

DOCUMENT RESUME

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[Review of the Consolidation of the Department of Energy in the Forrestal Building]. LCD-78-326; E-95136. May 9, 1978. 2 pp. + 2 enclosures (6 pp.).

Report to Rep. Paul Trible; by Robert G. Rothwell (for Fred J. Shafer, Director, Logistics and Communications Div.).

Issue Area: Are Agencies Maintaining Government Facilities Cost-Effectively? (713).

Contact: Logistics and Communications Div.

Budget Function: General Government: General Property and Records Management (804).

Organization Concerned: Department of Defense; General Services Administration; National Security Agency/Central Security Service, Fort George G. Meade, MD.

Congressional Relevance: Rep. Paul Trible.

Authority: Supplemental Appropriations Act of 1978 (P.L. 95-240). Department of Energy Organization Act (P.L. 95-91). Executive Order 12009.

Concern was expressed over whether the relocation of all Department of Energy activities into the James Forrestal Building was cost effective and whether the decision was based on an economic analysis of the cost and intangible benefits. No economic analysis was performed to evaluate the cost effectiveness of the move. The President decided to assign the Forrestal Building to the Department of Energy based on its size, prominent location, and accessibility to the public. The General Services Administration (GSA) estimated the cost of the move at about \$22 million; the Department of Energy reduced the estimate to about \$17 million. The 1978 Supplemental Appropriations Act authorized the \$17 million requested by the Department of Energy for the move. GSA has formulated plans to relocate the present occupants of the Forrestal Building and move in Department of Energy headquarters organizations. Complete turnover of the building to the Department of Energy may take several years. (RBS)



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

B-95136

May 9, 1978

The Honorable Paul Trible
House of Representatives

Dear Mr. Trible:

In response to your December 23, 1977, letter, we have examined into the relocation of Department of Defense activities from the James Forrestal Building and its assignment to the new Department of Energy. You asked that we respond to questions raised in the attachment to your letter. It asked if the move is cost effective and whether the decision was based on an economic analysis of the costs and intangible benefits. It also expressed concern about the inconvenience to agency personnel dislocated by the move.

The results of our inquiry into this matter are contained in enclosure I. In summary, we found that:

- No economic analysis was performed to evaluate the cost effectiveness of this move. The President decided to assign the Forrestal Building to the Department of Energy, based on its size, prominent location, and accessibility to the public.
- The General Services Administration estimated the cost of the move at about \$22 million. The Department of Energy reviewed the General Services' estimate and reduced the estimate to about \$17 million. The Supplemental Appropriations Act, 1978 (Public Law 95-240, Mar. 7, 1978) authorized the \$17 million requested by the Department of Energy for the move.
- The General Services Administration has formulated plans to relocate the present occupants of the Forrestal Building and move in Department of Energy headquarters organizations. The complete turnover of the building to the Department may take several years.

LCD-78-326
(945153)

As you requested, the attachment to your letter is returned. We are sending copies of this letter report to the Secretary of Energy, the Secretary of Defense, and the Administrator of General Services. Copies will also be available to other interested parties who request them.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "F. J. Shafer".

F. J. Shafer
Director

Enclosures - 2

CONSOLIDATION OF
DEPARTMENT OF ENERGY
IN THE FORRESTAL BUILDING

BACKGROUND

The Department of Energy (DOE) was established by the Department of Energy Organization Act (Public Law 95-91), enacted August 4, 1977. Executive Order 12009 set October 1, 1977, as the effective date for DOE to officially begin operations. DOE consolidated the energy-related programs, activities, and personnel of the Energy Research and Development Administration, Federal Energy Administration, Federal Power Commission, and elements of several other Federal departments and independent agencies.

The functions transferred into the new DOE involved about 8,000 personnel in the metropolitan Washington, D.C. area. These functions are housed in 25 separate locations. The Administration considered their consolidation to be essential to sound and efficient management. In June 1977, the President instructed the General Services Administration (GSA) to take prompt action to relocate and consolidate DOE.

SELECTION OF FORRESTAL BUILDING

Early in March 1977, following White House announcement of the proposed establishment of DOE, GSA officials considered possible housing alternatives for the new DOE. They determined that suitable vacant space for the DOE headquarters staff was not available in their current inventory or attainable through lease, and construction would probably take 5 or 6 years. They considered it necessary, therefore, to select an occupied facility.

A preliminary study by GSA considered three alternative possibilities for a DOE headquarters location: (1) the Forrestal Building on Independence Avenue with 902,500 occupiable square feet, (2) the New Post Office Building on Pennsylvania Avenue with 462,576 occupiable square feet, and (3) the Casimir Pulaski Building on Massachusetts Avenue with 264,771 occupiable square feet. GSA estimated the cost of moving DOE organizations into the Forrestal Building and relocating the existing occupants at \$22 to \$25 million. Locating DOE in the New Post Office Building or in the Pulaski

Building was estimated to cost only \$2 to \$3 million and \$1 to \$2 million, respectively. Major components of DOE were already in both buildings, and there would be less relocation. However, these two alternatives were considered as only temporary solutions, pending development of a long-range, permanent housing plan for DOE, and would not have consolidated as much of DOE's headquarters operations as the much larger Forrestal Building. Furthermore, the Secretary of Energy designate had advised GSA of his desire to obtain the Forrestal Building for DOE.

On June 3, 1977, the President wrote to the Administrator of General Services, directing him to take immediate action to relocate the present occupants of the Forrestal Building and to make it available to DOE by October 1, 1977. The President wanted the Forrestal Building for DOE because of its size, its prominent location near the Congress and the White House, and its accessibility to the public.

COST OF MOVE

The preliminary study prepared by GSA in the spring of 1977 estimated the cost of the move at about \$22 million. DOE reviewed the GSA study and revised the estimate to \$17 million (\$8.8 million to relocate the Department of Defense (DOD) components from the Forrestal Building and \$8.2 million to move DOE into the building). This does not include the cost of relocating the DOD computer center. The computer move was estimated to cost \$4.5 million, but DOD representatives later stated that it might be much less, perhaps as low as \$500,000. (See enc. II for a summary of DOE's estimate.) DOE's lower estimate is due to a reduction in the amount of space required and the use of an \$8 per square foot alteration cost factor, rather than GSA's \$10 factor which DOE considered too high. As required by law, GSA submitted a prospectus to the Public Works Committees of the Congress, requesting approval for space alterations in the Forrestal Building. The Supplemental Appropriations Act, 1978 (Public Law 95-240, Mar. 7, 1978) authorized the \$17 million requested by DOE to accomplish the move.

Both the House and Senate Appropriations Committees, in their reports on the Supplemental Appropriations Bills for 1978, expressed concern about the high cost of the relocations and directed DOE and GSA to keep costs as low as possible.

On November 3, 1977, the Chairman, Subcommittee on Government Activities and Transportation, House Committee on Government Operations, wrote to GSA expressing concern about the high relocation costs and requested GSA to report to the Subcommittee at least every 6 months on expenditures made and estimated costs to complete the move. GSA submitted the first report to the Subcommittee on February 7, 1978, for estimated costs through December 31, 1977. The estimated relocation cost of moves identified to that date was \$1,336,566. This was \$261,054 less than the \$1,597,620 budgeted for these moves. Since GSA was unable to estimate the cost of major relocations yet to be accomplished, it is not possible to determine whether the total cost will be more or less than the amount authorized in the supplemental appropriation.

On April 12, 1978, the Subcommittee on Public Buildings and Grounds, House Committee on Public Works and Transportation, held hearings on the move and also expressed concern about the high cost. It requested GSA to furnish the Subcommittee with monthly status reports on the move, showing expenditures incurred, known housing plans, and scheduled moves.

STATUS OF MOVE

When the Forrestal Building was selected to be DOE's headquarters, it was entirely occupied by components of DOD, principally the Corps of Engineers, the Military District of Washington, the Army Adjutant General, and several Air Force elements. Therefore, GSA, in cooperation with DOE and DOD, formulated plans for the phased relocation of DOD components from the Forrestal Building and moving in DOE headquarters organizations.

The Forrestal Building will accommodate only about 60 percent of DOE's current headquarters personnel. DOE plans to retain three key locations: the Germantown facility in Maryland; 2000 M Street, N.W.; and the Union Center Buildings on North Capitol Street.

GSA tentatively plans the following locations for DOD activities vacating the Forrestal Building.

	<u>Square feet</u>
Buzzard Point Building, Washington, D.C.	191,010
Pulaski Building, Washington, D.C.	190,770
Hoffman Building, Alexandria, Va.	17,205
National Bank Building, Bethesda, Md.	9,400
Fort Detrick, Md.	31,060
Fort Lee, VA.	830
Leased space to be acquired in northern Virginia as yet unidentified	<u>462,225</u>
Total	<u>902,500</u>

All of the above space, except the last item, is already under lease or federally owned. GSA has submitted to the Office of Management and Budget a draft prospectus for leasing up to 500,000 square feet of space, prior to submitting a prospectus to the Public Works Committees of the Congress, as required by law. GSA estimates that the annual rental for that space in northern Virginia will be about \$5 million, and expects it to be ready for occupancy no later than August 1979.

Phased relocation of DOD components from the Forrestal Building began in October 1977. On January 11, 1978, a U.S. District Judge, acting on a complaint by a Southwest Washington citizens' organization, ruled that, in accordance with the National Environmental Policy Act of 1969, 1/ GSA must file with the court on or before August 31, 1978, an Environmental Impact Statement on the consequences of fully occupying the Buzzard Point Building. In the interim, GSA must give the plaintiff 30 days written notice of any plan to substantially increase the number of Government employees assigned

1/The National Environmental Policy Act (42 U.S.C. 4332 (2) (c)) requires Federal agencies to prepare and circulate an Environmental Impact Statement for major Federal actions significantly affecting the quality of the environment. Prior to awarding a lease for the Buzzard Point Building in June 1975, GSA completed an Environmental Assessment which concluded that the proposed lease was not a major Federal action significantly affecting the quality of the environment, and that an Environmental Impact Statement was not required.

to the Buzzard Point Building. The judge's ruling also provides that, within 30 days after receipt of the Environmental Impact Statement or notice of a substantial increase in the number of Government employees assigned to Buzzard Point, the plaintiff may file a motion for further relief. A subsequent legal move by the plaintiff delayed relocating DOD activities to Buzzard Point. GSA is now proceeding with those relocations.

GSA anticipates that the complete turnover of the 902,500 square feet of space in the Forrestal Building to DOE may take several years. As of February 23, 1978, only about 53,400 square feet had been vacated by DOD activities, and GSA had planned to vacate an additional 155,800 square feet by the end of June 1978. No DOE components had moved into the building.

SUMMARY OF DOE'S COST ESTIMATES
FOR DOD AND DOE RELOCATIONS

Estimated cost of DOD relocation:	
Preparation of office space	\$ 5,607,000
Preparation of special purpose space (note a)	2,500,000
Moving costs	200,000
Telephone installation	<u>450,000</u>
Total	<u>\$ 8,757,000</u>
Estimated cost of DOE relocation:	
Preparation of Forrestal Building	\$ 7,100,000
Preparation of special purpose space (note a)	500,000
Moving costs	193,000
Telephone installation	<u>450,000</u>
Total	<u>\$ 8,243,000</u>
Total cost	<u><u>\$17,000,000</u></u>

a/According to GSA, these costs pertain to nonoffice space, such as communications centers, specialized training and conference rooms, libraries, and health units.