

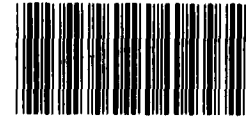


UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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PROCUREMENT, LOGISTICS,
AND READINESS DIVISION

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B-202187

MARCH 11, 1981

The Honorable Thomas F. Railsback
House of Representatives

Dear Mr. Railsback:

DLG 06289

Subject: [Relocation of the Social Security
Administration District Office at
Galesburg, Illinois] (PLRD-81-10)

In response to your November 13, 1980, request, we have reviewed the relocation of the Social Security Administration District Office at Galesburg, Illinois. You asked that we respond to a letter from Mr. Max E. Simpson of the National Association of Retired Federal Employees, which expressed concern about the General Services Administration's decision to move the district office from its existing quarters at 4 L Plaza to the old O.T. Johnson Building on Main Street. The letter indicated that most district office clients and employees opposed the move primarily because of the lack of good and free parking at the Main Street location. It also alleged that the rent was about the same at both locations.

Our review disclosed that the General Services Administration made the appropriate decision in awarding the lease for the O.T. Johnson Building. Apart from satisfying the legal requirement to give preference to leasing space in buildings of historical significance, the offer of space in the O.T. Johnson Building was the more economical offer. Over the 10-year term of the lease, the rental cost will be about \$200,000 less than the rental cost at 4 L Plaza. Parking at the O.T. Johnson Building, although less convenient, is available nearby.

During our review, we examined pertinent files at the Chicago, Illinois, regional offices of the General Services Administration, the Department of Health and Human Services, and the Social Security Administration and talked with regional officials of these agencies involved in the relocation. We also visited the existing quarters at 4 L Plaza and the proposed quarters at the O.T. Johnson Building and talked with the Social Security Administration district manager.

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SOLICITATION FOR OFFERS AND LEASE AWARD

In May 1980 the General Services Administration solicited offers for 6,800 square feet of net usable space in Galesburg's central business area for the purpose of acquiring a new lease for the Social Security Administration and Internal Revenue Service district offices. The lease for the space occupied by the two agencies at 4 L Plaza was due to expire on December 31, 1980, but was extended through March 31, 1981, because alterations at the O.T. Johnson Building could not be completed as scheduled due to delays in obtaining acceptable layouts from the tenant agencies. The solicitation provided for a 10-year lease, with an option to cancel after 5 years. It also provided that, in accordance with the Public Buildings Cooperative Use Act of 1976 (40 U.S.C. 601a), the Government would give preference to those buildings which contribute to the historical significance of the Galesburg historic district, which is listed on the National Register of Historic Places. The Galesburg central business area is within the historic district.

With the assistance of the Advisory Council on Historic Preservation and the Illinois Department of Conservation, General Services identified two possible historic properties and solicited them. However, because there was no assurance that either of these historic properties would be offered, other possible locations were also solicited, including the existing location at 4 L Plaza.

Two offers were received--the existing quarters at 4 L Plaza and space on the ground floor of the O.T. Johnson Building. The building, which was built in 1902, is a historic property and formerly housed a department store. The offers were as follows:

<u>Location</u>	<u>Net usable square feet</u>	<u>Square foot rate per year</u>	<u>Amount</u>
4 L Plaza (note a)	7,081	\$11.133	\$78,832.77
O.T. Johnson Building (note b)	6,800	7.50	51,000.00

a/Fully serviced, except for electricity.

b/Fully serviced, except for electricity and gas.

General Services determined that the O.T. Johnson Building conformed to all the requirements of the solicitation and was also the lower offer. General Services' evaluation of the offers indicated that, after comparability adjustments, the rental cost at the O.T. Johnson Building will be about \$200,000 less than at 4 L Plaza over the 10-year term of the lease. On July 15, 1980, General Services recommended the location to the two agencies. On August 11, 1980, Social Security rejected General Services' recommendation to relocate to the O.T. Johnson Building. It cited the lack of a sprinkler system and stated that the building was frequented by vagrants and subject to vandalism, a situation likely to continue if the upper floors continued to remain vacant. Internal Revenue also refused General Services' recommendation using the same reasons. A local senior citizen group opposed the move because it considered the existing location at 4 L Plaza, a shopping center with ample free parking, more accessible than any downtown location with parking meters, traffic congestion, and limited parking areas.

An August 26, 1980, inspection report from General Services' Accident and Fire Prevention Branch cited only minor deficiencies which the offeror agreed to correct. The Chief of the Accident and Fire Prevention Branch said that the building had an inactive sprinkler system but he did not consider this a problem since the space Social Security and Internal Revenue are to occupy is on the first floor. The offeror had obtained a waiver of the city's code requirement for a sprinkler from the city council due to the cost of maintaining the system in a vacant building. The building had been vacant for several years. Concerning the matter of vagrancy and vandalism, the Galesburg Police Department informed General Services in a letter dated September 10, 1980, that it had never found unauthorized persons in the building since it was vacated and that it had no reports of vandalism at the location in at least 5 years.

Strong support for the relocation to the O.T. Johnson Building came from the Main Street Project of the National Trust for Historic Preservation, the Galesburg Downtown Council, and the Downtown Galesburg Merchants Association. They supported the move because they believed it would enhance the historic nature of the O.T. Johnson Building and contribute to the rejuvenation of downtown Galesburg.

On September 25, 1980, General Services again recommended the O.T. Johnson Building to the two agencies, saying it could not agree with their rejection of this location. General Services pointed out that it is legally required to pursue the acquisition and rehabilitation of historical buildings for Federal office space in compliance with Title I of the Public Buildings Cooperative Use Act of 1976; furthermore, the O.T. Johnson Building meets all of General Services' basic requirements for leased space.

On October 15, 1980, Social Security again rejected the offered space as unacceptable because of concerns regarding safety and security despite General Services' assurances on these matters. Social Security also pointed out that the existing location has free parking outside the front door while the proposed building has metered spaces available. Internal Revenue also again rejected the offered space.

On November 5, 1980, General Services awarded the lease to the offeror of the O.T. Johnson Building space. On November 6, 1980, General Services notified Social Security and Internal Revenue that it was proceeding with the award because there was no reason to delay an award at the recommended location. In the notification letter, General Services again emphasized that it is legally required to give preference to leasing in historical buildings; further, even if the building did not have historical significance it would still be entitled to the award because it was determined to be the lowest responsive offer.

The Galesburg Social Security Administration District Manager told us that both Social Security clients and employees objected to the move and would have preferred to remain at 4 L Plaza. He told us that if he had known that there was such a sizable difference in cost, he would not have objected to the move. In recommending the O.T. Johnson Building to the tenant agencies, General Services did not cite the cost differential.

AVAILABILTY OF PARKING

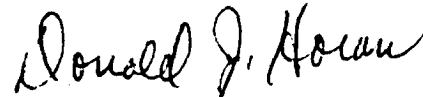
It is true that parking is more readily available and free at the existing location. However, we found that parking available near the O.T. Johnson Building was adequate in terms of the stated requirements in the solicitation and Social Security's stated requirements. Metered on-street parking is available in front of the building. (We were told that the meters will be removed in the near future.) Also, a metered municipal

parking lot is located one-half block away. The solicitation provided for "availability of public parking facilities within a distance convenient to the offered space" as an award factor. Social Security's stated requirements specified that: "In locations where adequate public transportation is not available, vehicle parking facilities should be available at reasonable commercial rates for visitors and employees. * * * On-street parking or off-street parking located within two blocks of the space would be sufficient."

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As you requested, Mr. Simpson's letter is being returned to you under separate cover. We are sending copies of this report to the Secretary of Health and Human Services, the Secretary of the Treasury, the Administrator of General Services, and other interested parties upon request.

Sincerely yours,



Donald J. Horan
Director