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Report to the Congress; by Elmer B. Staats, Comptroller General.

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The amount of space leased by the General Services Administration (GSA) and the annual cost of leasing increased from 68 million square feet costing \$282 million in fiscal year 1973 to 88 million square feet costing \$473 million in 1977. This rise is expected to continue if action is not taken. Findings/Conclusions: Opportunities for substantial savings in meeting the space needs of the Federal Government are possible by using Government-owned facilities which are either vacant or only partly used instead of private leasing or new construction. Opportunities for cancelling 33 leases valued at \$6.2 million and eliminating proposed construction of \$40.8 million were possible by using more fully vacant or partially used Government-owned property in Los Angeles, San Francisco, Honolulu, and New Orleans. Officials of GSA indicated that insufficient funds to renovate Federal buildings and reluctance by agencies to relocate has prevented more use of Government-owned property. GSA performed only a limited number of property surveys. Federal property-holding agencies were not reporting all available space to GSA, and GSA excess property screening activities were not effective. In July 1977, the Office of Management and Budget notified Congress that it was rescinding \$75 million of a \$125 million supplemental appropriation specifically for major repair and alteration by GSA. Recommendations: The Administrator of GSA should: estimate repair and alteration costs for renovating available property, identify agencies leasing or planning to build space, and

perform a cost-benefit analysis of using the property. The Administrator should: earmark funds required for a realistic number of property surveys on an annual basis and plan implementation of those which seem economically justifiable, and amend Federal Property Management Regulations to both provide a more comprehensive property-screening system and to specify criteria for agencies to determine when available property must be reported to GSA. Regional offices should be required to include in their budget submittals documented cost-benefit analyses regarding opportunities for reducing lease costs through using available Government-owned property. (SW)

03586



# *REPORT TO THE CONGRESS*

*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

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## **Executive Agencies Can Do Much More In Using Government-Owned Space As An Alternative To Leasing Or New Construction**

Annual costs for leasing space for other executive agencies' use by the General Services Administration have increased from \$282 million in 1973 to \$473 million in 1977 and are expected to continue rising. GAO estimates that several millions of dollars could be saved annually if executive agencies occupying leased space were relocated into Government owned property.

In July 1977 the Office of Management and Budget notified the Congress that it was rescinding \$75 million of a \$125 million supplemental appropriation specifically for major repair and alteration of Government property. No mention was made of General Services' backlog of over \$1 billion of this type of work.

This report discusses how General Services could be more effective in making Government owned property available and acceptable to executive agencies and so reducing leasing and new construction costs.



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-95136

To the President of the Senate and the  
Speaker of the House of Representatives

This report describes (1) how General Services could save millions of dollars annually by relocating Federal agencies into existing Government-owned property and (2) how, according to General Services, lack of funds has hindered this effort.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of the report are being sent to the Director, Office of Management and Budget, and the Administrator of General Services.

A handwritten signature in black ink, reading "Thomas B. Atkins".

Comptroller General  
of the United States

COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS

EXECUTIVE AGENCIES CAN DO MUCH  
MORE IN USING GOVERNMENT-OWNED  
SPACE AS AN ALTERNATIVE TO LEASING  
OR NEW CONSTRUCTION BY THE GENERAL  
SERVICES ADMINISTRATION

D I G E S T

Notwithstanding the Federal Property and Administrative Services Act, Executive orders, and congressional emphasis on the importance of using Government-owned space to reduce leasing costs, the amount of space leased by the General Services Administration, and the annual cost, increased from 68 million square feet costing \$282 million in fiscal year 1973 to 88 million square feet costing \$473 million in 1977. This rise is expected to continue if action is not taken.

Two of the causes for this are that:

- Vacant or underused Government-owned space has not been identified
- Sufficient funds have not been budgeted to renovate space.

Therefore, the Administrator of General Services should improve procedures for

- surveying, reporting, and screening available Government property and
- analyzing potential uses and the costs and benefits of renovating vacant space.

Opportunities for cancelling 33 leases valued at \$6.2 million and eliminating proposed construction of \$40.8 million were possible by using more fully vacant or partially used Government-owned property in Los Angeles, San Francisco, Honolulu, and New Orleans. (See pp. 10 through 13.) Officials of the General Services Administration--the lead executive branch agency for property administration--indicated that insufficient funds to renovate Federal buildings and reluctance by agencies to

relocate has prevented more use of Government-owned property. (See pp. 13 and 14.)

General Services recognizes that it has authority to direct executive agencies to relocate to make better use of Government-owned property, but it has taken a position that an agency is the better judge of where it can operate most effectively. General Services rarely imposes its judgment if an agency does not agree to relocate.

Moving to another location may sometimes adversely affect an agency's ability to accomplish its mission. (See p. 10.) But General Services has also assumed that most agencies would be unwilling to move. Consequently, it has not actively pursued alternative uses for available space.

There may be some validity to General Services' view that the agencies would be unwilling to relocate. However, that unwillingness may not be as all pervasive as General Services believes.

Officials from 33 of 54 agencies contacted in the various cities said their agencies could relocate to specified vacant or under-used space without affecting their missions adversely.

The General Services Administration is authorized to require agencies to move into space suitable to meet their administrative requirements. This authority should not be exercised arbitrarily. Agencies' views should be given great weight, and General Services' regulations and practices show this is done. But where the agencies' parochial interests are clearly outweighing those of the taxpayers and where the agencies' missions would not be adversely affected, General Services should exert stronger leadership and make the decisions.

If the agency disagrees with the decision, it should have appeal rights to the Office of Management and Budget.

Regulations require that General Services survey Government-owned property to identify vacant and underused space, that Federal agencies report available space to General Services, and that General Services screen property among Federal agencies to see if it is needed. Only a limited number of property surveys were being performed, available property was not being reported, and screening activities were not effective. (See pp. 18 to 23.)

General Services cited a lack of funds as the primary reason for not implementing identified relocation and consolidation opportunities. However, in its fiscal year 1977 budget presentation to the Congress, it did not request funds needed to acquire and renovate excess Government property. And in July 1977 the Office of Management and Budget notified the Congress that it was rescinding \$75 million of a \$125 million supplemental appropriation specifically for major repair and alteration by General Services. (See p. 32.)

General Services Administration officials acknowledged the need for better budget presentation. Beginning in fiscal year 1978, they plan to present information on opportunities to reduce lease costs. (See p. 27.) Office of Management and Budget officials later stated that for the fiscal 1978 budget, General Services had adequately supported a request for funds for repair and alteration of public buildings. (see p. 34.)

Along with 28 other Federal agencies, General Services has authority to administer Government-owned property. The Administrator of General Services prescribes

policies and methods to promote the maximum use of this property. General Services has not followed its own guidelines for insuring that Government-owned property is effectively used. Its regional offices, as well as other agencies, follow different approaches to managing real property and give only minimal consideration to using existing Government property instead of leasing space or new construction. (See pp. 1, 2, 14, and 15.)

General Services commented that converting an excess facility for use by Federal agencies is a difficult process and that the potential for using such property is limited. (See p. 38.) GAO believes there are difficulties in converting and more effectively using excess facilities. Even so, General Services should have a more positive attitude and take a more aggressive approach to promoting good use of such facilities. Such facilities should be identified and the advantages or disadvantages of converting them for further use be determined by a cost-benefit study and discussions with those agencies which are the most likely users.



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#### ABBREVIATIONS

DOD	Department of Defense
GAO	General Accounting Office
GSA	General Services Administration
NASA	National Aeronautics and Space Administration
NAVFAC	Naval Facilities Engineering Command
OMB	Office of Management and Budget

## CHAPTER 1

### INTRODUCTION

At the end of fiscal year 1975, the General Services Administration (GSA) reported that the Federal Government had an inventory of real property amounting to 2,429 million square feet of Government-owned space and about 202 million square feet of leased space. Of this amount, GSA managed about 157 million square feet of Government-owned and 86 million of leased space.

Government-owned and leased space can be categorized as (1) property under control of an agency which has a current and continuing need for it, (2) property under control of an agency which has no current or future need for it--excess property, and (3) property which is not needed by any Federal agency--surplus property.

### LAWS ON USING GOVERNMENT-OWNED PROPERTY

A basic intent of the Federal Property and Administrative Services Act of 1949 was to increase efficiency and economy of operations of the Federal Government by using available property. The act requires the Administrator of General Services to prescribe policies and methods to promote the maximum use of excess property by all executive agencies.

Guidance for the executive agencies is included in the Federal Property Management Regulations. The act authorizes the Administrator to transfer excess property among Federal agencies and to assign and reassign space of all executive agencies upon a determination that such action is advantageous to the Government. The act also requires executive agencies to continually survey property under their control and to report property no longer needed to GSA for processing and disposal.

The act was amended in 1952 to provide that the Administrator prescribe the extent of reimbursement for transfers of excess property. According to Federal Property Management Regulations, transfers of excess property with a fair market value of \$1 million or more require concurrence by the Office of Management and Budget (OMB). The agency receiving excess property generally must pay an amount equal to 50 percent of the appraised fair market value, as determined by GSA. Such funds generally must be deposited in the Treasury as miscellaneous receipts. OMB may waive the reimbursement

requirement if the agency clearly demonstrates that funds are not available without requesting a supplemental appropriation and if the property is needed to carry out its mission.

The act was amended in 1958 to authorize GSA to enter into leases for up to 10 years (now 20 years). The purpose of the amendment was to enable GSA to compete with private interests on an equal footing and to secure space for Federal agencies at more favorable rental rates. In commenting on the proposed amendment, the Administrator of GSA stated that the long-term leasing authority would be used only when suitable Government-owned facilities were not available.

The act was again amended in 1959 to extend GSA's authority to pay direct expenses in connection with using excess real property. These expenses include appraisals and other costs incurred from the time the property is reported to GSA as being excess, until it is declared surplus for purposes of disposal. In commenting on the amendment, the Administrator indicated that its approval would promote maximum use of excess property by executive agencies by determining the best use of available property at the earliest possible time.

#### MANAGEMENT OF GOVERNMENT-CONTROLLED PROPERTY

Administration of federally owned and leased property, as well as responsibility for acquiring and excessing property, is not vested in any one Government agency. The Federal Property Management Regulations authorize 29 executive agencies to arrange for their own space requirements. These agencies (see app. I) are designated as Federal Real Property Holding Agencies.

Some property-holding agencies have real estate departments and are appropriated funds for real estate activities. For example, the Corps of Engineers manages real property for the Army and Air Force, and the Naval Facilities Engineering Command (NAVFAC) manages real property for the Navy and Marines. Notwithstanding the authority granted to property-holding agencies, GSA has overall responsibility for acquiring, managing, and disposing of office space.

Property can be transferred from one agency to another when it is no longer required by the holding agency and is needed by another agency. GSA screens excess property against the needs of other Federal agencies and if the property is needed by an agency, transfers it. Surplus property may be disposed of.

## Executive orders

By Executive Order 11724, dated June 25, 1973, the President established the Federal Property Council 1/ to review Federal real property policies and to resolve conflicting claims on Federal real property reported by GSA as not being efficiently used. The Council is composed of the Director of OMB, the Chairman of the Council of Economic Advisers, and the Chairman of the Council on Environmental Quality.

The Administrator of GSA is directed by the order to survey real property holdings of other agencies to identify property not used, underused, or not put to optimum use. He is also directed to report to the President, through the Council, any property not reported excess by a holding agency which he recommends should be so reported.

Executive Order 11954, dated January 7, 1977, revised the prior order in these respects:

- It requires all executive agencies to periodically survey their real property holdings in accordance with GSA standards and procedures.
- It requires GSA to oversee the executive agencies' surveys, conduct its own surveys, and assure that excess property is identified and made available for the most beneficial use under the laws of the United States.
- It provides that the Administrator report to the Director of OMB, rather than to the President, any real property considered by him to be inefficiently used but not reported excess by the holding agency. The Administrator or the Director of OMB may request the Council to review reports of conflicting claims of executive agencies regarding real property, and the Council shall report its recommendations to the President.

## Use of Government-owned property

The basic Federal policy for managing real property is to maximize the use of existing Government-owned permanent buildings which are adequate or economically adaptable to the

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1/A Presidential message to the Congress dated July 15, 1977, proposed abolishing this Council. OMB stated that it probably would perform the function.

space needs of executive agencies. Federal Property Management Regulations require that, whenever practical, excess property transferred to GSA be renovated and altered to meet space needs. The regulations specifically prohibit leasing privately owned space when satisfactory Government-owned space is available. General criteria for obtaining space for executive agencies and the requirement for using existing suitable federally owned space are included in the property management regulations and are summarized in appendix VI.

Concerning leased space for Federal agencies, a House of Representatives report on Treasury, Postal Service, and General Government Appropriations Bill, 1976, noted that

"\* \* \* The Committee [Appropriations] continues to be concerned at the continuing increase in rental space--both as to amount and cost. Furthermore, General Services Administration reports indicated that a considerable amount of space, both leased and Government-owned, continues vacant and not fully utilized. GSA and the Office of Management and Budget are requested to exercise every effort to reduce the amount of vacant and underutilized space, but more particularly to reduce the total amount of rental space occupied by the Government."

A Senate Report on the same bill noted that:

"\* \* \* The Committee [Appropriations] concurs in the concern of the House as to the ever-increasing cost and amount of rental space. The GSA and the Office of Management and Budget are requested to explore methods to reduce the amount of vacant and underutilized space leased by the Federal Government."

As a result of congressional concern over increasing leased space, GSA initiated the Accelerated Space Utilization Program in November 1974. The major objective of the program was to achieve economies in space use that would be reflected in fiscal year 1975 rental savings. Each GSA regional office was required to review pending space actions and to inspect current assignments to insure proper space use.

OMB officials said they had not initiated any activities in regard to congressional concern over the need to increase use of available Government-owned property. They

stated that they expected GSA to insure maximum use of Government-owned space by carrying out requirements in the Federal Property Management Regulations.

The following schedule shows the amount of Government-owned and leased space during fiscal years 1973-75.

	<u>Owned</u>			<u>Leased</u>		
	<u>Fiscal Year</u>			<u>Fiscal Year</u>		
	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
	Square feet (millions)					
GSA	156.4	153.7	156.6	68.0	77.0	85.8
Department of De- fense (DOD)	1,830.4	1,818.4	1,801.5	9.3	8.4	12.9
Other (note a)	<u>463.0</u>	<u>467.6</u>	<u>471.0</u>	<u>112.8</u>	<u>111.5</u>	<u>103.0</u>
	<u>2,449.8</u>	<u>2,439.7</u>	<u>2,429.1</u>	<u>190.1</u>	<u>196.9</u>	<u>201.7</u>

a/Other property-holding agencies shown in appendix I.

GSA estimates for fiscal years 1976-81 follow.

	<u>Fiscal Years</u>					
	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
	Square feet (millions)					
Owned	159	159	159	161	160	160
Leased	<u>85</u>	<u>88</u>	<u>93</u>	<u>96</u>	<u>102</u>	<u>107</u>
Total	<u>244</u>	<u>247</u>	<u>252</u>	<u>257</u>	<u>262</u>	<u>267</u>

As shown above, Government-owned space under GSA control has remained relatively constant while the amount of leased space had increased. GSA expects this trend to continue. We did not examine into the validity of the estimated trend. Annual expenditures for GSA-leased space are projected to increase from \$282 million for fiscal year 1973 to \$473 million by the end of fiscal year 1977. In January 1976 GSA reported that about 6.6 million square feet of office space and 12.9 million of storage space was unassigned and vacant.

## SCOPE OF REVIEW

We reviewed the use of Government-owned property in San Francisco, Los Angeles, Honolulu, and New Orleans.

During the study we:

- Reviewed legislation, regulations, and property management guidelines issued by GSA, the Corps of Engineers, and NAVFAC.
- Examined utilization and excess property reports and visited sites at major active installations and properties reported as excess since 1970 located within a 35-mile radius of selected cities.
- Identified agencies in leased space and those with ongoing and proposed construction projects within a 35-mile radius of selected cities.
- Obtained the opinions of selected agencies in leased space regarding relocation to underused or excess properties.
- Obtained the opinions of agencies involved in new construction regarding the use of underused or excess property instead of the new construction.

Our examination included, as applicable, a study of the administration of Government-owned property by GSA headquarters; GSA regional offices in San Francisco, California, and Fort Worth, Texas; Corps of Engineers district offices in the selected cities; and NAVFAC offices in San Bruno, California, and Charleston, South Carolina. We also evaluated OMB activities in formulating GSA's budgets for fiscal years 1976 and 1977.



## CHAPTER 2

### OPPORTUNITIES FOR SAVINGS THROUGH BETTER USE OF GOVERNMENT-OWNED SPACE

Opportunities for substantial savings in meeting the space needs of the Federal Government are not being realized. Savings are possible by using Government-owned facilities which are either vacant or only partly used instead of private leasing or new construction.

#### LIMITED CONSIDERATION GIVEN TO USING GOVERNMENT-OWNED SPACE

GSA headquarters officials stated that their regional offices are responsible for identifying and recommending the use of excess facilities. They stated, however, that the degree and documentation of consideration given to using such property might vary among regions, since GSA has not formulated criteria 1/ and does not have followup procedures for insuring that regional offices adequately consider using available space. Procedures for identifying and using excess property within DOD also vary among activities.

#### GSA Region 9 (San Francisco)

This region covers California, Nevada, Arizona, and Hawaii. A regional official stated GSA does not determine if agencies in leased space could be relocated to excess facilities.

Notices of excess facilities prepared by the region's Property Disposal Unit are circulated to the Space Management Unit. Space Management employees are to review the notices to see if new requests for space could be satisfied with excess property. Space Management officials stated that they have had problems in receiving the notices. For example, the notice that showed the Naval Undersea Center as an excess facility in Los Angeles was not received by Space Management until August 1974, about 1 year after the notice had been prepared.

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1/Although GSA had not formulated specific criteria, the Federal Property Management Regulations included general criteria for selecting and acquiring space. These are summarized in appendix VI.

The Regional Director of Space Management agreed that it may be cost beneficial to rehabilitate and use some of the Government-owned space. But he did not agree with our suggestion that a formal system be implemented for reviewing the further use of excess properties as an alternative to continuing or entering into new leases. He stated that GSA would be wasting time since (1) most excess properties are in very poor condition, (2) funds are not available for renovating and relocating agencies to excess properties, and (3) agencies cannot be forced to be relocated to GSA-selected locations. The official stated that because of these factors, GSA is unable to use some vacant federally owned space.

#### GSA Region 7 (Fort Worth)

This region covers Texas, New Mexico, Oklahoma, Arkansas, and Louisiana. Regional officials stated that the use of excess facilities has been affected by (1) their policy of honoring an agency's request for space in the central business district of a city if the space justification is reasonable and (2) the unsuitability, generally, of excess property to meet the physical needs of the agency. As noted below and on page 9, some unused space was located away from the downtown area. Also, as discussed elsewhere in this report, some renovation was required to meet the needs of potential users.

According to the Executive order regarding lease locations, Government-owned space should be used before leasing and if space must be leased, then GSA should require the agency to stay in the downtown area. Thus, the intent of the order is not to preclude use of Government-owned space outside the downtown area but, when private leasing is necessary, only to require that the leases should be for space in the downtown area. GSA headquarters officials said property such as the available space at the National Aeronautics and Space Administration (NASA) facility located 15 miles from downtown New Orleans--discussed on pages 20 to 22--should not have been eliminated as an alternative to leasing because of its location outside the downtown area. Regional officials concurred with this after restudying the directive.

#### Naval Facilities Engineering Command

Navy officials responsible for the New Orleans area stated that their policy was to consider excess property as an alternative to leasing or new construction. Our review disclosed about 211,000 square feet of vacant space and 468,000 square feet of underused space in three buildings at the Naval Support Activity that had not been reported as excess. Use of

this space was not considered as an alternative to the planned construction of a Navy administrative office complex valued at \$21 million. NAVFAC officials stated that a study in 1974 had not indicated that sufficient space was available.

The Chief, Planning Systems Branch, NAVFAC Southern Division, stated that the available space would have been considered had it been reported. He stated that NAVFAC was able to inspect naval facilities to monitor property use only about once every 3 years.

NAVFAC officials responsible for facilities planning in Los Angeles, San Francisco, and Hawaii stated that generally they do not consider using excess property as an alternative to new construction. Excess property reports are not routinely forwarded to individuals in Facilities Planning who are responsible for monitoring facility use and assuring that available property is considered as an alternative to construction. Those officials stated that an internal directive and checkoff sheet would be developed to forward all reports of excess property to Facilities Planning to assure that alternatives to excessing are considered.

#### Army Corps of Engineers

Corps officials responsible for the cities included in our review, said that they screen excess property among DOD agencies. They stated that major DOD commands are responsible for insuring that Government-owned property is not excessed when it could be used instead of leasing or new construction. Our review did not disclose any situations when the Corps could have used existing property as an alternative to leasing or new construction. The potential exists, however, since the Corps relies on major DOD commands, without followup, to insure that available space is used instead of leasing or new construction.

#### OUR REVIEW OF AVAILABLE SPACE

We visited Government-owned facilities within 35 miles of the downtown areas of the four selected cities to determine the availability and condition of unused or underused space. From lists of agencies in leased space, we selected for further analysis those near available Government-owned space.

We contacted agencies in leased space and agencies for which construction was planned to determine whether relocating to Government space would enable them to accomplish their missions efficiently. The results of our contacts follow.

	<u>Agencies contacted</u>	<u>No effect</u>	<u>Adverse effect</u>	<u>Qualified effect</u>
New Orleans	20	2	10	8
Los Angeles	22	8	11	3
San Francisco	11	11	-	-
Honolulu	1	1	-	-

Some agencies could relocate without mission problems, but if moved would require special facilities or administrative costs, such as additional parking, construction of a helicopter pad, or termination of leases.

Underused or vacant facilities would require renovation before occupancy by other Federal agencies. Additional costs for relocating agency personnel and equipment would also be incurred.

Within Los Angeles renovation costs were estimated for us by the Army Corps of Engineers. The Corps' estimates were based upon restoring the property in accordance with agency needs and with existing fire and safety codes.

Using the Corps' estimates, we compared the costs of renovating and using those facilities to the costs of either leasing space or constructing new facilities. We computed the payback period for recouping the one-time renovation and relocation costs. Using this data, we matched those relocation opportunities which offered the greatest economic advantages with available facilities.

#### EXAMPLES OF ALTERNATIVE USES OF PROPERTY

The following table summarizes several opportunities for economically renovating and using available Government-owned space instead of leasing or new construction.

	Number of excess facilities which could be used	<u>Lease cancellation opportunities</u>		<u>Construction avoidance opportunities</u>	
		<u>Number of leases</u>	<u>Annual cost of leases</u>	<u>Number of projects</u>	<u>Cost of projects</u>
			(millions)		(millions)
Los Angeles	3	11	\$2.1	2	\$ 5.0
San Francisco	4	11	3.3	3	14.5
New Orleans	2	10	.7	1	a/21.3
Honolulu	<u>1</u>	<u>1</u>	<u>.1</u>	-	-
Total	10	33	\$6.2	6	\$40.8
	==	==	====	=	=====

a/Project was cancelled by the Navy during our review.

The following examples illustrate the possibilities of retaining Government-owned property and using it in lieu of either continuing private leasing or constructing new buildings.

#### Naval Undersea Center, Pasadena, California

Activities at the Center were transferred to other locations and the Center was declared excess in November 1973. The Center is in Pasadena, about 15 miles from downtown Los Angeles and consists of a number of buildings containing about 195,000 square feet of office and laboratory space. One of the buildings, containing 47,000 square feet of space, was completed in March 1973.

Regional officials cited funding constraints and the poor condition of the Center for not pursuing reuse of the facility instead of leasing. As discussed in chapter 4, GSA funding constraints were, to some extent, self-imposed. From our interview with employees of the Center before it closed and tours of the site, we believe that the buildings would have provided satisfactory environment for the employees.

Three agencies (Forest Service, Social Security Administration, and Defense Contract Administration Services) within 10 miles of the Center occupied about 57,000 square feet of leased space at an annual cost of about \$189,000. According to the Corps of Engineers estimates, an equivalent amount of space at the Center could be renovated for office space <sup>1/</sup> at a cost of about \$114,000. The payback period would be about 7 months. Officials of those agencies in leased facilities said the location of the Center was acceptable but it had not been offered by GSA as an alternative to leasing.

Also, in January 1975, GSA started construction of a 12,000-square-foot office building for the Social Security Administration estimated to cost about \$476,000 within 3 miles of the Center. We believe that of the five buildings at the Center, the one constructed in 1973 would have been a suitable alternative at an alteration cost of about \$91,000.

Social Security Administration officials said they rely on GSA to arrange for their space, including the funding of

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<sup>1/</sup>We believe that federally owned space should be used for the best purpose for which it is suited. The Corps' estimates were prepared, at our request, for office space as being adequate (not necessarily the best) potential use for the Center.

any renovation and relocation. They stated that GSA had not advised them of the availability of the Center.

100 Harrison Street, San Francisco

GSA has two vacant adjoining five-story buildings containing about 282,000 square feet of permanent open storage and office space in San Francisco. Five agencies 1/ occupying about 248,000 square feet of leased space at an annual cost of \$2.1 million could be relocated to these buildings. Officials from the five agencies stated that relocation would not adversely affect the accomplishment of their missions.

Regional officials initially advised us that these buildings should not be retained for further Federal use because of their poor condition and because GSA did not have a requirement for them. Regional officials later stated, however, that funds were not available for renovation and thus they would not consider these buildings as an alternative to continued leasing. Because the region did not notify GSA headquarters of the need for funds to renovate the facility or of the possible leasing savings from agencies relocating to the facility, GSA headquarters could not make the opportunity known to OMB or the Congress.

GSA comments on renovation estimates

As noted above, we obtained estimated renovation costs for excess properties in the Los Angeles area. In some cases, the estimates had been prepared by the agency reporting the excess space. Where such information was not available, we requested the Corps to help estimate the costs.

GSA officials stated that the Corps' estimates were low. According to GSA preliminary engineering estimates, costs of renovation were thought to be \$20 to \$25 per square foot, as opposed to the Corps' estimates of \$8 to \$10. According to a GSA engineer, the difference resulted from the fact that the GSA estimates were preliminary and were based upon use of the open office excellence concept. The Corps' estimates did not include carpets, drapes, plants, and music associated with the concept. We believe the Corps' estimates, except for the absence of the itemized amenities, provide for an acceptable, efficient working environment in accordance with Federal Property Management Regulations, as well as existing fire and safety codes.

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1/ Departments of Agriculture, Justice, the Treasury, and Housing and Urban Development, and the Veterans Administration.

The following table presents the renovation cost and the number of years to recoup this cost based upon GSA's preliminary estimates and those we obtained for excess facilities in the Los Angeles area.

<u>Excess facility</u>	<u>Available square feet</u>	<u>Renovation costs (note a)</u>			<u>Year to recoup costs</u>	
		<u>Based on Corps estimate</u>	<u>GSA</u>	<u>Lease savings</u>	<u>Based on Corps estimate</u>	<u>GSA</u>
----- (000 omitted) -----						
Naval Under-Sea Center	57	\$ 114	\$1,126	\$ 189	0.59	5.95
Army facility	281	2,692	5,629	1,057	2.55	5.33
Air Force facility	101	1,300	2,020	780	1.67	2.59

a/Other costs associated with relocating agencies are considered minimal since the relocations are short distances.

Even at the higher renovation costs estimated by GSA, the savings in lease costs would pay for the renovations of the above examples in about 2.5 to 6 years. GSA is proposing similar renovations in two other regions to save leasing costs for office space. In Region 2 (Headquarters, New York) GSA wants to convert and upgrade warehouse and office space for about \$25 million, or \$35 per square foot. The saved leasing costs would pay for the renovation in about 2.5 years. In Region 6 (Headquarters, Kansas City) GSA proposes conversion of two warehouse buildings to office space for about \$19 million. Time estimated to recoup the renovation cost is about 5.3 years.

GSA's VIEWS ON USING AVAILABLE GOVERNMENT-OWNED SPACE

In response to our inquiry about using vacant and under-used property, GSA's Assistant Commissioner for Space Planning and Management, in a May 28, 1976, letter, described the following problems in the efficient use of Government-owned property.

--"To have the necessary funds made available, GSA must submit a request to Congress through OMB. In the recent past, GSA has been relatively unsuccessful in having adequate funds made available for repair and modification of all buildings now in the GSA inventory."

--"GSA does have such authority [to direct Federal agencies to utilize GSA-selected locations] under Executive Order 11512. However, it would be exercised with great reluctance and only when it can be amply documented that such a move would be in the overall best interest of the Government. In most instances, subjective judgment is involved and, if the agency will not agree that its mission can be satisfactorily accomplished at the proposed location, we would rarely superimpose our judgment.\* \* \*"

As discussed earlier, GSA has not identified and discussed with agencies in leased space the possibility of relocating to Government-owned facilities. Our contacts with many agencies in leased space or in the construction stages of new buildings disclosed that many had no significant objections to relocating to available Government-owned property. Objections, if any, related primarily to which agency (theirs or GSA) would pay for modifying the property.

The Federal Property Management Regulations provide that when GSA and an agency disagree on a proposed location, the matter may be appealed to OMB for final resolution. <sup>1/</sup> Although a majority of agencies we contacted indicated that moving would not affect their missions, some objected for non-mission-related factors, such as esthetics of the building, minor increases in employee commuting time, lack of reasonable hotel accommodations and shopping areas, and the lack of easy access to main highways.

We believe that GSA should obtain all information necessary to make informed decisions on assignments and reassignments. Complete information will often permit GSA and the agency to reach agreement without GSA superimposing its judgment on an agency.

## CONCLUSIONS

GSA should develop formal guidance for its subordinate offices and other property-holding agencies, in considering

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<sup>1/</sup>The location of available space is sometimes a very controversial issue, considering its effects on an agency's mission, general desirability, convenience of transportation, and other factors. A case in point is an office building in the area known as Buzzard's Point, Washington, D.C., leased by GSA before it had assurance that the intended agency would move in. The agency appealed to OMB and was upheld. A second agency designated by GSA has also objected to moving there and has appealed to OMB.



the use of available Government-owned space. These agencies followed different approaches and sometimes relied on agencies requiring space to request the use of available space.

Excess property could be economically renovated, and agencies are willing to relocate to these facilities. Increased attention to use of available space could reduce costs to the Government. Further, improved guidance by GSA will also provide a firm basis for a property disposal recommendation if that is the best alternative.

GSA has taken the position that an agency is the best judge of where it can most effectively operate and rarely imposes its judgment if an agency does not agree to relocate. GSA has also assumed that most agencies would be unwilling to move from their present locations and has not actively pursued alternative uses of available space. While there may be some validity to the GSA view that agencies may be unwilling to move, we believe GSA should take a more positive attitude and a more aggressive approach to promoting the use of available Government-owned space. In a typical situation, with one or more vacant federally owned buildings in the area, GSA should discuss the availability of the space with all potential users and clear all problem areas with OMB before funds are requested or spent for renovation. (The problems of not resolving the use of space before funds are committed are dramatically demonstrated in the case of the Buzzard's Point building.) (See footnote on p. 14.)

### RECOMMENDATIONS

To achieve better use of Government-owned property, we recommend that the GSA Administrator (1) estimate repair and alteration costs for renovating available property, (2) identify agencies occupying leased space and those with proposed construction projects, concentrating first on those close to the available space, (3) obtain the written opinions from the agencies GSA considers as possible tenants, and (4) perform a cost-benefit analysis of the economic advantages and disadvantages of using the property.

### AGENCY COMMENTS

GSA stated that it keeps detailed space assignment records for all agencies and space under its control and that identifying potential occupants of excess property is not

the problem. GSA stated that the problem is the practicality of using these facilities as Federal offices. In our opinion, GSA has not considered the need to contact Federal offices in the area occupying space managed by other agencies, such as the military departments.

GSA stated that the cost to renovate facilities to make them suitable for occupancy by Federal activities would be considerably higher than the \$8 to \$10 per square foot indicated in our report. This is a possibility, depending on the nature of the renovation, but the economic feasibility (cost of renovating and suitability of space versus cost of leasing or new construction) should be determined by a cost-benefit study in each case. Applying GSA's own (and higher) preliminary estimates to the space we surveyed, we estimated the capital investment would be recovered in 2.5 to 6 years.

GSA stated that its experience has been that agencies are reluctant to occupy excess facilities. GSA believes that most agencies indicating a willingness to move when we asked them a hypothetical question would respond differently if GSA presented them a firm proposal to relocate. We believe GSA should present firm proposals and get agency responses. If a cost-benefit study shows significant savings in using vacant Government space, reasonably comfortable and efficient for mission purposes, we believe GSA should report "intransigent" agencies to the Federal Property Council or to the executive agency responsible for these functions previously handled by the Council. (See footnote p.3.)

Concerning the location of excess property, GSA stated that each agency has responsibility for determining the city or community in which its offices will be situated and that GSA determines the general area within the city or community that would best suit the agency mission. GSA noted, however, that it gives priority to locations in the central business district when such action is consistent with the agencies' missions.

We agree that an agency mission must be considered in determining the location of that agency. We believe, however, that many available Government facilities could be used without adversely affecting the agencies' missions. The Federal Property Regulations require that "suitable private owned space shall be acquired only when satisfactory government-owned space is not available." GSA stated that many of the available excess facilities, particularly those of DOD, are in remote locations and to occupy them could seriously impair

agency operations. In our opinion, GSA's general statement about the remoteness of DOD properties generally reflects an overall negative tone and ignores specifics like those in New Orleans, Pasadena, and San Francisco discussed in the report.

GSA also stated that the entire process of identifying a potential facility, renovating, and getting it ready for occupancy can take from 2 to 3 years. It is difficult to coordinate agency needs for space, which is usually based on a 3- to 6-month deadline, with excess property that can be made available for occupancy in 2 to 3 years. In our opinion GSA's comments concerning an agency's need for space within 3 to 6 months normally refers to requirements for additional space and is not pertinent to those agencies currently in leased space for which relocating can be planned over a longer period.

Concerning our recommendation that GSA perform cost-benefit analyses of the advantages and disadvantages of using available Federal property, GSA stated that it has procedures for estimating repair and alteration costs and noted that the selection of major repair and alteration projects (\$500,000 and over) is determined on the basis of a cost-benefit analysis. We recognize that GSA is required to submit to the Congress a prospectus for major repair and alteration projects which includes a cost-benefit analysis. Our point is that such studies should be made for all excess property when there is a reasonable prospect that ~~the type, condition, and~~ location of the property and the requirements for Government space in the area make the property a good candidate for economical use.

Concerning the recommendation that written opinions be obtained from the agencies considered by GSA as possible tenants, GSA stated that almost any proposal to relocate an agency from existing lease quarters would elicit a negative response. GSA is authorized to require agencies to move into space suitable to meet their administrative requirements. While this authority should not be exercised arbitrarily, we believe that GSA should take a more aggressive approach to promoting the use of available federally owned space.

### CHAPTER 3

#### IMPROVEMENTS NEEDED IN IDENTIFYING, REPORTING, AND SCREENING AVAILABLE SPACE

More use of available Government-owned property will be realized by increasing the number of GSA property surveys, better reporting of available space by Federal property-holding agencies, and followup on property-screening notices.

#### TOC FEW PROPERTY SURVEYS PERFORMED

By Executive order the GSA Administrator is required to continually survey real property holdings of executive agencies to identify property not used, underused, or not being put to optimum use.

GSA planned and carried out the following numbers of surveys during fiscal years 1975 and 1976.

<u>Surveys</u>	<u>FY 1975</u>	<u>FY 1976</u>
Planned	450	250
Performed	227	110

According to a GSA official, the agency could not perform the number of surveys planned because it had to use administrative funds for more critical functions. The Director of GSA's Survey Division stated that about 6,000 properties should be surveyed periodically and that the number being surveyed each year is too few.

GSA Regions 7 and 9 officials stated that their offices had curtailed surveys for lack of funds. Region 7 performed no property surveys in the New Orleans area in the last 2 years, while Region 9 surveys included only one of the Government-owned facilities where we identified underused or vacant space. Although GSA headquarters directed its regional offices to note opportunities for consolidation or relocation in the survey reports, it recognized that such actions would be held in abeyance until more funds were available. A Region 9 official stated that many opportunities noted in the surveys had not been realized because of the funding problem.

#### AGENCIES NEED TO REPORT AVAILABLE PROPERTY

Executive agencies are required to continually survey their property holdings and report available underused or vacant space to GSA. But agencies were not doing this.

Agency officials stated that property had not been reported either because its availability was unknown, it was not considered by the agency to be underused, or it was being held for possible future requirements. Federal Property Management Regulations do not provide specific criteria for agencies to determine what constitutes available space and when such space should be reported. Following are some examples of the types of space which we believe should be reported to GSA as available for other agencies.

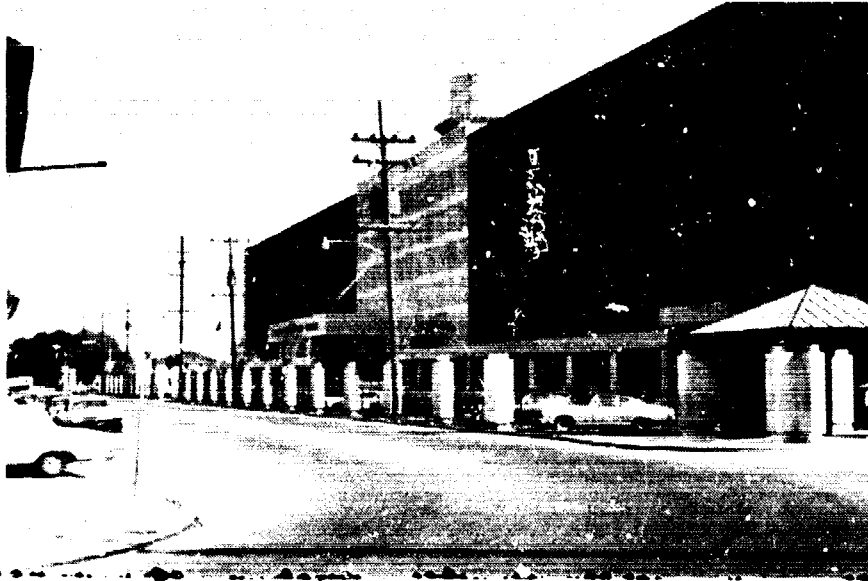
#### Warehouse space--Honolulu

With a shortage of Government warehouse space in the Honolulu area, the Navy had 152,000 square feet of vacant warehouse space and another 350,000 square feet underused in the vicinity. Navy officials initially advised us that the space was scheduled for future Navy use. The space was still vacant existed when we revisited the warehouse 5 months later. Navy officials reversed their position and advised us that available space would be offered to other agencies and that DOD agencies would have first priority. Navy officials said the availability of that space had not been reported because the responsible Navy command had not made property utilization inspections.

#### Navy Support Activity--New Orleans



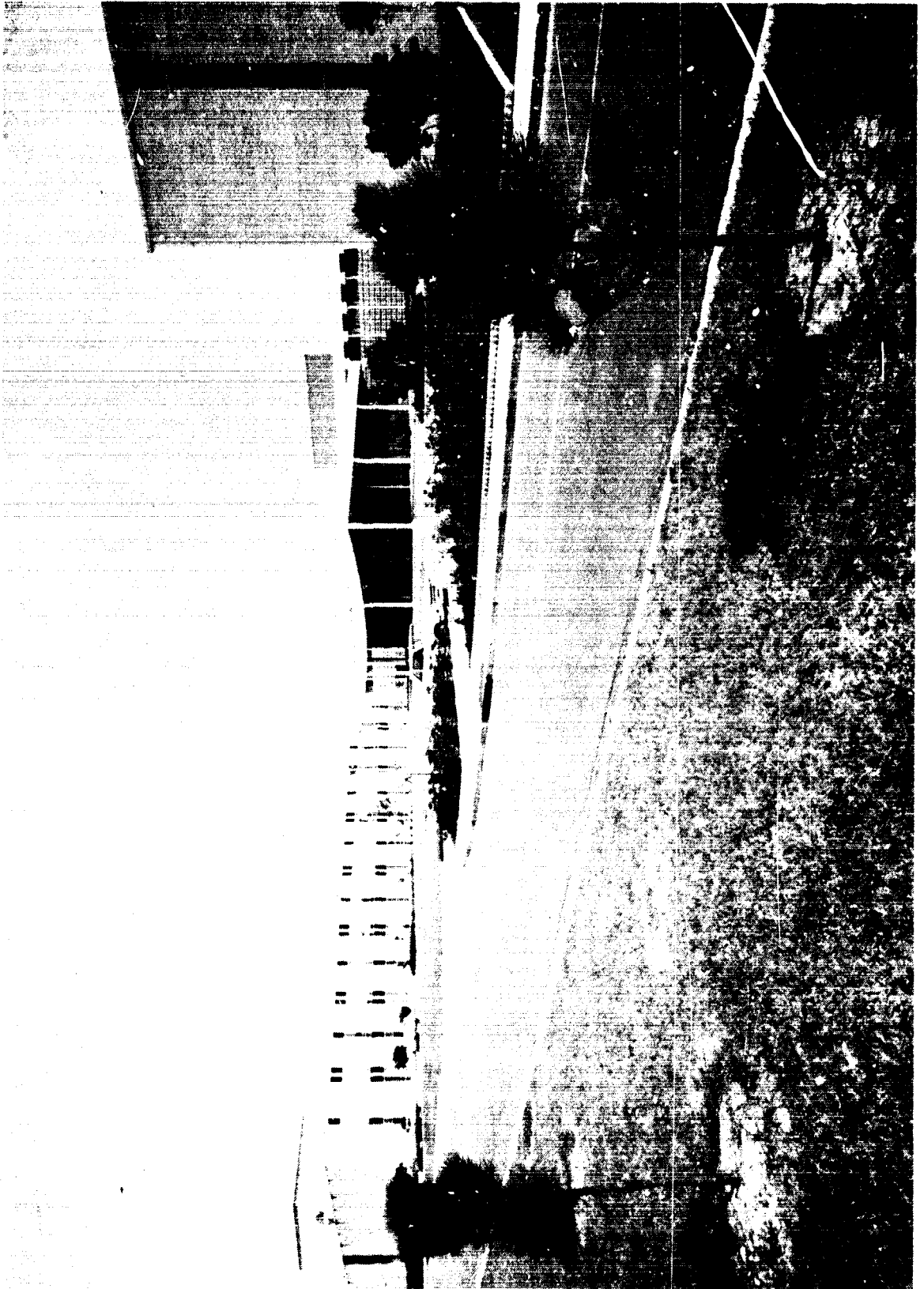
In New Orleans the Navy owns the three buildings pictured above, each of which contains about 504,000 square feet of space. These buildings are part of the Navy Support Activity and are about 3 miles from the center of New Orleans. Two of the buildings have a total of 211,400 square feet of vacant office and open-bay storage space. To make it usable would probably require some renovation. One of the buildings (pictured below) has been renovated and at the time of our visit was fully used.



According to Navy correspondence, since 1973 the Navy has actively sought other DOD agencies which could use the vacant space at the facility. But the space has not been reported to GSA as being available.

National Aeronautics and Space Administration  
(NASA) Michoud Assembly Facility

This facility, about 15 miles east of the New Orleans central business district, has 32 buildings with about 3.6 million gross square feet. We identified about 208,000 square feet of unused administrative space in three buildings and 416,000 square feet of unused manufacturing space in another building. Most of the administrative space (180,763 square feet) is in an office and engineering building, pictured on the following page, which was constructed in 1964.



NASA reported some space to GSA in 1970 as being temporarily available to other agencies, but according to NASA officials, the space was not reported as excess because of its anticipated future use. GSA officials stated that they had not surveyed the Michoud facility to determine whether the space was being put to optimum use because they lacked travel funds to send personnel from their Fort Worth regional office.

Four of the 20 agencies in leased space in New Orleans indicated that relocation to the NASA facility would not adversely affect their missions.

### Construction elimination opportunity

During fiscal year 1976 the Navy was planning to construct a \$21.3 million administrative office complex of approximately 366,000 square feet, about 8 miles from downtown New Orleans, to house the Bureau of Naval Personnel being relocated from Washington, D.C.

Navy officials said one building at the NASA facility, containing about 187,000 square feet, had been considered but had been rejected as too small. Other space at the NASA facility was not considered.

The buildings at the Naval Support Activity were also considered but rejected because of insufficient vacant space. In addition to vacant space, we identified 468,200 square feet of underused space at the Naval Support Activity, consisting of space converted for inside parking, open-bay warehousing, and some incidental office space. We believe that agencies storing material at the naval complex could use available warehouses at other Government facilities in the New Orleans area. Ground-level parking in the complex, as well as onstreet parking, is available as an alternative to inside parking at the Naval Support Activity.

Navy officials said they do not consider space used for storage and parking as underused and for that reason had not reported it to GSA. If the stored materials were moved and the inside parking eliminated, more than enough space would be freed for the Bureau of Naval Personnel, as well as for other agencies leasing space in the downtown area.

In February 1976 we advised Naval Facilities Engineering Command officials of the space available at the two facilities. In April 1976 the Navy announced that due to financial reasons and lack of space, the proposed \$21.3



million construction project had been cancelled. About \$1 million had been spent on planning and designing the proposed building.

INEFFECTIVE PROPERTY-SCREENING PROCEDURES

Federal Property Management Regulations require that excess real property reported to GSA be screened for use by other Federal agencies. GSA's Office of Space Management initiates requests on behalf of GSA for use of excess property. The Office of Property Disposal transmits property availability notices to other Federal agencies authorized to hold property. GSA officials stated that they do not follow up on such notices. If no agency responds, GSA assumes there is no Government requirement for the property. Such property is then declared surplus.

We asked local officials of those agencies identified as potential lease cancellation candidates if they are regularly notified of excess property. Most of the officials stated that their agencies do not receive property availability notices. The following summarizes their awareness of property.

	<u>Agencies contacted</u>	<u>Agencies formally notified</u>	
		<u>Yes</u>	<u>No</u>
Los Angeles	22	7	15
San Francisco	11	8	3
Honolulu	1	-	1
New Orleans	<u>20</u>	<u>1</u>	<u>19</u>
Total	54	16	38
	==	==	==

In one case, a screening notice sent to the agency's headquarters did not reach the local office. As noted earlier, the screening notice for the Naval Undersea Center did not get to the right GSA office until a year after the facility had been declared excess.

CONCLUSIONS

GSA is required to survey Government-owned property to identify underused space, Federal agencies are required to report available (excess and underused) space to GSA, and GSA is required to screen the property among Federal agencies to see if it is needed. These procedures are designed to complement each other.

GSA should earmark sufficient funds for planned surveys and recommended relocations and consolidations for more efficient use of Government-owned property.

Because Federal property-holding agencies are not reporting all available space to GSA, Federal Property Management Regulations should specify criteria for agencies to determine what constitutes available space and when it should be reported.

GSA excess-property-screening activities have not been effective. Thirty-eight of 54 agencies contacted indicated that they did not receive screening notices from GSA. GSA officials indicated that they did not follow up on property availability notices. We believe that the screening process can be improved, if the agencies receiving notices of excess property were required to respond on whether they have a need.

### RECOMMENDATIONS

To better identify available space and potential Government users, we recommend that the Administrator of GSA strengthen the three complementary procedures--surveying, reporting, and screening of available property--as follows:

- Earmark required funds for a realistic number of property surveys on an annual basis, and plan for implementing those survey recommendations which are economically justifiable.
- Amend Federal Property Management Regulations to specify criteria for agencies in determining when and under what circumstances available property must be reported to GSA and the importance of agencies complying with the provision.
- Revise Federal Property Management Regulations to provide a more comprehensive property-screening system, including provisions for (1) the transmittal of notices to the headquarters of Federal property-holding agencies and to local offices close to the available space, (2) the requirement that each agency and local office screened respond to the notice stating the agency's views on using the space as an alternative to leasing or new construction, and (3) requiring GSA regional offices to evaluate the responses to determine whether the agencies should be directed to use the space.

## AGENCY COMMENTS

GSA stated that it planned 120 surveys for fiscal 1977 and hoped to significantly increase the number in fiscal 1978 and subsequent years. Further, GSA said 200 surveys are planned for each of fiscal years 1978 and 1979 and 250 each for fiscal years 1980 and 1981. The quantity planned for fiscal 1977 is substantially lower than in the 2 previous years (see p. 18) because, GSA stated, resources were diverted to reducing the backlog of property planned for disposal.

GSA agreed that in many cases functions could be consolidated for better use of real property, but stated that the agency involved rarely has funds for necessary repairs, renovations, or improvements. Funding this work is a GSA responsibility and its budget request for alterations and major repairs includes an element for work related to alteration of space to promote utilization.

GSA stated that it is continually developing methods for better space use and cited these examples:

1. \$11 million of its fiscal 1977 repair and alteration budget was earmarked for initial space alternation.
2. It plans to earmark \$17 million of its fiscal 1978 repair and alteration budget to renovate space for Federal agency use.

We recognize that GSA has identified projects (see p. 30) where Federally-owned property could result in annual lease savings. We believe, however, that this is only part of the total savings which could be brought about with an effective program to survey and identify available Federal property and to implement those survey recommendations which are economically justified.

GSA stated that it is discussing with OMB procedures for resolving issues resulting from surveys of the use of real property and, when agreed upon, appropriate revision would be made to the Federal Property Management Regulations. GSA stated that the revisions would provide more specific guidance as to the conduct of annual reviews by executive agencies. GSA doubted, however, that revising the regulations alone would have appreciable effect. GSA believes that to effectively enforce the act, an effective survey program must be coupled with a viable Federal Property Council, which brings the Executive Office of the President to bear.

We agree with GSA that assistance from the Federal Property Council would help benefit in seeing that executive agencies make maximum use of Federal property. However, a July 15, 1977, Presidential message to the Congress proposed abolishing the Council. OMB stated that it would probably perform the function.

GSA stated that it favors our recommendation to provide a more comprehensive screening system, but that the agencies claim it causes too much paperwork and confusion. We believe that since GSA is responsible for optimum use of Government-owned property, a procedure to maximize circulation of notices of available property is a valid technique. GSA regional offices could still exercise some discretion, because our recommendation pertains to local offices close to the available space. We believe that all agencies in the vicinity, whether or not they are property-holding agencies, should be made aware of available Government-owned property to determine if it is suitable for them. If they are non-property-holding agencies and can use available Government property in lieu of leasing or new construction, GSA would be responsible for managing the property for them.

GSA strongly opposed our recommendation that agencies receiving notices be required to respond to them and that GSA evaluate the responses. GSA stated such requirements would delay disposals. In our opinion, this is not a valid objection considering the time it takes GSA to dispose of property anyway. An August 1976 GSA study disclosed that the average time required to dispose of surplus property by sale was 9 months for competitive bidding and 13 months through negotiations. During a separate study of disposals in GSA's region 1, we analyzed 235 cases closed over a 12-year period. Our analysis disclosed that GSA took an average of over 14 months to dispose of property. Further, it should be possible through adequate administrative control to get and evaluate agency responses in a reasonable time.

GSA stated that it considers the present procedures effective in generating interest and reuse of excess property within the Government and that 71 properties costing \$87.5 million had been transferred from one Federal agency to another during fiscal year 1976. We recognize GSA's efforts but believe that much more needs to be done. For example, at the end of fiscal 1976, GSA's inventory of excess and surplus property was 947 cases, with a reported cost of over \$2 billion.

## CHAPTER 4

### NEED TO PROVIDE BETTER BUDGETARY

#### DATA TO OMB AND THE CONGRESS

According to GSA officials, budgetary reductions have adversely affected the use of Government-owned property as an alternative to leasing or new construction. GAO found that GSA has not included in its annual budget requests information regarding opportunities for reducing leased space.

GSA officials acknowledged the need for better budgetary presentations and indicated that beginning in fiscal year 1978 information regarding opportunities to reduce lease costs would be presented. To insure the usefulness of this information, GSA regional offices must identify and give priority to those projects where renovation of existing Government-owned property could result in cancelling leases or avoiding new construction.

#### FEDERAL BUILDINGS FUND

The Public Buildings Amendments Act of 1972 (Public Law 92-313) authorized GSA to charge agencies rent for space occupied. In establishing the Federal Buildings Fund, the Congress and GSA anticipated a number of property management improvements, such as increased space use, better agency program budgeting, and a landlord-tenant relationship of GSA with other executive agencies. The fund is used to finance GSA's real property management and related activities. The Congress annually authorizes maximum expenditures from the fund for each of the following functions.

1. Construction: Construction of public facilities, costs associated with transfer of excess property from Federal agencies to GSA's inventory, and other miscellaneous activities.
2. Alterations and major repairs: For both Government-owned and leased facilities under the control of GSA. Provides monies for enlarging and converting existing buildings, including excess facilities brought into GSA's property inventory.
3. Purchase contract payments: Provides for installment payments on private contracts made by GSA to finance the construction of public buildings.

4. Rental of space: Finances leases made with private parties.
5. Real property operations: Finances the operation of all Government-owned buildings under GSA's control and building services in space where the lessor does not furnish such services as part of the terms of the lease.
6. Program direction: Finances the overall management, planning, and administration of all Public Buildings Service program responsibilities.

GSA cannot transfer money from one element of the fund to another or to other projects not justified in the budget.

A GSA official stated that the Buildings Fund budget presented to the Congress is developed in four phases:

- OMB provides Presidential policy guidance (dollar limitations) for all GSA functions and responsibilities, including the Federal Buildings Fund, about 18 months before the start of the particular fiscal year.
- GSA prepares a detailed budget for the fund based upon expected program requirements.
- OMB reviews the detailed budget.
- OMB revises the budget to bring it in line with the Presidential policy guidelines and Federal agency needs.

In developing the budget, GSA must first plan for those activities with relatively fixed program requirements. Those activities with program requirements that can vary are funded to the extent remaining funds allow. For example, purchase contract payments and rented space activities have relatively fixed program requirements because the planned expenditures are based on existing purchase contracts and lease agreements. Conversely, the other four elements can be changed. For example, a proposal for a new building or renovation of an existing one can be postponed by continuing a commercial lease. Thus, the nature of the program activities requires that budget reductions be absorbed by one or more of the four variable activities.

Two of the variable activities (construction and alteration and major repairs) directly affect the use of Government-owned property. These two elements fund the transfer of property from a Federal agency to GSA's inventory and the repair and alteration of available Government-owned property.

REDUCTION TO THE BUDGET--  
FISCAL YEARS 1976 and 1977

OMB reduced GSA's request by \$72 million in fiscal year 1976 and by \$167 million in fiscal year 1977. The Congress further reduced the 1976 authority by \$9 million. The following schedule shows the funding requested by GSA and the amounts approved by OMB for fiscal year 1977. (See app. II for similar data for fiscal year 1976.)

Federal Buildings Fund Obligational Authority

<u>Activity</u>	<u>Fiscal year 1977</u>	
	<u>GSA submission to OMB</u>	<u>Approved by OMB and submitted to the Congress</u>
	(000 omitted)	
Rental of space	\$ 482,000	\$ 473,200
Real property operations	442,000	414,905
Alterations and major repairs	140,500	60,700
Purchase contract payments	92,000	92,000
Construction	69,500	28,100
Program direction	<u>71,000</u>	<u>61,550</u>
Total	<u>\$1,297,000</u>	<u>\$1,130,455</u>
Budget reduction		\$166,545

The following schedule illustrates the impact of the reduction in fiscal year 1977 to the six elements within the alterations and major repairs program area.

<u>Alteration and major repair element</u>	<u>GSA submission to OMB</u>	<u>Approved by OMB and submitted to the Congress</u>	<u>Percent reduction</u>
(000 omitted)			
Basic work	\$ 38,175	\$36,675	4
Improvement of space to promote use	57,631	12,321	79
Four other areas	<u>30,925</u>	<u>5,755</u>	81
Total	<u>126,731</u>	<u>54,751</u>	
Design, management, and inspection for the above areas	<u>13,769</u>	<u>5,949</u>	57
Total	<u>\$140,500</u>	<u>\$60,700</u>	
Budget reduction		<u>\$79,300</u>	57

Among the projects in its fiscal year 1977 request for \$57.6 million to improve space to promote further use, GSA proposed to alter 1.5 million square feet of space in 5 of the 10 regions at a cost of \$29.6 million. The work was anticipated to reduce annual lease expenditures by \$10.5 million.

<u>Region</u>	<u>Space alteration costs</u>	<u>Square feet to be altered</u>	<u>Expected annual lease savings</u>
(000 omitted)			
4	\$ 1,179	107	\$ 742
6	20,409	841	5,847
a/7	1,186	89	617
8	4,936	272	1,892
a/9	<u>1,940</u>	<u>198</u>	<u>1,373</u>
Total	<u>\$29,650</u>	<u>1,507</u>	<u>\$10,471</u>

a/See appendix III for detailed breakdown on projects identified by Regions 7 and 9.



GSA officials stated that many of the projects identified by the regions would not be funded as a result of the reduction to the alteration and major repairs activity. Although the information on projects identified by the regions for saving lease costs was not provided to OMB or the Congress in the fiscal year 1977 budget process, the data was used to allocate alteration funds to the regions after OMB had approved the budget.

As noted earlier, agencies generally must pay for excess property an amount equal to 50 percent of the fair market value, but OMB can waive that requirement. OMB has determined that the waiver cannot be granted to GSA. Within the construction program activity, GSA did not budget for the transfer of any excess property to its inventory during fiscal year 1975. GSA requested and was funded for two properties requiring reimbursements of about \$2.7 million in the fiscal year 1976. GSA requested \$2.4 million for the transfer of six properties in the budget submitted for fiscal year 1977.

During the review process, OMB eliminated the \$2.4 million that GSA had requested in 1977. An OMB official stated that reductions in the construction activities budget would result in an increase in leasing, but that reductions to the alterations and major repairs budget should not affect opportunities to improve Government-owned space use.

OMB officials stated that they do not consider funding the alterations and major repairs activity in lieu of leasing or new construction. According to OMB officials, GSA has the administrative flexibility to determine what types of projects, such as building repairs, space improvements, and building conversions, will be financed through the alterations and major repair activity. If an opportunity arises to decrease the amount of leased space through use of Government-owned space, GSA has the flexibility to fund that project over another.

GSA officials stated that administrative flexibility is limited by the total available alteration and major repair funds and each project's priority. They said that the OMB-approved funding level for fiscal year 1977 allows GSA very little flexibility, because the majority of available funds will go to the very critical high priority repair work in occupied Government-owned buildings.

Fiscal year 1977  
supplemental appropriation

In May 1977 the Congress passed a supplemental appropriation of \$125 million specifically for major repair and alteration work by GSA. The purpose was to stimulate economic recovery. In July 1977 OMB notified the Congress that it was rescinding \$75 million and would apportion only \$50 million to GSA, because the economy was improving satisfactorily and the 1978 appropriation request contained about \$200 million for major repairs and alterations. No mention was made by OMB of GSA's backlog of over \$1 billion of that type work, including unfunded projects to improve use of Government buildings.

IMPROVED BUDGET PRESENTATION

GSA's budget submission for fiscal years 1975-77 did not contain cost-benefit analyses supporting the request for funds for projects designed to reduce payments for leased space. Further, no comparable justification was developed for funds requested to transfer excess property to GSA from other agencies.

GSA officials in Washington and in Region 9 stated that the main reason for not presenting better information was lack of experience and historical data in estimating their needs in this area. Before the Federal Buildings Fund was established in 1972, GSA was not required to fund agency space alterations brought on by expansions or relocations.

Another factor which we believe affected GSA's budget presentation was the reluctance of GSA regional officials to request funds for renovating available space as an alternative to continued leasing because they assumed such funds were not available. As previously discussed, Region 9 officials stated that, as a result of the lack of funds, they do not actively seek to identify available space which could be used by Federal agencies in lieu of leasing. A GSA headquarters official stated that the regions should identify and give priority to such projects so that headquarters has better information on which to decide to allocate the funds.

GSA officials stated that the fiscal year 1978 budget for alteration and major repairs activities would be supported to OMB by a schedule showing the cost of proposed

Government-owned space alterations and renovations and their resulting lease savings. Similar information will also be presented for funds requested for use in transferring excess property to GSA's inventory, if the property includes buildings which will be improved. According to a GSA official, the decision to modify the budget presentations relates to increased congressional concern that too much of the Government's need for space is met by leasing.

In addition to amounts authorized to be spent, unobligated balances remained in the Federal Buildings Fund which could be used if authorized by the Congress. In fiscal years 1975 and 1976, these funds were \$44.5 and \$8.8 million respectively. GSA estimates that in fiscal year 1977 an additional \$21.8 million will be available. The Congress might have authorized the funding of projects designed to reduce leased space from these unobligated balances if GSA had provided necessary information justifying such action.

### CONCLUSIONS

The use of available space, both within the GSA inventory and in excess facilities, generally requires renovation to suit potential occupant needs. Required funds must come from GSA's fiscal year budget.

OMB and the Congress, in carrying out their budgetary responsibilities, should have all information regarding opportunities for reducing the amount of leased space. GSA officials acknowledged the need for better budgetary presentation and stated that beginning in fiscal year 1978 in-depth information regarding opportunities to reduce lease costs involving expenditures under the construction and alterations and major repairs activities of the Federal Buildings Fund would be presented.

The effectiveness of the revised budgetary presentations will depend on the thoroughness with which GSA regional offices identify space which can be used as an alternative to leasing. GSA officials stated that they believe current procedures are adequate and, therefore, will continue to rely on regional input. The extent of consideration given excess property is left up to each regional office, and in some cases available facilities may not be considered since regional officials believe that required alteration funds would not be available even if requested. This philosophy is also reflected in GSA's apparent reluctance to submit supplementary

budget requests involving unobligated receipts remaining in the Federal Buildings Fund.

### RECOMMENDATIONS

To insure that opportunities for reducing leased space are considered, we recommend that the Administrator of GSA:

- Require regional offices to include in their budget submittals documented cost-benefit analyses regarding opportunities for reducing lease costs through using available Government-owned property.
- Give priority to those projects which are most cost effective.

### AGENCY COMMENTS

GSA did not comment on the above recommendations.

OMB commented that it has recognized the desirability of increasing new obligational authority for major repairs and alterations and increased it from \$61 million in fiscal 1977 to \$205 million in fiscal 1978. At that time, however, OMB officials did not tell us that they were considering rescinding all or part of the supplemental appropriation for repairs and alterations.

Further discussions with OMB on the reasons for the substantial increase disclosed that GSA had submitted, and had adequately supported a request for, \$205 million, and OMB approved it. However, of the \$205 million approved, only \$26 million was proposed for work related to alteration of space to promote use.

This program includes the cost of space alterations which are incident to the relocation of agencies affected by expiration of leases, space consolidations, and realignments.

In its budget presentation for fiscal year 1977, GSA identified projects for which over \$58 million was needed to improve space to promote use. But the OMB-approved budget proposed only \$12 million for that purpose. GSA has also identified over \$90 million for such projects in each of fiscal years 1979 and 1980.

In view of this large backlog of repair and alteration projects to promote use of space, the amount proposed for that purpose in fiscal 1978 does not appear sufficient.

FEDERAL REAL-PROPERTY-HOLDING AGENCIES

General Services Administration  
Corps of Engineers  
Department of the Air Force  
Department of the Army  
Department of the Navy  
National Aeronautics and Space Administration  
U.S. Postal Service  
American Battle Monuments Commission  
Central Intelligence Agency  
Department of Agriculture  
Department of Commerce  
Department of Health, Education, and Welfare  
Department of Housing and Urban Development  
Department of the Interior  
Department of Justice  
Department of Labor  
Department of State  
Department of Transportation  
Department of the Treasury  
Energy Research and Development Administration  
Environmental Protection Agency  
Federal Communications Commission  
Government Printing Office  
National Capital Housing Authority  
National Science Foundation  
Office of Economic Opportunity  
Tennessee Valley Authority  
U.S. Information Agency  
Veterans Administration

FEDERAL BUILDINGS FUND FISCAL YEAR 1976

OBLIGATIONAL AUTHORITY

<u>Activity</u>	GSA submission to <u>OMB</u>	Approved by OMB and sub- mitted to the Congress	Authorized by the <u>Congress</u>
		----- (000 omitted) -----	
Rental of space	\$ 468,900	\$ 452,700	\$ 443,500
Real property operations	429,912	397,029	397,500
Alterations and major repairs	102,675	110,768	110,768
Construction	75,071	62,586	63,786
Purchase contract payments	60,000	60,000	60,000
Program direction	<u>85,086</u>	<u>66,900</u>	<u>65,600</u>
Total	\$1,221,644 =====	\$1,149,983 =====	\$1,141,154 =====
Budget reductions		\$71,561	\$8,829
Total reductions		\$80,490	

SPACE ALTERATION PROJECTS FOR  
FISCAL YEAR 1977 IN REGIONS 7 AND 9

<u>Project</u> (note a)	<u>Location</u>	<u>Square</u> <u>feet</u> <u>to be</u> <u>altered</u>	<u>Alter-</u> <u>ation</u> <u>cost</u>	<u>Expected</u> <u>annual</u> <u>lease</u> <u>savings</u>
<u>Region 7</u>		(000 omitted)		
FB-PO-CT	Albuquerque, N. Mex.	7.0	\$ 100	\$ 49
FB-CT	Dallas, Tex.	1.8	30	13
PO-CT	Tyler, Tex.	4.8	70	33
FB-CT	Muskogee, Okla.	6.5	80	45
FB	Little Rock, Ark.	35.0	120	243
FB-CT	Brownsville, Tex.	3.0	200	21
FB-PO	Bryan, Tex.	3.0	50	21
PO-CT	Oklahoma City, Okla.	20.0	100	139
FB-PO	Austin, Tex.	1.2	36	8
FB-CT	San Antonio, Tex.	<u>6.5</u>	<u>400</u>	<u>45</u>
Total		88.8	\$1,186	\$617
		====	=====	===

Fiscal year 1977 alterations and  
major repairs allowance

\$539

Unfunded alterations

\$647

Region 9

FB	Sacramento, Calif.	30.0	\$ 307	\$ 209
FB	Los Angeles, Calif.	6.2	98	43
FB-CT	San Francisco, Calif.	10.0	100	69
FB	Los Angeles, Calif.	47.0	375	327
FB-CT	San Diego, Calif.	30.0	150	209
FB	Los Angeles, Calif.	24.5	187	170
AB	San Francisco, Calif.	41.0	423	285
Labora- tory	Hamilton Air Force Base, Calif.	<u>8.8</u>	<u>300</u>	<u>61</u>
Total		197.5	\$1,940	\$1,373
		=====	=====	=====

Fiscal year 1977 alterations  
and major repairs allowance

880

Unfunded alterations

\$1,060

a/Project abbreviations:

FB--Federal Building  
CT--Court House

PO--Post Office  
AB--Appraisers Building

UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION  
WASHINGTON, DC 20405



May 27, 1977

Honorable Elmer B. Staats  
Comptroller General of the  
United States  
General Accounting Office  
Washington, DC 20548

Dear Mr. Staats:

As requested in Mr. F. J. Shafer's letter of March 23, we have reviewed ~~the~~ draft report entitled "Executive Agencies Can Do Much More in Using Government-Owned Space as an Alternative to Leasing or New Construction." Our comments are attached.

As our comments indicate, the conversion of an excess facility for use by Federal agencies is a difficult process. The lack of sufficient funds, the short timeframe requirements on the part of the agency needing space, and the necessity for most agencies to be located in a downtown area eliminates most excess properties from consideration.

This is not to say, however, that all such properties are ignored, but only to indicate that the potential for utilizing them is, at best, limited. Our internal directives (see attached instructions from GSA Handbook PBS P 7000.2A) require that excess property be used whenever practicable, and we have recently strengthened the requirement to consider these properties in our long-range space planning studies by requiring that each excess property in the geographic area under study be individually reviewed. In addition, we hope that by increasing the number of annual Executive Order 11954 surveys, we will be able to identify more unutilized properties capable of meeting our needs.

We believe that the attached comments place the matter of our using excess properties in proper perspective, and recommend that the draft be amended to more accurately reflect the existing situation. If you feel it is necessary, we would be happy to meet with you to discuss the matter further.

Sincerely,

A handwritten signature in cursive script, reading "Robert T. Griffin".

Robert T. Griffin  
Deputy Administrator

Enclosures

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GSA COMMENTS ON GAO  
DRAFT REPORT - "EXECUTIVE AGENCIES CAN DO MUCH MORE IN  
USING GOVERNMENT-OWNED SPACE AS AN ALTERNATIVE TO LEASING  
OR NEW CONSTRUCTION"

Recommendation:

Earmark funds for carrying out a realistic number of property surveys on an annual basis.

Comment:

We believe that the report fails to adequately distinguish between two levels of surveys conducted by GSA. The first is space utilization surveys which involve periodic review of the effectiveness of the use of space strictly under GSA control. On the other hand, our Office of Real Property is assigned the responsibility of conducting surveys of the real property holdings of all executive agencies. These surveys are in accordance with Executive Order 11954.

Our budget for Fiscal Year 1977 provides for 120 surveys in compliance with Executive Order 11954. During a recent semi-annual review of the program with Regional Directors of Real Property, it was ascertained that, although a critical shortage of funds for travel exists, the goal would be met or slightly exceeded. We were approximately 13 percent below goal at the half-year point. We hope that in Fiscal Year 1978, and in subsequent years, we will be able to significantly increase the number of surveys we conduct.

Recommendation:

"Establish a reserve for implementing those survey recommendations which are economically justifiable...."

Comment:

In many cases, through the Executive Order 11954 survey program it has been found that functions could be consolidated for better utilization of real property. However, the activity involved rarely has necessary funds to accomplish necessary building repairs, renovations, or improvements. A reserve fund for this purpose, including renovation of buildings to serve current requirements, could be very cost effective. However, current procedures for congressional review of GSA's programs and annual budget do not allow for the creation and use of reserve funds.

2

It should be noted that within GSA, the Public Buildings Service is continually developing methods of better using space in its inventory. For example, during Fiscal Year 1977 we have established a goal of modernizing approximately 25 percent of our chronically vacant office space so that it may be backfilled. We earmarked \$11 million of our Fiscal Year 1977 Repair and Alteration budget for initial space alterations. The major emphasis in the use of these funds is the renovation of vacant space for backfill purposes. Similarly, we are planning to earmark \$17 million in our Fiscal Year 1978 Repair and Alteration budget to be expended to renovate vacant space for Federal agency use. This two-year effort will allow the backfilling of nearly two million square feet of space thereby avoiding the further increase of our leased inventory by an equal amount.

Recommendation:

Amend the Federal Property Management Regulations to clearly state the criteria for use by agencies in determining when and under what circumstances available property must be reported.

Comment:

Existing regulations (41 CFR 101-47.801-802) set forth general standards and guidelines in identifying unneeded Federal property and require that executive agencies make an annual review to determine whether property is underutilized or not put to optimum use, and take appropriate action to release unneeded property.

GSA is presently discussing with OMB procedures to be used in resolving issues resulting from Executive Order 11954 surveys. When these procedures have been agreed upon, appropriate revisions will be made in the Federal Property Management Regulations. These revisions will provide more specific guidance as to the conduct of annual reviews by executive agencies. To be effective, these reviews must be coordinated with program formulation and limit real property holding to the minimum required for effective execution of program objectives.

Provisions of the Federal Property and Administrative Services Act of 1949, section 202(b) (40 U.S.C. 483) require executive agencies to continually survey property under its control to determine which is excess and to promptly report such property to the Administrator of General Services. This requirement was emphasized by Executive Orders 11508, 11724, and currently by Executive Order 11954 issued on January 7, 1977. These Executive Orders clearly indicate Presidential concern and effort to assure compliance with the 1949 Act, however, even with this emphasis some executive agencies continue to hold unneeded real property. In view of the rapidly changing program emphasis, changes in the state of the art, long-range planning and rapidly increasing cost of real property, the reluctance of agencies to report unneeded property excess is often understandable but rarely justifiable. In view of this situation and existence of law, it is doubted that changes in the FPMR will have appreciable effect. Our experience indicates that an effective survey program coupled with a viable Federal Property Council, which brings the Executive Office of the President to bear, is clearly the most effective method of enforcing provisions of the 1949 Act and to accomplish objectives of the subject report.

3

Recommendation:

Revise the Federal Property Management Regulations to provide a comprehensive property-screening system including (1) a provision for distributing property-screening notices to headquarters offices, and the respective local office in close proximity to the available space, and (2) a requirement that an agency respond and that GSA evaluate the response.

Comment:

Such a procedure was followed at one time. However, the procedure was abandoned at the request of some of the holding agencies because they felt that confusion was created when offices not responsible for space requirements received the notices and too much paperwork was being generated. As a result, we now follow the present system whereby our regional offices exercise some discretion sending screening notices to those organizational elements that have cognizance of the property requirements of the agency. From our point of view, the procedure recommended in the report would be simpler and require less effort on our part since we could indiscriminantly mail the notices to the Federal agencies involved. However, we believe that the reasons for abandoning the procedure still remain valid.

On page 32 the report indicates that 38 of 54 agencies contacted indicated that they did not receive screening notices from GSA. The statement should be clarified in light of the fact that there are only 29 holding agencies and the recommendation speaks in terms of holding agencies. In any case, we believe that the recommendation should be revised so as to except the agency which reported the property from the screening requirement.

We strongly oppose the recommendations that each agency and respective local office be required to respond to the notice stating the agency's views on using the available space as an alternative to leasing or new construction and require GSA regional offices to evaluate the responses for the purpose of determining whether or not the agencies should be directed to use the available space. Such requirements could indefinitely delay our disposals while awaiting agency responses with accompanying results including: increases in protection and maintenance costs, loss of the use of revenues generated by our sales for the periods of such delays, deterioration of the property where protection and maintenance cannot be maintained at adequate levels and delay in use of the property for productive purposes. We consider that the present procedures are effective in generating interest in reuse of excess real property: witness the fact that in Fiscal Year 1976, 71 properties with an acquisition cost of \$87.5 million were transferred from one Federal agency to another for further use within the Federal Government and in the TQ and this FY, 34 properties with an acquisition cost of \$55 million have been transferred for such purposes. In short, we believe that the losses through such procedures would outweigh the benefits.

4

Recommendation:

Develop procedures to identify agencies occupying leased space and those with proposed construction projects, concentrating first on those in close proximity to the available space.

Comment:

This agency maintains detailed space assignment records for all agencies and space under our control. Our automated system makes it possible to retrieve the type of information required by this recommendation almost instantaneously. However, identifying potential occupants of excess properties is not the problem; rather, it is the practicability of utilizing these facilities as Federal offices. In making this decision, the primary determinants are:

1. The cost of renovating the facilities to make them suitable for occupancy by Federal activities. Upgrading of most excess buildings would require the inclusion of handicapped facilities, firesafety provisions, and the improvement of heating and airconditioning equipment. The cost to alter space to meet these requirements would be considerably higher than the \$8-\$10 per square foot figure indicated in the draft. In addition, the design of many of these older facilities may preclude incorporation of modern office planning techniques and prohibit the efficient layout of space.

2.

## GAO NOTE:

REVISED GSA COMMENTS SHOWN ON PAGE 47.

3. The location of the excess property. Each agency has responsibility for determining the city or community in which its offices will be situated. GSA, then, in consultation with the agency, determines the general area within the city or community that would best suit the agency's mission. In accordance with Executive Order 11512, material consideration is given to the efficient performance of the missions and programs of the agencies, with due regard for the convenience of the public served, and the maintenance and improvement of safe and healthful working conditions for employees. It should be noted, however, that it is GSA's operating policy as prescribed in the Federal Property Management Regulations (sections 101-17.101-1c and 101-18.100(g)) to give priority consideration to locations in the central business district of the various communities when such action is consistent with the occupant agency's mission responsibilities. Many of the available excess facilities, particularly those of the Defense Department, are in relatively remote locations and to occupy them could result in serious impairment of agency operations.

5

4. Coordinating space needs with rehabilitation of the facility. The entire process from identification of a potential facility until space is renovated and ready for occupancy can take from two to three years. Given this long time period, it is very difficult to coordinate agency needs for space, which are usually based on a three to six months' deadline, with excess property that can be made available for occupancy in two to three years, assuming OMB and congressional approvals and availability of funds for the project.

Recommendation:

Obtain written opinions from those agencies considered by GSA as possible tenants.

Comment:

As indicated above, almost any proposal to relocate an agency from its existing leased quarters will elicit a response, frequently a negative one. Agencies submit detailed justifications for continued occupancy of the leased space in reply to such proposals. If the agency's justification is inadequate (i.e. has no bearing on its mission accomplishment), the agency will be compelled to move. On the other hand, if the agency can satisfactorily demonstrate that its mission would be seriously impaired by being moved to an excess facility, we would not normally try to overrule that judgment.

Recommendation:

Develop procedures to estimate repair and alteration cost for renovating available property.

Comment:

A procedure for estimating repair and alteration costs by professional engineers now exists and is an integral part of the Repair and Alteration (R&A) program. Also, the selection of major R&A projects (\$500,000 and over) for inclusion into the annual budget is determined on the basis of a cost/benefit analysis; this would include proposals to rehabilitate excess property. Our existing estimating procedures provide us with accurate information upon which we base all R&A budget and funding action. For example, major projects for renovation to Federal buildings at 1114 Commerce in Dallas, Texas; the Auditors Building in Washington, D.C.; 201 Varick Street in New York; the Old Post Office, Washington, D.C.; and the Old Customhouse in St. Louis, Missouri, are to be undertaken during Fiscal Year 1978. All of these buildings are primarily vacant and underutilized, and completion of these projects will result in the use of Government-owned space in lieu of leasing.

6

Recommendation:

Perform a cost benefit analysis of the economic advantages and disadvantages of using the property.

Comment:

The alternative of acquiring excess property held by other agencies has always been a consideration in our long-range facilities' planning studies. We have recently strengthened the requirement to consider the use of excess property by requiring that each excess property in the geographic area of the survey be listed individually with a discussion as to its suitability in meeting space needs. In cases where acquisition of excess property is a viable alternative, detailed cost/benefit analyses are required in reaching our decision concerning the satisfaction of long-range space needs.

It should be further noted that detailed cost/benefit analyses are an integral part of our prospectus process whether it involves new Federal construction, repair and alteration of an existing facility, or leasing. In addition, cost/benefit analyses were included in our Fiscal Year 1977 and 1978 budget submissions to the Congress for selected major R&A projects.

## GAO Note:

Page references in this appendix refer to the draft report and do not necessarily agree with the page numbers in the final report.

PBS P 7000.2A

December 6, 1976

(c) The Assignment and Utilization Branch shall forward appropriate sections of the SFO to the agency for which the space is to be acquired for review and concurrence. The transmittal to the agency shall call attention to the area delineated for acquisition as well as any other pertinent aspects of the leasing action. Any differences between GSA and the requesting agency in this regard shall be resolved before lease award. The letter of transmittal shall state that:

i. GSA will be responsible for the selection of that space conforming to the requirements assembly which shall be most advantageous to the Government, price and other factors considered; and

ii. Prompt response is required to avoid acquisition delays.

(d) No lease shall be awarded until the A & U Branch informs the Acquisition Branch that agency concurrence on the requirements assembly has been received. However, if no comment or concurrence has been received within a reasonable time, the requesting agency will be notified by the A & U Branch that if no response is received within a reasonable time from the receipt of the communication, the Standard Form 81, Request for Space, will be returned without acquisition action.

7. Acquisition by transfer and excess of GSA real property.

a. Acquisition by transfer. In addition to the responsibility to utilize vacant GSA-controlled space, each Federal agency, so far as practical, shall utilize excess real property. The regional Real Property Division periodically distributes lists of excess real property.

(1) The Space Management Division or Buildings Management personnel shall inspect properties that appear to have potential. The following determinations shall be made on these properties and included in case files:

(a) Cost of acquisition.

(b) Cost of renovation.

(c) Suitability to future agency use and further consideration at a later date.

(d) Funding availability.

(e) Existing regional requirements which might be satisfied in the property.

(f) Referral to Central Office for possible national circulation.

December 6, 1976

PBS P 7000.2A

(g) Conformance with GSA accident and fire prevention policies.

(h) Conformance with GSA concession policies and applicable laws.

b. Excess. The A & U Branch identifies GSA-owned properties which are not utilized, are underutilized, or not being put to their optimum use. When economically feasible, every effort should be made to utilize this space for assignment to other agencies. If this cannot be done, and there is potential for future need or only a portion of a building is not required, the space should be temporarily excessed for outleasing. If there is doubtful potential for future need, then the property shall be determined excess to the needs of GSA and a Report of Excess Real Property (SF-118) shall be prepared and forwarded to the regional Real Property Division. The property is then removed from the Space Management Division inventory and space records adjusted accordingly.

#### 8. References.

a. Title 41, Code of Federal Regulations, (41 CFR), Subtitle C, Chapter 101, Subchapter D, Public Buildings and Space, Part 101-17, prescribes the responsibilities and procedures applicable to GSA in the assignment and utilization of space.

b. The handbook Basic Laws and Authorities of the General Services Administration, (CSL P 5000.4C), as amended, contains the text of the basic laws, executive orders, reorganization plans, and other directives establishing the authorities and functions of GSA.

c. The United States Government Manual is the official handbook of the Federal Government. It describes the purpose and programs of most Government agencies and lists top personnel.



UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION

*Public Buildings Service*  
Washington, DC 20405



JUL 8 1977

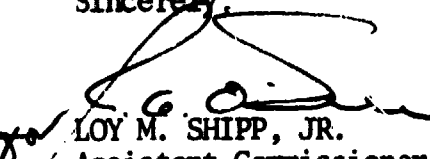
Mr. Clarence M. Ellington  
Assistant Director  
Logistics and Communications Division  
General Accounting Office  
Washington, DC 20548

Dear Mr. Ellington:

As discussed at the meeting of July 7 between you and representatives of several PBS offices concerning the GAO audit entitled "Executive Agencies Can Do Much More in Using Government-Owned Space as an Alternative to Leasing or New Construction," item 2 on page 4 of the GSA comments should read as follows:

2. Agency willingness to occupy excess facilities. Contrary to the indications in the draft report, our experience has been that there is a general reluctance on the part of agencies to occupy space in such facilities, and attempts to secure commitments from agencies have, for the most part, been unsuccessful. Without prior commitment, it would be imprudent to undertake an extensive renovation program. We firmly believe that most of the agencies that indicated a willingness to move when asked a hypothetical question by GAO would respond differently if a firm proposal to relocate were presented to them by GSA. The responses we receive when requesting agencies to move from leased facilities to rehabilitated Postal Service buildings illustrate the problem of agency intransigence. Such proposals frequently meet with strong resistance.

Sincerely,

  
LOY M. SHIPP, JR.  
Assistant Commissioner for  
Space Planning and Management

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

MAY 2 1977

Honorable F.J. Shafer  
Director, United States  
General Accounting Office  
Washington, D. C. 20548

Dear Mr. Shafer:

Thank you for giving us the opportunity to comment on the draft report LCD 77-314, "Executive Agencies Can Do Much More in Using Government-Owned Space As An Alternative to Leasing or New Construction."

While we defer to the General Services Administration to comment on the operational procedures covered in the report, we do want to comment on the report's funding recommendations. As you may know, a number of activities--of which acquiring and renovating excess government property is only one--are financed within the limitations of the Federal Buildings Fund. OMB recognized the desirability of increasing new obligational authority for major repairs and alterations from \$61M in 1977 to \$205M in 1978. Of the \$205M, \$29M will be used to recycle vacant space for occupancy and to improve the utilization of existing space.

We understand that the General Services Administration will be sending more detailed comments. We trust that the report will be rewritten to reflect those comments before it is published in final form.

Thank you for the opportunity to comment on this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis O. Green".

Dennis O. Green  
Associate Director  
Economics and Government

GENERAL CRITERIA FOR ACQUIRING SPACE

The Federal Property Management Regulations include the following factors to be considered in acquiring space. The factors apply if space is to be obtained through leasing in privately owned buildings or through construction and alteration of public buildings.

1. Material consideration shall be given to the efficient performance of the agencies' missions and programs of the nature and function of the facilities involved with due regard for the convenience of the public served.
2. Maximum use shall be made of existing Government-owned buildings which are adequate or economically adaptable to the space needs of executive agencies.
3. Privately owned space shall be acquired only when satisfactory Government-owned space is not available.
4. Space planning and assignments shall reflect an assessment of the advantages and costs of consolidating agencies and constituent parts thereof in common or adjacent space for the purpose of improving management and administration.
5. Consideration shall be given in the selection of sites for Federal facilities to the need for development and redevelopment of areas and the development of new communities and the impact a selection will have on improving social and economic conditions in the area.
6. Availability of adequate low- and moderate-income housing on a nondiscriminatory basis, nondiscrimination in the sale and rental of housing, adequate access from other areas of the urban center, and adequacy of parking shall be considered.

**PRINCIPAL GSA OFFICIALS RESPONSIBLE FOR**  
**ACTIVITIES DISCUSSED IN THIS REPORT**

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<b>ADMINISTRATOR OF GENERAL SERVICES:</b>		
Joel W. Solomon	May 1977	Present
Robert T. Griffin (acting)	Feb. 1977	May 1977
Jack Eckerd	Nov. 1975	Feb. 1977
Arthur F. Sampson	June 1973	Nov. 1975
Arthur F. Sampson (acting)	June 1972	June 1973
<b>COMMISSIONER, PUBLIC BUILDINGS SERVICE:</b>		
James B. Shea, Jr.	June 1977	Present
Tom L. Peyton (acting)	May 1977	June 1977
Nicholas A. Panuzio	Sept. 1975	May 1977
Walter Meisen (acting)	Oct. 1974	Sept. 1975
Larry F. Roush	Aug. 1973	Oct. 1974
Larry F. Roush (acting)	Jan. 1973	Aug. 1973
John F. Galuardi (acting)	July 1972	Jan. 1973
Arthur F. Sampson	Mar. 1970	June 1972