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

GENERAL GOVERNMENT
DIVISION

B-214590

APRIL 20, 1984

The Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate



123971

Dear Mr. Chairman:

Subject: Investigation of the Gramax Building Lease
Firesafety Provisions (GAO/GGD-84-60)

During an August 11, 1983, meeting, your office discussed with us the July 27, 1983, fire that occurred at the Gramax Building, a federally leased building located in Silver Spring, Maryland, that houses employees of the National Oceanic and Atmospheric Administration (NOAA). Your office expressed concern about how well the General Services Administration (GSA) negotiated and administered firesafety provisions contained in the lease.

As agreed with your office, we reviewed the Gramax Building lease to determine whether it complied with GSA firesafety requirements and whether GSA administered the firesafety provisions as contained in the lease.

We conducted our review during the period August 1983 through March 1984. We interviewed responsible officials in the GSA Central Office and National Capital Region and officials in NOAA. We also interviewed local fire department officials. We reviewed GSA handbooks, memorandums, lease files, and firesafety survey reports and toured the Gramax Building. Our work was done in accordance with generally accepted government auditing standards.

As we advised your office during meetings held on September 22, 1983, and February 22, 1984, GSA negotiated a lease renewal that required the lessor to correct several firesafety deficiencies. The lessor did not correct the deficiencies within the time period allowed by the lease terms, and GSA did not take timely action to correct the deficiencies itself. Some deficiencies still existed when the fire occurred. GSA officials have not cited the uncorrected deficiencies as the cause

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of the fire. Instead, they concluded that a short circuit in an extension cord used by NOAA employees ignited the fire. GSA's Accident and Fire Prevention officials concluded that a heavy fuel load, primarily paper comprised of open files and charts, contributed to the spread and intensity of the fire. The GSA fire officials also concluded that the combustible ceiling tiles contributed to the rapid spread of the fire.

In commenting on a draft of this report in March 1984, the lessor suggested that we delete the statements made by GSA officials that the combustible ceiling tiles contributed to the rapid spread of the fire. He stated that these comments neither reflected an official position of local fire authorities nor had the comments been previously mentioned in any official report to his office.

The information regarding GSA's conclusions that the combustible ceiling tiles contributed to the rapid spread of the fire was taken from a report by an ad hoc committee established to investigate the circumstances involved in the fire. Reports prepared by local fire officials, which we reviewed, did not cite the tiles as fueling the fire and increasing flame spread. However, local fire officials have directed the lessor to remove ceiling tiles in a number of areas throughout the building and replace them with non-combustible tiles having the flame spread rating required to comply with local codes. Currently, the lessor is removing tile from throughout the building and is installing tiles with a Class A flame spread rating.

Following the Gramax Building fire, GSA took actions to improve the monitoring and abating of firesafety deficiencies in GSA owned and leased facilities. In December 1983, GSA established a manual system for monitoring the progress of its regions in correcting identified firesafety deficiencies. Currently, GSA is developing a computerized monitoring system which will be used to assure that firesafety deficiencies are corrected within established time frames. This system is scheduled to be operational after programming and testing are completed in April 1984.

We provided a copy of a draft of this report to the lessor, GSA, and NOAA for their review and comment. The lessor suggested a revision to our report as discussed above. GSA stated the information in our draft was essentially factual. As we have also discussed above, GSA suggested we recognize in our report that a manual monitoring system was in operation since

December 1983. NOAA provided more current information on the number of its employees who had to be relocated because of the fire, the cost to NOAA to relocate the employees, the estimated damage cost of equipment and furnishings destroyed in the fire, and the status of the lessor's replacement of ceiling tiles. (See pp. 1 and 2 of enclosure I.) GSA's and the lessor's comments are included in enclosure II. NOAA provided comments orally.

As arranged with your office, we are sending copies of this report to the Director, Office of Management and Budget; the Acting Administrator of General Services; the Administrator, National Oceanic and Atmospheric Administration; and the owner of the Gramax Building. Copies will also be made available to other interested parties upon request.

Sincerely yours,



William J. Anderson
Director

Enclosures - 2

SUMMARY OF THE INVESTIGATION OF THE
GRAMAX BUILDING LEASE FIRESAFETY PROVISIONS

BACKGROUND

On July 27, 1983, a fire occurred in the Gramax Building in Silver Spring, Maryland. The Gramax Building, leased by GSA, houses employees of the National Oceanic and Atmospheric Administration. A NOAA official estimated fire-related losses at about \$670,000, which includes about \$448,000 for damage to government equipment and furnishings and about \$222,000 for salaries and transportation costs. The fire extensively damaged the 13th floor and two additional floors suffered water and smoke damage. This required NOAA to temporarily relocate about 70 employees to the Federal Center 2 Building located at the Prince Georges Plaza in Maryland. The lessor currently is repairing the fire-damaged areas. NOAA plans to reoccupy the 13th floor in about May 1984.

In August 1983, the Senate Committee on Environment and Public Works asked us to investigate the Gramax Building lease and identify whether

- firesafety provisions in the lease for the Gramax Building complied with GSA standards,
- GSA adequately enforced firesafety provisions in the lease, and
- problems in GSA's firesafety program identified in GAO's May 1981 report¹ related to leased buildings were still present in the Gramax Building lease provisions or lease administration.

GRAMAX BUILDING FIRESAFETY PROBLEMS

GSA and local fire officials investigated the fire-damaged areas of the Gramax Building and reported the cause of the fire as electrical. GSA did not attribute the fire ignition to fire-safety deficiencies that the lessor failed to correct. GSA concluded that the fire was caused by a short circuit in an electrical extension cord used by NOAA employees. GSA Accident and Fire Prevention officials also concluded that a heavy fuel load, primarily paper comprised of open files and charts, contributed to the spread and intensity of the fire. Although GSA fire officials have not cited uncorrected firesafety

¹GSA Can Do More to Ensure Leased Federal Office Space Meets Its Firesafety Criteria (PLRD-81-8, May 1, 1981).

deficiencies as the cause of the fire, they concluded that combustible ceiling tiles also contributed to the rapid spread of the fire.

In commenting on a draft of this report in March 1984, the lessor suggested that we delete the statements made by GSA officials that the combustible ceiling tiles contributed to the rapid spread of the fire. He stated that these comments neither reflected an official position of local fire authorities nor had the comments been previously mentioned in any official report to his office.

The information regarding GSA's conclusions that the combustible ceiling tiles contributed to the rapid spread of the fire was taken from a report by an ad hoc committee established to investigate the circumstances involved in the fire. Reports prepared by local fire officials, which we reviewed, did not cite the tiles as fueling the fire and increasing flame spread. However, local fire officials have directed the lessor to remove ceiling tiles in a number of areas throughout the building and replace them with non-combustible tiles having the flame spread rating required to comply with local codes. Currently, the lessor is removing tile from throughout the building and is installing tiles with a Class A flame spread rating.

NOAA plans to discuss its ability to recover fire-related losses with its general counsel and GSA representatives. GSA plans to refurbish repairable items and recover its costs by deducting appropriate amounts from rent paid to the lessor.

According to GSA officials, with the exception of replacing combustible ceiling tiles, the lessor has now corrected fire-safety deficiencies identified by GSA and required by lease terms. Currently, the lessor is removing tile from throughout the building and is installing tiles with a Class A flame spread rate, as required by the lease. As of early March 1984, the lessor had installed new ceiling systems on 12 of the 14 floors in the Gramax Building.

NEGOTIATION, AWARD, AND ADMINISTRATION OF LEASE

GSA records for the Gramax Building identify a history of poor lessor response to building deficiencies; many specific repair items as well as routine maintenance and repairs had been neglected. However, GSA decided to continue leasing the Gramax Building because a GSA-conducted market survey determined alternative space was not available to accommodate NOAA. Also, NOAA notified GSA that retention of the Gramax Building was essential to its operation.

Before negotiating the current lease, GSA conducted a fire and lifesafety survey that identified five major deficiencies based on GSA's firesafety criteria for leased space. The

regional Accident and Fire Prevention Branch reported to GSA leasing officials that the lessor needed to take the following actions to correct the deficiencies:

- replace combustible ceiling tiles in major portions of the building with non-combustible tiles.
- install an automatic elevator recall feature and elevator lobby smoke detectors.
- replace all non-fire rated doors on the first floor with fire doors or install an automatic sprinkler system on the entire first floor.
- install emergency lighting in the interior corridor system.
- install an automatic sprinkler system throughout the building.

GSA requires automatic sprinklers in leased buildings when the government occupies space above the 11th floor. GSA fire officials recommended to GSA leasing officials that the government vacate space above the 11th floor in the Gramax Building as an alternative to having the lessor install an automatic sprinkler system. However, NOAA needed the entire building.

GSA established a goal to prepare an enforceable lease that would assure compliance with firesafety considerations as well as standard practices of maintenance and repairs. GSA issued its Solicitation For Offers in August 1981 and conducted negotiations with the Gramax Building lessor through February 1982. During negotiations GSA discussed correction of all firesafety deficiencies, as well as services to be provided and rental costs. In March 1982, GSA and the lessor agreed to a lease having a 5-year term and an option period of 120 days during which the government could convert the lease to a 10-year term. With the exception of installing fire sprinklers throughout the building, the 5-year lease required the lessor to correct all firesafety deficiencies identified by GSA. The lessor would not agree to install fire sprinklers as part of a 5-year lease, but agreed to install fire sprinklers if GSA exercised its option by July 17, 1982, to extend the lease term to 10 years. However, GSA did not extend the lease because the lessor did not properly maintain and repair the building.

GSA executed the current Gramax Building lease in March 1982, about 11 months after the prior lease expired. The term of the lease is from April 11, 1981, to April 10, 1986. A GSA leasing official stated that a decision has not been made as to whether the Gramax Building will continue to be leased after expiration of the current lease.

As part of the lease agreement, the lessor agreed to correct, within 120 days, all firesafety deficiencies identified in GSA's firesafety survey report, except for sprinklers. Also as part of the agreement, if the lessor failed to make the corrections, GSA could perform the work and deduct its costs from its rental payments. The lessor did not correct any of the firesafety deficiencies by July 1982, as required by the lease.

In commenting on a draft of this report, the lessor stated that many factors have affected his ability to correct building and firesafety deficiencies. He stated he has experienced continuing problems because GSA lacks cohesive policies in the fire and health safety and building management areas.

Although aware that the lessor had not corrected the firesafety deficiencies within the allowed time frame, GSA delayed about 1 year before taking action to correct deficiencies. During June 1983, GSA conducted another firesafety survey and determined the lessor had only initiated action to correct one major deficiency--installing an elevator recall system. However, GSA determined the lessor did not install the elevator recall activation system in accordance with GSA firesafety criteria and cited this as a deficiency. In June 1983, GSA started preparing cost estimates for correcting the deficiencies and planned to deduct its costs from rental payments.

When the fire occurred, GSA had not corrected any firesafety deficiencies because it was still preparing cost estimates before hiring contractors to perform the necessary work. During this time, however, according to GSA officials, the lessor had corrected one major deficiency--the installing of interior corridor emergency lighting.

PRIOR GAO REPORT RECOMMENDATIONS

In our May 1981 report, we discussed the adequacy of GSA's efforts to lease space that met its firesafety criteria. We found buildings with leased space that contained numerous firesafety deficiencies, according to GSA criteria, and some deficiencies had existed for many years. We made a number of recommendations to the Administrator of General Services for improving lease administration to identify, monitor, and correct deficiencies in leased space.

GSA has taken action that addressed all of these recommendations. However, GSA has not completed the actions on our recommendations dealing with having lessors correct deficiencies for which they are responsible, establishing a procedure for monitoring fire survey reports and the actions taken by the various parties involved, and determining the extent of similar problems in government-owned space and taking appropriate actions.

RECENT GSA ACTIONS TO REDUCE
FIRESAFETY DEFICIENCIES

Since the Gramax Building fire occurred, GSA has taken further action to reduce firesafety and lifesafety deficiencies in government-owned and leased space. GSA regions have been required to develop standardized plans with established time-frames for correcting deficiencies. As of November 1983, all 11 GSA regions have submitted their plans to GSA's firesafety abatement monitoring officials. According to a GSA official, the plans will be used to monitor the regions' progress in correcting deficiencies identified by GSA's Accident and Fire Prevention officials.

In December 1983, GSA implemented a manual monitoring system to assure deficiencies are corrected as scheduled. However, GSA plans to have a computerized system that will track actions taken to correct deficiencies identified in firesafety and lifesafety evaluations. The computerized system was in the early stages of development during our review. According to a GSA official, the new system will be operational after programming and testing are completed in April 1984.



General
Services
Administration

Washington, DC 20405

MAR 2 1984

Honorable Charles A. Bowsher
Comptroller General of the United States
U. S. General Accounting Office
Washington, DC 20548

Dear Mr. Bowsher:

Thank you for the opportunity to comment on the draft General Accounting Office audit report entitled, "Summary Of The Investigation Of The Gramax Building Lease Firesafety Provisions" (Code 945625, March 1984).

The information contained in the report is essentially factual. We would like to offer two clarifications concerning the fire-safety monitoring system as follows:

a. Page 2 (2nd par.) of proposed letter to Senator Stafford.

This paragraph should be revised to recognize that the General Services Administration (GSA) has had a manual monitoring system in operation since December 1983. That system is now being automated. The automated system is scheduled to be operational after completion of programming and testing in March 1984.

b. Page 5 (of encl. 1) of draft report.¹

The first sentence of this paragraph should be revised to state that GSA has developed a manual tracking system to monitor the correction of reported deficiencies. The third sentence of this paragraph should specify that the computerized system was in the early stages of development during the GAO review.

Since our comments were requested on a shorter than usual time period (15 days), we have, as the requesting letter suggested, provided oral comments to Mr. Frank Oberson, Group Director, General Government Division.

Sincerely,

Acting Administrator

¹GAO Note: Page number changed to correspond with final report.

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March 22, 1984

Mr. William J. Anderson
Director of General Government Division
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Washington, D.C. 20548

Re: March 8, 1984 Letter - Gramax Building

Dear Mr. Anderson:

I have reviewed your draft report and draft letter to Senator Stafford concerning the "investigation of the Gramax Building lease, Fire Safety Provision". I am pleased to note that you "emphasize that this a draft of a proposed report and is subject to revision".

I respectfully recommend you revise each draft to exclude any extraneous comments relating to the actual cause of the fire, noticeably the fourth sentence on Page 4 of the report which additionally appears on Page 2, Line 5 in the letter to Senator Stafford reading as follows:

"Although GSA Accident and Fire Prevention Branch officials have not stated uncorrected fire safety deficiencies as the cause of the fire, they have stated that the combustible ceiling tiles fueled the fire, increasing flame spread and damages."

This language does not reflect any official position taken by the Montgomery County fire authorities which thoroughly investigated the cause of the fire, nor has such language been previously mentioned in any official report going to the attention of this office, other than your immediate draft. This statement, which does nothing but bias to an otherwise even-handed report, should be removed in the interest of fact and fairness.

- cont. -

Mr. William J. Anderson

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March 22, 1984

Additionally, there are many reasons - too numerous with which to burden the accident report - that relate to the whys and wherefores of the language of the report as outlined in Page 5 and 6 and the alleged poor Lessor response to correcting deficiencies. Perhaps these could have been made a separate addendum to your report: A paper which would then clearly show the ongoing problem the Lessor has with an agency lacking many cohesive policies, not the least of which is the entire area of the so-called fire and health safety measures (although I must admit the agency is getting better in this regard and improving on past performance). The opening of such a dialogue would further confuse the principal issue - which I believe you have handled overall in a most judicious manner, except to resolve, once again, the extraneous language already stated.

Very truly yours,

PLAZA REALTY INVESTORS



ALBERT GINSBERG

AG:pf