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UNITED STATES GENERAL ACCOUNTING OFFICE

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WASHINGTON, D.C. 20548

~~4-29-73~~

LOGISTICS AND COMMUNICATIONS DIVISION

MAY 13 1974

B-114827

74-0258

CLAR The Honorable Fortney H. Stark, Jr.  
House of Representatives

Dear Mr. Stark:

Your letter of February 12, 1974, asked us to obtain historical information on General Services Administration (GSA) procedures in awarding a contract to the Julian C. Cohen Salvage Corporation for demolition at the proposed Federal Home Loan Bank Board building site in the District of Columbia. You specifically inquired about the dates the contract was offered, the bidding method used, and the companies and bids that were considered.

17, p. 235

We discussed the results of our review of the contract award with your office and it was agreed that we would send you a written summary of the information we obtained, including a listing of bids GSA received for the demolition contract.

The Federal Home Loan Bank Act, as amended on November 3, 1966, by Public Law 89-754 (12 U.S.C. 1438 (c)), authorizes the Board to use the services of the Administrator of General Services for acquiring real property in the District and for constructing and equipping buildings for the Board and the agencies it supervises.

The amendment to the act authorized the Board to (1) incur obligations of \$13.2 million to acquire land and to construct and equip buildings and (2) finance acquisition of land and buildings from assessments against, or advances of funds by, the Federal home loan banks. On November 26, 1969, Public Law 91-126 increased the obligating authority from \$13.2 million to \$21.6 million.

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In 1968 GSA, acting as agent for the Board, purchased land for the building site on each side of Third Street between D and E Streets, NW., Washington, D.C., for \$5.5 million. The Board intended to use part of the land for its building and part for parking facilities.

In June 1970, shortly before GSA was to issue invitations for bids on a contract for constructing the building, the Board instructed GSA to defer invitations until further notice.

In December 1970 the Board requested GSA to study the feasibility of acquiring another site for the building in northwest Washington. The Board wanted a new site closer to the District's financial area. Also it believed the initial site was too small for a building requiring sufficient space to meet increased needs resulting from the creation of the Federal Home Loan Mortgage Corporation by Public Law 91-351 dated July 24, 1970.

In January 1972 the Board approved GSA's plan to acquire land at 17th and G Streets, NW., as a new building site. About \$524,000 of the Board's funds had been spent on site studies, appraisals, and architectural design work for the Third Street site. Early in 1972 GSA, acting as agent for the Board, sold part of this site for \$2,548,600 to the U.S. Tax Court and optioned the remaining land to the District at \$3,465,000. GSA told us that, although the option has expired, the District hopes to be able to purchase this land in fiscal year 1975.

On March 8, 1973, GSA estimated the 17th Street project cost at \$38.5 million--\$24 million for construction, \$7.6 million for site acquisition, and \$6.9 million for design and other expenses. According to the Board, its portion of the project would account for 273,000 square feet and \$17.5 million of the cost; the Mortgage Corporation's portion would account for about 327,000 square feet and about \$21 million.

GSA issued a preinvitation to bid for the demolition at the 17th Street site to the Commerce Business Daily of the Department of Commerce for publication on December 12, 1973. The GSA invitation to bid for the demolition contract was

B-114827

dated December 18, 1973, and was issued to 22 prospective bidders. Bids were opened at 2 p.m. on January 8, 1974.

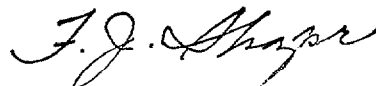
As shown in the enclosure, GSA received 12 bids ranging from \$118,640 to \$278,888. The contract for \$118,640 was awarded to the lowest bidder, the Julian C. Cohen Salvage Corporation, on January 31, 1974. Thus, the procurement was advertised and the award made on the basis of competitive bids without negotiations.

On February 12, 1974, GSA sent the contractor a notice to proceed with demolition. It sent another notice on the same day directing the contractor not to do any demolition on 1723-1725 F Street, NW., and on all buildings facing 17th Street, NW. A GSA representative told us it limited the demolition to give the Office of Emergency Preparedness and the Federal Energy Office more time to vacate their premises at 1723-1725 F Street, NW. The representative said GSA rescinded this limitation about 2 weeks later after the agencies had vacated the site.

On March 4, 1974, the U.S. district court for the District of Columbia issued a temporary restraining order against continuing demolition at the site until March 12, 1974. At the completion of our review in March 1974, GSA told us a hearing on the order had been deferred until the Advisory Council on Historic Preservation considers the matter.

We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



F. J. Shafer  
Director

Enclosure

LIST OF BIDS FOR SITE-DEMOLITION CONTRACTJANUARY 8, 1974

<u>Bidders</u>	<u>Lump-sum bid</u>
Julian C. Cohen Salvage Corp. 5000 Windom Road P.O. Box 8 Bladensburg, Md. 20710	\$118,640
John Driggs Company, Inc. 4700 Auth Place, Suite 401 Camp Springs, Md.	\$124,570
Wrecking Corporation of America, Inc. 2529 Bladensburg Road, NE. Washington, D.C. 20018	\$128,345
R & W Construction, Inc. Half & N Street, SE. Washington, D.C. 20003	\$134,000
Mayer Pollock Steel Corporation South Keim Street Pottstown, Pa. 19464	\$144,444
Dore Wrecking Company 2300 N. Huron Road Kawkawlin, Mich. 48631	\$147,950
Hercules Demolition Corporation of Virginia 1127 King Street, P.O. Box 251 Alexandria, Va. 22300	\$148,222
Ace Wrecking & Building Co., Inc. 525 Kennedy Street, NW. Washington, D.C. 20011	\$148,367
Cleveland Wrecking Company 702 Chester Pike Sharon Hill, Pa. 19079	\$168,600
Federal Wrecking Company, Inc. 6701 Eads Street Seat Pleasant, Md. 20027	\$173,000
D. H. Griffin Wrecking Co., Inc. 3827 High Point Road Greensboro, N.C. 27407	\$189,000
A.B.C. Demolition Corporation 320 South Sixth Street Arlington, Va. 22202	\$278,888