680 per day, including travel and personnel costs. To estimate the \$3,680 daily travel cost, we assumed that each NSF staff member is paid about \$41 per hour and would spend 1 additional hour travelling to and from Washington, D.C.¹⁶ We added a \$5 round-trip Metrorail fare increase from Arlington to Washington, D.C., to the \$41 productivity loss estimate. We then multiplied \$46 by 80--the number of estimated daily trips to Washington--for a total of \$3,680 daily costs.

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¹⁵FEDERAL FACILITIES: SEC Operations Center Lease Appears Reasonable (GAO/GGD-92-39BR) February 14, 1992.

¹⁶NSF said that the average annual salary of personnel most likely to attend meetings in Washington, D.C., is \$83,672. This computes to about \$40 per hour.

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