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VARIOUS PENDING BUILDING PROJECTS

DEPOSITORY

HEARINGS

BEFORE THE

SUBCOMMITTEE ON

BUILDINGS AND GROUNDS

OF THE

COMMITTEE ON PUBLIC WORKS

UNITED STATES SENATE

NINETY-THIRD CONGRESS

SECOND SESSION

—
MAY 23 AND JULY 30, 1974

AUGUST 8 AND SEPTEMBER 18, 1974

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VARIOUS PENDING BUILDING PROJECTS

THURSDAY, MAY 23, 1974

U. S. SENATE,
COMMITTEE ON PUBLIC WORKS,
SUBCOMMITTEE ON BUILDINGS AND GROUNDS,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 4200, Dirksen Senate Office Building, Hon. Dick Clark (chairman of the subcommittee) presiding.

Present: Senators Clark and Scott.

Senator SCOTT [presiding]. The committee will be in order.

The Chair will hear from the distinguished Senator from South Carolina.

Senator Clark is delayed momentarily. I will relinquish the Chair when he comes.

Senator Thurmond, would you go right ahead?

STATEMENT OF HON. STROM THURMOND, U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

Senator THURMOND. Thank you very much, Mr. Chairman. I appreciate this. The Armed Services Committee is waiting for me for a quorum. It is kind of you to take me at this time.

I am pleased to have the opportunity to testify before your committee in support of a new Federal building for Columbia, S.C. I understand that the General Services Administration submitted a prospectus for this building to your committee on March 15, 1974, requesting a lease arrangement, and on April 4 amended this prospectus to further allow the administrator to undertake the project as a purchase contract or as a direct Federal construction.

I discussed this project with officials from GSA and the Office of Management and Budget to encourage this amendment because it would provide the administrator with sufficient flexibility to construct this most needed project.

As I stated, the amendment gives him authority to seek out a suitable lease or, if he so determines, to move forward under a purchase contract arrangement.

He would also be authorized to use direct Federal construction if the purchase contract authority were not extended by Congress in June 1975.

Mr. Chairman, my interest is not how the GSA wants to finance a new building for Columbia, but only in their beginning work at the earliest possible date.

For this reason, I hope your committee will approve this amended prospectus as soon as possible.

Some of the many reasons why Columbia, S.C., needs a new Federal office building are: First, the annual rental for GSA in Columbia to provide space for Federal agencies expected to occupy the new building is now \$436,754 per year.

Second, excluding the Federal courthouse or the existing Federal building, GSA leases office space at 19 different locations in the Columbia area.

Third, the new building will contain 465,000 square feet of office space for over 1,271 Federal employees.

Fourth, the existing building, besides being inadequate, has no parking facilities and is inconsistent with the orderly growth of the University of South Carolina.

Fifth, the present Federal courthouse is obsolete and cannot be expanded.

Mr. Chairman, these are just a few of the reasons Columbia needs a new Federal building. It is a most worthwhile project and the consolidation and concentration of Federal activity in Columbia should enable the Government agencies to serve the public in a more economical and effective manner.

This is a tremendous step forward to better service to the public. The scattering of Federal agencies in and around Columbia has been a matter of particular concern for several years, and it is gratifying that GSA has recognized the problem.

I have repeatedly urged action of this nature and I am hopeful that the project will now move along in order that completion may be accomplished by the earliest possible date.

Mr. Chairman, just in closing I want to say again that it seems to me it is foolish for the Government to have to pay out almost a half million dollars a year in rent when they can construct this project and save a large part of that.

Second, again I want to say that the present facilities are entirely inadequate and it is necessary that something be done.

Chairman Clark, I was just presenting a short brief on the Federal building for Columbia.

Again I want to repeat that the annual rental for GSA in Columbia to provide the space for Federal agencies expected to occupy this building is \$436,754. That is almost a half million dollars a year.

I hate to see our Government pay out that much money and be getting nothing back. In other words, I think it would be a great saving made here for our Government if this building is erected.

Second, I want to say that the Government agencies now occupy space in 19 different locations in Columbia. It would be much more convenient for the Government officials and also for the public to have one place to go to transact their business with the Federal Government.

The next thing I want to mention is that there are over 1,200 employees there and you can see the advantage of having some central location for them, too, and parking space which they do not now have.

Senator Scott. Mr. Chairman, might I interrupt briefly the witness and thank the distinguished Senator for being here? I must excuse

myself. I do have another committee that I have to go to. I am sure the committee will give every consideration to the Senator's remarks.

Senator THURMOND. Thank you, Senator Scott.

Are there any questions that the distinguished chairman would like to ask?

I would like to emphasize again that the GSA has recognized the need for this building and they have been planning for years to build it. But they have just now gotten to the point where they think they have the right site, they are ready to go forward and ready to eliminate this almost \$1½ million a year in rental.

They are ready to provide a central building for all employees and to have parking facilities, which they presently do not have. It will accommodate the public.

Instead of going to 19 locations to do business with the Federal Government they will have one central location. The GSA feels it is a wise course to pursue. They are anxious now to go forward with it. I want to commend them for that.

As I stated a few moments ago, the General Services Administration submitted a prospectus for the building on March 15, 1974, requesting a lease arrangement. On April 4 they amended this prospectus to further allow the administrator to undertake the project as a purchase contract or as a direct Federal construction.

So any way this committee feels is wise to go forward with the building is entirely agreeable with us, whatever the committee thinks.

To my way of thinking, I think it would be wise to leave that discretion maybe in the GSA so they can work out the best arrangement that will save our Government the most money.

Thank you very much, Mr. Chairman.

Senator CLARK (presiding). We appreciate your comments. We will be discussing with GSA following your testimony a number of details. We are particularly pleased that you came by.

Senator THURMOND. I might say that the Congressman from this particular district favors this building. Senator Hollings, my colleague, favors it. We are all together on this project.

Senator CLARK. Thank you very much.

Senator THURMOND. Thank you.

Senator CLARK. Will the witnesses from the General Services Administration please come to the table?

Perhaps you would introduce yourselves so we can be sure our agenda is accurate. Then we will proceed with the Columbia, S.C., project.

STATEMENT OF LOY M. SHIPP, ASSISTANT COMMISSIONER FOR SPACE MANAGEMENT, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION, ACCOMPANIED BY T. E. PEYTON, ACTING ASSISTANT COMMISSIONER FOR CONSTRUCTION MANAGEMENT; AND TONY INNAMORATI, ASSISTANT COMMISSIONER, BUILDING MANAGEMENT

Mr. SHIPP. Mr. Chairman, my name is Loy M. Shipp. I am the Assistant Commissioner for Space Management, Public Buildings Service.

To my right is Tony Innamorati, Assistance Commissioner Building Management, and on my left is Mr. Tom Peyton, the Acting Assistant Commissioner for Construction Management, Public Buildings Service.

FEDERAL OFFICE BUILDING AND COURTHOUSE, COLUMBIA, S.C.

The prospectus before us proposes the acquisition by lease of space in an office building with related facilities to be constructed by a private developer to house the U.S. courts and other Federal agencies in Columbia, S.C.

The project will provide a total occupiable area of about 465,000 square feet and will include parking for approximately 595 Government-owned visitor and employee vehicles and a vehicle maintenance facility.

The building will be constructed on a site acquired by a private developer. These new facilities will replace four inadequate Government-owned buildings and space leased at 19 scattered locations. It will also provide accommodations for increased agency space needs, and improve agency housing.

There is a need to provide additional space for the U.S. courts and to consolidate and improve the quality of agency housing for certain other non-Postal Government activities.

Federal agencies are housed in about 274,600 square feet of space in 5 Government-owned buildings and 19 leased locations. These agencies have a need for an additional 227,000 square feet of space which cannot be provided in existing Government-owned buildings.

The existing space is of varying quality and widely scattered which causes duplication of facilities and increases operating costs.

Upon completion of the new buildings, all nonpostal activities will be consolidated in two locations, which will improve agency housing and coordination, make Government operations more efficient and less costly, and provide greater convenience to the public.

Senator CLARK. I have just a few questions on the Columbia project. Who determined that the U.S. courts there needed additional space?

Mr. SHIPP. We requested advice from the Administrative Officer of the U.S. courts as to their needs in Columbia, and the requirements that we have incorporated into the prospectus reflect about a 4,000 foot expansion for the courts.

In addition, we have a reserve for expansion in the building and part of this space will be used for future expansion of the courts in the building.

Senator CLARK. But you initiated the question as to whether they needed the space? They didn't suggest that they needed it?

Mr. SHIPP. Part of our operating procedures where we identify a need for a new Federal building is to go to the agencies that will be housed in that building and ask them to update their requirements for space in that community.

Senator CLARK. But the primary justification for the project is the court?

Mr. SHIPP. That is one of the justifications. Another justification is the need to consolidate the agencies that are dispersed in a number of locations in the community.

Senator CLARK. Only about 5 percent of the project is going to be assigned to the court, isn't it?

Mr. SHIPP. Yes, sir, approximately.

Senator CLARK. The other 95 percent would be to other agencies?

Mr. SHIPP. Yes, sir.

Senator CLARK. As I understand it, the House committee has approved the prospectus with the proviso that it be built either by purchase contract or by direct Federal construction.

Specifically, the House refused to allow straight lease acquisition, as I understand it. Does the GSA believe that such a restriction will prevent construction of the project?

Mr. SHIPP. No, sir. We will be able to accomplish the project as a purchase contract project or by direct Federal construction.

Senator CLARK. The GSA will be assigned 53 percent of the total space. What percentage do they have now?

Mr. SHIPP. We have a relatively small amount of space in the community. I don't have the exact percentage. The reason we are being assigned such a large amount of space is that GSA will have in its inventory the parking facility and vehicle maintenance facility and the other custodial areas.

So out of the total of 464,000—plus square feet in the building, GSA will have about 53 percent or 249,000 of that. But it is principally for garage and custodial areas.

Senator CLARK. Will the nongarage and custodial area be greatly increased in terms of the percentage of the total in the new building as compared to the old arrangement?

Mr. SHIPP. There will be some increase because we do not have a parking facility in Columbia at this time. Parking is assigned to the various agencies at scattered locations. In this particular case, we are consolidating all the parking and in this particular instance, it will be assigned to GSA.

Senator CLARK. The prospectus states that 18 agencies are now housed in 274,000 square feet of space. Why is there a need for nearly double that amount now, or 500,000? What are the increased agency needs?

Mr. SHIPP. There is about 13,000 square feet of agency expansion involved here, and in addition to that we are adding to the building the parking facility which accounts for about 53 percent of the total building.

We are providing parking facilities that are needed for Government-owned vehicles and vehicles on official Government business as well as visitor and employee parking.

Senator CLARK. What impact will cancellation of leased space totaling something over \$400,000 annually have on the community?

Mr. SHIPP. We anticipate that it will have a minimal impact on the community. Columbia is a very busy and thriving community.

Local realtors have told us that the office space rental market there is absorbing that space at the rate of about 200,000 square feet per year.

I noticed just the other day in some economic statistics for that area that Columbia has a very low rate of unemployment, about 1.5 percent, which indicates that it has a very thriving economy and it should absorb that space without any difficulty whatsoever.

Senator CLARK. You have parking, as I understand it, for 595 cars. That is what you propose. This would be a space for two out of every three persons. Is that a normal ratio?

Mr. SHIPP. Actually, I would like to break down the parking for you: 278 of these spaces will be for Government-owned vehicles, 127 will be for visitors and 190 for employees.

Senator CLARK. For how many employees?

Mr. SHIPP. 190 spaces for employees.

Senator CLARK. Out of a total number of what?

Mr. SHIPP. There are altogether 1,271 employees in the building. We anticipate, through the measures we have taken to encourage carpooling, that we will get more people in cars and provide greater opportunity for people to have the parking facilities.

In addition to that, there are a number of parking facilities in the downtown area. We anticipate those who are unable to get parking in the garage through the carpools would avail themselves of privately-owned parking facilities.

Senator CLARK. So the ratio is more like every six or seven.

Mr. SHIPP. Yes, sir. This is consistent with the general rule that we have on our parking ratios. They usually range in the center of the city from about 1 to 7 to perhaps 1 to 2 or 1 to 3 in the more peripheral locations.

Senator CLARK. Are you going to have a new structure for parking?

Mr. SHIPP. Yes, sir. The parking facility is proposed as a separate structure from the office building, itself.

Senator CLARK. As I understand it, the present value analysis of alternative one shows the actual construction cost to be only 48 percent of the total used for comparison against other methods.

The O. & M. cost is nearly half of the construction cost and taxes are nearly one-third. Is that a true comparison?

Mr. SHIPP. We believe that the present value analysis is a true comparison in that under alternative one we have laid out the various components of the cost to the government over the term that this building would have a useful life.

In alternative two, we have lumped, in effect, all of these costs under annual rent services in that the lessor would be responsible for design and review, management, inspection, operation, maintenance and repair, and real estate taxes.

So we think we are making a true comparison of the way these alternatives are analyzed.

Senator CLARK. If a new building could be constructed for \$36.7 million, including all ancillary costs, such as maintenance and taxes,

wouldn't it still be cheaper than leasing for 20 years, which currently would cost \$55 million?

Mr. SHIPP. If you just compare total cost of dollars without discounting them as we have done here.

Senator CLARK. What are the other factors? Would you explain why you think it is better?

Mr. SHIPP. Insofar as the straight construction cost, which in this case it actually is around \$26 million, if you compare that particular sum with the projected annual rental over a period of 20 years, such as we have done here, it is apparent that just a straight comparison of the two sums would have direct Federal construction less costly.

However, the essential difference is that under direct Federal construction the total sum for the construction is paid out in 1 or 2 years, whereas the rental cost under a lease arrangement is paid out over a period of 20 years, the term of the lease.

Considering the fact that present money is worth more than future money—

Senator CLARK. What is that?

Mr. SHIPP. That is essentially the basis for discount. In other words, you would be willing to take fewer dollars today than you would to wait for those dollars to be given to you over a period of years.

So when you apply a discount factor to these two sums of money that will be expended over a term, you come up with a lesser cost for leasing.

Senator CLARK. But you feel that the taxpayers' money is being more wisely spent through a leasing proposition than direct new construction?

Mr. SHIPP. I can say that the analysis that has been used would indicate this.

Senator CLARK. Why in less than a month after submitting a prospectus for leasing and stating this costs less and is in the government's best interest has GSA now come in with a proposal for purchase contract construction instead?

Mr. SHIPP. There were two factors in this. First of all, Senator Thurmond was interested in having this building as either a purchase contract or Federal construction.

The second factor was that our technical staff felt that the project was not really a viable project as a lease construction project because we will have to, or the private developer will have to, assemble a site that will have about 4.5 to 5 acres of land in it.

It is extremely difficult to assemble a site of that magnitude in the downtown area of a major community like Columbia, or on the fringe of that downtown area, when neither the government nor the private developer has condemnation authority.

So we felt that under the circumstances, the project was not a viable project for lease construction. Therefore, we went to OMB and discussed the matter with them. I think Senator Thurmond also discussed with officials over there this matter.

It was agreed that the amendment that was submitted would be prepared and forwarded to the committees.

Senator CLARK. The estimated cost under purchase contract is shown as \$26 million, which doesn't include financing costs. What would the total costs actually be?

Mr. SHIPP. Senator, I do not have that information at hand, and I would not want to guess at it. I will be glad to provide that for you.

[The following was subsequently supplied:]

The total cost of acquisition of the building will be in the range of 2½ to 3 times the project cost of \$26.6 million.

Senator CLARK. Wouldn't direct construction financed at Treasury rates be least expensive of all? Why isn't that proposed?

Mr. SHIPP. If you apply the economic analysis system that is specified by OMB, it could be that direct Federal construction is cheaper, particularly if you used a lower discount rate.

Senator CLARK. That concludes our questions.

[Responses to additional questions, the prospectus, and a letter from Senator Hollings follow:]

COLUMBIA, SOUTH CAROLINACOURTHOUSE - FOBQUESTIONS AND ANSWERS

- A -1. WHO DETERMINED THAT THE U.S. COURTS HERE NEED ADDITIONAL SPACE? THIS IS USED AS JUSTIFICATION FOR THE PROJECT AND YET THEY ARE ASSIGNED ONLY 5 PERCENT OF THE TOTAL PROPOSED.

Previously answered.

- A -2. WHY DOESN'T THE HOUSING PLAN INDICATE THE CURRENT SPACE SITUATION AND AGENCY REQUIREMENTS?

The housing plan provided with the prospectus was developed after consultation with Committee staff members. Present housing at the time of prospectus preparation can be furnished should the Committee desire it.

- A -3. TREASURY DEPARTMENT WILL BE ASSIGNED 10 PERCENT OF THE NEW SPACE. WHAT PERCENTAGE DO THEY HAVE NOW?

Treasury Department will be assigned 22 percent (47,135 sq. ft.) of the agency office space (214,470 sq. ft.) in the CT-FOB at the time the building is occupied. The Treasury Department presently occupies 42,328 square feet of space, or 15 percent of the 274,551 total square feet currently occupied by the non-postal agencies in Columbia.

- A -4. GSA WILL BE ASSIGNED 53 PERCENT OF THE TOTAL. WHAT PERCENTAGE DO THEY HAVE NOW? THIS INCLUDES AN UNEXPLAINED AREA FOR "EXPANSION", THAT IS LARGER THAN THE SPACE ASSIGNED TO THE COURTS. EXPLAIN.

Previously answered.

- A -5. THE PROSPECTUS STATES THAT 18 AGENCIES ARE NOW HOUSED IN 274,600 SQ. FT. OF SPACE. WHY, NOW, IS THERE A NEED FOR NEARLY DOUBLE THAT AMOUNT, OR 501,600 SQ. FT.? WHAT "INCREASED AGENCY NEEDS" ARE THERE?

Previously answered.

- A -6. THE PROSPECTUS REFERS TO A NEED FOR OVER 500,000 SQ. FT. OF SPACE. RECONCILE THIS WITH THE 214,000 SQ. FT. NOTED UNDER CURRENT HOUSING COSTS FOR AGENCIES TO BE HOUSED, IN EXHIBIT B.

The need for 524,773 square feet of space required for proposed housing is as follows:

Current housing to new building	214,028 sq. ft.
Increase in agency requirements	13,033 sq. ft.
Parking	208,250 sq. ft.
Vehicle maintenance	1,900 sq. ft.
Increase in service and custodial areas	3,759 sq. ft.

Reserve for future agency expansion	23,280 sq. ft.
Retained VA ROB	59,119 sq. ft.
GSA storage	<u>1,404 sq. ft.</u>
TOTAL	524,773 sq. ft.

A -7. WHAT IMPACT WILL CANCELLATION OF LEASED SPACE TOTALING \$437,000 ANNUALLY HAVE ON THE COMMUNITY?

Previously answered.

A -8. PARKING FOR 595 CARS IS PROPOSED. THIS WOULD BE A SPACE FOR 2 OF EVERY 3 PERSONS. WHAT IS THE NORMAL RATIO?

Previously answered.

A -9. WHAT IS PROPOSED FOR PARKING...A NEW STRUCTURE? WHAT IS THE COST?

The parking facility proposed in the prospectus is a separate two-level structure (slab on grade plus structural deck) adequate to accommodate 595 cars. The open decks will be screened with an architectural treatment compatible to the area. The estimated cost of the parking facility is \$2.7 million (construction capability July 1975) and the gross area is 230,000 square feet.

A-10. THE PROSPECTUS STATES "GSA WILL DEFER THIS UNTIL A PARKING POLICY IS ESTABLISHED." WHAT DOES THIS MEAN?

GSA's parking policy presently being developed will provide the criteria to be used in determining the number of parking spaces to be provided at Federal buildings and facilities and the method to be used in allocating existing and planned parking spaces. The order will consider greater car pooling among employees as a part of GSA's overall energy conservation program. It is planned to issue permanent regulations within the next 6 months.

A-11. WHY ISN'T A SEPARATE COST BREAKDOWN FURNISHED FOR PARKING, SINCE PROBLEMS SEEM TO BE INVOLVED? WILL A SEPARATE LEASE BE REQUIRED? OR A SEPARATE CONSTRUCTION ARRANGEMENT?

The estimate used for the prospectus computed the costs of the various functions of the facility, including parking, and was combined into a total figure for presentation. It is anticipated that the parking facility will be bid and constructed in the lump sum contract with the remainder of the facility.

A-12. THE PRESENT VALUE ANALYSIS OF ALTERNATIVE 1 SHOWS THE ACTUAL CONSTRUCTION COST TO BE ONLY 48 PERCENT OF THE TOTAL USED FOR COMPARISON AGAINST OTHER METHODS. O&M COSTS ARE NEARLY HALF OF THE CONSTRUCTION COST AND TAXES NEARLY A THIRD. IS THIS A TRUE COMPARISON?

Previously answered.

A-13. IF A NEW BUILDING COULD BE CONSTRUCTED FOR \$36.7 MILLION, INCLUDING ALL ANCILLARY COSTS SUCH AS MAINTENANCE AND TAXES, WOULDN'T IT STILL BE CHEAPER THAN LEASING FOR 20 YEARS WHICH WILL COST \$55 MILLION?

Previously answered.

A-14. IF A LEASE IS DETERMINED PREFERABLE WOULD IT BE RENEWABLE? WOULD IT BE FOR FULLY SERVICED SPACE? AND CONTAIN ESCALATION CLAUSES?

If the Columbia building is acquired under a lease arrangement, the lease will include options to renew for additional periods of time up to a total of at least 20 years. It is contemplated that the Government will provide all services and utilities. A tax escalation clause and an escalation clause for those limited maintenance operations to be performed by the lessor would be included in the lease contract.

A-15. WHY, IN LESS THAN A MONTH AFTER SUBMITTING A PROSPECTUS FOR LEASING, AND STATING THIS COSTS LESS AND IS IN THE GOVERNMENT'S BEST INTERESTS, HAS GSA NOW COME IN WITH A PROPOSAL FOR PURCHASE CONTRACT CONSTRUCTION INSTEAD?

Previously answered.

A-16. THE ESTIMATED COST UNDER PURCHASE CONTRACT IS SHOWN AS \$26,675,000 WHICH DOES NOT INCLUDE FINANCING COSTS. WHAT WOULD THE TOTAL COST ACTUALLY BE? WOULDN'T DIRECT CONSTRUCTION FINANCED AT TREASURY RATES BE THE LEAST EXPENSIVE OF ALL? WHY ISN'T THIS PROPOSED?

Previously answered.

GSA-PBS May 31, 1974

- B -1. AS I UNDERSTAND IT, THE HOUSE COMMITTEE HAS APPROVED THE PROSPECTUS WITH THE PROVISIO THAT IT BE BUILT EITHER BY PURCHASE CONTRACT, OR BY DIRECT FEDERAL CONSTRUCTION. SPECIFICALLY, THE HOUSE REFUSED TO ALLOW STRAIGHT LEASE ACQUISITION. DOES GSA BELIEVE THAT SUCH A RESTRICTION WILL PREVENT CONSTRUCTION OF THE PROJECT?

No. GSA does not believe that the restriction against leasing of the proposed building in Columbia will prevent construction of the project. It is important, however, that the Senate and House Committees authorize the project on the same basis.

- B -2. AT WHAT RATE OF INTEREST WAS THE SO-CALLED PRESENT VALUE ANALYSIS UNDERTAKEN?

The Present Value Analysis was based on a 6 percent discount rate.

- B -3. I NOTICE THAT 208,000 OF THE 464,000 SQUARE FEET IN THE PROPOSED BUILDING IS FOR 595 PARKING SPACES. WHERE WILL PARKING BE LOCATED? WILL IT BE UNDERGROUND OR IN AN ADJACENT BUILDING? WHAT WOULD BE THE COST OF THE FACILITY WITHOUT ANY PARKING? WHAT WOULD BE THE PER-SPACE COST OF THE PARKING FACILITY? HOW DOES THAT COMPARE WITH OTHER PARKING FACILITIES IN COLUMBIA? HOW MANY SPACES WILL BE ALLOTTED TO EMPLOYEES? HOW MANY TO VISITORS? HOW WILL EMPLOYEE PARKING BE DIVIDED AMONG THE EXECUTIVE AND CLERICAL STAFFS?

The parking facility will be a separate but adjacent two-level structure (slab on grade plus structural deck) adequate to accommodate 595 cars. The construction cost per car space is \$4,210 which compares favorably to parking facilities GSA has constructed in other areas of the county. The project cost, without the parking facility, including site, architect fees, management and inspection, and construction costs is estimated to be \$24.0 million and the estimated total project cost including the parking facility is approximately \$26.7 million. Employees will be allotted 190 spaces and visitors 127. It is proposed that not more than 10 percent of the employee parking spaces will be assigned to executive personnel. The balance of the employee parking spaces will be assigned on a basis that will encourage car-pooling and use of public transportation facilities.

- B -4. WHAT WILL BE THE APPROXIMATE ANNUAL REVOLVING FUND RENTAL CHARGES ON EACH FEDERAL AGENCY IN THIS BUILDING?

The approximate annual revolving fund rental charges on each Federal agency in the building today would be as follows:

Special type space:	
U.S. Courts	\$9.60 sq. ft.
Office type space	5.61 sq. ft.
Storage type space	3.06 sq. ft.
Inside parking	0.96 sq. ft.

Note: Subject to adjustment at time of building delivery.

- B -5. WHAT WILL BE DONE WITH THE PRESENT OFFICE SPACE RENTED BY THE FEDERAL GOVERNMENT IN COLUMBIA? WILL THERE BE ANY LEASE CANCELLATION FEES?

The present office space rented by the Federal Government in Columbia will be returned to the lessor for lease in the private sector. GSA will do its utmost to coordinate any lease cancellations with the occupancy date of the new building without penalty to the Government. For the past 3 years all lease terms have been negotiated in a manner to coincide with our best estimate for the completion of any proposed project for the city. Therefore, we do not anticipate any payments of lease cancellation fees.

- B -6. WHERE WILL BUILDING BE CONSTRUCTED?

A specific site for the construction of the building has not been selected. After the project is fully authorized, we will conduct an investigation of potential sites in the city. A site will be selected after this investigation is completed. It is anticipated that the site selected will be in or on the fringe of the central business area of the city.

PROSPECTUS NUMBER: PSC-74012
PROJECT NUMBER : LSC-74512

PROSPECTUS FOR PROPOSED LEASE
UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

LEASED COURTHOUSE AND OFFICE BUILDING,
PARKING FACILITY AND VEHICLE
MAINTENANCE FACILITY

COLUMBIA, SOUTH CAROLINA

1. DESCRIPTION OF PROPOSED PROJECT:

This prospectus proposes the acquisition by lease of space in an office building with related facilities to be constructed by a private developer to house the United States Courts and other Federal agencies in Columbia. The project will provide a total occupiable area of about 465,000 square feet and will include parking for approximately 595 Government-owned, visitor and employee vehicles and a Vehicle Maintenance Facility. The building will be constructed on a site acquired by a private developer. These new facilities will replace four inadequate Government-owned buildings and space leased at 19 scattered locations. It will also provide accommodations for increased agency space needs, and improve agency housing. The lease will be for a firm term of 20 years, beginning on or about January 1, 1976, at an estimated total annual cost of \$2,740,000.

2. COMPREHENSIVE PLAN:

a. PROJECT NEED:

There is a need to provide additional space for the United States Courts and to consolidate and improve the quality of agency housing for certain other nonpostal Government activities. Federal agencies are housed in about 274,600 square feet of space in five Government-owned buildings and 19 leased locations. These agencies have a need for an additional 227,000 square feet of space which cannot be provided in existing Government-owned buildings. The existing space is of varying quality and widely scattered which causes duplication of facilities and increases operating costs.

Upon completion of the new buildings, all nonpostal activities will be consolidated in two locations which will improve agency housing and coordination, make Government operations more efficient and less costly, and provide greater convenience to the public. The plan for housing Federal agencies and the disposition of inadequate buildings is being closely coordinated with the community in accordance with the Inter-governmental Cooperation Act of 1968.

b. DISCUSSION OF ALTERNATIVES:

1. Utilization of existing Government-owned buildings.

Existing Government-owned buildings are the U.S. Courthouse (CT); Federal Office Building (FOB); General Services Administration (GSA) Interagency Motor Pool (MP); GSA Warehouse (WHSE); and the Veterans Administration Regional Office Building (VAROB). With the exception of the VAROB,

PROSPECTUS NUMBER: PSC-74012
PROJECT NUMBER : LSC-74512

b. DISCUSSION OF ALTERNATIVES: (Cont'd)

the buildings are too small, non-functional and cannot be extended. It is planned to relocate the motor pool operation to the new VMF, retaining the existing building for storage, and dispose of the CT, FOB and WHSE. The VAROB will be retained for continued housing of the present occupants.

2. Acquisition of existing leased space.

Existing rental space is not available in sufficient quantity in one location to permit consolidation and generally fails to meet Federal quality standards.

3. Acquisition of space in a building to be constructed.

A present value analysis comparing direct Federal construction with lease construction has been prepared. The analysis indicates that acquiring the space under a lease arrangement is significantly less costly than public building construction. Therefore, it is planned to enter into a lease for construction of the buildings in accordance with the authority contained in Section 210(h)(1) of the Federal Property and Administrative Services Act of 1949, as amended. GSA will defer contracting for the parking facility until a parking policy is determined. (See Exhibit A for Present Value Analysis of Alternatives.)

<u>3. ESTIMATED MAXIMUM COST:</u>	<u>INITIAL LEASE</u>
Estimated Net Average Rental.	\$2,295,488
Estimated Cost of Services.	<u>444,675</u>
Estimated Total Annual Cost	\$2,740,163

4. SPACE PLAN AND RELATED COST DATA: (See attached Exhibit B)

5. STATEMENT OF NEED:

It has been determined that (1) the need for space of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on 3/15/74

Recommended: *[Signature]*
Commissioner, Public Buildings Service

Approved : *[Signature]*
Administrator of General Services

EXHIBIT A
 COLUMBIA, SOUTH CAROLINA
 PROSPECTUS NUMBER: PSC-74012
 PROJECT NUMBER : LSC-74512

PRESENT VALUE ANALYSIS

<u>Alternative No. 1</u>	<u>Present Value</u>
Direct Federal Construction:	
Site Cost	\$ 3,545,000
Design and Review	1,525,000
Management and Inspection	1,382,000
Construction	20,223,000
Operation, Maintenance and Repair	9,215,354
Real Estate Taxes	5,866,332
Residual Value	<u>(-)4,993,560</u>
Total	\$36,763,126
 <u>Alternative No. 2</u>	
Leasing:	
Annual Rent, Serviced	\$ 2,740,163
Present Value Cost	\$31,429,670

EXHIBIT B

COLUMBIA, SOUTH CAROLINA
 PROSPECTUS NUMBER: PSC-74012
 PROJECT NUMBER : LSC-74512

COMPREHENSIVE HOUSING PLAN

<u>Proposed Buildings:</u>	<u>Sq. Ft.</u>	<u>Personnel</u>
U.S. Courts	22,000 (5%)	28
U.S. Tax Court	1/	-
U.S. Attorney & Marshal	13,250 (3%)	58
Congressional	3,450 (1%)	19
Dept. of Agriculture:	29,850 (6%)	171
Agriculture Stabilization & Conservation Service;		
Animal & Plant Health Inspection Service;		
Extension Service; Farmers Home Administration;		
Federal Crop Insurance; Food & Nutrition Service;		
Soil Conservation Service; Statistical Reporting		
Service		
Civil Service Commission	1,450 (1%)	6
Dept. of Commerce:	790 (1%)	5
Economic Development Administration		
Dept. of Defense:	18,415 (4%)	114
DOD Recruiting; Army National Guard Advisory		
Group; Defense Supply Agency; Naval Investigation		
Dept. of Health, Education & Welfare:	13,230 (2%)	72
Food & Drug Administration; Office of the Secretary;		
Social Security Administration		
Dept. of Housing & Urban Development:	25,700 (5%)	191
Area Office		
Dept. of the Interior:	8,645 (2%)	40
Bureau of Mines; Geological Survey;		
Bureau of Sport Fisheries & Wildlife		
Interstate Commerce Commission:	480 (1%)	2
Office of the Managing Director-Field		
Dept. of Justice:	16,110 (3%)	102
Federal Bureau of Investigation; Drug Enforcement		
Administration		
Dept. of Labor:	3,635 (1%)	22
Bureau of Apprenticeship & Training;		
Occupational Safety and Health; Wage-Hour		
Selective Service System:	4,930 (1%)	15
Local Board; State Office		
Dept. of Transportation:	5,400 (1%)	35
Federal Highway Administration; Coast Guard		
Recruiting		
Dept. of the Treasury:	47,135 (10%)	202
Bureau of Alcohol, Tobacco & Firearms;		
Internal Revenue Service; Savings Bonds		
Division; U.S. Secret Service; Office of		
Comptroller of the Currency		

1/Will utilize court space as required.

EXHIBIT B (Cont'd)

COLUMBIA, SOUTH CAROLINA
 PROSPECTUS NUMBER: PSC-74012
 PROJECT NUMBER : LSC-74512

	<u>Sq. Ft.</u>	<u>Personnel</u>
General Services Administration:		249,780 (53%) 189
Parking Facility	208,250	
Vehicle Maintenance Facility	1,900	
Other Service & Custodial Areas	16,350	
Reserve for Expansion	23,280	
	_____	_____
OCCUPIABLE AREA OF BUILDINGS	464,250	1,271
<u>Retained Government-owned Buildings:</u>		
<u>Veterans Administration Regional Office Building:</u>		
Veterans Administration	39,537	208
Other Agencies (4)	13,726	85
Service and Custodial Areas	<u>5,856</u>	<u>20</u>
OCCUPIABLE AREA OF BUILDING	59,119	313
<u>GSA Garage</u>		
GSA-Storage	1,404	-

Retained Leased:

None

Current Housing Costs:

For agencies to be housed in proposed building.

	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
a. Leased Space:		
Rent (17 locations)	104,683 ^{1/}	\$436,754
Rent free (2 locations)	2,075	-
b. Government-owned Space:		
Operation, maintenance and upkeep	107,270	<u>217,737</u>
Total		\$654,491

^{1/}Includes congressional space at no cost to GSA.

ERNEST F. HOLLINGS
SOUTH CAROLINA

OFFICES:

SENATE OFFICE BUILDING
202-225-8121

FEDERAL BUILDING, COLUMBIA, S.C.
803-763-3731

FEDERAL BUILDING, SPARTANBURG, S.C.
803-585-8271

141 EAST BAY, CHARLESTON, S.C.
803-723-5211

United States Senate

WASHINGTON, D.C. 20510

May 30, 1974

Senator Dick Clark
Chairman
Public Buildings and Grounds Subcommittee
Public Works Committee
United States Senate
Washington, DC 20510

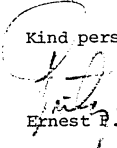
Dear Mr. Chairman:

It is my understanding that your Subcommittee is currently reviewing a proposal to construct a new Federal office building in Columbia, South Carolina. I want to urge the approval of this proposal.

The present situation in Columbia is intolerable with eighteen agencies currently renting space in nineteen locations scattered throughout the city of Columbia. Complaints regarding inability to locate agencies or the need to travel back and forth between different agencies are numerous. By consolidating the location of these agencies into one building, the efficiency of the agencies' operations will be significantly increased. It also will mean greater convenience to the public and a better quality of services rendered to them. In addition to being scattered, the buildings in which these agencies are currently located do not afford adequate space and in several instances the buildings are obsolete. The new Federal building would provide the needed space for the 1200 employees currently working for these agencies. Further, the Federal government would save the \$500,000 now spent per year in rent for the presently occupied quarters.

As the capital of the state, Columbia is the center for many Federal activities. The quality of these activities will be immeasurably enhanced by consolidation in the proposed building. Accordingly, I urge your Subcommittee to approve the proposal currently before you to construct this building.

Kind personal regards.


Ernest F. Hollings

EFH:mjb

COMMITTEES:

APPROPRIATIONS
SUBCOMMITTEES:
LEGISLATIVE: CHAIRMAN
LABOR, HEALTH, EDUCATION, AND WELFARE
MILITARY CONSTRUCTION
STATE, JUSTICE, COMMERCE, AND
THE JUDICIARY
AGRICULTURE

COMMERCE

SUBCOMMITTEES:
OCEANS AND ATMOSPHERE: CHAIRMAN
AVIATION
MERCHANT MARINE
SURFACE TRANSPORTATION
COMMUNICATIONS

POST OFFICE AND CIVIL SERVICE

SUBCOMMITTEES:
POSTAL OPERATIONS: CHAIRMAN
COMPENSATION AND UNEMPLOYMENT
BENEFITS

PITTSFIELD, MASS.—OFFICE BUILDING

Senator CLARK. Are you prepared to take up Pittsfield, Mass.?

Mr. SHIPP. Yes, sir.

The Pittsfield, Mass., prospectus provides for construction of a Federal Office Building (FOB) which is required to consolidate Federal agencies now located in six scattered leased locations and improve the quality of agency housing.

The building will be constructed on an existing government-owned site or on a site to be acquired by exchange with the city of Pittsfield. A minimum site area of about 40,000 square feet is required.

The FOB will provide a total gross area of about 27,600 square feet and an occupiable area of about 17,000 square feet, producing a ratio of about 62 percent of occupiable area to gross area. Onsite parking will be provided for about 60 vehicles. The total estimated cost of the project is \$2,185,000.

There is a need to consolidate and provide modern, functional, efficient space for the Federal activities located in about 11,300 square feet of general purpose leased space at six locations. These locations are widely scattered and generally fail to meet Federal quality standards.

Consolidation of the Federal activities will improve agency housing and coordination, make Government operations more efficient and less costly, and provide greater convenience to the public.

Senator CLARK. What are the Federal quality standards noted which currently leased space fails to meet?

Mr. SHIPP. We have a quality rating system which considers a series of factors that relate to comfort in the space, the efficiency of the air-conditioning system, vertical transportation, and so forth.

We have rated the various buildings that the agencies now occupy and we find that they are generally of second-class quality. In other words, their quality rating is at a level where we would say the space is second-class and deficient with respect to possibly adequate heating, lighting, air conditioning, ventilation, toilet facilities.

All of these are not common to every location, but they vary from location to location. Our general quality rating shows that we occupy a great amount of second-class space.

Senator CLARK. What sort of land transaction is contemplated with the city?

Mr. SHIPP. We have a site that we own there now that was acquired from the city in exchange for a post office building which became surplus to our needs. The city has proposed that we construct this building in an urban renewal area in the city.

To that end they have proposed a further exchange of property with us on the basis that they would give us the new site in the urban renewal area and about \$100,000 in addition to cover the difference in the fair market values.

Senator CLARK. The space ratio of net to gross area is only 62 percent. What does the remaining 38 percent represent? Is that a reasonable ratio?

Mr. SHIPP. The remaining 38 percent relates to circulation space, mechanical space, custodial space, and this type of building support space, in effect.

We feel that this ratio is an acceptable ratio considering the size of the building. The smaller the building, in this case this is a relatively small building, the more difficult it is to achieve a higher ratio, in the seventies or low eighties, net to gross ratio.

But this 62 percent, considering those factors, is considered a very acceptable efficiency ratio.

Senator CLARK. The prospectus proposes 60 onsite parking spaces. Is this an open area or a separate building? Describe that. What does it cost? Do you have to meet special requirements for Pittsfield?

Mr. SHIPP. The 60 parking spaces would be provided onsite. That is, we will prepare the site and black top a portion of the site that we will have for a parking lot, in effect.

It will provide parking on the basis of about 300 square feet per car. We anticipate this parking will cost about \$15,000 to install.

Senator CLARK. GSA requests authorization for construction either as a purchase contract project or by direct construction financed by their funds.

What is considered a reasonable interest rate in this case?

Mr. SHIPP. Senator, We cannot at this time say what would be a reasonable interest rate at the time we invite bids for the financing of this and other buildings.

Our past experience has been that the interest rate bid for previous buildings has ranged from about 7¼ percent to about 8 percent.

At the time we invite bids and receive them indicating what interest rate would prevail, a decision would have to be made, based on the condition of the money market, what the prospect for a change in money rates might be in the near term, and, of course, would involve consultation with the money makers in the Treasury Department.

The final decision as to what would be a reasonable rate would consider a number of factors. We really can't say at this time what that rate might be until we actually have all the factors at hand.

Senator CLARK. What cost would apply if they built with fund financing at Treasury rates? Do you know that?

Mr. SHIPP. If I understand your question correctly, the estimated maximum project cost would be \$2,185,000. The source of funding under the Federal building fund, of course, comes from appropriations made by the Congress to the agencies that are assigned space.

They, in effect, pay us a rent. I would assume that to the extent that it is necessary for the Treasury to borrow money to cover current Government operations, the cost of the financing there would be the cost of short-term Treasury paper, which could vary anywhere from 7 percent to 8 percent, perhaps.

Senator CLARK. Sometimes when the estimated cost is shown for other projects as an alternative, real estate taxes and O. & M. costs are included, which increase the construction cost by 40 percent or more.

What is the relationship of those items to construction cost, and why are they included in some cases but not in all cases?

Mr. SHIPP. The use of taxes and maintenance and operation cost, this type of thing, is required to complete the economic analysis that OMB specified we will make under circular A-104.

They do not relate directly to the actual cost of construction of the building. They are used only for comparative economic analysis purposes.

Senator CLARK. This total project is only a little more than \$2 million, isn't it?

Mr. SHIPP. Yes, sir.

Senator CLARK. I am struck by the fact that this particular project is going to cost a little more than \$2 million, and the previous prospectus, which calls for \$26 million, and yet the GSA, in terms of the way prospectuses are presented, gives us about the same amount of material, that is, about two pages of text and a couple of charts, and so forth.

Regardless of the other shortcomings that may exist, if the Corps of Engineers were to come before this committee, and I am speaking of the committee as a whole, we would probably have volumes of supporting data; maybe too much.

It seems to me that for the same dollar amounts in terms of money that we are spending, it would be appropriate to have a more detailed presentation. I haven't asked John Purinton about this, but I am sure you are very available and forthcoming in terms of providing any material that the staff asks for.

It seems to me that a project of that size would warrant more material. That really comes back to the whole question of whether or not the committee is going to continue with the present kind of prospectus or whether we are in fact going to go to the guidelines that we have been working on for the last year.

It would be my own feeling, and I think that represents the feeling of all of the other members of the subcommittee, that we ought to implement those guidelines at once.

I personally would feel that we ought not to consider other prospectuses in the future until that is done. We want, as we said at the outset, to consider the point of view of the General Services Administration before we do that, so that we don't implement some guideline that is totally impractical or impossible to meet.

Maybe this is a good time just to remind you that it is our intention to require the material that we have outlined and worked on. As far as I am concerned, I would prefer not to take up any other prospectuses until that is completed and resolved.

That is a little far afield. You can comment on that, if you want to, or you needn't if you don't want to.

Mr. SHIPP. Senator, I might explain that you see some prospectuses here that seem to be rather abbreviated. This has come about, particularly this set of prospectuses, because in the past, particularly on the House side, we have had some complaints that the prospectus material was too long.

When the Congressmen came to hearings they had to read through reams and reams of material to find out what was being proposed.

Senator CLARK. I think summaries are a good idea. I am not opposed to what you have here. It seems to me that the staff, in the normal course of events, as a regular practice, would receive more material, which would automatically be made available. I am sure you would be glad to go back and dig anything out of your files that was requested.

Mr. SHIPP. The prospectus was an attempt, when we discussed this with the staffs of both committees, to zero in on the essentials of the projects.

We have a lot of material in our files that can be used to back up the data we have. We are quite agreeable to expanding the amount of information in the prospectus.

I think we must keep in mind the fact that the kinds of projects that we propose are significantly different from the kind that the Corps of Engineers proposes where they are constructing a dam which is going to cause the inundation of thousands of acres of property and which will have a considerable impact on the ecological systems in the area.

We are generally constructing Federal buildings in the downtown area of a community where there are other buildings. We are doing the thing that is very compatible with what is already there.

We are not disturbing it. We are reinforcing and improving conditions in those areas. So we have no problem of providing you with an expanded amount of information, providing the committee with an expanded amount of information, and backing up what we have in here.

I just ask that we keep in mind the fact that the nature of our projects is somewhat different than the corps.

Senator CLARK. I think that is a fair conclusion. I guess I would just end this part of the discussion by saying that the committee has studied it this last year, and have come to the conclusion that we do want additional material.

I only regret that we were not able to implement this policy earlier. It was certainly our intention to do it at the earliest possible time. As I say, as far as I am concerned, I would prefer that we not consider further prospectuses until that is resolved, but it may be that the majority of the committee wouldn't support that. I haven't discussed it with them. I wouldn't want to do that without their approval.

[Responses to additional questions and the prospectus follow:]

PITTSFIELD, MASSACHUSETTSFEDERAL OFFICE BUILDINGQUESTIONS AND ANSWERS

- A -1. WHY IS IT NECESSARY TO CONSOLIDATE THE AGENCIES NOW HOUSED AT 6 LOCATIONS, AND "IMPROVE THE QUALITY OF AGENCY HOUSING?"

Consolidation will improve agency housing and coordination, make Government operations more efficient and less costly, and provide greater convenience to the public. Various buildings occupied in Pittsfield have been rated according to a system that considers comfort in space, i.e. heating, airconditioning, food service, efficiency of internal and external transportation, lighting and space utilization. Application of these standards reveal that 5 of the 6 leased locations presently occupied provide second class space.

- A -2. WHAT ARE THE FEDERAL QUALITY STANDARDS NOTED WHICH CURRENTLY LEASED SPACE FAILS TO MEET?

Previously answered.

- A -3. WHAT SORT OF LAND TRANSACTION IS CONTEMPLATED WITH THE CITY?

Previously answered.

- A -4. HOW WAS IT DETERMINED THAT 40,000 SQ. FT. OF LAND WILL BE REQUIRED FOR A 27,600 SQ. FT. BUILDING?

A feasibility study was prepared which resulted in a determination that a minimum of 40,000 square feet of land would be adequate to accommodate the building and 60 surface parking spaces.

- A -5. THE SPACE RATIO OF NET TO GROSS AREA IS ONLY 62 PERCENT. WHAT DOES THE REMAINING 38 PERCENT REPRESENT?

Previously answered.

- A -6. THE PROSPECTUS PROPOSES 60 "ON-SITE" PARKING SPACES. DESCRIBE IN DETAIL. IS THIS IN AN OPEN AREA OR SEPARATE BUILDING? WHAT IS THE COST? WHAT ARE PITTSFIELD'S REQUIREMENTS WHICH MUST BE MET?

Previously answered.

A -7. WILL ANY OF THESE SPACES BE FOR PUBLIC USE?

It is proposed that 6 of the parking spaces be reserved for visitors.

A -8. HOW WAS THE SQ. FT. CONSTRUCTION COST OF THE BUILDING DETERMINED, SINCE PARKING AND OFFICE SPACE ARE LUMPED TOGETHER?

Estimates are prepared using historical costs corrected for time and place for the various required functions. The parking and office spaces were estimated separately and then combined for the prospectus.

A -9. INCLUDING DESIGN, INSPECTION, AND MANAGEMENT, THE SQ. FT. COST WILL ACTUALLY BE \$79.17 INSTEAD OF THE \$63.22 INDICATED, WHICH IS MORE THAN 20 PERCENT HIGHER. AREN'T THESE PART OF THE COST?

Construction costs are traditionally expressed in construction dollars, exclusive of site, design and inspection costs, divided by the computed gross area. An example of problems involved by including other than construction costs would be the comparison on the basis of total project costs of an identical building on Government-owned site and on an expensive downtown site. The overall cost per square foot would not reflect the similarity in construction costs of the two buildings.

A-10. WHY IS PURCHASE OF A GOVERNMENT BUILDING, WHICH IS PROPOSED, ALSO SHOWN AS AN ALTERNATIVE AND AT HIGHER COST?

In the Present Value Cost analysis, the term "purchase" is used to describe the funding for direct Federal construction. "Purchase Contract" funding relates to a deferred payment method over a 30 year period which, based on the analysis, would be a less costly solution than complete payment for the project today.

A-11. THE PROSPECTUS STATES NO OTHER GOVERNMENT BUILDINGS EXIST, YET NOTES UTILIZATION OF AN EXISTING BUILDING AS AN ALTERNATIVE. WHY?

The prospectus discusses this alternative to indicate that there is no existing Government-owned building available for use.

A-12. GSA REQUESTS AUTHORIZATION FOR CONSTRUCTION EITHER AS A PURCHASE CONTRACT PROJECT OR BY DIRECT CONSTRUCTION FINANCED BY THEIR FUND. WHAT IS CONSIDERED A REASONABLE INTEREST RATE IN THIS CASE, THAT WOULD RESULT IN A DETERMINATION TO GO PURCHASE CONTRACT? ABOUT WHAT WOULD THE TOTAL COST BE?

It cannot be determined at this time what a reasonable interest will be in this case. Based on past experience for previous buildings the interest rate has ranged from 7 1/4% to about 8%. Depending on the interest rate at which the money is obtained we will make payments equivalent to two and a half to three times the construction cost over the period of the purchase contract term.

- A-13. WHAT COST WOULD APPLY IF THEY BUILT WITH FUND FINANCING AT TREASURY RATES?

Previously answered.

- A-14. SOMETIMES WHEN THE ESTIMATED COST IS SHOWN FOR OTHER PROJECTS AS AN ALTERNATIVE, O&M AND REAL ESTATE TAXES ARE INCLUDED WHICH INCREASE THE CONSTRUCTION COST BY 40 PERCENT OR MORE. WHAT IS THE RELATIONSHIP OF THESE ITEMS TO CONSTRUCTION COSTS, AND WHY ARE THEY INCLUDED IN SOME CASES BUT NOT ALL?

Previously answered.

- A-15. WHAT WILL BE THE IMPACT ON THE COMMUNITY IF CURRENT LEASES REPRESENTING \$49,607 ANNUALLY ARE CANCELLED?

The cancellation of the current leases should not have an adverse affect on the community. The cancellations will be spread over 6 locations, and there is already a shortage of commercial space in the city.

- B -1. THE PROSPECTUS SAYS THAT THE BUILDING MIGHT BE ACQUIRED UNDER SUBSECTION 210(f) OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, AS AMENDED. THAT IS THE SUBSECTION THAT SETS UP THE REVOLVING FUND. DOES THAT MEAN GSA WOULD CONSTRUCT THE BUILDING ON ITS OWN IF THE PURCHASE-CONTRACT AUTHORITY EXPIRES?

Yes.

PROSPECTUS NUMBER: PMA-74032
 PROJECT NUMBER : NMA-74542

PROSPECTUS FOR PROPOSED CONSTRUCTION
 UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

FEDERAL OFFICE BUILDING

PITTSFIELD, MASSACHUSETTS

1. DESCRIPTION OF PROPOSED PROJECT:

This prospectus provides for the construction of a Federal Office Building (FOB) which is required to consolidate Federal agencies now located in six scattered leased locations and improve the quality of agency housing. The building will be constructed on an existing Government-owned site or on a site to be acquired by exchange with the City of Pittsfield. A minimum site area of about 40,000 square feet is required. The FOB will provide a total gross area of about 27,600 square feet and an occupiable area of about 17,000 square feet, producing a ratio of about 62 percent of occupiable area to gross area. Onsite parking will be provided for about 60 vehicles. The total estimated cost of the project is \$2,185,000.

2. COMPREHENSIVE PLAN:

a. PROJECT NEED:

There is a need to consolidate and provide modern, functional, efficient space for the Federal activities located in about 11,300 square feet of general purpose leased space at six locations. These locations are widely scattered and generally fail to meet Federal quality standards.

Consolidation of the Federal activities will improve agency housing and coordination, make Government operations more efficient and less costly, and provide greater convenience to the public.

b. DISCUSSION OF ALTERNATIVES:

1. Utilization of existing Government-owned building.

There is no existing general purpose Government-owned building in Pittsfield. The Post Office building was vacated by the former Post Office Department in 1967 when postal operations were relocated to a postal leased facility. This property was exchanged with the City of Pittsfield for land which initially was intended as the site for the proposed FOB. However, the City now prefers for the new building to be constructed in its urban renewal area and a further property exchange is being negotiated to achieve this objective.

2. Acquisition of consolidated modern leased space.

Consolidation of Federal activities in leased space is not feasible since existing rental space is not available in sufficient quantity at a single location. Leasing a building to be constructed by private interests is not a viable alternative since the building is to be erected on land which will be in Government ownership.

PROSPECTUS NUMBER: PMA-74032
 PROJECT NUMBER : NMA-74542

b. DISCUSSION OF ALTERNATIVES: (Cont'd)

3. Acquisition of space in a building to be constructed.

It has been determined that the best interests of the United States will be served by providing for the construction of the project described herein under the purchase contract provisions of section 5 of the Public Buildings Amendments of 1972, P.L. 92-313. In the event the authority contained in section 5 expires before a purchase contract is awarded, or the Administrator determines, pursuant to section 5(b)(2) of the P.L. 92-313 that a reasonable rate of interest cannot be obtained for construction of the project by purchase contract, GSA will proceed with the project utilizing funds to be made available for this purpose in accordance with subsection 210(f) of the Federal Property and Administrative Services Act of 1949, as amended.

3. ESTIMATED MAXIMUM PROJECT COST: *

Design and review	\$ 244,000
Construction (As of June 1975)	1,745,000
Cost per sq. ft. \$63.22	
Management and inspection	<u>196,000</u>
Total Project Cost	\$2,185,000

*Exclusive of financing and other cost attributable to the purchase contract method of acquisition.


4. SPACE PLAN AND RELATED COST DATA:

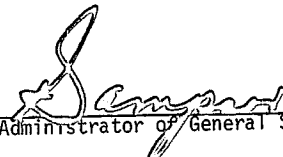
(See attached Exhibit A)

5. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on APR 4 1974

Recommended: 
 Commissioner, Public Buildings Service

Approved : 
 Administrator of General Services

APR 4 1974

EXHIBIT A

PITTSFIELD, MASSACHUSETTS
 PROSPECTUS NUMBER: PMA-74032
 PROJECT NUMBER : NMA-74542

COMPREHENSIVE HOUSING PLAN

<u>Proposed Building:</u>	<u>Sq. Ft.</u>	<u>Personnel</u>
Dept. of Agriculture:	3,100 (18%)	21
Agriculture Stabilization & Conservation Service; Extension Service; Soil Conservation Service		
Civil Service Commission	400 (3%)	1
Congressional	1,000 (6%)	3
Dept. of Defense:	1,600 (9%)	7
DOD Recruiting		
Dept. of Health, Education, & Welfare:	3,200 (19%)	14
Social Security Administration		
Selective Service System	700 (4%)	3
Dept. of Transportation:	300 (2%)	1
U.S. Coast Guard		
Dept. of the Treasury:	3,400 (20%)	25
Internal Revenue Service		
Alcohol, Tobacco, & Firearms		
General Services Administration:	3,300 (19%)	12
Service & Custodial	2,100	
Reserve for Expansion	1,200	
OCUPABLE AREA OF BUILDING	17,000	87

Retained Government-owned Building:

None

Retained Leased Space:

None

Current Housing Costs:

For agencies to be housed in proposed building.

	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
a. Leased Space:		
Rent (6 locations)	11,268	\$48,855
Other Costs	-	<u>722</u>
Total		\$49,607

Pittsfield, Massachusetts
Federal Office Building

PRESENT VALUE COST SUMMARIES FOR
ALTERNATIVE METHODS OF ACQUISITION

(in thousands of dollars)

Item	30 Years 7%
PURCHASE:*	
Improvements.....	\$1,745
Site, design, etc.	510
Repair and Improvement.....	108
Property taxes.....	<u>1,396</u>
Subtotal.....	\$3,759
Less residual value.....	<u>-187</u>
Total.....	<u>\$3,572</u>
PURCHASE CONTRACT*	
Annual payments**.....	\$1,943
Repair and Improvement.....	108
Property Taxes.....	<u>1,396</u>
Subtotal.....	\$3,447
Less residual value.....	<u>-187</u>
Total.....	<u>\$3,260</u>

*Operation and maintenance costs are borne by the Government and are assumed to be identical for both acquisition methods. Therefore, they are omitted in this comparison. Imputed insurance premiums are estimated to be negligible relative to other costs and therefore omitted.

**Analysis includes the application of a deflator to each annual payment thereby showing payments in constant dollars based on the initial annual payment. Then, each constant dollar payment is discounted at 7 percent.

Senator CLARK. Next we are going to Marfa, Tex.

MARFA, TEX.—BORDER PATROL SECTOR HEADQUARTERS

Mr. SHIPP. This prospectus provides for construction of a border patrol sector headquarters facility to provide space for the Immigration and Naturalization Service (INS) in Marfa, Tex.

The present border patrol sector headquarters facility consists of six buildings, all of which are obsolete and inadequate for the present operations of the border patrol. The buildings are old, dilapidated structures which are deteriorating rapidly and are expensive to maintain and operate.

The proposed project will provide 3 buildings totaling approximately 38,000 gross square feet and about 29,000 occupiable square feet on the existing Government-owned site. The facility will contain office space, an automobile storage garage, an automobile repair garage and indoor pistol range, and a generator building. The estimated cost of the project is \$1,818,000.

Senator CLARK. Is this facility strictly a headquarters or does it serve as an inspection station as well?

Mr. SHIPP. It is primarily a headquarters activity. It is the border patrol sector headquarters. It does not perform an inspection function at this location.

Senator CLARK. Would you explain the Immigration and Naturalization Service space needs? I see they are increased by 233 percent, from 8,000 square feet to 29,000 square feet. How do you justify that?

Mr. SHIPP. They have occupied this location for a number of years. In fact, these buildings date back to World War I. There has been increased emphasis on enforcing the laws against illegal entry and on bringing contraband into the country.

Generally speaking, the activities of INS and Customs along the Mexican border have increased. On that basis the INS has asked us to provide this size facility.

Senator CLARK. The activities have just increased that much to justify this?

Mr. SHIPP. Yes, sir. Again, in developing this project we went to the Immigration and Naturalization Service and asked them to tell us what their requirements were to perform their mission adequately at this location. These are the requirements that they have come up with and we have interpreted in the prospectus.

Senator CLARK. Is the existing 8.21 acre Government-owned site adequate?

Mr. SHIPP. Yes, sir. This site will be adequate for the proposed structures.

Senator CLARK. If space is crucial why is the ratio of gross to usable square feet only 76 percent? Why aren't assigned areas and personal distribution shown?

Mr. SHIPP. We could have broken that down and shown that in detail. There are a very small number of people involved and we

feel, considering the size of the project, that the net-to-gross ratio is a very good one. If you want a breakdown of personnel by buildings, I would be glad to provide that for you.

Senator CLARK. That isn't necessary. If financed from the GSA building fund, what would the priority of this project be, as a competitive budget line item?

Mr. SHIPP. Generally speaking, law enforcement facilities of this type do not compete with other Federal building construction. They have a priority of their own. They are considered outside of the system. As between a border inspection station, a station where traffic is being examined as it enters into the country, the border inspection facility probably would receive a priority over a border patrol sector headquarters.

[Responses to additional questions and the prospectus follow:]

MARFA, TEXASBORDER PATROL SECTOR HEADQUARTERSQUESTIONS AND ANSWERS

- A -1. IS THIS FACILITY STRICTLY A HEADQUARTERS OR WILL IT ALSO SERVE AS AN INSPECTION STATION?

Previously answered.

- A -2. WHAT IS ITS LOCATION, WITH REFERENCE TO BORDER CROSSING POINTS?

It is 65 miles due north of the Presidio-Ojinaga border crossing.

- A -3. WHERE IS THE NEAREST INSPECTION STATION? WHAT FACILITIES DO THEY HAVE AND WHAT IS THEIR GENERAL CONDITION?

The nearest inspection station is Presidio-Ojinaga. This station consists of a joint administration building, a canopy for primary and secondary inspection, a dock facility and an import lot. The buildings are in poor condition. Presidio County has applied to Department of State for a permit to build new bridge at different location and when approved, the inspection station will have to be relocated and at that time it is planned to replace facility.

- A -4. WHY DO IMMIGRATION AND NATURALIZATION SERVICE SPACE NEEDS ESCALATE SUDDENLY FROM THE PRESENT 8,700 SQ. FT. TO 29,000 SQ. FT., OR 233%?

Previously answered.

- A -5. IS THE EXISTING 8.21-ARCE GOVERNMENT-OWNED SITE ADEQUATE?

Previously answered.

- A -6. WHY IS AN INDOOR PISTOL RANGE REQUIRED, RATHER THAN OUTDOOR?

An outdoor range would have to be at a remote location for safety reasons. Border Patrol officers must qualify on their weapons every three months and they must be given a reasonable opportunity to practice to maintain their proficiency. Travel to a remote location would result in lost time.

- A -7. WHY WILL IT BE IN THE SAME BUILDING WITH AN AUTO REPAIR SHOP?

This will provide control of who uses range, provide safety and will give construction cost savings as repair shop requires pits to be dug and the range pits can be dug adjacent at the same time.

Combined auto repair shop/pistol range is standard design used throughout Sector Headquarters.

A -8. WHAT IS THE PURPOSE OF THE VEHICLE-STORAGE BUILDING?

Vehicles are kept here in between shifts. Each shift has a different amount of vehicles required and excess is kept in building. Building will only hold a maximum of 30% of fleet.

A -9. WHY ISN'T A BREAKDOWN GIVEN IN THE PROSPECTUS OF THE SEPARATE COSTS OF THE 4 INDIVIDUAL BUILDINGS PROPOSED?

It was considered sufficient to report the costs in summary form. The Public Buildings Act of 1959, as amended, required only total estimated maximum project cost.

A-10. IF SPACE IS SO CRUCIAL, WHY IS THE RATIO OF GROSS TO USABLE SQ. FT. ONLY 76 PERCENT? WHY AREN'T ASSIGNED AREAS AND PERSONNEL DISTRIBUTION SHOWN?

The efficiency factor of 76 percent is very good for the relatively small buildings(s) required for this project. Space and cost for entire facility was reported in summary form. See attached sheet for breakdown of assigned areas and personnel distribution.

A-11. IS THE STAND-BY GENERATOR INCLUDED IN THE PROJECT COST?

No. It has been assumed that any required stand-by generators would be moved from the existing facilities at Marfa.

A-12. WHAT DOES "ESTIMATED MAXIMUM CONSTRUCTION COST AS OF OCTOBER 1975" MEAN? WILL IT BE HIGHER AFTER THAT TIME?

The estimated construction capability date (receipt of bids) was October 1975. Any slippage in that date will cause the construction costs to be increased by an amount equivalent to the rate of escalation beyond October 1975. This request is for a maximum limit of authority only...if the project is awarded before October 1975 then fewer dollars will be required from Purchase Contract financing.

A-13. WHY WAS THE PURCHASE CONTRACT METHOD OF FINANCING THE PROJECT DETERMINED PREFERABLE? WHAT IS CONSIDERED A "REASONABLE" RATE OF INTEREST?

It cannot be determined at this time what a reasonable interest will be in this case. Based on past experience for previous buildings the interest rate has ranged from 7 1/4% to about 8%.

A-14. IF FINANCED FROM GSA'S BUILDING FUND, WHAT WOULD THE PRIORITY OF THIS PROJECT BE AS A COMPETITIVE BUDGET LINE ITEM?

Previously answered.

B -1. IF GSA DOES NOT USE PURCHASE CONTRACT, IS IT MY UNDERSTANDING THAT THE FACILITY WOULD BE BUILT BY DIRECT FEDERAL CONSTRUCTION?

This understanding is correct.

Answer to Question 10-A

MARFA, TEXASASSIGNED AREAS AND PERSONNEL DISTRIBUTION

	<u>Existing Housing</u>			<u>Proposed Housing</u>	
	<u>Sq. Ft.</u>	<u>Personnel</u>		<u>Sq. Ft.</u>	<u>Personnel</u>
Admin. Building	4,600		Admin. Building:	6,230	
			Reserve for Expansion	3,000	
			Custodial	500	
	<u>4,600</u>	42		<u>9,730</u>	42
Vehicle Storage & Repair Building	3,620		Vehicle Repair Building:	4,525	
			Repair	4,650	
			Pistol Range	<u>9,175</u>	5
	<u>3,620</u>	5			
Generator Building	96		Vehicle Storage Building:	9,820	
			Vehicle Storage	200	
			Generator	<u>10,020</u>	-
	<u>96</u>	-			
Plumber's and Carpenter's Shop	<u>400</u>	-		*	-
Total-Net Assignable Square Feet	8,716	47		28,925	47

*Included in Custodial Area Above

GSA/PBS May 31, 1974

PROSPECTUS NUMBER: PTX-73031
PROJECT NUMBER : NTX-73003

PROSPECTUS FOR PROPOSED CONSTRUCTION
UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

BORDER PATROL SECTOR HEADQUARTERS

MARFA, TEXAS

1. DESCRIPTION OF PROPOSED PROJECT:

This prospectus provides for construction of a Border Patrol Sector Headquarters facility to provide space for the Immigration and Naturalization Service (INS) in Marfa, Texas. The present Border Patrol Sector Headquarters facility consists of six buildings, all of which are obsolete and inadequate for the present operations of the Border Patrol. The buildings are old, dilapidated structures which are deteriorating rapidly and are expensive to maintain and operate.

The proposed project will provide four buildings totalling approximately 38,000 gross square feet and about 29,000 occupiable square feet on the existing Government-owned site. The facility will contain office space, an automobile storage garage, an automobile repair garage and indoor pistol range, and a generator building. The estimated cost of the project is \$1,818,000.

2. COMPREHENSIVE PLAN:

a. PROJECT NEED:

Federal agencies currently occupy about 16,300 square feet of space in Marfa. INS occupies about 8,700 square feet of Government-owned space, consisting of the six buildings contained in the present Border Patrol Sector Headquarters facility. The Department of Agriculture and the U.S. Postal Service occupy about 7,600 square feet of leased space in four locations.

The present Border Patrol Sector Headquarters facility consists of three Headquarters buildings totalling about 4,600 square feet, a vehicle storage repair building containing about 3,600 square feet, a plumber's and carpenter's shop of 400 square feet; and a generator building with 100 square feet.

The four new buildings will consolidate administrative operations in a single building, provide facilities for vehicle repair and a pistol range in a second building, provide for vehicle storage in a third, and provide a larger generator building with a standby generator with automatic switching in case of commercial power failure.

PROSPECTUS NUMBER: PTX-73031
PROJECT NUMBER : NTX-73003

b. DISCUSSION OF ALTERNATIVES:

1. Alterations to the Border Patrol Sector Headquarters facility.

The buildings, the first of which is believed to have been built during World War I, are old, dilapidated structures which are expensive to maintain and operate. Continued utilization of these physically and functionally obsolete structures could not be justified. Therefore, demolition of all present facilities is planned and will be phased with construction so as to least affect agency operations.

2. Acquisition of consolidated modern lease space.

Rental space of the type and quantity needed is not available; therefore, leasing is not a feasible alternative for satisfying the needs for a Border Patrol Sector Headquarters facility.

3. Acquisition of space in buildings to be constructed.

The Administrator of General Services (GSA) has determined that the best interests of the United States will be served by providing for the construction of the facility described herein under the purchase contract provisions of section 5 of the Public Buildings Amendments of 1972 (P.L. 92-313). In the event the authority contained in section 5 expires before a purchase contract is awarded, or the Administrator determines, pursuant to section 5(b)(2) of P.L. 92-313 that a reasonable rate of interest cannot be obtained for construction of the project by purchase contract, GSA will proceed with the project utilizing funds to be made available for this purpose in accordance with section 3 of P.L. 92-313.

3. ESTIMATED MAXIMUM PROJECT COST: *

Estimated site, design & review costs	
Site (approx. 8.21 acres)	Government-owned
Design & review costs.	\$ 173,000
Total.	\$ 173,000
Estimated construction costs	
as of October 1975	\$ 1,505,000
Cost per sq. ft. \$39.62	
Estimated management & inspection costs.	\$ 140,000
Total Project Cost	\$ 1,818,000

* Exclusive of financing and other costs attributable to the purchase contract method of acquisition.

PROSPECTUS NUMBER: PTX-73031
PROJECT NUMBER : NTX-73003

4. SPACE PLAN AND RELATED COST DATA:

(See attached Exhibit A)

5. STATEMENT OF NEED:

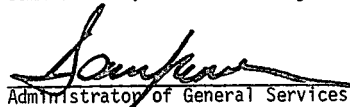
It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on DEC 20 1973

Recommended:


Commissioner, Public Buildings Service

Approved :


Administrator of General Services

12/20

EXHIBIT A
 MARFA, TEXAS
 PROSPECTUS NUMBER: PTX-73031
 PROJECT NUMBER : NTX-73003

COMPREHENSIVE HOUSING PLAN

<u>Proposed Buildings (4):</u>	<u>Sq. Ft.</u>	<u>Personnel</u>
OCCUPIABLE AREA OF BUILDINGS	25,925	47
<u>Retained Government-owned Buildings:</u>		
None (all present G/O buildings to be demolished at time of construction).		
<u>Retained Leased Buildings:</u>		
Agriculture	5,256	6
Postal Service	<u>2,300</u>	<u>6</u>
Total Retained Leased	7,556	12
<u>Current Housing Costs:</u>	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
a. Leased Space:		
None	-	-
b. Government-owned Space:		
Operation, maintenance and upkeep.	8,716	<u>\$23,400</u>
Total.		\$23,400

Senator CLARK. Next we go to Tok Junction, Alaska.

TOK JUNCTION, ALASKA

Would you speak to the Alaska highway border station.

Mr. SHIPP. A project for the construction of the Alaska highway border station at a total estimated maximum cost of \$1,641,000, on a site to be acquired near Tok Junction, approximately 97 miles from the Alaska-Yukon border, was approved by the Committee on Public Works of the Congress on April 4, 1963.

Subsequently, it was determined that the proposed facility should be located in close proximity to the border, on land to be acquired from the public domain. A revised prospectus reflecting the change in location at the same total cost was approved by the Committees on Public Works of the Congress in April 1964.

The facility is now in operation at mile post 1221.8 on the Alaska highway, having been substantially completed in August 1971. However, in order to keep construction costs within approved prospectus limits only three of the five planned residences were built and the landscaping was eliminated.

In the meantime, each agency procured mobile home units. The mobile homes "Arctic trailers" are entirely inadequate to satisfy present housing needs. The Bureau of Customs, Immigration and Naturalization Service, and the General Services Administration have reevaluated their long-range requirements for residences based on operating experience to date and have determined that a total of four additional new residences are required to satisfy housing requirements; two for the Bureau of Customs and one each for INS and GSA.

The border station is completely isolated being almost 100 miles from the nearest U.S. community with even minimal amenities and services. The factor of morale and harmony cannot be overemphasized and the provisions of comparable living quarters for each family is of considerable significance in insuring a high level of employee morale. Because of the remote location of this project, the need has also been identified for construction of recreational facilities. The construction of these facilities is being foregone at this time due to the urgency for construction of the additional residences and budget limitations.

This project contemplates the construction of four additional residences with the provision for landscaping and other miscellaneous items at a total cost of \$821,000.

Senator CLARK. When this revised prospectus was submitted originally 1 year ago, Senator McClure raised a number of questions about the cost figures which appeared to show that each of the four residences would cost \$200,000. Senator McClure has submitted a number of questions to the GSA on this prospectus. I have those questions and answers in my hand. For the purposes of the record I would like to include them in the record. (See p. 44.)

Could you provide us with an update on the cost of each house as well as an update on staffing needs at the border station since we discussed it last.

Mr. SHIPP. At this time we estimate the cost of each one of these residences to be approximately \$90,000 or \$35 a square foot.

Senator CLARK. And the staffing?

Mr. SHIPP. This will provide staffing for 10 people, or housing for 10 people, at this particular location, 2 of them for the General Services Administration, 3 for Justice and 5 for Treasury.

Senator CLARK. How many houses are there?

Mr. SHIPP. There are three there at the present time. We are going to build four more.

Senator CLARK. At approximately \$90,000 each?

Mr. SHIPP. Yes, sir.

Senator CLARK. What would it cost to purchase and place permanent Arctic trailers on the sites as a way of meeting the housing need? Was that studied as an alternative? Is that impractical? Do you know anything about that?

Mr. SHIPP. We have four Arctic trailers there now. I do not have at hand current cost figures for acquiring four more Arctic trailers and siting them there rather than building the houses. I can provide that information for you.

Senator CLARK. If it isn't too difficult to get, it might be helpful.

(See question A-14 and B-5 and the responses thereto inserted in the record at pp. 45-46.)

What is the nearest community offering such things as hospitals, schools, churches, entertainment, shopping facilities? How far away is it?

Mr. SHIPP. Actually, a community of that kind is approximately 300 miles away—Fairbanks.

Senator CLARK. Will the four new houses proposed take care of all the foreseen needs or will the four Arctic trailers be retained as well?

Mr. SHIPP. Originally we contemplated disposal of the four Arctic trailers that are there. But we now contemplate retention of these trailers to provide for temporary or summer employees who come to that station to assist with the increased workload that occurs during the summer months.

Senator CLARK. So you are going to retain the trailers?

Mr. SHIPP. Yes, sir. We feel at this time these three houses plus the Arctic trailers will take care of our foreseen needs at this location.

Senator CLARK. Are the four proposed new houses identical or will they be identical to the three that are there now?

Mr. SHIPP. Our present planning contemplates that they will be identical, although as the architect designs them he may make some design innovations so that there will be some slight differences.

Senator CLARK. Did the \$83,000 for the original houses include design and site cost?

Mr. SHIPP. That included only construction cost. It did not include design or site cost.

Senator CLARK. What is the comparable cost figure of the original houses?

Mr. SHIPP. We estimate the cost of the houses we will build now to be \$90,000.

Senator CLARK. And that compares with \$83,000 for the same type?

Mr. SHIPP. Yes, sir.

Senator CLARK. The design and site costs now proposed are estimated at \$460,688 which, prorated comes out to \$116,172 per unit, or more than the houses cost. Why is that?

Mr. SHIPP. The design and site cost that you are speaking about cover certain site work and utilities. I have a list of them here. They total \$460,000. It consists of the following items: (1) Replace two existing 150 kVA generators with two new 250 kVA generators at a cost of \$116,000. Item B would be to extend the paved areas to the new residences; extend the street lighting at a cost of \$57,500; (c) extend outside utilities, the primary waterlines, to utiladoor and residences, power and hot waterlines in utiladoor and residences, \$33,500; landscape planning, topsoil, fertilizer, seed and so forth, \$30,000; fine arts in the station building, totems, panel carvings and so forth, \$30,500, and a \$17,000 item for contingencies.

There is a station-type space within the shell of the residences at a cost of \$87,188.

Finally, design, management and inspection at a total cost of \$879,000 for a total cost of \$460,688.

Senator CLARK. In answer to one of the Member's questions last August, \$284,500 was cited as the total site cost. How can this be reconciled with the figure that is shown now, \$460,688?

Mr. SHIPP. The first six items that I just read off constitute \$284,500. That is a part of the \$460,688. The additional cost involved over and above the \$284,500 is for the station-type space within the shell of the residences and the design, management and inspection, and totals \$87,188. So the \$284,500 is a component of the \$460,688 figure that we were just talking about.

Senator CLARK. Were design alternatives considered in an effort to reduce the cost?

Mr. SHIPP. The buildings have not as yet been designed but when we instruct the architect-engineer I am sure we will advise him to consider design alternatives in an effort to keep costs to an absolute minimum.

Senator CLARK. What is the agency expansion of 8,260 feet indicated in the housing plan? Does this mean two more houses?

Mr. SHIPP. There are four more houses. Right now there is a total of 13,000 square feet of agency space, 13,200. The way the prospectus is presented it shows space to be replaced, 4,940 square feet, which was the Arctic trailers being in place. The difference between that figure and the total 13,200 represents, in effect an expansion of 8,260 square feet. This is on Exhibit A, the analysis of new construction. It is the addition of certain footage and the loss of certain footage to develop the net.

Senator CLARK. Thank you.

[Responses to additional questions and questions from Senator McClure, and the prospectus, follows:]

TOK JUNCTION, ALASKABORDER STATION RESIDENCES, ETC.QUESTIONS AND ANSWERS

- A -1. WHAT IS THE NEAREST COMMUNITY OFFERING AMENITIES SUCH AS HOSPITALS, SCHOOLS, CHURCHES, ENTERTAINMENT, AND SHOPPING FACILITIES?

Previously answered.

- A -2. WHAT RECREATIONAL FACILITIES ARE PROVIDED AT THE SITE?

Basement recreation rooms.

- A -3. HOW MANY FAMILIES ARE THERE? WHERE DO THEY LIVE NOW?

There are seven families at the facility.

They are housed as follows:

Three families occupy the existing three houses and one lives off site in a private residence. The remaining families occupy three trailers. One trailer and two apartments are used by single individuals and seasonal employees.

- A -4. WILL THE 4 NEW HOUSES PROPOSED TAKE CARE OF ALL FORESEEN NEEDS? WILL THE 4 ARTIC TRAILERS BE RETAINED? WHY?

Previously answered.

- A -5. WILL THE FOUR PROPOSED NEW HOUSES BE IDENTICAL TO THE THREE THAT ARE THERE NOW?

Previously answered.

- A -6. GSA REPORTED THAT THE COST OF EXISTING HOUSES WAS ABOUT \$83,000 EACH. THE HOUSING PLAN INDICATES THEY ARE APPROXIMATELY 5,630 SQ. FT. IN SIZE, WHICH WOULD BE ABOUT \$14.74 PER SQ. FT. THE UNITS PROPOSED ARE 3,300 SQ. FT. IN SIZE AND YET COST \$90,000 OR AROUND \$27.27 PER SQ. FT. OR TWICE AS MUCH, NOT INCLUDING SITE WORK. WHY?

There will be no difference in the size of houses. Present total space including station building areas has been apportioned to using activities.

A -7. DID THE \$83,000 FOR THE ORIGINAL HOUSES INCLUDE DESIGN AND SITE COSTS?

Previously answered.

A -8. DESIGN AND SITE COSTS NOW PROPOSED ARE ESTIMATED AT \$460,688 WHICH, PRO-RATED, COMES OUT TO \$115,172 PER UNIT OR MORE THAN THE HOUSES COST. WHY?

Previously answered.

A -9. DOES THIS INCLUDE IMPROVED WATER SUPPLY OR SEWAGE TREATMENT?

Previously answered.

A-10. IN ANSWER TO ONE OF THE MEMBER'S QUESTIONS IN AUGUST 1973, \$284,500 WAS CITED AS THE TOTAL SITE COST. HOW IS THIS RECONCILED WITH THAT SHOWN IN THE PROSPECTUS?

Previously answered.

A-11. WERE DESIGN ALTERNATIVES CONSIDERED IN AN EFFORT TO REDUCE THE COST? WERE OTHER AGENCIES SUCH AS HUD OR THE BUREAU OF INDIAN AFFAIRS CONSULTED AS TO BEST CONSTRUCTION TECHNIQUES, MATERIALS, LABOR PRACTICES, ETC.?

Previously answered.

A-12. WHAT IS "AGENCY EXPANSION" OF 8,260 SQ. FT. INDICATED IN THE HOUSING PLAN? DOES THIS MEAN TWO MORE HOUSES?

Previously answered.

A-13. WHAT ARE THE GOVERNMENT PROPERTIES TO BE RETAINED, AS SHOWN IN THE HOUSING PLAN?

All facilities completed in the fall of 1971 will be retained. They include a station building, a service building and three permanent residences providing about 16,600 square feet of space. In addition, 4 arctic trailers originally planned for disposal will be retained for summer personnel and transients.

A-14. IF THIS PROSPECTUS IS NOT APPROVED WHAT WILL BE THE RESULT?

It will be necessary to acquire at least four additional trailers estimated to cost \$45,000 to \$55,000 each. This does not include costs required for permanent use. A permanent siting would cost \$20,000 to \$25,000 each additionally.

- B -1. WHEN THIS REVISED PROSPECTUS WAS SUBMITTED ORIGINALLY A YEAR AGO, SENATOR MCCLURE RAISED A NUMBER OF QUESTIONS ABOUT THE COST FIGURES, WHICH APPEARED TO SHOW THAT EACH OF FOUR RESIDENCES WOULD COST \$200,000. SENATOR MCCLURE SUBMITTED A NUMBER OF QUESTIONS TO GSA ON THIS PROSPECTUS. ATTACHED ARE THOSE QUESTIONS AND ANSWERS FOR PURPOSES OF INCLUSION IN THE HEARING RECORD.

No answer required.

- B -2. COULD YOU PROVIDE US WITH UPDATED FIGURES ON THE COST OF EACH HOUSE, AS WELL AS AN UPDATE ON STAFFING NEEDS AT THE BORDER STATION?

The cost per house is \$90,078 as previously discussed in question A-6. Staffing needs discussed in question A-3.

- B -3. WOULD YOU PROVIDE US WITH THE LATEST FIGURES ON "SITE WORK AND UTILITIES?"

The cost of "site work and utilities" is itemized in question A-8.

- B -4. HOW MANY WORKMEN WILL BE NEEDED FOR THIS PROJECT? WHAT IS THE ESTIMATED NUMBER OF MAN-HOURS OF LABOR NEEDED TO BUILD EACH HOUSE?

The number of workmen required for this project will reach a peak of 20 journeymen and helpers during the finishing stages. The labor costs are estimated as follows:

Base labor	\$19,617
Premium time	7,887
Travel costs	2,560
Subsistence	8,000
Total labor costs per house	<u>\$38,064</u>
Man-hours labor per house -	<u>2,200</u>

- B -5. WHAT WOULD IT COST TO PURCHASE AND PLACE PERMANENT ARCTIC TRAILERS AT THIS SITE AS A WAY TO MEET THE HOUSING NEED?

The cost per permanent arctic trailer is estimated at \$45,000 to \$55,000 per unit, delivered as compared to the permanent housing estimated to cost \$90,078 per unit. This option was reviewed by the region and discarded as not being compatible with the present permanent residences and not satisfying the long-range requirements of the Border Station.

PROSPECTUS NUMBER: PAK-73024
PROJECT NUMBER : NAK-73024

SUPPLEMENTAL PROSPECTUS FOR PROPOSED CONSTRUCTION
UNDER THE PUBLIC BUILDINGS ACT OF 1959

BORDER STATION

ALASKA HIGHWAY, ALASKA

1. DESCRIPTION OF PROPOSED PROJECT:

The project contemplates the construction of four additional residences, with the provision for landscaping and other miscellaneous items.

Approximate Area: Gross - 13,680 Sq. Ft. Net - 13,200 Sq. Ft.

2. ESTIMATED MAXIMUM COST OF PROJECT:

a. Design, management and inspection	\$ 89,000
b. Construction (As of October, 1974):	732,000
Residences	\$360,312
Additional Utilities	
Landscaping & Miscellaneous	371,688
Total estimated maximum cost	\$821,000

3. JUSTIFICATION:

A project for the construction of the Alaska Highway Border Station at a total estimated maximum cost of \$1,641,000, on a site to be acquired near Tok Junction, approximately 97 miles from the Alaska-Yukon Border, was approved by the Committees on Public Works of the Congress on April 4, 1963.

Subsequently, it was determined that the proposed facility should be located in close proximity to the Border, on land to be acquired from the Public Domain. A revised prospectus reflecting the change in location at the same total cost was approved by the Committees on Public Works of the Congress in April 1964.

The facility is now in operation at Mile Post 1221.8 on the Alaska Highway, having been substantially completed in August 1971. However, in order to keep construction costs within approved prospectus limits only three of the five planned residences were built and the landscaping was eliminated. In the meantime, each agency procured mobile home units. The mobile homes "Arctic Trailers" are entirely inadequate to satisfy present housing needs. The Bureau of Customs, Immigration and Naturalization Service and the General Services Administration have re-evaluated their long-range requirements for residences based on operating experience to date and have determined that a total of four additional new residences are required to satisfy housing requirements; two for the Bureau of Customs and one each for INS and GSA.

PROSPECTUS NUMBER: PAK-73024
PROJECT NUMBER : NAK-73024

3. JUSTIFICATION: (Cont'd)

The Border Station is completely isolated being almost 100 miles from the nearest United States community with even minimal amenities and services. The factor of morale and harmony cannot be overemphasized and the provision of comparable living quarters for each family is of considerable significance in insuring a high level of employee morale. Because of the remote location of this project, the need has also been identified for construction of recreational facilities. The construction of these facilities is being foregone at this time due to the urgency for construction of the additional residences and budget limitations.

4. ECONOMIC ANALYSIS:

No alternative solution is considered feasible because of the remote location of the existing Government facility and the need for expansion at this specific location.

5. CURRENT HOUSING COSTS:

<u>Temporary Trailers</u>	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
Operation, maintenance and upkeep.	4,940	\$10,520

6. PROPOSED SPACE PLAN FOR HOUSING FEDERAL AGENCIES:


A comprehensive plan for housing Federal agencies in the locality is attached (Exhibit A). Upon completion of construction, assignment and reassignment of space will be made in accordance with existing law.

7. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) suitable rental space is not available.

MAY 11 1973

Submitted at Washington, D.C. on _____

Recommended: 
Acting Commissioner, Public Buildings Service

Approved : 
Acting Administrator of General Service

EXHIBIT A

ALASKA HIGHWAY, ALASKA

COMPREHENSIVE HOUSING PLAN

Department of Agency	Present Housing (Net Sq. Ft.)			Proposed Housing (Net Sq. Ft.)		
	Total	Personnel	Temporary Trailers	Total	Personnel	New Construction
General Services Admin.	6,585	-	1,235	8,650	2	3,300
Justice (Imm. & Nat. Svc.)	6,865	2	1,235	8,930	3	3,300
Treasury (Customs)	8,050	5	2,470	12,180	5	6,600
Total Agency Space	21,500	7	4,940	29,760	10	13,200

Analysis of New Construction:

Net Sq. Ft.

Agency Space:	13,200
Space to be Replaced (Temp.)	4,940
Agency Expansion	8,260
Total	13,200

*Retained G/O Buildings

Identity	Sq. Ft.
Border Station	16,560

QUESTIONS FROM SENATOR McCCLURE

ALASKA HIGHWAY BORDER STATION

Question No. 1: What was the cost of each of the existing three houses built under the original prospectus?

Answer: The cost of construction of the three existing residences were included in a total bid package. Since the residences were not bid separately, it is difficult to derive a precise cost for their construction. However, based on an analysis of the total project cost we estimate the cost of each house to be about \$83,000.

Question No. 2: Would you give us information on the number of rooms and type of amenities built into each of these existing residences?

Answer: Each residence has three bedrooms, a living room with fire place and a small exterior balcony, dining area, kitchen complete with range and refrigerator, laundry room, two bathrooms, full basement containing storage space and recreation room with direct access to a common underground heated utilidor passageway serving all residences in the border station, and a one-car garage.

Question No. 3: Will each of the new structures be used by single families or several staff families or will they be used as bachelor quarters?

Answer: Each of the new structures will be used by single families.

Question No. 4: Would you please break down the costs of each of the new houses to be built: labor, materials, transportation of materials, additional utilities, etc.?

Answer: The estimated average cost of one residence is \$90,078. An analysis of this cost, based on a comparison with Fairbanks follows:

Constructed at Fairbanks:

Construction labor-----	\$19, 617
Material -----	32, 695
Equipment (rental, depreciation, etc.)-----	1, 309
Overhead profit (18 percent)-----	11, 770
Subtotal -----	<u>65, 391</u>

Extra for construction at Alaska Highway:

Subsistence for labor-----	8, 000
Premium time for labor-----	7, 887
Transportation for labor (from Fairbanks)-----	2, 560
Transportation for materials (from Fairbanks)-----	6, 240
Subtotal -----	<u>24, 687</u>

Total cost at Alaska Highway----- 90, 078

Question No. 5: You stated at our July 10 meeting that the cost of the proposed construction of the houses, except for this unusual situation, would be approximately \$25 per square foot. With this unusual situation, however, the cost rises to about \$65 per square foot. Would you please break down the components of that \$40 premium?

Answer: Of the \$40 cost differential, \$20 of the increased costs is attributable to normal construction in Alaskan cities such as Fairbanks and Anchorage and the other \$20 increase is a direct result of the remote location of the border station, the peculiar conditions on site, and the extremely short construction season. Some of these cost components include high material freight costs, premium labor costs (e.g. carpenters \$12 per hour, laborers \$10.50 per hour, plumbers \$15 per hour plus double-time for the 6th workday of the week), distance of travel, scarcity of labor, contractor in-and-out mobilization as a result of extremely short construction season, site earthwork including rock excavating, and special treatment of foundations to protect against permafrost.

Question No. 6: How many officials are currently employed at this station? How many employees are anticipated by 1978?

Answer: There are presently 10 full-time employees and three seasonal employees at the station. One additional employee, who would be temporarily housed in an arctic trailer, is projected. Should this employee be hired, the employment level should remain fairly constant through 1978.

Question No. 7: What was the cost of the landscaping that was eliminated in 1971 and what did this landscaping involve?

Answer: The average cost of all bids for the deleted 1970 landscaping was \$18,700. The work deleted included fine grading, top soil, fertilizer, seed, straw cover and planting (trees and shrubs) of the area around the station and dwellings.

Question No. 8: What precisely is contemplated in the work described as "site work and utilities," which appears to represent about half of the cost in the new prospectus?

Answer: The site work and utilities included in the prospectus project are the following:

a. Replace two existing 150 kVA generators with two new 250 kVA generators (original system designed for fewer houses)-----	\$116, 000
b. Extend paved areas to new residences, extend utilidor and street lighting -----	57, 500
c. Extend outside utilities (primary waterlines to utilidor and residences, power, hot water lines in utilidor, etc.), to new residences--	33, 500
d. Landscape planting, top soil fertilizer, seed, etc. (original plus extension to new residences)-----	30, 000
e. Fine arts in station building—native motif-totems, panel carvings, prints, painting, and facility signs-----	30, 500
f. Contingencies—for minor modification during construction-----	17, 000
Total -----	284, 500

Question No. 9: What type of recreation facilities exist at the station now? What facilities are contemplated, and what is their item-by-item cost?

Answer: There are no community recreation facilities at the station. However, each residence has a recreation room in the basement. See answer to question 11 concerning contemplated recreation facilities.

Question No. 10: You stated on July 10 that the existing water and sewer facilities are inadequate. In what way are they inadequate? How much must be spent to bring them up to standard? Why were these facilities not built to expected standards? What additional utilities are needed?

Answer: During the initial design and construction of the Border Station a reverse osmosis water treatment system was not available and a zeolite system was installed. This system was the best available at that time to meet the water treatment requirements and stay within contract funding limitations. We recently entered into a contract to drill a new water well and extend fire protection capability at the facility. This well will supplement the existing well which has shown signs of reduced capacity. This new source of water, costing \$62,365, will also provide sufficient capacity for the new residences.

Question No. 11: Are any other structures beyond the four houses contemplated in the prospectus? What is the nature and cost of this structure or structures?

Answer: There are no new building structures recommended for authorization in this prospectus at this time. However, because of the isolated location of this border station facility, we have identified the need for a community recreational facility. The improved water supply and utilities systems will be capable of supporting such a structure. The prospectus states that we are foregoing this facility at this time due to funding limitations. The cost of such a facility at this time is estimated to be \$345,000.

Senator CLARK. Let's go on to Saginaw, Mich.

FEDERAL OFFICE BUILDING, SAGINAW, MICH.

Mr. SHIPP. In July and September 1965, the Committees on Public Works of the Senate and House, respectively, approved a prospectus for a Federal office building to provide 51,600 gross square feet of space at a total cost of \$2,206,000. The project did not proceed because of the lack of funds. Subsequently, it was determined to proceed with the building serving as an environmental and energy conservation demonstration model, resulting in a change in the design criteria.

This revised prospectus will provide the increase in authorization necessary to accomplish construction of the building as an environmental demonstration project.

The revised project contemplates a building of 59,500 gross square feet of space, exclusive of rooftop parking, to provide space for a postal station and other Federal agencies on a site located at Genesee Avenue between Warren and Weadock Avenues under the purchase contract provisions of the Public Buildings Amendments of 1972, Public Law 92-313 [86 Stat. 219]. The project also will provide about 117 parking spaces for Government-owned, visitor, and employee vehicles. The site has been acquired and the design of the project is completed. This project will replace the unsatisfactory existing Federal building, result in an excellent working environment for employees, demonstrate many other environmental features and through the use of a solar collector make a positive contribution to energy demands.

Senator CLARK. How much in utility cost does the GSA expect to save annually with solar energy and the storing of rainwater?

Mr. SHIPP. I will ask Mr. Peyton to answer that question, Mr. Chairman.

Mr. PEYTON. We expect the solar collector to supply between 60 and 70 percent of the energy necessary to heat the building, and all of the energy necessary to provide hot water for occupant use. We have not converted that to a dollar figure. We can provide that information for you. [See question B-2, p. 60.]

Senator CLARK. Is there any circumstance under which GSA would remodel the existing Federal building or sell it?

Mr. SHIPP. The building in Saginaw is on the register of historic buildings. When the new building is completed and occupied we propose to vacate it. It probably will be disposed of to one or more of the local community groups that have expressed an interest in obtaining the building for further historic preservation. We considered the possibility of altering the building to provide further accommodations for the agencies, but we have found it is uneconomic and not feasible because of the age and the kind of structure that it is.

Senator CLARK. The Postal Service is going to occupy 36 percent of the total space. What is their function there? Is this appropriate for demonstration of environmental innovations that will pertain primarily to office buildings?

Mr. SHIPP. This is a downtown postal station or finance station of the type that ordinarily provides service to the business community. We feel that it provides us a good mix of space in which to test the environmental aspects of this project so that we are not dealing exclusively with a typical general purpose office space.

Mr. PEYTON. I might add that characteristic of postal operations of this type they involve the loading stock and trucking area and it offers special challenges in seeking to conceal that space from the general public. We have been successful in doing that in the design of the project.

Senator CLARK. When did you decide to make the building an environmental demonstration project? What led to that?

Mr. SHIPP. In June 1972.

Senator CLARK. What led to that decision?

Mr. PEYTON. The growing national concern over environmental matters. GSA felt that it would be appropriate for an agency of the Federal Government to demonstrate their concern over environmental considerations. This culminated in a conference sponsored by GSA in which experts from the environmental area, both nationally and internationally, were invited to a conference near Warrenton, Va. One of the recommendations of that conference was for GSA to sponsor a building of the type that was selected in the case of Saginaw.

Senator CLARK. The prospectus describes the proposed structure as a low, single-story building. I understand in mid-1972 GSA announced that it would be a three-floor building with a partial basement. What caused the design change?

Mr. PEYTON. In actuality, I believe that the announcement referred to was in error, and at that point in time a design had not in fact emerged. During the deliberations that the architect made in considering various alternatives some of the alternatives included high-rise facilities. The announcement was perhaps premature and the final decision was for a low-rise type structure.

Senator CLARK. The building design ratio of assignable to total square feet is 68 percent. Is this considered an efficient and economical ratio?

Mr. PEYTON. Yes, sir.

Senator CLARK. The prospectus refers to large office spaces, yet the total proposed is only 203 square feet per person. How does this compare with other office buildings and, also, GSA's average?

Mr. SHIPP. We think this compares very favorably, Senator. In the case of the Saginaw building, we propose to employ the open planning concept in providing space for the employees to be housed there. We think this is a very good factor.

Senator CLARK. Is rooftop parking appropriate for an environmental demonstration process? What are Saginaw's problems regarding off-street parking?

Mr. PEYTON. The considerations that entered into the rooftop parking situation were that we felt this was a good solution for concealing the parking and it is, in fact, concealed from street level, versus taking up a larger area and using blacktop for surface parking.

Mr. SHIPP. I might add, Senator, that the local ordinances in Saginaw would require approximately 148 parking spaces and we are providing 117 parking spaces. We feel this is adequate and would be consistent with the objective of the city in providing off-street parking in downtown Saginaw.

Senator CLARK. Installation of the solar energy system is proposed, as has been discussed, to provide 70 percent of the heating and all of the hot water. You mentioned 60 percent, I believe.

Mr. PEYTON. I said 60 to 70 percent, sir.

Senator CLARK. It also notes the use of recycled construction materials, special plumbing installations. It makes no mention, however, of cooling and heating transfer devices, low wattage lighting innovations that were highlighted, as I understand it, in news releases, nor of energy-efficient design generally. What are these features?

Mr. PEYTON. In the case of recycled materials, we propose to have wall surfaces near the entrances to the building, both inside and outside, to be composed of panels made from rubble from demolished buildings that are presently on the site now. We also propose to pave certain of the areas in the parking space utilizing recycled rubble material from the present buildings on the site. In the case of walkways on the landscape portion of the roof deck, we intend to use porous panels made from recycled brick. As far as the reuse of rainwater, we propose to collect this and utilize it around the building for lawn sprinkling purposes. We propose to utilize a toilet flushing system which involves a mineral oil in a closed cycle. The requirements on municipal water we expect to be minimal, only for drinking and lavatory purposes.

In the case of the lavatories, we plan on using a single-pipe type of system in which tepid water is used only as compared with the more traditional two-pipe hot and cold water system. We feel that the design that has been achieved for this project results in a low heat gain, low heat loss, as a result of a single-story building where there are effects rising on the side. We plan on using dual-glazed windows which reduce heat loss or heat gain.

There are also large overhangs to result in shaded situations involving the sun. There will be also a low heat gain, heat loss situation because of the roof structure on this particular project. We have a low wattage lighting system planned for the building. The very nature of a single-story structure enables us to eliminate elevators and energy consumption related to elevators as well as our reduction in the size of the building. These are typical items.

Senator CLARK. Are other projects of this type contemplated or under construction?

Mr. PEYTON. This is a demonstration-type project.

We plan on using this as a learning opportunity for us. We expect to select many items from this project to be used in future projects.

Senator CLARK. Senator Scott?

Senator SCOTT. Thank you, Mr. Chairman.

I noticed from the prospectus that they refer not only to the environmental demonstration but the use of recycled material.

I was not here for your main presentation, but the staff tells me that you didn't go into just what you mean by recycled material. Would you explain that a little bit for us, please?

Mr. PEYTON. Presently on the site are some existing buildings. When we have the opportunity to proceed with the project we propose to demolish those buildings and utilize the rubble in a recycled manner in several ways. The first way would be to select

portions of the rubble and have them made into panels which will be used on the exterior and interior of the building.

Senator SCOTT. Are you talking about stone or something of this nature, that you would break the stone up into little pieces and somehow put it back together with concrete or some sort of cement material?

Mr. PEYTON. That is correct, sir.

Senator SCOTT. It is primarily the stone that you are talking about, is it?

Mr. PEYTON. With respect to the rubble and the materials that are presently on the site. We also expect to have a requirement in our specifications in which the aluminum features of the building must all be made from recycled aluminum.

Senator SCOTT. Recycled aluminum? It comes from off the site?

Mr. PEYTON. That is correct, sir. Beverage cans and other scrap-type aluminum that is currently being collected from various parts of the country.

Senator SCOTT. How about the cost when you make something from recycled aluminum, or the other elements? How does the cost compare? Do you save money or does it cost extra money?

Mr. PEYTON. We expect there are some trade-offs, but we believe that the net cost in the final analysis will probably be an increase, particularly on a demonstration-type project which is, in effect, the first of its kind.

Senator SCOTT. What is your real purpose for doing this? You mentioned demonstrations. Are you thinking about considering this for the future as far as other Government buildings, or are you thinking of demonstrations that will have some effect on the private sector?

Mr. PEYTON. We are hopeful that this will have a major effect on the private sector, both State and local governments as well as private corporations throughout the country, demonstrating to them that owners, including ourselves, the Federal Government, should be concerned about environmental matters.

Senator SCOTT. I think the persons concerned about environmental matters would give a different emphasis. Reasonable people can disagree on a particular emphasis. To my way of thinking all of us live in the same general environment and we all want a healthy and wholesome environment. Sometimes on how to accomplish this we have a difference of opinion. I would hope that in doing this you would be in a position to say what is economical, just from the economic viewpoint and not suggesting that all other factors be ignored, and that it be separated in some way so that you could say you save money by using this type of material, this part of the building being cheaper than using new material, and that the quality of the finished product is better or it is just as good or it is inferior.

If you are using it as a demonstration, somehow you should be able to compartmentalize this so that it will be a precedent. Is this what your intention is?

Mr. PEYTON. That is correct, it is, sir. We feel that part of any demonstration-type project is an analysis of what you have in fact

accomplished. We propose wide circulation of the reports and evaluations that are made as a result of this project to local State governments, to private owners, as well as architects and engineers throughout the country who actually are involved in the design of buildings.

Senator SCOTT. I would commend you on this. I don't know that you need be reminded that our American free enterprise system operates on the basis of profit and that the private builder would be interested in the cost. I hope that this is equally applicable to the Federal Government and to what you are undertaking. I am very much concerned about the President submitting a \$304 billion budget with an estimated income of \$295 billion. As you know, I am a Republican, and a Republican generally supports the President. But I think he is wrong to send a budget up here to the Congress for \$304 billion and tell us that we will only take in \$295 billion. I would hope you have in mind a balanced budget in all of the plans you submit to us. I was in Norfolk the other day and somebody said they needed Federal assistance, that they couldn't build a project without Federal money. I reminded him we didn't have any Federal money. It was still their money, whether spent by the local government, the State government or the Federal Government.

Mr. Chairman, I will not infringe further on the time of the committee.

[Responses to additional questions and the prospectus follow:]

SAGINAW, MICHIGAN
FEDERAL OFFICE BUILDING

QUESTIONS AND ANSWERS

- A -1. A 51,600 SQ. FT. BUILDING WAS AUTHORIZED IN 1965 AT ABOUT \$42.75 PER SQ. FT. NOW A 59,500 SQ. FT. OR 15 PERCENT LARGER BUILDING IS PROPOSED, FOR ONLY HALF THE ORIGINALLY PLANNED OCCUPANCY, WHICH WILL COST \$105 PER SQ. FT. OR 183 PERCENT MORE. WHY?

Background - Three principal factors have caused the estimated maximum cost of the project to increase from \$2,206,000 in 1965 to the current estimate of \$6,244,000; namely:

- (1) Escalation caused by a delay of nearly 10 years in placing the project under contract.
- (2) Increase in site size to adequately accommodate building and parking and in harmony with city master plan for area.
- (3) The design and construction, attributed to the research character and environmental features of the revised project.

Summary:

(1) The delay has resulted in an increase in project costs of 67%	\$1,477,000
(2) The additional site cost	746,000
(3) The increase attributed to the research aspects and environmental features of the project including design, construction and related costs	<u>1,815,000</u>
TOTAL INCREASE SINCE 1965	\$4,038,000

The number of employees planned for the Federal Office Building has not changed significantly. The 1965 prospectus indicated 271 postal employees of which about 260 were to be in a postal leased facility. The revised prospectus does not include this facility.

- A -2. THE POSTAL SERVICE WILL OCCUPY 36 PERCENT OF THE TOTAL SPACE. WHAT IS THEIR FUNCTION HERE? IS THIS APPROPRIATE FOR DEMONSTRATION OF ENVIRONMENTAL INNOVATIONS THAT WILL PERTAIN PRIMARILY TO OFFICE BUILDINGS?

Previously answered.

- A -3. AT WHAT POINT IN TIME WAS IT DETERMINED TO MAKE THE BUILDING AN "ENVIRONMENTAL DEMONSTRATION PROJECT?" WHAT LED TO THIS DECISION?

Previously answered.

A -4. WHEN WAS THE DESIGN COMPLETED?

April 15, 1974.

A -5. THE PROSPECTUS DESCRIBES THE PROPOSED STRUCTURE AS A LOW SINGLE-STORY BUILDING. YET IN MID-1972 GSA ANNOUNCED IT WOULD BE A 3-FLOOR BUILDING WITH PARTIAL BASEMENT. WHAT CAUSED THE DESIGN CHANGE?

Previously answered.

A -6. THE PREVIOUS PROSPECTUS STATED THAT GOVERNMENT ACTIVITIES IN SAGINAW OCCUPIED 452,600 SQ. FT. OF SPACE. THE CURRENT PROSPECTUS STATES AGENCIES OCCUPY 51,750 SQ. FT. UNDER GSA CONTROL. IT FURTHER NOTES THE POSTAL SERVICE HAS 100,000 SQ FT. WHAT IS THE SPACE SITUATION HERE?

The 1965 prospectus listed 151,549 sq. ft. of general purpose space and 301,010 sq. ft. of special purpose space for a total of 452,559 sq. ft. for "present housing". This included all activities in the community, e.g. the Veterans Administration Hospital and two Defense Reserve Training Centers. The 1974 prospectus lists only those agencies under GSA control which will be affected directly by the project.

A -7. THE BUILDING DESIGN RATIO OF ASSIGNABLE TO TOTAL SQ. FT. IS ONLY 68%. IS THIS CONSIDERED AN EFFICIENT AND ECONOMICAL RATIO? HOW DOES IT RELATE TO THE CONCEPT OF AN "ENVIRONMENTAL LIVING LAB" AS IT'S DESCRIBED?

Previously answered.

A -8. THE PROSPECTUS REFERS TO LARGE OFFICE SPACES YET THE TOTAL PROPOSED IS ONLY 203 SQ. FT. PER PERSON. HOW DOES THIS COMPARE WITH OTHER OFFICE BUILDINGS AND ALSO GSA'S AVERAGE? DOES THIS REPRESENT "OFFICE EXCELLENCE" NOTED IN THE JUSTIFICATION?

Previously answered.

A -9. IS ROOFTOP PARKING APPROPRIATE FOR AN ENVIRONMENTAL DEMONSTRATION PROJECT? WHAT ARE SAGINAW'S POLICIES REGARDING OFF-STREET PARKING?

Previously answered.

A-10. THE PROSPECTUS STATES THE ROOF TOP WILL BE AVAILABLE FROM THE OUTSIDE BUT NOT THE INSIDE OF THE BUILDING. WHY? WHAT ABOUT SECURITY, CONVENIENCE, AND PROTECTION FROM INCLEMENT WEATHER?

The lack of accessibility from the roof to the building will result in building security and because the parking is similar to outside parking at other locations it is not anticipated that occupant convenience or protection from weather will be a problem.

- A-11. INSTALLATION OF A SOLAR ENERGY SYSTEM IS PROPOSED, TO PROVIDE 70 PERCENT OF HEATING AND ALL HOT WATER. IT ALSO NOTES USE OF RECYCLED CONSTRUCTION MATERIALS AND SPECIAL PLUMBING INSTALLATIONS. IT MAKES NO MENTION, HOWEVER, OF COOLING AND HEAT-TRANSFER DEVICES, POWER, AND LOW-WATTAGE LIGHTING INNOVATIONS HIGHLIGHTED IN NEWS RELEASES, NOR OF ENERGY-EFFICIENT DESIGN GENERALLY. WHAT ARE THESE FEATURES?

Previously answered.

- A-12. ARE OTHER PROJECTS OF THIS TYPE CONTEMPLATED? UNDER CONSTRUCTION?

Previously answered.

- A-13. COULD A COST-BENEFIT RATIO BE ATTACHED? WHAT ARE THE PRIMARY BENEFITS TO THE GOVERNMENT?

A favorable economic analysis of the proposed environmental feature was not the determining factor in deciding which feature would be included in the project. Instead, several of the features were selected because their inclusion held promise of advancing the state-of-the-art and would serve to stimulate architects, engineers, manufacturers and owner/developers toward greater interest in environmental concerns. (See also B-2)

As an example, the large solar collector and energy use system is probably the most important single innovative feature of the project. We feel the development of such solar systems is vital for the country. However, it is unlikely that private owner/developers will take the risk and spend the extra money required for the initial installations. There is universal recognition that more information is needed about the performance of large solar collectors. Also, manufacturers need to be induced to perform more R&D leading toward the mass production of solar collector components which would drastically reduce their costs. Although much is known about solar energy collectors, much more information is needed which can be translated into engineering tables and design data readily available to all architect/engineers.

- A-14. WHAT ARE DISPOSAL PLANS FOR THE OLD EXISTING FEDERAL BUILDING?

A formal determination of excess has not been made. However, the prospectus contemplates no further need for the old Federal Building upon occupancy of the proposed new building. Because the old building is on the National Register of Historic Places, GSA has already notified the State, County, and city Government of the proposed availability of the old building. This has resulted in expression of interest in acquiring the building by the Saginaw County Historical Society and the Saginaw Art Museum. Consequently, we do not expect any problems in identifying an appropriate new owner who will preserve this historic structure once it is vacated.

GSA-PBS May 31, 1974

B 1. WHY WAS THE EARLIER PROSPECTUS NEVER CARRIED OUT?

The project originally authorized in 1965 did not proceed because of lack of funds. A site was selected in 6-18-70; however, a realignment of the site proposed by the city was not approved until 2-14-72. The A/E contract was awarded 2-25-72 and design was not completed until 4-15-74. The length of time involved in completing design is attributable to the fact that this was selected as an environmental demonstration project which necessitated the solicitation of ideas from numerous sources and the investigation of various innovative features. Funds are not available for construction of this project.

B -2. HOW MUCH IN UTILITY COSTS DOES GSA EXPECT TO SAVE ANNUALLY BY USE OF SOLAR ENERGY AND THE STORING OF RAINWATER AT THE PROPOSED SAGINAW BUILDING?

The solar energy system is expected to extract and utilize enough solar energy initially to provide 70% of the required heating needs of the building, and 100% of the domestic hot water heating. These are prognostications based on the best information which is currently available. Thus, the normal heating system will become largely standby equipment for use during long periods with no sun or during maintenance of the solar collector.

The investment would be partially amortized by fuel costs savings, estimated to be \$8,200 annually at today's prices. Higher future fuel costs are expected to increase this amount appreciably. At some future date, we expect to undertake summer airconditioning of the building using solar energy. Most of the high cost components (solar collectors, pumps, and large insulated tanks) will already be in place, so this next step to summer cooling will place the solar installation on a much more favorable economic base.

Though this solar energy installation cannot be solely compared with savings in today's fuel costs, it can be equated to annual savings of enough natural gas or fuel oil to heat ten large residences. However, the more important return on the investment will be in the area of increased technical knowledge available to all, and stimulations of manufacturers to develop and mass produce solar energy system components.

This entire solar energy installation is in keeping with President Nixon's recent statement, in connection with energy conservation, that the Federal Government can lead best by example.

The rainwater collection system will save 100,000 gallons of potable water from the Saginaw water supply system.

B -3. WILL EMPLOYEES BE CHARGED FOR PARKING. IF SO, HOW MUCH WILL THEY BE CHARGED?

GSA will assign parking spaces to the various Federal agencies who in turn will assign spaces to their employees. In line with the Federal Building Fund, GSA will charge agencies for parking, however, there is currently no authority for charging Federal employees for parking.

- B -4. IS THERE ANY CIRCUMSTANCE UNDER WHICH GSA WOULD RAZE THE EXISTING FEDERAL BUILDING OR SELL IT TO A PRIVATE DEVELOPER TO BE RAZED OR ALTERED, THUS DESTROYING ITS HISTORIC CHARACTER?

Since this building was placed on the National Register of Historic Places on 7-13-72, GSA would not raze it. It appears very unlikely that a private developer will acquire this building. Both the Saginaw County Historical Society and the Saginaw Art Museum have expressed interest in acquiring the property. In light of the interest already expressed by these organizations, we do not expect that we will find any problems in identifying a new owner who will preserve the structure once it is vacated.

PROSPECTUS NUMBER: PMI-73014
PROJECT NUMBER : NMI-73014

PROSPECTUS FOR PROPOSED CONSTRUCTION
UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

FEDERAL OFFICE BUILDING (Revised)

SAGINAW, MICHIGAN

1. DESCRIPTION OF PROPOSED PROJECT:

In July and September 1965, the Committees on Public Works of the Senate and House, respectively, approved a prospectus for a Federal Office Building to provide 51,600 gross square feet of space at a total cost of \$2,206,000. The project did not proceed because of the lack of funds. Subsequently, it was determined to proceed with the building serving as an environmental and energy conservation demonstration model, resulting in a change in the design criteria.

This revised prospectus will provide the increase in authorization necessary to accomplish construction of the building as an environmental demonstration project.

The revised project contemplates a building of 59,500 gross square feet of space, exclusive of roof-top parking, to provide space for a postal station and other Federal agencies on a site located at Genesee Avenue between Warren and Weadock Avenues under the purchase contract provisions of the Public Buildings Amendments of 1972, P.L. 92-313 (86 Stat. 219). The project also will provide about 117 parking spaces for Government-owned, visitor, and employee vehicles. The site has been acquired and the design of the project is completed. This project will replace the unsatisfactory existing Federal Building, result in an excellent working environment for employees, demonstrate many other environmental features and through the use of a solar collector make a positive contribution to energy demands.

Approximate Area: Gross - 59,500 Sq. Ft. Net - 48,000 Sq. Ft.

2. ESTIMATED MAXIMUM COST: *

Site, design and building. \$6,244,000

3. JUSTIFICATION:

Federal agencies in Saginaw occupying space under the control of General Services Administration presently are housed in about 51,750 square feet of space. Of this total, approximately 36,900 square feet is general purpose Government-owned space provided in the Federal Building located at Federal and Jefferson Streets and 14,850 square feet is general purpose leased space provided in 6 locations at an annual cost of \$85,998. There is also special purpose leased space in the community which is not suitable for general purpose office use. This space will be retained for continued use by the occupying

* Exclusive of financing and other costs attributable to the purchase contract method of acquisition.

PROSPECTUS NUMBER: PMI-73014
 PROJECT NUMBER : NMI-73014

3. JUSTIFICATION: (Cont'd)

agencies and is not considered in this prospectus. Major mailhandling operations are housed in a building acquired under a long term lease by the Postal Service. A carrier and finance station has been retained in the existing Federal building. Design of the new building will reduce carrier and finance station space requirements in the new building.

The present Federal building is unique. It is of French-Gothic architectural design and was copied from the French Chateau of Alexis De Toqueville who was a visitor in Saginaw's early history. The building has been placed on the National Register of Historic Sites. It is expensive to operate and maintain, alteration would be costly because of design characteristics and extension impracticable because of site limitations. Present planning contemplates disposal of the building to a local government or other group for historical purposes.

The alternatives for resolving the Federal space situation in Saginaw were fully explored. The alternatives considered were alteration of the existing Federal Building located at Federal and Jefferson Streets, acquisition of consolidated modern leased space; and the acquisition of space in a building to be constructed.

It was determined that construction of a new Federal building is in the best interests of the United States and a prospectus proposing its construction was authorized by the Public Works Committees of the Congress in 1965.

Following enactment of the Public Buildings Amendments of 1972 the project was included in General Services Administration's purchase contract program and the cost escalated in accordance with section 5(e) of the Act to \$4,847,000 as of October 31, 1973. Site acquisition and design had begun under the original project but because of the need to develop innovative ideas in the environmental field the project has been designated as an "Environmental Demonstration Project".

The slightly depressed single story building designed in a park-like setting and with an ecological roof will enhance the environment in its locality. Approximately two-thirds of the roof will serve as a parking deck with the vehicles screened from view from adjacent sidewalks and streets. Locating the parking on the roof leaves space at the site for landscaping. The remaining portion of the roof of the low building will have plantings and will be a park-like extension of the landscaped site. It will be accessible to the general public at all times without entering the building. The postal trucking area is screened from view to avoid the appearance of an industrial activity.

An excellent working environment will be provided for employees having offices in the building. The office spaces are large with a minimum number of columns, and are ideally suited for the open planning concept. The building will demonstrate many other environmental features. Major uses will be made of recycled construction materials, including construction panels made from the

PROSPECTUS NUMBER: PMI-73014
PROJECT NUMBER : NMI-73014

3. JUSTIFICATION: (Cont'd)

rubble of demolished buildings. The need for water from the municipal system will be kept to a minimum through the use of special plumbing for toilets, a one-pipe one-temperature water service to lavatories, and the use of stored rainwater for sprinkling. A large solar collector is included as a part of the building design. The solar energy system is expected to provide 70 percent of the building heating and all the hot water; thus saving conventional fuels while operating pollution-free. The entire design will demonstrate that new construction can make a positive contribution to the environment and need not place large demands on normal energy and water sources.

The proposed project will be located on a trapezoidal shaped parcel of land at Genesee Avenue between Warren and Weadock Avenues. The site provides about 126,000 square feet of area, which in addition to the building will provide the necessary open space for a noteworthy environmental demonstration project with a large portion of the site developed with landscaped plaza and planting areas.

The project will also provide about 117 parking spaces for Government-owned, visitor and employee vehicles. About 96 of these spaces will be provided on the roof; however, if future changes in parking requirements and development of public transportation in Saginaw combine to reduce the need for roof parking, that space will also be landscaped.

It has been determined that the best interests of the United States will be served by providing for the construction of the project described herein under the purchase contract provisions of section 5 of the Public Buildings Amendments of 1972, P.L. 92-313. In the event the authority contained in section 5 expires before a purchase contract is awarded, or the Administrator determines, pursuant to section 5(b)(2) of the P.L. 92-313 that a reasonable rate of interest cannot be obtained for construction of the project by purchase contract, GSA will proceed with the project utilizing funds to be made available for this purpose in accordance with subsection 210(f) of the Federal Property and Administrative Services Act of 1949, as amended.

In acquisition of the site and actual construction, the applicable provisions of the following are being complied with: the Intergovernmental Cooperation Act of 1968 (P.L. 90-577), the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646), the Office of Civil Defense Technical Standards for Fallout Shelters (April 1969) and Executive Order 11512.

4. CURRENT HOUSING COSTS: For agencies to be housed in the proposed building.

	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
a. Leased space:		
Rent	11,116	\$ 58,867
Other costs		3,425
b. Government-owned space:		
Operation, maintenance and upkeep costs	36,895	<u>72,492</u>
Total		\$134,784

PROSPECTUS NUMBER: PMI-73014
 PROJECT NUMBER : NMI-73014

5. ENVIRONMENTAL CONSIDERATIONS:

A draft of an environmental impact statement was filed on June 29, 1973. A final impact statement was filed on January 2, 1974. They were prepared and distributed in accordance with the provisions of Section 102(2)(c) of the National Environmental Policy Act of 1969 (P.L. 90-190), as amended, and the guidelines prescribed by the Council on Environmental Quality.

6. PROPOSED SPACE PLAN FOR HOUSING FEDERAL AGENCIES:

A comprehensive plan for housing Federal agencies in the locality is attached (Exhibit A). Upon completion of construction, assignment and reassignment of space will be made in accordance with existing law.

7. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on FEB 28 1974

Recommended: John F. Galunda
 Acting Commissioner, Public Buildings Service

Approved : [Signature] 2/28
 Administrator of General Services

COMPREHENSIVE HOUSING PLAN
(As of April 30, 1973)

Department of Agency	Present Housing (Net Assignable Sq. Ft.)		Proposed Housing (Net Assignable Sq. Ft.)		Total	Personnel	C/O	*Retained	**Leased	Proposed Project
	Total	Owned	Leased	Total						
Agriculture	1,399	815	584	1,400	9	-	-	-	-	1,400
Civil Service Commission	1,431	1,431	-	1,400	1	-	-	-	-	1,400
Consolidated	-	-	-	1,800	4	-	-	-	-	1,800
Defense	5,011	645	4,366	4,864	33	-	-	-	3,164	1,800
Fed. Mediation & Conciliation	840	840	-	950	1	-	-	-	-	850
Health, Education, & Welfare	4,705	32	4,285	9,014	46	-	-	-	2,464	6,550
Justice	725	725	-	1,200	3	-	-	-	-	1,200
Labor	1,380	1,380	-	1,000	4	-	-	-	-	1,000
Executive Service System	1,825	1,825	-	1,800	6	-	-	-	-	1,800
Post Office	1,289	1,289	-	1,374	6	-	-	-	574	1,600
Post Office Station	5,770	725	5,045	6,100	44	-	-	-	-	6,100
Postal Service ^{1/}	19,995	23	19,995	14,500	29	-	-	-	-	14,500
Treasury	7,649	7,649	-	2,525	13	-	-	-	-	2,525
General Services Administration										
General Purpose Space	51,749	36,895	14,854	46,577	199	-	-	-	6,202	40,375

ANALYSIS OF PROPOSED PROJECT: (Square Feet)

Agency Space (Includes 8,600 square feet of Interior Postal Bldg. Area)	Identity	**Retained	Leased	Sq. Ft.
37,850	Department of Health, Education, & Welfare-SSA			2,464
	Bureau of Hearing Appeals			
	Department of Defense			3,164
	Recruiting			
	Department of Transportation			574
	Cons. Guard			
	Total			3,738

Department of Agency	Total	Owned	Leased	Personnel	C/O	*Retained	**Leased	Proposed Project
Agriculture	1,399	815	584	9	-	-	-	1,400
Civil Service Commission	1,431	1,431	-	1	-	-	-	1,400
Consolidated	-	-	-	4	-	-	-	1,800
Defense	5,011	645	4,366	33	-	-	-	3,164
Fed. Mediation & Conciliation	840	840	-	1	-	-	-	850
Health, Education, & Welfare	4,705	32	4,285	46	-	-	-	2,464
Justice	725	725	-	3	-	-	-	1,200
Labor	1,380	1,380	-	4	-	-	-	1,000
Executive Service System	1,825	1,825	-	6	-	-	-	1,800
Post Office	1,289	1,289	-	6	-	-	-	1,600
Post Office Station	5,770	725	5,045	44	-	-	-	6,100
Postal Service ^{1/}	19,995	23	19,995	29	-	-	-	14,500
Treasury	7,649	7,649	-	13	-	-	-	2,525
General Services Administration								
General Purpose Space	51,749	36,895	14,854	199	-	-	-	6,202

C/O Building to be Disposed of

Federal Building - Federal and Jefferson Streets	36,895
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ANALYSIS OF PROPOSED PROJECT: (Square Feet)

Agency Space (Includes 8,600 square feet of Interior Postal Bldg. Area)	37,850
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Parking:	
No. of Vehicles	117
Roof Top	96
PO Maneuvering Area	7
On Grade	14
Service Areas:	
Vending Stand	150
Conference	1,000
Custodial	1,375
Total Assigned Space	40,375
G/O to be Replaced	36,895
Leased to be Replaced	11,116
Agency Expansion	(-) 7,638 ^{2/}
Reserve for Future Expansion	1,625
Total Net Assignable Square Feet	42,000 ^{3/}

Miles and Corridors	6,000
Total Net Square Feet	48,000

^{1/}Does not include main postal leased building of 95,292 square feet housing 615 postal personnel.
^{2/}Reduction in space through improved utilization in new building.
^{3/}Excludes roof top parking area of 28,650 Net Assignable Square Feet.

Senator CLARK. Would you address yourself to Roanoke, Va., next, please?

FEDERAL OFFICE BUILDING, ROANOKE, VA.

Mr. SHIPP. This amendment is submitted to increase the authorized maximum limit of cost for the public building project listed below. The justification for this project, as described in the approved prospectus, has not lessened; however, the maximum limit has increased above the amounts authorized by section 5(e) of Public Law 92-313.

Design of the project is completed and the contract for construction has been awarded under the purchase contract authority of the Public Buildings Amendments of 1972, Public Law 92-313. The amount of construction award was within the allowable escalation pursuant to section 5(e).

The increased authority is required due to an increase in the base contract price caused by unusual and unforeseen subsurface rock formation which necessitated driving pile by more than 200 percent of the specification depth. In some cases the situation is so severe as to require drilling. This also reflects an additional amount for contingency in the fine arts. The presently approved estimated maximum cost of the project is \$12,755,000. We are asking for a revision in the authorized maximum cost to \$15,610,000.

Senator CLARK. Senator Scott?

Senator SCOTT. Thank you, Mr. Chairman.

Could you tell us when, if the committee approves this prospectus, you would expect construction to be completed?

Mr. PEYTON. August 1975.

Senator SCOTT. Have you started on this project yet?

Mr. PEYTON. Yes, sir. It is presently under construction and about 13 percent complete.

Senator SCOTT. You say unforeseen subsurface rock formation. Could you give us a little more detailed information? Do you have this under contract now? What sort of an agreement is it where you are increasing your request from \$12 to \$15 million. What is the status of your contract?

Mr. PEYTON. We presently have a firm contract. The contractor is J. W. Bateson & Co. Under contracting procedures used by GSA for construction, construction is awarded on a publicly advertised, competitively bid basis with a lumpsum price. In the case of foundations, however, because of possibilities of unforeseen conditions, recognition is taken of that circumstance and unit prices are included for the type of foundation used so that if the depth of the piles is foreshortened or exceeded by the estimated amount, adjustment in price is possible.

Senator SCOTT. You are saying this is part of your normal procedure. Is it part of the individual contract, that it would be adjusted?

Mr. PEYTON. Yes, sir. We follow this on all contracts that we award for new construction.

Senator SCOTT. Do you find that sometimes it results in the Government paying less money as well as paying more money as in this instance?

Mr. PEYTON. Yes, sir, that is possible.

Senator SCOTT. Once again, what is this unforeseen subsurface rock formation? What have you found there?

Mr. PEYTON. Sir, I do not have that information. I would have to supply it for the record. [See answer to question B-1, p. 77.]

Senator SCOTT. I wish you would. Frankly, Virginia is a conservative State. I think the Congressional Quarterly says that the Virginia Members of the Congress are the most conservative in the Union.

As far as saving taxpayer money, Congressional Services says we are No. 1. I know here you have the cost per employee at the lowest of any of these buildings coming before us today, \$18,600.

I would commend you on that. I think we want to move on all of these. I am sure the chairman shares this thought, to move along on all of them as fast as we can, but we do need information on which to base our judgment such as comes only before the committee. It does not go before the entire Senate.

If you would supply that for the record, it would be helpful. We are pleased to have a building in Virginia that is named after Mr. Justice Poff, who served in the Congress more than 20 years.

Senator CLARK. I have a couple more questions. The ratio of usable space to the total is 62 percent. What is the remaining space which is unusable?

Mr. SHIPP. The remaining space would be horizontal circulation areas, equipment rooms, the type of space that would support the activities in the building in terms of operation and maintenance, this type of thing.

Senator CLARK. In a period of 6 years the estimated cost has increased 182 percent. Is that due entirely to inflation or are there other factors?

Mr. SHIPP. There are several factors that are involved. There has been escalation as well as the unanticipated subsurface conditions that have caused increased cost.

Senator CLARK. In that regard, what percentage of the total contract price did piling represent?

Mr. SHIPP. I do not have that figure with me. We will be glad to provide it for the record. [See answer to question A-8, p. 75.]

Senator CLARK. It appears to us to be only 2 or 3 percent. Is that possible?

Mr. SHIPP. I have no way of making that judgment or I can't make a judgment on that.

Senator CLARK. Our figure would show that it would be 2 percent of the total contract cost, \$268,000.

Mr. SHIPP. This could very well be.

Senator CLARK. That wouldn't be a very significant factor, then.

Mr. SHIPP. No, it would not. I think in our prospectus we spoke to the fact that there has been increasing cost over the 1972 amendment.

When we consider the difference in cost between the amendment that authorized an increase in cost in 1972 and the project cost we are talking about today, about half that increase is related to the additional subsurface work, foundation work, that had to be done.

Senator CLARK. When was the contract awarded and in what amount?

Mr. PEYTON. The contract was awarded in August 1973 and the award amount was \$11,964,342.

Senator CLARK. The prospectus refers to adjustment to cost for site, design and so forth. What does that represent in dollars? Do you have a breakdown of that? If not, could you provide us with one.

Mr. PEYTON. Yes, sir, I will.

[See answer to question A-10, p. 75.]

Senator CLARK. What is the artwork which is proposed? What is the cost of that?

Mr. PEYTON. We have earmarked, as we customarily do on our own public buildings, one-half of 1 percent of the cost of the project. The artwork is an integral part of the design of the building.

In this case, the architect has proposed a piece of sculpture to be placed on the outside plaza area to serve as a focal point in entering the building.

Senator CLARK. What is the dollar figure?

Mr. PEYTON. One-half of 1 percent.

Senator CLARK. What is the dollar figure for that? It would be fair to assume that the dollar figure which you gave me refers to more than the sculpture, would it not?

Mr. PEYTON. One-half of 1 percent would be for the sculpture.

Senator CLARK. Just for the sculpture?

Mr. PEYTON. Yes, sir.

Senator CLARK. What is the dollar figure for that?

Mr. PEYTON. I don't have that, sir.

Senator CLARK. Can you give me a ball park figure.

Mr. PEYTON. Approximately \$60,000.

Senator CLARK. Would you describe the parking facilities proposed or under construction?

Mr. SHIPP. Senator, I don't have that information. I will have to provide it for you. [See answer to question A-13, p. 76.]

Senator CLARK. Senator Scott?

Senator SCOTT. Mr. Chairman, in view of the questions you have raised here and the witnesses actually not knowing the details, and I really don't mean this by way of criticism, I believe we ought to have our staff sit down with the people from GSA and go over each of these items.

Somehow I felt that this adjustment was being made because of unforeseen subsurface rock formation and then you talk about the 2 percent. I don't believe we received the full picture.

I am not accusing General Services of attempting to mislead the committee, but I believe that we ought to have our staff just go over these various items so that they can satisfy themselves and recommend to us that all of this increase is justified.

I am extremely anxious that there be no delay in this building, but at the same time I feel that we ought to be satisfied that this

and every other building that comes before this committee for changes, is justified.

This is the opportunity for GSA to satisfy the subcommittee that this is true.

I don't mean this by way of harassment of a Government agency. I know you gentlemen have a difficult job in planning all these things, but we do have the responsibility to oversee this, not only I think we ought to be satisfied before we give the okay on any of on behalf of our full committee, but on behalf of the entire Senate. these things.

What would be the result if this increase were not approved by the Congress? [See answer to question A-15, p. 76.]

Mr. SHIPP. We are not prepared to answer that. I understood the question to be describing the parking facilities. The prospectus says we will provide 202 onsite parking spaces, but I don't know what the exact design of the building is. We can provide that to you. [See answer to question A-13, p. 76.]

Senator SCOTT. Mr. Chairman, I believe, frankly—and the chairman and I have talked about this a number of times; we have talked with the chairman of the full committee with regard to it—we need to have these gentlemen, when they come before us, to be familiar enough with these projects to answer any reasonable questions that the committee presents to them.

I know you can't have everything right at your fingertips, but I am not impressed at all by your knowledge of this project and the details of what is going on.

I would hope that after today you might, in advance of coming before the committee, be able to answer your questions of this nature on these individual projects, to be in a position so you can give us the answer.

I would assume that this is fully justified, what you are attempting to do, but I don't know whether it is or not. I think the burden of proof is somewhat on you when you come before us to justify every one of these projects.

Mr. Chairman, I think this subcommittee ought to feel that these things are justified before we take favorable action on any of the projects.

Would it be feasible to sit down with our staff and go over these individual items? Is this feasible?

Mr. PEYTON. Yes, sir, it is.

Senator CLARK. I think it is a very reasonable request. I think prior to the time we report these prospectuses from the subcommittee to the full committee that the staff ought to be consulting with GSA and review the testimony that they are not able to provide.

I have to leave at noon.

We will not have the opportunity to go through all of the questions that we have. I think it is a good suggestion that the staff review these projects and then consult with us.

Based on that consultation, we will decide whether to report the prospectuses.

Senator SCOTT. Mr. Chairman, I will not be able to stay. We have an Armed Services Committee meeting that started at 10 o'clock. I do have a conflict. The Senate, as you know, is not in session today. I hope to get away for a long weekend.

I was just wanting to suggest to the chairman that after we complete this particular item, if there is one more which is most urgent, perhaps we might take it up next.

Mr. SHIPP. Mr. Chairman, I would like to indicate that we have been following the practice Senator Scott has mentioned. In fact, we spent 5 hours yesterday sitting with the staff, going over 13. But even in 5 hours, with 13 prospectuses, to make sure we have all the detail on every one of them is an inadequate time, really.

We propose to continue that kind of work with the committee staff to make sure we have detailed answers on all of them. We really didn't get to Roanoke yesterday.

Senator SCOTT. Would it be feasible to have somebody accompany you up here who is familiar, a person from GSA, who is familiar with one project but who might not be familiar with all of them?

If there is some subordinate who would be familiar, who could answer the questions, it would be helpful. We are on a Virginia project now and, naturally, I have a specific interest in this. There must be somebody at GSA who has all of these answers.

Is it feasible, as we go along in the future, to have someone here? You said you tried to familiarize yourself yesterday. But somebody was aware of this project and the details of it long before yesterday.

I would hope there is somebody in GSA who is familiar with it. Is it handled at the regional level or the State level? Who is overseeing this?

Mr. SHIPP. It is handled at the regional level. To come in with the kind of detail that we are talking about here probably would require us to bring maybe a man off the site who is actually observing what is going on there.

Senator SCOTT. Mr. Chairman, I don't want to suggest to the chairman or to the witnesses exactly how we should proceed. But I do feel there is an obligation on behalf of GSA to furnish this subcommittee with sufficient information upon which we can make adjustment decision.

I think that is your obligation. As far as I am concerned, I am not going to vote in favor of these until we get that on the various projects.

Senator CLARK. Earlier in the conversations I pointed out that the committee last year decided on a new set of requirements with regard to that, and that it would be my hope that we not take up further prospectuses until that kind of material is made available.

At least the staff, prior to the hearing, would have ready and easy access to all of the information that might arise in the process of the hearing or in the process of our consideration in executive session. So I share that view.

[Responses to additional questions and the prospectus follow:]

ROANOKE, VIRGINIAFEDERAL OFFICE BUILDINGQUESTIONS & ANSWERS

- A -1. THE 1972 PROSPECTUS AUTHORIZED A BUILDING PROVIDING A "NET" AREA OF 191,000 SQUARE FEET. THIS ONE REFERS TO AN "OCCUPIABLE" AREA OF 164,260 SQUARE FEET. WHAT IS THE DIFFERENCE? HOW IS IT DETERMINED?

The difference of 26,740 square feet is composed of aisles and corridors which were not included in 1974 prospectus. The gross area of the building remains the same, under the 1972 and 1974 prospectuses.

- A -2. WHAT DOES THE POSTAL SERVICE RETAIN HERE?

Upon completion of the Roanoke Federal Office Building, the Postal Service will retain the following Government-owned and leased facilities:

Government-owned

<u>Building</u>	<u>Net Occupiable Sq. Ft.</u>
SCF Mail Processing Facility	109,116
VMF (Vehicle Maintenance Facility)	7,280
New FOB Station	<u>8,020</u>
Total Government-owned	124,416

Leased

So. Roanoke Station	4,740
Gradin Road Station	6,076
Hollins College	527
Melrose Station	4,895
Williamson Road	2,938
Hollins Branch	3,440
Tanglewood Mall	<u>110</u>
Total Leased	22,726

- A -3. THE HOUSING PLAN INDICATES U.S. COURT FACILITIES WILL OCCUPY 18 PERCENT OF THE TOTAL SPACE. IS THIS MAINLY COURT ROOMS? HOW MUCH OF THE INCREASED COST DOES THIS ACCOUNT FOR?

Space for the U.S. Court facilities is broken down as follows:

Main Court Facilities:	<u>Net Occupiable Sq. Ft.</u>
Court rooms (3)	4,670
Court Support Area	<u>17,047</u>
(Probation Officer, Clerk, Reporters, Jury rooms, Referee, etc.)	21,717 total
Court-related space:	
U.S. Marshal's area	1,648
U.S. Attorney General's area	<u>3,540</u>
	5,188 total

The main court facilities cost approximately \$110.40 per net occupiable square foot while the court-related space is \$92.00 per net occupiable square foot. Therefore, the total cost of all the court facilities is approximately \$2,875,000.

The proposed February 22, 1974 amendment to the prospectus does not include any additional costs for court space.

- A -4. THE RATIO OF USABLE SPACE TO THE TOTAL IS ONLY 62 PERCENT. WHAT IS THE REMAINING SPACE WHICH IS NOT USABLE?

Space considered "not usable" for office or court purposes includes space for 1) restrooms and lounges, 2) stairwells, 3) elevators and escalator shafts, 4) building equipment and service areas, 5) entrance and all elevator lobbies, 6) stacks and shafts, 7) fully enclosed convectors and 8) corridors for internal traffic flow.

This type of space typically accounts for 30-40% of the gross space in federally-owned buildings.

A -5. IS THE BUILDING LOCATED DOWNTOWN? HOW WAS THE SITE ACQUIRED?

Yes, the site is located within the Central Business District of the downtown area of Roanoke.

The site, containing 11 parcels, 129,632 square feet, was acquired by direct purchase for cash and by exchange. Ten (10) parcels were purchased directly from owners at a total cost of \$379,000. One parcel was acquired by exchange of excess Government-owned property in New York City.

The exchange involved a transfer of excess Government-owned property in New York City valued at \$3,200,000 to a purchaser who conveyed (1) to GSA a garage and gas station property located in New York City valued at \$750,000 and cash in the amount of \$406,200; (2) in addition, the purchaser paid cash in the amount of \$468,800 to the School Board of the City of Roanoke, Virginia for a parcel which was conveyed to GSA and (3) cash in the amount of \$1,575,000 to the trustees of Indiana University for a complete block in the City of Indianapolis which was transferred to GSA.

A -6. IN A PERIOD OF 6 YEARS THE ESTIMATED COST HAS INCREASED 182 PERCENT. WHAT ACCOUNTS FOR THIS?

Cost increase of approximately 182 percent in 6 years from \$5,534,000 to \$15,610,000 is attributed to the following:

1) Construction cost escalation - \$4,981,000

Original prospectus estimate of cost was prepared in April 1965. No allowance was made for construction cost escalation at that time. The actual escalation experienced from the time the original prospectus was submitted (8/30/66) to the present is 90 percent.

2) Increased gross square feet area of building -
66,000 square feet at \$58.26 per sq. ft. -- \$ 3,845,000

The net assignable square feet was expanded from 126,400 to 164,260 primarily to incorporate space for the U.S. Courts, U.S. Attorneys and U.S. Marshals. Court space is 20% more costly than general office space to construct.

3) Increased foundation cost - \$ 1,250,000

Total Increase \$10,076,000

A -7. WHEN WAS THE CONTRACT AWARDED, AND IN WHAT AMOUNT?

The contract was awarded on August 3, 1973, in the amount of \$11,964,342.

A -8. WHAT PERCENTAGE OF THE TOTAL CONTRACT PRICE DID PILING REPRESENT?

Initial amount included in contract - \$268,342
2% of total contract - based on unit prices per linear foot of piling anticipated.

A -9. WERE OTHER SITE COSTS INVOLVED? IF SO, WHY WEREN'T THEY MENTIONED?

Other site costs were involved. The price paid (\$468,800) by a third party on behalf of the Government as a part of the exchange described in the response to question five.

a) This was not mentioned because the funds used were non-appropriated funds.

A-10. THE PROSPECTUS REFERS TO "ADJUSTMENTS TO COSTS FOR SITE, DESIGN, ETC." WHAT DOES THIS MEAN, AND REPRESENT IN DOLLARS? IS A BREAKDOWN AVAILABLE?

Adjustments to estimated costs for site, design, etc., are as follows:

	<u>1972</u>	<u>1974</u>	<u>Reason for Increase/Decrease</u>
Site	\$571,000	\$433,530	Acquired for less cost
Design	463,000	493,882	Redesign foundation (piling)
Mang. & Insp.	<u>552,000</u>	<u>746,218</u>	Constr. Delay
Total	\$1,586,000	\$1,662,630	(Rounded to \$1,663,000)

A-11. WHAT ARE THE "OBLIGATIONS INCURRED" THAT ARE NOTED?

As of May 1974, \$13,048,088 has been obligated.

A-12. WHAT "ART WORK" IS PROPOSED?

The art work is an integral part of the design of the building. The architect has proposed a piece of sculpture to be placed in the outside plaza area to serve as a focal point for visual interest and human scale. The cost for the art work is estimated to be \$61,840.

GSA-PBS May 31, 1974

A-13. DESCRIBE PARKING FACILITIES (200 SPACES) PROPOSED OR UNDER CONSTRUCTION.

The project will have 156 parking spaces in an enclosed one-story parking structure adjacent to and connecting with the high-rise portion of the building, with 80 spaces on the roof deck and 76 spaces below. An additional 44 surface spaces are provided, with 24 of these spaces designated for Postal Service patrons and official vehicles. Total parking to be provided at this location is 200 spaces.

A-14. WHAT ARE CITY ORDINANCES OR REQUIREMENTS WITH RESPECT TO PARKING?

The building is located in an area zoned "C-3 District" which does not require parking in buildings. However, the usual practice is for buildings to include parking spaces. For example, in the urban renewal project area for Roanoke, parking areas are included.

A-15. WHAT WOULD BE THE RESULT IF THE REQUESTED INCREASE WERE NOT APPROVED AT THIS TIME?

Without approval of the prospectus amendment the building cannot be completed. Two elevators and fine arts cannot be provided. In addition, it would be necessary to delete such items as landscaping and to leave court space and/or general office areas unfinished to the extent required to deliver a partially complete and operational facility.

- B -1. WOULD YOU PLEASE PROVIDE US WITH MORE DETAILED INFORMATION ON THE "UNFORESEEN SUBSURFACE ROCK FORMATION" PROBLEM?

The underlying strata in the downtown area of Roanoke consists of nearly vertical layers or strips of limestone with intermediate mud seams and weathered shale zones. The limestone and shale layers are weathered to varying depths. Also limestone layers and mud seams both vary in thickness, usually one to five feet. These layers stand just enough off vertical so that piling frequently tends to slip off rather than seat. This condition requires special pile tips and frequently piling will be bent or driven off center so that pile extractions and re-driving is necessary.

Even if every column footing is drilled, which is quite expensive, there is no guarantee of pre-determining piling depths. This is because the widths of supporting layers are frequently less than a pile cluster.

Extensive structural redesign of the pile foundation was required by the Architect-Engineer to determine nature and extent of pile corrective work to secure a sound foundation.

- B -2. When can we expect construction to be completed?

Current projection for completion is December 1975, considering three-month delay attributable to delay in completion of pile driving.

PROSPECTUS NUMBER: PVA-74024
 PROJECT NUMBER : NVA-74524
 (Formerly numbered - 45-0095 Revised)

PROSPECTUS TO AMEND A PUBLIC BUILDING PROJECT
 AUTHORIZED UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED .

1. DESCRIPTION OF PROPOSED AMENDMENT:

This amendment is submitted to increase the authorized maximum limit of cost for the public building project listed below. The justification for the project, as described in the approved prospectus, has not lessened; however, the maximum limit has increased above the amounts authorized by section 5(e) of Public Law 92-313. There is attached a detailed explanation of the increased cost.

2. PROPOSED AMENDMENT:

<u>Location</u>	<u>Project</u>	<u>Total Estimated Maximum Cost</u>
Roanoke, Virginia	Richard H. Poff Federal Building	\$15,610,000

3. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this community cannot be satisfied by utilization of existing suitable property now owned by the Government; and (2) suitable rental space is not available at a price commensurate with that to be afforded through the action proposed herein.

Submitted at Washington, D.C. on _____

FEB 22 1974

Recommended: _____

[Signature]
 Commissioner, Public Buildings Service

Approved : _____

[Signature]
 Administrator of General Services

PROPOSED AMENDMENT TO:

RICHARD H. POFF FEDERAL BUILDING
(Formerly Courthouse and Federal Office Building)

ROANOKE, VIRGINIA

Prospectus Number: PVA-74024
Project Number : NVA-74524
(Formerly numbered - 45-0095 Revised)

DATE SUBMITTED TO CONGRESS -

Revised Prospectus - June 8, 1972

DATE OF APPROVAL BY COMMITTEES ON PUBLIC WORKS:

House of Representatives - June 14, 1972
Senate - September 21, 1972

Design of the project is complete and the contract for construction has been awarded under the purchase contract authority of the Public Buildings Amendments of 1972, P.L. 92-313. The amount of construction award was within the allowable escalation pursuant to section 5(e).

The increased authority is required due to an increase in the base contract price caused by unusual and unforeseen subsurface rock formation which necessitates driving piles by more than 200 percent of the specification depth and in some cases the difficulties are so severe as to require drilling. The amount for construction also reflects sufficient additional margin for contingencies and fine arts. This amendment will also serve to adjust the cost of Site, Design, Management and Inspection to reflect the obligations incurred.

<u>ESTIMATED COST:</u>	<u>Approved Estimated Maximum Cost</u>	<u>Revised Estimated Maximum Cost*</u>
Site, Design, Management and Inspection.	\$ 1,586,000	\$ 1,663,000
Construction.	<u>11,169,000</u>	<u>13,947,000</u>
TOTAL COST.	\$12,755,000	\$15,610,000

APPROXIMATE AREAS:

Gross Square Feet	272,000	272,000
Occupiable Square Feet.	164,260	164,260

*Exclusive of financing or other costs attributable to the use of the method of construction authorized (section 5(e), Public Buildings Amendments of 1972).

COURTHOUSE AND FEDERAL OFFICE BUILDING, DAYTON, OHIO

Senator CLARK. We are going to ask that a number of questions be answered in writing on several other projects. I see we have seven more prospectuses to consider.

I am speaking to the staff now as well as the General Services Administration. I wonder if they have any particular suggestions on the importance of these projects, the controversy involved in some of these projects, as to which one or two we might take up in our remaining time.

[Responses to additional questions and the prospectus follow:]

DAYTON, OHIOCOURTHOUSE AND FEDERAL OFFICE BUILDINGQUESTIONS AND ANSWERS

- A -1. THE PROSPECTUS INDICATES SITE AND DESIGN COSTS INCREASED 253 PERCENT SINCE PREVIOUS APPROVAL. WAS THE DESIGN CHANGED? WHAT IS THE EXPLANATION?

	<u>1965</u>	<u>1973</u>	<u>EXPLANATION</u>
Site	\$ -0-	\$ 10,000	Expenses of exchange
Design and Review	241,000	582,000	(1)
Management and Inspection	<u>102,000</u>	<u>620,000</u>	(2)
TOTAL	\$343,000	\$1,212,000	

(1) Costs increased due to extensive review involved in initial A/E design. The A/E contract was terminated at the concept stage and a new A/E selected. Further delays and subsequent costs were due to slow approval of plans for space by Justice Department.

(2) Increased inspection costs are due to (a) separate A/E contract for site inspection services due to regional inspection shortage and (b) additional manpower at site required by GSA management report adapted in 1968.

- A -2. WHAT CAUSED THE CONSTRUCTION COST TO INCREASE 95 PERCENT SINCE 1966?

Increases in construction cost between 1966 and 1973 are due primarily to escalation. Secondary increases were due to incorporation of new design criteria into project which were not anticipated previously. These criteria include office excellence program, high-rise fire safety, integrated ceiling system and life cycle items such as insulated mirror glass. The nationwide construction costs between 1966 and 1973 increased 73% or 9% per annum.

- A -3. THE PROSPECTUS INDICATE THE POSTAL SERVICE WITHDREW THEIR REQUIREMENTS AFTER 1970. YET 20 PERCENT OF THE SPACE IS ASSIGNED TO THEM. WHY?

The prospectus for Dayton does not indicate withdrawal of the Postal Service.

- A -4. MORE THAN A QUARTER OF THE SPACE IS ASSIGNED TO THE COURTS. IS MOST OF THIS TAKEN UP BY COURT ROOMS?

Of the 23,535 square feet of space assigned to the U.S. Courts, there are three courtrooms which will contain approximately 10,700 square feet of space. About 12,800 square feet of space will be utilized for Judges suites and other court related functions.

A -5. HOW FAR HAS THE PROJECT PROGRESSED AT THIS POINT?

As of May 20, 1974, the project is 20% complete. The excavation, foundations and structural steel are substantially complete. At present the building is being enclosed and rough-in of mechanical and electrical systems are underway.

A -6. WHEN WAS THE CONSTRUCTION CONTRACT AWARDED, AND FOR HOW MUCH?

The construction contract was awarded on August 3, 1973, in the amount of \$8,128,000.

A -7. WERE COMPETITIVE BIDS ADVERTISED?

Competitive bids were solicited.

A -8. ON WHAT BASIS WAS THE AWARD MADE?

The award was made on the basis of the lowest responsive bid.

A -9. WAS THE BID WITHIN THE AUTHORIZED LIMIT OR WERE "OPTIONS" DELETED TO REDUCE THE AMOUNT? WHAT WERE THEY?

The contractor's full proposal was within the authorized limit and there were no deduct options included in the bid solicitation. However, there was only \$96,258 in contingency funds available. The revised prospectus will increase the contingency authorization to \$401,200 for change orders after award of the construction contract and also will provide for other work such as integrated ceilings, fire safety, and fine arts.

A-10. WASN'T A NEED FORESEEN FOR THE ADDITIONAL ITEMS NOW PROPOSED, SUCH AS SPECIAL COMMUNICATION AND SAFETY SYSTEM? WHAT ARE THESE AND WHAT WILL THEY COST? OR ARE THEY INSTALLED ALREADY?

The additional items now proposed were adopted as GSA design standards or criteria after the previous estimate for the Dayton project was prepared. Exact costs for these systems are not known at this time. We believe these features can be incorporated into this project for \$626,100.

A-11. WHAT IS AN "INTEGRATED CEILING?" WHAT KIND WAS PROPOSED ORIGINALLY?

The integrated ceiling system incorporates the major environmental parameters for the open areas of office space. The items provided by the integrated ceiling are 1) acoustical control, 2) fire rating, 3) heat and airconditioning, and 4) lighting. The system contains complete flexibility for future space alterations which justifies a higher initial cost.

The original ceiling system consisted of 1) separate suspended T-bars and panels, 2) supply and return air diffusers and 3) electrical light fixtures.

A-12. EXPLAIN "LIFE-CYCLE ITEMS." AND INSULATED MIRROR GLASS, BOTH OF WHICH INCREASED THE COST.

1. Life-Cycle Items. Components of a building such as 1) added insulation, 2) insulated mirror glass, 3) special lighting fixtures, etc., which result in lower annual operating costs and conservation of energy.
2. Insulated Mirror Glass. Consists of two layers of glass with an air pocket in between. The outer layer of glass has a mirror-like coating which reflects rays of sunshine to prevent excessive heat build-up in the building. Occupants can see out from the building, but vision into the building is prevented by the one-way mirror effect. The same insulating qualities of the glass also reduces the heat loss through the windows during cold weather.

A-13. IS GSA PUTTING THESE INTO ALL NEW OFFICE BUILDINGS?

The use of insulated mirror glass was a specific design solution for energy conservation for the Dayton project. This solution will not necessarily be used on all GSA projects. However, life-cycle cost analysis will be used for other GSA projects on a case-by-case basis in order to determine what energy conservation measures are required.

A-14. THE PROSPECTUS REFERS TO A "SUFFICIENT MARGIN FOR CONTINGENCIES" WHICH INCREASES THE COST. WASN'T THIS PROVIDED IN THE EARLIER ESTIMATES?

The normal amount for contingencies is 5% of the estimated construction cost. This percentage is included in the revised prospectus and should be sufficient for change orders and claims which occur after the award of the construction contract. The original prospectus included \$207,000 for contingencies and the pending prospectus estimated the contingencies at \$401,200. The base contract, as amended, only had \$96,258 available for contingencies in lieu of the required \$401,200.

- A-15. WHAT IS MEANT BY "THIS AMENDMENT WILL ALSO SERVE TO ADJUST THE COST OF SITE, DESIGN, MANAGEMENT, ETC.?" AND WHAT ARE "OBLIGATIONS INCURRED?"

Also see response to Question A-1. The breakdown of the above expenses is as follows:

	<u>Approved Costs</u>	<u>Requested Costs</u>
Site costs	\$ 0	\$ 10,000
Design & Review Costs	241,000	582,000
Management and Inspection Costs	<u>102,000</u>	<u>620,000</u>
Total	\$343,000	\$1,212,000

* This amendment will authorize the required increases due to design and supervision changes. Obligations incurred refers to the GSA costs and contracts in these areas.

- A-16. ISN'T THE SITE GOVERNMENT-OWNED? HOW WAS IT ACQUIRED? WHEN? WHAT DID IT COST?

Yes, deed was recorded November 24, 1969. It was acquired by an exchange of the existing U.S. Post Office and Courthouse site in Dayton, Ohio, for city owned property. The "agreement to exchange property" between GSA and city of Dayton was approved by the City Council on November 20, 1968, and accepted by GSA on December 16, 1968. The prospectus amendment provides for, among other things, an adjustment in site cost in the amount of \$10,000 to cover certain costs related to effecting exchanges.

- A-17. DID THIS CONTRIBUTE IN ANY WAY TO THE 253 PERCENT INCREASE IN SITE COSTS?

This adjustment has only a nominal impact on site costs.

- A-18. WHY DIDN'T GSA COME BACK TO THE COMMITTEE SOONER, WHEN THE COST OVER-RUN FIRST WAS EVIDENT, INSTEAD OF PUTTING US IN A POSITION OF HAVING LITTLE CHOICE BUT TO APPROVE THE PROJECT?

There was no intention of putting the committee in such a position. The planned addition of high rise fire safety systems, and integrated ceiling systems and life-cycle items to reduce energy requirements can be deleted from the project should the committee not approve this amendment.

A-19. WHAT WOULD HAPPEN IF THE INCREASE WERE NOT APPROVED?

If approval is not given then the design must be modified or the following items which are responsible for most of the increase must be deleted:

Special communication, protection, and high rise fire safety systems, an integrated ceiling, insulated mirror glass to reduce energy requirements, office excellence system and fine arts. These items conform to current design standards which were not required when the project was initially developed in 1966.

PROSPECTUS NUMBER: POH-74022
 PROJECT NUMBER : NOH-74522
 (Formerly numbered 34-0195)

PROSPECTUS TO AMEND A PUBLIC BUILDING PROJECT
 AUTHORIZED UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

1. DESCRIPTION OF PROPOSED AMENDMENT:

This amendment is submitted to increase the authorized maximum limit of cost for the public building project listed below. The justification for the project, as described in the approved prospectus, has not lessened; however, the maximum limit has increased above the amounts authorized by section 5(e) of Public Law 92-313. There is attached a detailed explanation of the increased cost.

2. PROPOSED AMENDMENT:

<u>Location</u>	<u>Project</u>	<u>Total Estimated Maximum Cost</u>
Dayton, Ohio	Courthouse and Federal Office Building	\$9,797,000

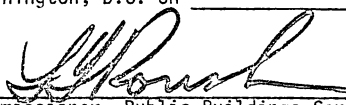
3. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this community cannot be satisfied by utilization of existing suitable property now owned by the Government; and (2) suitable rental space is not available at a price commensurate with that to be afforded through the action proposed herein.

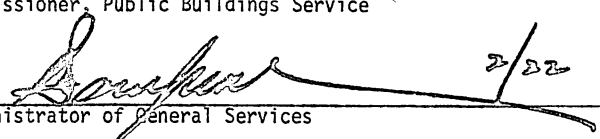
FEB 22 1974

Submitted at Washington, D.C. on _____

Recommended:


 Commissioner, Public Buildings Service

Approved :


 Administrator of General Services

2/22

PROPOSED AMENDMENT TO:

COURTHOUSE AND FEDERAL OFFICE BUILDINGDAYTON, OHIO

Prospectus Number: POH-74022
 PROJECT NUMBER : NOH-74522
 (Formerly numbered - 34-0195)

DATE SUBMITTED TO CONGRESS -

Original Prospectus - October 5, 1966

DATE OF APPROVAL BY COMMITTEES ON PUBLIC WORKS:

House of Representatives - October 6, 1966
 Senate - October 10, 1966

Design of the project is completed and the contract for construction has been awarded under the purchase contract authority of the Public Buildings Amendments of 1972, P.L. 92-313. The amount of construction award was within the allowable escalation pursuant to section 5(e).

The increased authority is required to cover the costs of providing a special communication and safety system including an improved high-rise fire safety system; an integrated ceiling system; life cycle items such as insulated mirror glass to reduce energy requirements; and fine arts. These items conform to current design standards which were not required when the project was initially developed in 1966. The amount for construction also reflects a sufficient margin for contingencies. This amendment will also serve to adjust the cost of Site, Design, Management and Inspection to reflect the obligations incurred.

<u>ESTIMATED COST:</u>	<u>Approved Estimated Maximum Cost</u>	<u>Revised Estimated Maximum Cost*</u>
Site, Design, Management and Inspection.	\$ 343,000	\$1,212,000
Construction.	<u>4,395,000</u>	<u>8,585,000</u>
TOTAL COST.	\$4,738,000	\$9,797,000

APPROXIMATE AREAS:

Gross Square Feet	162,300	164,056
Occupiable Square Feet.	101,760	116,110

*Exclusive of financing or other costs attributable to the use of the method of construction authorized (section 5(e), Public Buildings Amendments of 1972).

Senator CLARK. Let's take up the Virgin Islands project.

CHARLOTTE AMALIE, VIRGIN ISLANDS

Mr. SHIPP. I was going to suggest that and then the R. & I. projects.

Senator CLARK. Let's go to the project in the Virgin Islands.

This amendment is submitted to increase the authorized maximum limit of cost for the public building project listed below. The justification for the project, as described in the approved prospectus, has not lessened; however, the maximum limit has increased above the amounts authorized by section 5(e) of Public Law 92-313.

Design of the project is complete and the contract for construction has been awarded under the purchase contract authority of the Public Buildings Amendments of 1972, Public Law 92-313. The amount of construction award was within the allowable escalation pursuant to section 5(e) after eliminating all but the bare essentials of the facility.

The increased authority is required to restore the eliminated items such as emergency generator equipment; the second elevator; finishes to the courtroom; fine arts and exterior paving and landscaping and allow a sufficient margin for contingencies.

The amount for construction also reflects additional costs encountered in shipment of materials which were not available locally, including import taxes, and other special local conditions such as the nonavailability of concrete batching facilities.

This amendment will also serve to adjust the cost of site, design, management and inspection to reflect the obligations incurred.

The approved estimated maximum cost of the project as it now stands is \$5,931,000. The revised estimated maximum cost is \$7,823,700.

Senator CLARK. The 1972 prospectus shows site and design cost to be \$683,000, but this one shows those costs at \$910,700, or a 33-percent increase.

What additional design has been necessary since 1972?

Mr. PEYTON. No additional design, sir. However, we have found that we underestimated the cost and inspection costs required for this project.

Senator CLARK. You underestimated it by one-third?

Mr. PEYTON. Yes, sir.

Senator CLARK. How was the site acquired? Did this involve additional cost?

Mr. SHIPP. The site was acquired by, in effect, an exchange with the territory, the Virgin Islands Territory, in that we had sold to the Virgin Islands a former submarine base and there was an outstanding indebtedness there.

We canceled a portion of that indebtedness in return for the site. That amounted to \$545,000 credit on the mortgage that we were holding.

Senator CLARK. When was the construction contract awarded, to whom and for how much?

Mr. PEYTON. The award was made to the Benjamin Construction Co., Inc., and Rodrieuguez and Del Via of St. Thomas, Virgin Islands, on September 28, 1973.

It was awarded under the provisions of section 8(a) of the Small Business Act.

Senator SCOTT. What is that?

Mr. PEYTON. Section 8(a) of the Small Business Act has procedures prescribed to provide that Federal agencies may award contracts to the Small Business Administration and they, in turn, award to disadvantaged minority firms that are seeking to establish themselves on an independent financial basis.

Senator SCOTT. Does it require that they be competent contractors, the disadvantaged?

Mr. PEYTON. The responsibility for the determination of competency is with the Small Business Administration. It is my understanding that they have to show certain essential characteristics that would enable them to be competent.

Senator CLARK. When it becomes obvious that certain items must be deleted to stay within the authorized amount, why did GSA go ahead and award a contract? Why did they come back to the committee then and put us in a position of having little choice but to approve the project?

Mr. PEYTON. We felt that the prices obtained at the time would enable us to have a completed facility. We have made some deletions on the project as it stands at the moment.

However, these would not prevent us from fully utilizing the building. This was based on our best management judgment at that time.

Senator CLARK. How were the negotiated deletions selected? What was the basis of the selection?

Mr. PEYTON. It was done on the basis of those items that we felt that if we had to we could get along without. The ones that were selected are not unusual for this type of situation.

Senator CLARK. Why do you now want these deletions reinstated?

Mr. PEYTON. They are in the category of desirable rather than mandatory. We presently hold options with the contractor, such options expiring on May 31, which would enable us to now provide them.

We feel that if we could exercise these options we could obtain the most advantageous price to the Government as compared with some future procurement undoubtedly at a higher cost.

Senator CLARK. We get back always, eventually, to the nature of the prospectus and the material provided here. It seems to me it would have been appropriate to mention these in the prospectus, that it would have been appropriate to explain these in the prospectus.

What is the status of the project now?

Mr. PEYTON. The project is under construction. It is approximately 15 percent complete at this point in time.

Senator CLARK. There are options totaling \$732,000. If these options are not picked up by May 31, what will they cost later? Must that be done now? Is that the point?

Mr. PEYTON. The options expire. They represent prices that were arrived at back in the time frame of when the contract was awarded. We have had cost escalations since that time. The future price to be paid by the Government in the event the options are not picked up would, of course, depend on at what point in time the procurement action was completed.

I think it is certainly reasonable to say that, undoubtedly, it would be a significantly higher price.

Senator CLARK. That is 8 days from now.

Mr. PEYTON. Yes, sir.

Senator CLARK. How much does the Government have invested in this project at this point

Mr. PEYTON. At the moment, totaling \$6,685,900.

Senator CLARK. Senator Scott?

Senator SCOTT. Thank you, Mr. Chairman.

I notice the cost per person here is \$45,000 and that the space per person is 300 square feet. That space per person is greater than any other that we have before us today except the South Carolina project.

The cost per person is greater than any other except the one in Fairbanks. I am just thinking, maybe in a parochial way. I notice in Virginia the cost per person is \$18,600, and the cost per person is \$45,000 in the Virgin Islands.

I can understand Fairbanks, Alaska, where you have inflation, or you seem to have it more than in any other of our States or most of our States.

I didn't look on the Virgin Islands as being a high-cost area. I have visited down there. In fact, there does seem to be some poverty in the Virgin Islands. We talk about using disadvantaged persons down there. Do you pay disadvantaged persons more money than you would pay the ordinary person?

Mr. PEYTON. No, sir. We comply with the Davis-Bacon Act on this project.

Senator SCOTT. The Davis-Bacon Act requires that you pay prevailing wages. Is that true on all of your projects, that you pay prevailing wages?

Mr. PEYTON. Yes, sir.

Senator SCOTT. Every project? Whether it is going through the Small Business Administration or not, you still pay prevailing wages?

What accounts for this being two and a half times the unit cost, per person cost, in the Virgin Islands as compared with Virginia?

Mr. PEYTON. The answer in part lies, sir, on a large segment of the added cost is due to the necessity of shipping materials into the Virgin Islands.

There is no industry to speak of there, and little, certainly, associated with building construction.

Senator Scott. I am wondering if we are talking about using recycled materials in one instance if we might not look into the feasibility of building buildings out of something that is available locally.

I have been in the Virgin Islands. They seem to have modern buildings in the Virgin Islands. As you saying that for the buildings that are there all the materials are shipped in?

Don't they have stone on the Virgin Islands? I am not aware of them having steel mills but, as far as the bulk of the material, don't they have something you can use there without shipping in everything?

Mr. PEYTON. I am really not familiar with precisely what is available there.

Senatr Scott. Mr. Chairman, I am concerned about paying two and a half times as much in the Virgin Islands as you do in Virginia. I ask that GSA address itself to this and respond to the staff.

[Answers to additional staff questions, responses to questions from Senator Scott, and the prospectus follow:]

CHARLOTTE AMALIE, ST. THOMAS, VICOURTHOUSE - FEDERAL OFFICE BUILDINGQUESTIONS AND ANSWERS

- A -1. THE 1972 PROSPECTUS SHOWS SITE AND DESIGN COSTS TO BE \$683,000 BUT THIS ONE SHOWS THEM AS \$910,700 OR 33 PERCENT HIGHER. WHAT ADDITIONAL DESIGN HAS BEEN NECESSARY SINCE 1972?

The \$910,700 is required for site acquisition costs, design and review, management and inspection and materials testing.

	<u>1972</u>	<u>1973</u>	<u>Reason for Increase</u>
Site (Exchange Expenses)	\$ 10,000	\$ 10,000	-
Design and Review	355,000	390,700	(1)
Management and Inspection and Materials Testing	<u>318,000</u>	<u>510,000</u>	(2)
TOTAL	\$683,000	\$910,700	

(1) The design and review costs increased due to extensive analysis of final plans and specifications in an attempt to reduce construction costs and due to unanticipated demands on GSA personnel to negotiate a contract in accordance with section 8(a) of the Small Business Act (15 U.S.C. 637(a), rather than advertise for lump sum bids.

(2) The 8(a) method of contracting, which was not anticipated in the 1972 estimate, involves greater administrative costs for GSA personnel plus higher fees to consultants for inspection services at the site. In addition, the project required a higher level of inspection services due to the increased construction cost which was not anticipated in the earlier estimate.

- A -2. THE ESTIMATED CONSTRUCTION COST HAS INCREASED FROM \$5,248,000 to \$6,913,000 OR 32 PERCENT SINCE 1972, AND THE PROSPECTUS INDICATES A REDUCTION IN THE SIZE OF THE BUILDING. HOW IS THAT EXPLAINED?

Increases in cost were due to items of cost not included in 1972 estimate and slippage in contract capability date beyond that anticipated in the 1972 estimate.

The 79,000 sq. ft. gross was in error. The gross area remains the same - - - 87,600 sq. ft.

The reasons for the \$1,665,000 increase in construction costs are as follows:

- | | |
|--|------------|
| 1. Increases due to escalation in construction costs not included in 1972 estimate | \$ 523,000 |
| 2. Gross receipts taxes not anticipated in estimate | 229,300 |

3. Increased expenses due to 8(a) method of procurement and materials cost increases revealed at the time of the negotiation for a contract.	\$ 877,700
4. Steel cost increase due to SBA delay of award.	<u>35,000</u>
Increase	\$1,665,000

A -3. WHAT IS THE APPROXIMATE SQUARE FOOT COST OF THE BUILDING?

The project which was awarded for \$5,802,000 is \$66.23 per gross square foot and the pending prospectus construction cost of \$6,913,000 is \$78.90 per gross square foot. The increased construction cost will provide funds for items required to complete the facility which are not in the present contract.

A -4. HOW WAS THE SITE ACQUIRED? DID THIS INVOLVE ADDITIONAL COST?

The site was acquired through an exchange with the Government of the Virgin Islands for credit against an existing mortgaged indebtedness of the Virgin Islands Government. The indebtedness came from acquiring the former U.S. Navy submarine station at Charlotte Amalie which had been determined to be excess by the Navy. The Virgin Islands Government acquired the Submarine Base from the U.S. Government in 1967. The value of the Submarine Base was \$3,934,000, 10% of this amount was payable at the time of closing. The balance was payable over 10 years in 40 equal quarterly installments (4 3/4 percent interest per annum).

The FMV of the original Federal Building site (77,548 sq. ft.) was \$387,700 and the FMV of additional land acquired (26,543 sq. ft.) was \$157,932.69. Site acquisition is not involved in this request for increased authority and no appropriation for site has been made except for administrative expenses.

A -5. WHEN WAS THE CONSTRUCTION CONTRACT AWARDED? TO WHOM? HOW MUCH?

Contract was awarded on September 28, 1973, for \$5,802,000. The contract was awarded to the Small Business Administration who subcontracted the work to the Joint Venture of Benjamin Construction Co., and Rodriguez and Del Valle, Inc., St. Thomas, VI.

A -6. WERE BIDS ADVERTISED ON A COMPETITIVE BASIS? ANY UNUSUAL CIRCUMSTANCES?

The contract was not advertised on a competitive basis. It was negotiated with SBA and its subcontractor, the joint venture of Benjamin Construction Co., and Rodriguez and Del Valle. The contract was negotiated and awarded to SBA in accordance with their authority under section 8(a) of the Small Business Act (15 U.S.C. 637(a)). There were no unusual circumstances.

A -7. DESCRIBE DETAILS OF THE CONTRACT.

Section 8(a) of the Small Business Act (15 U.S.C. 637(a)) authorized the Small Business Administration to enter into contracts with the

United States Government and any department, agency or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies or materials to the Government. Section 8(a) also authorizes the SBA to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to Small Business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies or materials or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts. The Comptroller General in his opinion on October 2, 1969, indicated that the authority under 8(a) applied to both service and construction contracts.

SBA certified the competency of the joint venture of Benjamin Construction Co., and Rodriguez and Del Valle and in accordance with their authority under Section 8(a), the award was made.

- A -8. WHEN IT BECAME OBVIOUS THAT CERTAIN ITEMS MUST BE DELETED TO STAY WITHIN THE AUTHORIZED AMOUNT, WHY DID GSA GO AHEAD AND AWARD A CONTRACT? WHY DIDN'T THEY COME BACK TO THE COMMITTEE THEN, INSTEAD OF PUTTING US IN THE POSITION OF HAVING LITTLE CHOICE BUT TO APPROVE THE PROJECT?

There was no intention of putting the committee in such a position. The decision to award this contract was made only after careful consideration of all the facts and alternative courses of action. The rapidly escalating cost of construction together with the acute need for the facility were the overriding reasons for proceeding with the construction although it was necessary to delete certain items from the work. The deleted items would not affect the occupancy of the building but would be required to fully complete the exterior and some of the interior refinements.

- A -9. HOW WERE THE NEGOTIATED DELEGATIONS SELECTED.... ON WHAT BASIS?

The items selected for deletion were those that would least affect the occupancy of the building and would still allow GSA to provide safe and usable space for the occupying Federal agencies.

- A-10. WHY DOES GSA NOW WANT THEM REINSTATED?

We wish to complete the unfurnished areas and provide previously deleted items as soon as possible to avoid further escalation of construction costs.

- A-11. WHY WEREN'T THEY MENTIONED IN THE PROSPECTUS, AND FULLY EXPLAINED?

The major deletions were noted in the prospectus in summary form but it was not felt necessary to specifically detail the thirty-one items of work deleted because of their technical nature. For further information see answer to B-2.

A-12. WHAT IS THE STATUS OF THE PROJECT NOW?

As of May 3, 1974, the project was 15 % completed. All foundation work has been completed.

A-13. WERE THERE ANY SPECIAL QUALIFICATIONS ATTACHED TO THESE NEGOTIATED DELETIONS OR OPTIONS, SUCH AS A TIME LIMIT?

Yes, the options at prices negotiated in November 1973 had to be exercised by May 31, 1974. Although this option has expired we expect to use the increased authority to complete the facility.

A-14. WHAT ARE POST-CONSTRUCTION REQUIREMENTS? WERE THESE PART OF CONTRACT OR ONE OF THE OPTIONS? WHAT DO THEY COST?

GSA's management of the project during construction plus required inspection and testing services total \$510,000. The design architect-engineer contract has a "post construction contract services" option which covers review of shop drawings, color selections, hardware schedules, compilation of operating manuals, and modification of design drawings due to any design deficiencies which surface during the construction period. The amount of these services is \$24,360.

A-15. EXPLAIN THE NOTATION "THIS AMENDMENT WILL ALSO SERVE TO ADJUST THE COST OF SITE, DESIGN, MANAGEMENT, ETC." AND "OBLIGATIONS INCURRED."

The increases were detailed in the explanation of the site and design costs. (A-1) The adjustments in design and review, management and inspection and material testing costs are due to the passage of time and GSA's consulting contracts for design, inspection services, general construction contract and change orders to date.

A-16. IF THESE OPTIONS, TOTALING \$732,000, ARE NOT PICKED UP BY MAY 31 WHAT WILL THEY COST LATER? MUST THEY BE DONE NOW?

It will be necessary to renegotiate the contract for these options. The amount of increase will depend on market conditions at the time of renegotiation. We predict that costs will escalate 12% for calendar year 1974 and 8% for calendar year 1975. The unfinished work should be completed as soon as possible to avoid unreasonable cost increases due to escalation.

A-17. HOW MUCH DOES THE GOVERNMENT HAVE INVESTED IN THIS PROJECT ALREADY?

GSA has invested \$6,685,900 in this project which includes the base contract of \$5,802,000.

- A-18. IS THE BUILDING BIG ENOUGH TO SATISFY PRESENT AND FUTURE SPACE REQUIREMENTS? HOW MUCH IS PROVIDED FOR FUTURE EXPANSION? IS ALL SPACE USAGE NOW FULLY COMMITTED?

The building will accommodate all non-postal Federal agencies requiring general purpose space in Charlotte Amalie. About 10% of the agency space will be held in reserve for future expansion. This should accommodate the Federal requirements for the immediate and foreseeable future.

- A-19. WHAT "ART WORK" IS PROPOSED?

There is an allowance of \$35,000 set aside for fine arts. The fine arts have not been designed yet.

- A-20. HOW IS THIS PROJECT BEING FINANCED?

This project was part of a 17 project indenture for the sale of GSA participation certificates awarded in August 1973. This indenture is a three-part indenture whereby monies for design and construction for the 17 projects would be drawn in August 1973, January 1974 and another draw expected in September 1974.

Charlotte Amalie construction funding was included in indenture H dated August 1, 1973.

- A-21. WILL THE INCREASED AMOUNT BE FINANCED THE SAME WAY?

Yes, the increased cost will be obtained in September 1974. There is sufficient contingency funds available from the other 16 projects in the indenture to carry the increased cost for this project until the additional money is obtained in September.

B -1. HAS CONSTRUCTION BEGUN ON THIS BUILDING? IS SO, HOW MUCH WORK HAS BEEN ACCOMPLISHED UNDER THE EXISTING PROSPECTUS?

Yes, as of May 3, 1974, the project was 15% complete, all foundation work has been completed.

GSA-PBS May 31, 1974

8. CHARLOTTE AMALIE, ST. THOMAS, VI CT FOB

Question: B-2 Please detail the various cost components in the requested increase: the cost of the emergency generator, the second elevator, the finishings to the courtroom, the fine arts, the exterior paving, and the landscaping.

Response: The increased costs of options are as follows:

1. Emergency Generator	\$ 43,800
2. Elevators	61,600
3. Complete 10,000 s.f. of unassigned space	142,400
4. Finishes for courtroom and other architectural work	316,600
5. Exterior paving and landscape	105,300
6. Miscellaneous mechanical/electrical	62,300
	<hr/>
Total - Options	\$ 732,000

7. The fine arts is estimated to cost \$ 35,000

US Senate Subcommittee on Public Buildings
and Grounds. Questions by Senator Scott
Concerning Prospectus for
Charlotte Amalie, St. Thomas, VI
CT FOB

A. Comparative costs of Charlotte Amalie project with
FOB Roanoke, VA:

The total estimated maximum cost divided by the number of assigned personnel is \$45,487 for the Charlotte Amalie project and \$18,717 for the Roanoke project.

The cost per person for the Roanoke project compares favorably with other projects recently considered by this subcommittee within the contiguous United States. However the Charlotte Amalie project is unique and difficult to compare to other GSA projects for the following reasons:

1. The project is located on the St. Thomas, VI island which imposes a high-cost burden on the project due to materials shipping costs, long-range scheduling and purchasing of materials, importation of labor, and general loss of efficiency during the construction sequence.
2. A gross receipts tax aggregating to 3½% of the construction cost which is required for the VI and is not required in Virginia.

3. The Charlotte Amalie project has 87,600 gross square foot versus 272,000 gross square foot for the Roanoke building. As a general rule the unit costs for a GSA project tends to be higher as the gross area provided is lower.

4. The Charlotte Amalie project was negotiated under the provisions of Section 8(a) of the Small Business Act and the Roanoke project was awarded to the low responsive lump-sum bidder. In our opinion this increased the Charlotte Amalie costs considerably.

5. The occupiable and gross area per person in the completed design for the Charlotte Amalie project is substantially higher than the Roanoke project. This is a result of a mix of assigned spaces with 1 to 25 per agency for Charlotte Amalie and from 2 to 244 per agency for Roanoke. The area per person for several small agency assignments thus becomes greater than in the case of Roanoke where the number of personnel per agency is greater and the design can be more efficient.

B. Local Building Materials:

The only building material available on St. Thomas, VI is gravel for use as an aggregate in concrete. All other materials including the cement, sand and water

concrete are barged in. Water for construction purposes will become available when a de-salination plant is completed within the next few months.

PROSPECTUS NUMBER: PVI-74013
 PROJECT NUMBER : NVI-74513
 (Formerly numbered 53-0004 Revised)

PROSPECTUS TO AMEND A PUBLIC BUILDING PROJECT
 AUTHORIZED UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

1. DESCRIPTION OF PROPOSED AMENDMENT:

This amendment is submitted to increase the authorized maximum limit of cost for the public building project listed below. The justification for the project, as described in the approved prospectus, has not lessened; however, the maximum limit has increased above the amounts authorized by section 5(e) of Public Law 92-313. There is attached a detailed explanation of the increased cost.

2. PROPOSED AMENDMENT:

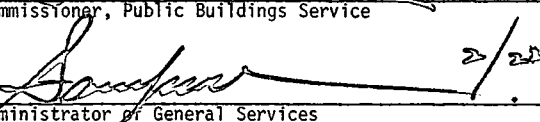
<u>Location</u>	<u>Project</u>	<u>Total Estimated Maximum Cost</u>
Charlotte Amalie, Virgin Islands	Courthouse and Federal Office Building	\$7,823,700

3. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this community cannot be satisfied by utilization of existing suitable property now owned by the Government; and (2) suitable rental space is not available at a price commensurate with that to be afforded through the action proposed herein.

Submitted at Washington, D.C. on FEB 22 1974

Recommended: 
 Commissioner, Public Buildings Service

Approved :  2/25
 Administrator of General Services

PROPOSED AMENDMENT TO:

COURTHOUSE AND FEDERAL OFFICE BUILDINGCHARLOTTE AMALIE, VIRGIN ISLANDS

Prospectus Number: PVI-74013
 Project Number : NVI-74513
 (Former number - 53-0004 Revised)

DATE SUBMITTED TO CONGRESS: Revised Prospectus - June 2, 1972

DATE OF APPROVAL BY COMMITTEES ON PUBLIC WORKS:

House of Representatives - June 14, 1972
 Senate - September 21, 1972

Design of the project is complete and the contract for construction has been awarded under the purchase contract authority of the Public Buildings Amendments of 1972, P.L. 92-313. The amount of construction award was within the allowable escalation pursuant to section 5(e) after eliminating all but the bare essentials of the facility.

The increased authority is required to restore the eliminated items such as emergency generator equipment; the second elevator; finishes to the Courtroom; fine arts and exterior paving and landscaping and allow a sufficient margin for contingencies. The amount for construction also reflects additional costs encountered in shipment of materials which were not available locally, including import taxes, and other special local conditions such as the non-availability of concrete batching facilities. This amendment will also serve to adjust the cost of Site, Design, Management and Inspection to reflect the obligations incurred.

	<u>Approved Estimated Maximum Cost</u>	<u>Revised Estimated Maximum Cost*</u>
<u>ESTIMATED COST:</u>		
Site, Design, Management and Inspection.....	\$ 683,000	\$ 910,700
Construction.....	<u>5,248,000</u>	<u>6,913,000</u>
TOTAL COST.....	\$5,931,000	\$7,823,700

APPROXIMATE AREAS:

Gross Square Feet.....	87,600	79,700
Occupiable Square Feet.....	54,000	53,300

*Exclusive of financing or other costs attributable to the use of the method of construction authorized (section 5(e), Public Buildings Amendments of 1972).

Senator SCOTT. I would ask, Mr. Chairman, that I be excused, because I do have something else that I must do.

Thank you, gentlemen, for being with us. The questions I have asked are not intended in any way to be hostile to the General Services Administration.

It is just that we have an obligation of oversight. I am sure the chairman shares my desire that we perform that function properly.

WASHINGTON, D.C.—1800 G STREET

Senator CLARK. I would like to take up the Washington, D.C., National Science Foundation.

Mr. SHIPP. This prospectus is for extension of the present leasehold interest covering 399,400 occupiable square feet of space housing the National Science Foundation and five other Federal agencies at 1800 G Street NW., Washington, D.C.

The space was acquired on May 16, 1965, with an initial 10-year firm lease agreement expiring, without renewal options, on May 15, 1975. The annual initial cost including building services of \$1,974,000 was increased to \$2,129,907 due to escalation of real estate taxes and building operational costs.

The succeeding lease will continue occupancy of the entire third through 9th floors and part of the second, 11th, and 12th floors for a firm 20-year period at an annual cost of \$2,700,000.

The space at 1800 G Street is needed to provide for the continuing space requirements of the Federal Government at this location for the next 20 years. Approximately 20 percent of the leased space is occupied by a Secret Service unit of the Treasury Department which requires facilities in close proximity to the White House.

Senator CLARK. Why is a 20-year lease proposed now when the present one is for only 10 years?

Mr. SHIPP. The initial lease term that was negotiated was for a firm 10-year term. At that time we foresaw only a 10-year term requirement for the building.

We anticipated that during that period of time there would be adequate appropriations to pursue the active construction program in the Washington, D.C., area that would allow us to relocate these people into Government-owned space or to back fill on Government-owned space that had been made available through the new construction program.

We have now reassessed the situation. Because of the strategic location of the building, the quantity of space that is involved, the nature of the occupancy there, and so forth, we are satisfied that we will have a continuing long-term requirement for this building and, therefore, we propose to enter into a 20-year firm term lease.

Senator CLARK. This lease will cost \$54 million over a 20-year period, which would buy a couple of new buildings. The discussion of alternatives states no new buildings are planned "in the immediate area of the White House."

Why couldn't one be constructed at some other convenient location?

Mr. SHIPP. One could be constructed at another location, Mr. Chairman. The problem is providing the resources that are necessary to go forward with the construction.

Senator CLARK. What do you mean? Why is that a problem?

Mr. SHIPP. First of all, we have to go to the Office of Management and Budget and have them include in our budget request sufficient funds to cover the construction of new buildings.

We have a number of new buildings under construction in the Washington area right now, and the prospect of getting additional funds for further Federal construction is rather limited.

Senator CLARK. What would it cost to purchase the building?

Mr. SHIPP. I estimate it would cost somewhere close to possibly \$20 million to purchase this particular building. However, the owners are not willing to sell the building. Probably the only way it could be acquired would be by condemnation.

Senator CLARK. The prospectus says that the National Science Foundation needs to have a building in the proximity of the White House. Why is that? Isn't there cheaper space available in the metropolitan areas for them?

Mr. SHIPP. It is possible to rent space at marginal locations at a cheaper price, if we went over in the area of North Capitol and K Street, North Capitol and L, or 4th and K, NW.

We might be able to pick it up at a little bit lesser price. However, the going rate for commercial space in a suitable location, that is in the general area accepted for office buildings in metro D.C., runs anywhere from \$7.50 to \$8.50 a square foot at this time.

Senator CLARK. Do you see any merit in having the National Science Foundation closer to the White House than other agencies?

Mr. SHIPP. I don't see any particularly advantageous result from that.

Senator CLARK. That doesn't influence your decision, particularly? I notice it is in the prospectus.

Mr. SHIPP. I look at it this way: If we were to move the National Science Foundation out of the building, we have many, many requirements that would want to be in that location and could probably justify it in terms of Presidential commissions, study groups, other activities that have a very close relationship to the Office of Management and Budget and to the White House, itself.

The fact is that we have a shortage of space up in that area to provide for housing of these kinds of activities that can, in fact, justify a location with reasonably good access to the agencies in that particular area of the city.

Senator CLARK. Why couldn't an existing building be used?

Mr. SHIPP. If we were to use an existing building it would mean that someone in that building would have to be relocated out of it into leased space and we would have two moves, the cost of two moves, instead of one.

Well, instead of no moves, really, in this particular case. It would just displace another agency into leased space.

Senator CLARK. It is not available?

Mr. SHIPP. It is not available. There is no building available.

Senator CLARK. The committee would like to have you provide us with a breakdown on Government-owned and Government-leased office space in the Washington metropolitan area, listing each leased building and the expiration date of each lease.

These would be leases involving 100,000 gross square feet of space. Would you provide that for us?

Mr. SHIPP. We can provide that.

[The information requested follows:]

Space in GSA's inventory is presently being placed in a new computer operation and we will submit this information in about 30 days.

Senator CLARK. Additionally, provide us with a complete list of vacant federally owned space in the Washington metropolitan area, together with the GSA plans for use of this space over the 10 years.

That will take a little longer, I am sure, but we need that information.

Mr. SHIPP. We can provide you with the listing of the vacant space and tell you about our plans or why it is vacant.

[The information follows:]

Space in GSA's inventory is presently being placed in a new computer operation and we will submit this information in about 30 days.

Senator CLARK. What parking facilities exist here? Are they leased, too? How many are there and how much would they cost?

Mr. SHIPP. There is a parking garage that is commercially operated on the first floor and the basement levels of the building. There are about 200 spaces that are leased to meet agency requirements.

I do not have the breakout of the total rental as to what portion of it would be attributed to the parking, but I can provide you an estimate of what that is.

Usually, it is on a package basis. The lessor will lease all the space to us with the parking spaces and no attempt is made to break out that portion of the rent.

[The following was subsequently supplied:]

Total annual cost of parking under separate agreements is \$145,290.

Senator CLARK. I would suggest to you that that kind of information be in the prospectus. I am not just speaking of the limited information that you are going to provide, but generally the parking facilities that are to be leased, and so forth.

Were any energy conservation measures considered, including air conditioning, the lighting system, and so forth?

Mr. SHIPP. We did not consider this in terms of relocation to other buildings. We do have a very active program, however, of energy conservation in terms of removing bulbs so as to achieve nonuniform lighting standards, increasing the temperature during the summer to reduce the energy requirement for air-conditioning, lowering the temperatures during the winter to conserve fuel oil and this type of thing.

Those measures have all been applied at this particular building.

Senator CLARK. If GSA is going to be paying \$6.76 per square foot for this space, what will they be charging other agencies?

Mr. SHIPP. We have not established the final rate here. However, I would anticipate that the rate will approximate or be just slightly higher than this particular rate that is proposed.

That is based on the fact that good commercial space in the proximity to the building, up in that area of the city, is selling for \$7.50 to \$8.50 a square foot.

The requirement under the Federal building fund is that we charge a commercially equivalent rate for the space. I would anticipate that the rate will range 50 cents to 75 cents a square foot higher than this lease rate.

That is due to the fact that, because of the volume acquisition we are talking about, we are able to negotiate a better rate than a private tenant might be able to negotiate.

Senator CLARK. Suppose the agency finds that they can find more attractive commercial facilities that they like at the same price or lower. Will they pay the price you charge?

Mr. SHIPP. Yes, sir. Agencies have no authority to lease space on their own.

Senator CLARK. They are going to have to pay whatever you charge?

Mr. SHIPP. Yes, sir.

[Responses to additional questions and the prospectus follow.]

1800 G STREET, N.W., WASHINGTON, D.C.

LEASE RENEWAL

QUESTIONS AND ANSWERS

- A -1. WILL THE PROPOSED LEASE EXTENSION HAVE RENEWAL OPTIONS? WHY DOESN'T THE CURRENT LEASE AGREEMENT HAVE THESE?

The lease extension will not have renewal options. The initial lease was negotiated only for a firm 10-year term. At that time we foresaw only a 10-year term requirement for the building.

- A -2. WILL THIS BE FULLY SERVICED? WHY ARE RENT AND SERVICES SHOWN SEPARATELY IN THE PROSPECTUS?

No. Government will pay all utilities. The requirement for prospectus approval of \$500,000 and over relates to net average annual rental, excluding cost of services, utilities, etc. In order to show total cost to Government, the cost of these items are also shown.

- A -3. WHY IS A 20-YEAR LEASE PROPOSED NOW WHEN THE PRESENT ONE IS FOR ONLY 10 YEARS?

Previously answered.

- A -4. WILL IT INCLUDE ESCALATION CLAUSES, AND WHAT WOULD BE THE PERMISSIBLE INCREASE?

The proposed lease will include escalation clauses for property taxes and for services excluding utilities. The permissible increase cannot exceed the limitations imposed by Section 322 of the Economy Act of June 30, 1932, as amended (40 U.S.C. 278a.), (copy of property tax and operating costs escalation clauses attached).

- A -5. UNDER WHAT SORT OF AGREEMENT WAS RENTAL INCREASED FROM \$4.94 PER SQ. FT. TO \$5.33 PER SQ. FT., OR 8 PERCENT, IN RECENT YEARS?

Effective 1-10-66 rent was increased to provide for inclusion of overtime services (2 hours each day Monday thru Friday plus 9 hours on Saturday at a total of 988 hours per year at a total annual cost of \$137,223.24).

Effective 9-15-66 rent was increased due to increase in cost of additional electric current consumed by additional airconditioning equipment and other machines above lease requirements. Rent was increased \$8,824.68 per annum.

Effective 2-15-68 lease was amended to have lessor provide 100 percent full maintenance and service, repair and replacement of all parts as required on additional airconditioning equipment installed by the Government. Rent was increased \$9,499.92 per annum.

Effective 6-5-69 Lease was amended to cover complete maintenance and repairs of ten newly installed dry steam humidifiers. Rent was increased \$359.16 per annum.

The above increases in annual rent increased the total annual rent from \$1,974,000 (or \$4.95 per sq. ft.) to \$2,129,907 (or \$5.35 per sq. ft.).

- A -6. THE PROPOSED INCREASE IS TO \$2,700,000 ANNUALLY, \$6.76 PER SQ. FT. OR 27 PERCENT OVER THE PRESENT RATE. ARE MORE INCREASES EXPECTED?

Increases are to be expected every three-year period to compensate for anticipated increases in property taxes and operating costs. No other increases except as stated above are expected.

- A -7. THIS LEASE WILL COST \$54 MILLION, OVER A 20 YEAR PERIOD, WHICH WOULD BUY A COUPLE OF NEW BUILDINGS. THE DISCUSSION OF ALTERNATIVES STATES NO NEW BUILDINGS ARE PLANNED "IN THE IMMEDIATE AREA OF THE WHITE HOUSE." WHY COULDN'T ONE BE CONSTRUCTED AT SOME OTHER CONVENIENT LOCATION?

Previously answered.

- A -8. WHY COULDN'T AN EXISTING GOVERNMENT BUILDING BE USED?

Previously answered.

- A -9. WHAT WOULD IT COST TO BUY THIS BUILDING?

GSA's most recent appraisal is for space occupied only by Government agencies and is not for the entire building.

An appraisal was made as of October 3, 1972, by the Regional Appraiser. The appraisal showed the following:

- a. Fair Market Value for Leasing Purposes of space leased by the Government is at least \$15,450,000 developed as follows:
 - 388,084 sq. ft. x \$39.83 per sq. ft. = \$15,457,386
(Rounded to \$15,450,000)
- b. Fair Annual Rental of space leased by the Government =
388,084 sq. ft. x \$6.36 = \$2,468,214 (without meterable utilities)
- c. Additional information:
 - Total Net Rentable Office Area = 428,833 sq. ft.
 - Coffee Shop = 2,995 sq. ft.
 - Cafeteria = 19,865 sq. ft.
 - Concession Space = 1,025 sq. ft.
 - Parking = 525 spaces

Note: A bank currently leases space on the first floor. The number of square feet is presently unknown. It is not included in the Net Rentable Office Area shown above.

We believe that it would cost about 20 million dollars to acquire the building if the owners were willing to sell.

- A-10. HOW DO RENTAL RATES FOR COMPARABLE SPACE COMPARE, IN OTHER BUILDINGS SEVERAL BLOCKS AWAY FROM THE WHITE HOUSE?

Comparable rental rates are:

<u>Location</u>	<u>Rate</u>
1700 Pennsylvania Avenue	\$8.50 to \$9.50 BOMA fully serviced
18th & M Sts. (under const.)	\$8.50 to \$9.50 BOMA fully serviced
1730 Pennsylvania Avenue	\$8.50 BOMA fully serviced
1747 Pennsylvania Avenue	\$8.25 BOMA fully serviced

These owners do not lease any space on an unserviced basis. However, they estimate services at approximately \$1.50 per square foot per year.

- A-11. WHAT PARKING FACILITIES EXIST HERE? ARE THEY LEASED TOO? HOW MANY AND AT WHAT COST? WHY DOESN'T THE PROSPECTUS MAKE THIS CLEAR?

There are 3 levels of parking, one at street level and 2 underground. There are no parking spaces under this lease; however, there are 251 spaces leased separately for various agencies.

- A-12. WERE ANY ENERGY-CONSERVATION MEASURES CONSIDERED? DESCRIBE HEATING, AIRCONDITIONING, AND LIGHTING SYSTEM BENEFITS.

Previously answered.

- A-13. WHAT FACILITIES EXIST TO AID THE HANDICAPPED?

Previously answered.

- A-14. IT IS NOTED THAT SECRET SERVICE PERSONNEL ARE ASSIGNED APPROXIMATELY 230 SQ. FT. PER PERSON, YET EQUAL EMPLOYMENT OPPORTUNITY COMMISSION APPEARS TO BE ASSIGNED ONLY 121 SQ. FT. PER PERSON. ASSIGNMENT FOR GSA PERSONNEL WORKS OUT AT 1,677 SQ. FT. PER PERSON. HOW IS THIS EXPLAINED?

Space assigned to GSA is a Federal Supply Store and a Health Unit. These are service type facilities requiring a relatively large support area and limited personnel. The reason for the larger numbers of square feet per person occupied by Secret Service is that the space includes a large support area consisting of computer space, filing areas, and numerous laboratory areas in addition to the general purpose office space.

EEOC is presently in overcrowded quarters. GSA has current plans to consolidate them from six locations into one location at another site.

- A-15. IF GSA WILL BE PAYING \$6.76 PER SQ. FT. FOR THIS SPACE, WHAT WILL THEY BE CHARGING OTHER AGENCIES? ARE THEY WILLING TO PAY THE COST IMPOSED IF NEARBY COMMERCIAL FACILITIES MIGHT SEEM MORE ATTRACTIVE AT THE SAME OR LOWER RATES?

Previously answered.

- B -1. WHAT OTHER SPACE WOULD BE AVAILABLE TO HOUSE NSF IF THIS PROSPECTUS IS NOT APPROVED?

Other Government-owned or leased space is not available to house NSF if this prospectus is not approved.

- B -2. WHY DOES THE NATIONAL SCIENCE FOUNDATION NEED TO HAVE, AS STATED BY THE PROSPECTUS, PROXIMITY TO THE WHITE HOUSE? IS CHEAPER SPACE AVAILABLE ELSEWHERE IN THE METROPOLITAN AREA FOR THE NSF?

The prospectus does not state that the National Science Foundation needs to have proximity to the White House. The statement relating to this refers to the Secret Service.

Cheaper space is not available to house this entire requirement. There is space available at 425 Eye Street and Union Center Plaza at \$6.00 per square foot. However, neither block of space is large enough to house the entire requirements or the NSF space alone. The additional cost of moving and special alterations would not make it advantageous to move to new space.

- B -3. THIS PROPOSAL CALLS FOR A 20-YEAR LEASE? WHY IS SUCH A LONG LEASE NECESSARY?

A 20-year lease is recommended because of the excellent location of the building, its proximity to the White House, OMB and Federal agencies, the physical age of the building and the superior quality of the space (rated 96).

- B -4. WHAT WOULD IT COST TO PURCHASE THE BUILDING?

See answer to question A-9.

- B -5. PLEASE PROVIDE US WITH A BREAKDOWN ON THE GOVERNMENT-OWNED AND THE GOVERNMENT-LEASED OFFICE SPACE IN THE WASHINGTON METROPOLITAN AREA, LISTING OF EACH LEASED BUILDING, AND THE EXPIRATION DATE OF EACH LEASE, INVOLVING MORE THAN 100,000 GROSS SQUARE FEET OF SPACE.

To be furnished under separate cover.

- B -6. PLEASE PROVIDE US WITH A COMPLETE LIST OF VACANT FEDERALLY OWNED SPACE IN THE WASHINGTON METROPOLITAN AREA, TOGETHER WITH GSA PLANS FOR USE OF THIS SPACE OVER THE NEXT 10 YEARS.

To be furnished under separate cover.

Answer to Question A-4.

13. TAX ESCALATION

The resultant lease will provide that at the end of the first year(s) and at the end of the first year(s) of Government occupancy under the lease, the annual rental rate will be adjusted to provide for increases or decreases in general real estate taxes. The tax adjustment shall be based on the percentage of the building occupied by the Government. Said percentage is to be computed prior to any commitment and will be included in the commitment letter. The tax adjustment amount shall be based on the established percentage and shall be that percent of the increase or decrease of the total taxes to be paid on the property, and the total rental, including any such adjustment, shall not exceed the limitation imposed by Section 322 of the Economy Act of June 30, 1932, as amended (40 U.S.C. 278a). The base from which adjustments will be made will be calculated from the assessment, assessment ratio, and tax rate in effect during the and year(s) respectively, of occupancy, as compared to the first full assessment, assessment ratio and tax rate in effect after initial occupancy by the Government. Neither the tax base nor the adjustment shall include any fine, penalty, interest, or cost added thereto for nonpayment, or for delay in payment beyond any discount period. In the event the or year of occupancy does not coincide with a tax year, the base will be established by prorating the tax period involved.

Proof of the amount of tax and evidence of payment will be furnished by the lessor and the rental adjustment by reason of tax increases or decreases shall be accomplished by increasing or decreasing the next monthly rental check and each monthly payment thereafter in the appropriate amount.

The lessor shall furnish the Government copies of all notices which may affect the valuation of said land and building for general real estate taxes thereon. Such copies shall be delivered or mailed within three days from the receipt thereof by the lessor to the General Services Administration, PBS, Space Management Division, 16th and F Street, NW., Washington, DC 20405. The Government may contest the amount or validity of any valuation for general real estate taxes by appropriate legal proceeding either in the name of the Government or in the name of the lessor or in the names of both. In the event the Government is precluded from such proceeding, the lessor, upon reasonable notice and request by the Government, shall contest any such proceeding and in the event of any such request, the Government shall reimburse the lessor for its costs or expenses in connection with any such contest or proceeding and execute all documents or pleadings required for such purposes, provided that the lessor shall reasonably be satisfied that the facts and data set forth in such documents or pleadings are accurate. If the lessor receives any refund of taxes, the lessor shall promptly rebate to the Government the Government's proportionate share thereof. The reimbursement to the lessor, including payment for real estate tax increases must not exceed the amount authorized by Section 322 of the Economy Act of June 30, 1932, as amended (40 U.S.C. 278a).

14. OPERATING COSTS ESCALATION

The resultant lease will provide that at the end of the first years, and at the end of the first years of Government occupancy, the rental will be adjusted to provide for increases or decreases in the lessor's cost of furnishing, (i.e. state specifically such as janitorial and cleaning services, etc. . . .) as further defined in Schedule C of this solicitation. The operating costs per net usable square foot for these services (and utilities) shall be determined through negotiations with the successful offeror prior to commitment to determine the initial base cost from which future adjustments shall be made. Excluded from operating costs shall be the lessor's (and management agents) profit or home office overhead.

The base from which upward or downward adjustments in the rent will be made shall be the "per net usable square foot" costs as determined or as amended for each five-year period. Neither the operating costs base nor the adjustment shall include any fines, penalties, interest or cost added thereto for nonpayment or for delay in payment beyond any discount period.

The Operating Costs Escalation will operate in the following manner: At the end of the initial year period, the lessor will submit to the contracting officer his average cost per square foot per annum (compiled by taking of the total cost for the first year(s) for the furnishing of the above identified services (and utilities). This average cost per

Answer to Question A-4.

square foot per annum or the negotiated base cost whichever is higher, will act as the base rate for these services for the first year period. The lessor and the Government will then negotiate a base rate for these services for the year term based on projections of estimated costs of wage rates, materials, etc. The difference between the base rate for the first year period (actual cost or negotiated base cost whichever is higher) and the base rate for the year period (estimated cost for the same services) will determine the increase or decrease of rental for the period. This new base rate will be the base rate for the term for purposes of determining increase or decrease of rental for the year term. The procedure described above will be used to determine the base rate for each subsequent year period.

The lessor should notify the Government immediately should renegotiations of contracts or services subject to the escalator clause and should submit proposals to the Government for review prior to taking any action which would result in requests for rental adjustments. Rental adjustments shall be allowed for the above operating costs based on supporting data submitted by the lessor to the Government's contracting officer at least 90 days prior to and anniversary dates of the lease. In the event an agreement has not been reached between the lessor and the Government as to the amount of escalation, and the new rental rates, by the above anniversary dates, the lessor shall continue to provide services until such time as the Government can make arrangements to provide services, however, in no event shall this period exceed 90 days. In any event, the new rates shall be effective at the beginning of the new escalation period. The following information shall be submitted whether or not the information shall lead to an increase or decrease in the base rate:

- (1) The prevailing wage rates upon which the existing base was established;
- (2) The current costs for materials;
- (3) A reasonable figure for overhead and profit to be realized by the cleaning contractor.

Any upward or downward adjustment will be limited to the Government's estimated cost for providing such service during the ensuing five year period. New rates, if any, for succeeding period as established by agreement between the parties shall automatically result in increases or decreases to the above base rates.

If, in the opinion of the Government's contracting officer, the requested adjustment is unreasonable, the Government shall have the right to participate in subsequent negotiations between the lessor and his contractor or employees, and, if still unacceptable, shall have the right to perform these services and to deduct from the annual rental an amount based upon the actual average cost to the lessor during the immediately preceding period; however, the deduction shall in no event be less than the immediately preceding period's base rate.

NOTE: With respect to Paragraph 11 of the General Provisions and Instructions, Standard Form 2-A, May 1970 Edition, the Contractor agrees that all the rights granted thereunder to the Comptroller General of the United States or his duly authorized representative shall also extend to the Administrator of General Services or his duly authorized representative.

PROSPECTUS NUMBER: PDC-73071
PROJECT NUMBER : LDC-73119

PROSPECTUS FOR PROPOSED LEASE
UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

LEASE EXTENSION
1800 G STREET, N.W.

WASHINGTON, D.C.

1. DESCRIPTION:

This prospectus proposes extension of the present leasehold interest covering 399,400 occupiable square feet of space housing the National Science Foundation and five other Federal agencies at 1800 G Street, N.W., Washington, D.C. The space was acquired on May 16, 1965, with an initial ten year firm lease agreement expiring, without renewal options, on May 15, 1975. The annual initial cost including building services of \$1,974,000 was increased to \$2,129,907 due to escalation of real estate taxes and building operational costs. The succeeding lease will continue occupancy of the entire third through ninth floors and part of the second, eleventh and twelfth floors for a firm 20 year period at an annual cost of \$2,700,000.

2. COMPREHENSIVE PLAN:

a. PROJECT NEED:

To provide for the continuing space requirements of the Federal Government at this location for the next 20 years. Approximately 20% of the leased space is occupied by a Secret Service unit of the Treasury Department which requires facilities in close proximity to the White House.

b. DISCUSSION OF ALTERNATIVES:

1. Alteration of Government-owned space.

There is no Government-owned space available in the area of the White House which could be altered to accommodate the continuing space requirements of the activities housed in this space.

2. Construction of a Federal building:

There is no Federal building under construction or planned in the immediate area of the White House which could provide the space required to house the activities planned for this building.

3. Acquisition of leased space.

The Federal Government does not occupy the entire building and because of the large capital expenditure which would be required, purchase of this leased building is not in the best interest of the Federal Government; and therefore, not a viable alternative. In addition, a market survey of comparable office space has revealed that similar space is leasing at \$7.50 to \$8.50

PROSPECTUS NUMBER: PDC-73071
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b. DISCUSSION OF ALTERNATIVES: (Cont'd)

per square foot, with building services which is a greater cost than that proposed by lease extension. These rates do not include parking, which is very limited in the area and if available would add approximately \$0.30 per square foot to the annual cost. Additionally, relinquishment of the present space with the resulting expense of moving and disruption of agency operations cannot be justified.

As there is no acceptable alternative, it is in the best interest of the Government to continue occupancy at the present location under a lease arrangement. Therefore, it is planned to enter into a succeeding lease in accordance with the authority contained in Section 210(h)(1) of the Federal Property Administrative Services Act of 1949, as amended.

3. ESTIMATED MAXIMUM COST:

Net Average Rental	\$2,000,000
Services and Utilities	<u>700,000</u>
Total Annual Cost	\$2,700,000

4. CURRENT HOUSING COST:

For agencies to be housed in the proposed leased space.

	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
Rent	399,400	\$1,490,867
Services and Utilities	-	<u>639,040</u>
Total Annual Cost		\$2,129,907


5. SPACE PLAN:

The continued occupancy by these agencies at this location will not result in the relocation of Federal agencies or affect the housing of agencies in the Washington metropolitan area.

6. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by the utilization of existing suitable property now owned by the Government, and (2) suitable rental space at another location of sufficient size is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on ^{MAY 14} 1974

Recommended: 
 Commissioner, Public Buildings Service

Approved : 
 Administrator of General Services

EXHIBIT A

WASHINGTON, D.C.

PROSPECTUS NUMBER: PDC-73071

PROJECT NUMBER : LDC-73119

HOUSING PLAN

<u>PROPOSED BUILDING OCCUPANTS:</u>	<u>OCCUPIABLE SQ. FT.</u>	<u>PERSONNEL</u>
Executive Office - Telecon Policy	21,278 (5.3%)	93
Trade Negotiation Office	12,462 (3.1%)	46
Treasury Department - Secret Service	78,165 (19.6%)	339
Equal Employment Opportunity Commission	72,099 (18.1%)	594
General Services Administration	3,354 (0.8%)	2
National Science Foundation:	212,042 (53.1%)	1,039
Office of the Director,		
National Science Board,		
Science and Technology Policy Office,		
Office of General Counsel,		
Office of Government and Public Programs,		
Office of Energy Research and Development Policy,		
National and International Programs Directorate,		
Research Application Directorate, and		
Administration Directorate		
Total for Building	399,400	2,113

Senator CLARK. We are going to submit a number of questions about projects we have already discussed, as well as others that we have not had time to discuss here. The staff will provide you with those questions.

As soon as the answers are provided and the staff has an opportunity to review those, and also the members of the committee, we will report these out. It appears to me that there is a necessity to move relatively quickly on the Virgin Islands project.

Are there others that have a similar date problem?

Mr. SHIPP. We don't have a date problem particularly, but the space situation in Dallas for the HEW office is really critical. Of course, that is another lease project.

Senator CLARK. Thank you very much, gentlemen.

That will conclude the hearing.

[Whereupon, at 12:15 p.m., the subcommittee recessed, to reconvene subject to the call of the Chair.]

[The questions relative to projects not discussed at the hearing together with the prospectus of each follow:]

PROSPECTUS NUMBER: PDC73772
 PROJECT NUMBER : IDC73002
 BUILDING NUMBER : 080036

PROSPECTUS FOR PROPOSED ALTERATION UNDER
 THE PUBLIC BUILDINGS ACT OF 1959

TARIFF BUILDING

WASHINGTON, DC

1. DESCRIPTION OF PROPOSED PROJECT:

This project provides for major replacements and improvements which are contemplated in this building within the next five years to provide adequate housing for the U.S. Tariff Commission. Major items in this prospectus include installing central heating and airconditioning system, a freight elevator, a minimum Executive Dining Area, facilities for the handicapped, an emergency generator, floor covering, and drop ceilings; replacement of deteriorated windows, roofing, and new doors; modernizing passenger elevators, snack bar, dining area, and restrooms; upgrading mechanical, plumbing, electrical, fire protection, and communication systems; restoration of exterior masonry surfaces; space alterations; pointing and cyclic painting, and miscellaneous repairs and improvements. This work is to be accomplished within five years after approval of this prospectus. It does not include (1) the day-to-day maintenance and recurring repairs which must be undertaken annually to keep the building in a tenatable condition, (2) alterations to the building and its equipment which may be occasioned by future space reassignments which cannot be identified at this time, and (3) repairs and replacements which may be occasioned by an emergency or breakdown which interrupts use of the building.

Approximate Areas:

Tariff Building - Gross - 140,000 Sq. Ft. Net - 116,762 Sq. Ft.

2. ESTIMATED MAXIMUM COST OF PROJECT:

Previously Approved Prospectus (April 16, 1962)	\$ 229,000
Additional Authorization	<u>5,783,000</u>
Revised Authorization Required	\$6,012,000

3. JUSTIFICATION:

Federal agencies occupying space under the control of the General Services Administration in the National Capital Region are housed

PROSPECTUS NUMBER: PDC73772
PROJECT NUMBER : IDC73002
BUILDING NUMBER : 080036

3. JUSTIFICATION: (Cont'd)

in 32,911,487 square feet of Government-owned space and 20,351,588 square feet of leased space in 503 buildings. The Tariff Building provides 82,570 net assignable square feet of space. The Tariff Commission occupies 69,405 net assignable square feet of the space in the Tariff Building and no leased space. The remaining area in the Tariff Building is occupied by the U.S. Postal Service and General Services Administration.

This building, located at 8th and E Streets, N.W., was constructed in 1835 and extended in 1855. Designed in the neoclassic style of architecture, this three story rectangular structure is one of Washington's historic architectural landmarks. The Tariff Building is contemporary with the Old Patent Office, Treasury Department, and Old Post Office Buildings. These are the oldest Government-owned buildings in the District of Columbia, with the exception of the White House and the Capitol, and they mark the initial impact of Federal architecture in this country. In 1844, the first telegraph office in the world was opened in this building by Samuel F. B. Morse, the inventor of the telegraph.

The Tariff Building is structurally sound and will be retained for an indefinite period. It is one of Washington's historic architectural landmarks and is listed in the National Register of Historic Places, therefore, the replacement of this building with leased space would not be in consonance with the National Historic Preservation Act of 1966. The building has also been selected by the Joint Committee on Landmarks, appointed by the National Capital Planning Commission and Commission of Fine Arts as a landmark of great historic and aesthetic value, the preservation of which will contribute materially to our cultural heritage. The proposed project will be design so as not to adversely affect the architectural or historic values of the building.

The previous prospectus approved in April 1962, Project Number 080074, provided for painting, partial roof repairs, lighting improvements, some elevator modernization, heating system improvements, replacement of flooring areas, and fire alarm systems modernization. Approximately \$89,000 was spent in FY 1963 for elevator and roof repairs. The remaining work was not accomplished due to funding limitation. Prior to the last

PROSPECTUS NUMBER: PDC73772
 PROJECT NUMBER : IDC73002
 BUILDING NUMBER : 080036

3. JUSTIFICATION: (Cont'd)

prospectus, the last major improvements were accomplished in 1960 when \$23,000 was spent for space alterations and 1961 when \$107,000 was spent for airconditioning and heating repairs.

There are, however, some areas in the building which have not been upgraded since the building was completed and many other areas where the upgrading was performed over extended periods and does not meet modern standards. The building is presently airconditioned with window units which do not provide acceptable conditions and detract from the historic architectural features of the building. The only food service facility in the building is an improvised vending stand operated by the blind in former basement shop space. This facility is operated under the Randolph-Sheppard Act and the area is in need of upgrading. A home type kitchen and minimum dining area appropriate for use by the Commissioners, staff personnel, and visiting dignitaries are also needed.

This interior and exterior restoration and modernization are needed to preserve the historic features and value of this building, as well as to provide modern office space for its occupants.

This prospectus provides for increased authority needed due to the construction cost escalation to complete the work identified in the first prospectus, plus additional authority for work identified in subsequent inspection and survey. The repairs and improvements proposed in this prospectus are essential to the economic and efficient use and occupancy of the building.

4. CURRENT COST:

	<u>Net Assignable Sq. Ft.</u>	<u>Annual Cost</u>
Operation, Maintenance and Upkeep Costs	82,570	\$232,745
(For agencies to be housed in the building after completion of the proposed project)		

PROSPECTUS NUMBER: PDC73772
 PROJECT NUMBER : IDC73002
 BUILDING NUMBER : 080036

5. PROPOSED SPACE PLAN FOR HOUSING FEDERAL AGENCIES:

The alterations proposed in this prospectus will have no impact on the housing of Federal agencies; therefore, no space plan is provided.

6. ENVIRONMENTAL CONSIDERATION:

In the planning of this project, General Services Administration will make studies of the water supply, sewage disposal, solid waste disposal, storm water drainage, erosion control, fuel types, etc., in order to comply strictly with the purpose and intent of Executive Order 11514, Protection and Enhancement of Environmental Quality, and will follow the requirements of Section 102(2)(c) of the National Environmental Policy Act of 1969 (Public Law PNL 91-190), as amended, and the guidelines prescribed by the Council on Environmental Quality.

7. STATEMENT OF NEED:

It has been determined that the needs for space of the U.S. Tariff Commission cannot be satisfied by utilization of suitable existing property now owned by the Government and because of the historic significance of the structure to be altered, it has been determined that the use of leased space is not in the best interest of the Government.

APR 11 1974

Submitted at Washington, D.C. on _____

Recommended:

Acting

John F. Galvan
 Commissioner, Public Buildings Service

Approved:

D. Sampson
 Administrator of General Services

Tariff BuildingQuestion - 1

The 1962 prospectus states that the building has a net interior area of 80,315 square feet. The current prospectus shows it to be 116,762 square feet with the assignable area as 82,570 square feet. (Gross area of 140,000 square feet is the same on both prospectuses.) Explain the discrepancy. (69% low)

Answer

The figure of 80,315 square feet referred to in the 1962 prospectus is the net assignable area which has increased as a result of partition changes and is now shown in the current prospectus as 82,570 square feet. The net area of 116,762 square feet as shown on the current prospectus is the occupiable area of the building as measured for determining the Standard Level Users Charges Rate (SLUC Rate) under the Federal Buildings Fund operation. This method of measurement has been established to agree with space measurements in the private sector as established by the Building Owners and Managers Association (BOMA).

Question - 2

Was any work authorized in 1962 prospectus not completed? Why?

Answer

<u>Work Authorized</u>	<u>Estimated Cost</u>	<u>Obligation</u>
Roof repair	\$ 32,600	\$ 40,000
Elevator modernization	43,300	49,000
Modernize fire alarm system	11,000	
Painting	28,000	28,000
Heating repairs	16,900	
Lighting and electrical system	69,100	
Replace flooring	28,100	
	<u>\$229,000</u>	<u>\$117,000</u>

The listing shown above is the work included in the 1962 prospectus and the work that was accomplished against that prospectus. The balance of the work was not accomplished due to the limitation of funds available.

Question - 3

What are the additional work items developed since 1962?

Answer

The following listing shows the work authorized in the 1962 prospectus, the work accomplished under that prospectus, and the authorization requested under the current prospectus.

<u>Work Description</u>	<u>Authorized 1962</u>	<u>Obligations</u>	<u>Total Required</u>
Roof repairs	\$ 32,600	\$ 40,000	\$ 100,000
Elevator modernization	43,300	49,000	200,000
Modernize fire alarm system	11,000		70,000
Painting	28,000	28,000	125,000
Central heating, ventilating and airconditioning	16,900		1,600,000
Lighting and electrical system	69,100		900,000
Replace flooring	<u>28,100</u>		155,000
	\$229,000	<u>\$117,000</u>	
Upgrade basement			160,000
Upgrade telephone system			100,000
Replace windows \$370,000, doors \$250,000, Masonry repairs \$250,000			870,000
Install freight elevator			100,000
Modernize restrooms			60,000
Upgrade snack bar			10,000
Ceilings, partitions and space realignment			600,000
Executive Dining Room			35,000

GSA-PBS-6-6-74

Conference rooms	\$ 125,000
Landscaping	25,000
Handicapped facilities	25,000
Emergency generator	30,000
Drinking water system	25,000
Install loading dock	20,000
Upgrade entrance, lobbies and corridors	300,000
Relocation of agency personnel	<u>250,000</u>
	\$5,895,000

Question - 4

Is there a central airconditioning system or only window units?

Answer

The present airconditioning of the building is accomplished by windows units. The current prospectus proposes installing a central airconditioning system.

Question - 5

What cafeteria or dining room facilities will be installed? Any now?

Answer

The only food service facility now in the building is an improvised vending stand operated by the blind in the basement. The prospectus proposes to upgrade this facility for continued operation by the blind.

The Tariff Commission has requested that a small (500 feet²) executive dining room with a home type kitchen be constructed in the building so that the Commission could serve a small business luncheon to visiting guests on occasions.

Question - 6

What is the estimated building replacement cost?

Answer

Replacing this building with a modern office building of the same size would cost approximately \$5,600,000. The site is valued at \$3,400,000. The total replacement cost would be \$9,000,000.

Question - 7

How many people work in this building?

Answer

There are 384 Federal employees housed in the Tariff Building.

Question - 8

The prospectus indicates that, since 1962, there has been a 3% increase in the acquisition of Government-owned space but a 333% increase in leased space. Explain.

Answer

Our most current information shows that the number of Federal employees housed in GSA controlled spaces in the Metropolitan D.C. area has increased from 188,400 in 1962 to 254,400. An increase of 35%. The amount of Government-owned space increased from 31,866,000 square feet to 32,911,487 square feet. An increase of 3%.

Since construction of new space did not keep pace with the growth of Federal employment, additional leased space was required.

The total GSA controlled space increased from 36,565,000 square feet (31,866,000 Government-owned and 4,699,000 leased) in 1962, to a current area of 53,263,075 (32,911,487 Government-owned and 20,351,588 leased). An increase of 46%.

Question - 9

How does this compare with the national average?

Answer

The comparison of leased to federally owned space in the Metropolitan D.C. Area and nationwide is as follows:

<u>YEAR</u>	<u>PERCENTAGE OF SPACE LEASED</u>	
	<u>D.C. AREA</u>	<u>NATIONWIDE</u>
1962	14%	Not Available
1970	42%	25%
1971	35%	25%
1972	38%	28%

Question - 10

The 1962 prospectus states that the building houses the U.S. Tariff Commission and Foreign Claims Commission. The current one indicates that Tariff occupies 84 percent of the building and the remainder is occupied by Postal Service and GSA. Explain.

Answer

The 1962 prospectus reported only the major tenants in the building who were Tariff and the Foreign Claims Commission. Postal Service and GSA also had small amounts of space in the building in 1962. The Foreign Claims Commission has since moved to the Vanguard Building at 1111 20th Street N.W. The space is now assigned to Tariff, 84%, U.S. Postal Service, 4%, and GSA, 12%. The U.S. Postal Service space is a branch station that has been in the building for years. The GSA space includes special space such as the blind stand, the Building Manager space and any unassigned space.

Question - 11

How long is use of this building anticipated? How does designation as a historical landmark affect GSA's plans for keeping it as office space.

Answer

Since this building has been designated as a historical landmark and is constructed to provide good usable office space, GSA's present plan is to continue its use as an office building indefinitely.

GSA-PBS-6-6-74.

Question - 12

The 1962 prospectus refers to tangible cost benefit rates (for 10 year period) of 2.5. Does this still hold? (as compared with leased space)

Answer

Using the same formula that was used in developing the tangible cost benefit ratio of 2.5 for the 1962 prospectus will produce a tangible cost benefit ratio of 2.1 when applied to the current prospectus.

Question - 13

The 1962 prospectus shows design and supervision costs about 10% of the total estimate and alterations about 90%. What is breakdown now.

Answer

The estimated percentage cost for supervision and design is approximately the same as they were in 1962. For this prospectus at this time, the estimated cost is 6.6% for design and specification and 3.2% for supervision and management. The balance of 90.2% is for construction.

Question - 14

The current prospectus shows that \$441,000 has been spent in the past 15 years on repair and alterations - aside from the 1962 authority, any other appropriations.

Answer

The figure \$441,000 is incorrect. It was apparently developed by adding, the following figures:

From current prospectus

1963 - Elevator and roof repairs	\$89,000
1960 - Space alterations	23,000
1961 - Airconditioning and heating repairs	<u>107,000</u>
	\$219,000

From 1962 prospectus

Repairs during past five years	\$222,000
Total	\$441,000

The costs for 1960 and 1961 amounting to \$130,000 are included in both figures (\$219,000 and \$222,000). The total cost should be \$222,000 plus \$89,000 equals \$311,000. This has been the total repair costs charged to this building. All funds have come from the Annual R&I portion of GSA's Annual Appropriation.

Question - 15

What work was accomplished under the earlier prospectus? How much was spent? What contemplated work was not completed, and why?

Answer

The answer to Question 2 provides this information.

Question - 16

What are the components of the new costs: Heating, airconditioning, elevators, executive dining room, facilities for the handicapped, etc?

Answer

The answer to Question 3 also provides the information to this question.

Question - 17

When would you expect the work to begin?

Answer

The entire project was included in the FY 1975 Program as submitted to the Office of Management and Budget. When OMB reduced the Repair and Alteration target for FY 1975, the Tariff Building project was rescheduled into FY 1976. If we receive an approval of the prospectus, the project will be designed during FY 1975, and included for construction in the FY 1976 Program.

GSA-PBS-6-6-74

Question - 18

Since part of the work involves development of luncheon space, and since the existing vending services are provided by blind persons, what will GSA do to assure a continued livelihood for the blind worker at the Tariff Building.

Answer

The Tariff Commission does not expect to provide daily luncheons for their employees from the small kitchen and limited dining area desired by their Commissioner. The dining area requested is to be utilized for small special occasions as described in the answer to Question 5.

We cannot foresee that the small Executive space will have any adverse effect on the existing vending services provided by blind persons.

PROSPECTUS NUMBER: PTX-74011
 PROJECT NUMBER : LTX-74511

PROSPECTUS FOR PROPOSED LEASE
 UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

LEASED OFFICE BUILDING

DALLAS, TEXAS

1. DESCRIPTION:

This prospectus proposes the acquisition of approximately 180,000 square feet of net occupiable space under a firm 10 year lease to provide a consolidated location for the Regional Office activities of the Department of Health, Education and Welfare (DHEW) in Dallas, Texas, at an estimated annual cost of \$1,305,000. Agency expansion in recent years has resulted in housing Regional Office employees in approximately 206,000 square feet of space which includes 124,000 square feet in the Federal building complex at 1100 Commerce Street and about 82,000 square feet of leased space in six locations. Due to the increasingly adverse effect the present housing has on agency operations, it is proposed that 80,000 square feet be delivered no later than December 1974, with occupancy of the remaining 100,000 square feet no later than June 1975. In addition to improving the effectiveness of Regional Office operations, the consolidated location will result in improved space utilization.

2. COMPREHENSIVE PLAN:

a. PROJECT NEED:

The DHEW Regional Office is now housed in eight locations, two of which are Government-owned and six are in leased space. The quality of the space ranges from poor to good. It is essential for the effective operation of the Regional Office that their activities be consolidated. This will result in more efficient use of available space, reduce the total amount of space required and will permit space adjustments due to changing requirements of individual Regional Office activities without necessitating more space. It will also permit the Regional Director of DHEW to properly direct and control Regional Office operations. The leased building will provide a total of 180,000 square feet of space, including about 139,000 square feet of office space. The space vacated by DHEW at 1114 Commerce Street will provide a staging area for work authorized by Repair and Improvement Prospectus Number 42-0058-2. When the alteration work is completed, agencies will be relocated from leased space to 1114 Commerce Street with a resultant annual rental savings of about \$200,000.

b. DISCUSSION OF ALTERNATIVES:

1. Alteration of existing GSA controlled buildings.

The Federal building complex at 1100-1114 Commerce Street consists of a Federal building constructed in 1928 and acquired by the Federal Government in 1942 and an adjoining Federal Building-Courthouse completed in 1971. The

PROSPECTUS NUMBER: PTX-74011
 PROJECT NUMBER : LTX-74511

b. DISCUSSION OF ALTERNATIVES: (Cont'd)

buildings contain a total of about 927,300 square feet. Alterations and improvements to the Federal building at 1114 Commerce Street are now being scheduled. The 81,000 square feet occupied by DHEW in that building is required for staging space during the alteration. Space occupied by other agencies would have to be vacated for this purpose if DHEW were not moved. In addition, the move of other DHEW components into space in 1114 Commerce would be delayed while agencies were being relocated and space modernized. Space could be provided at 1100 Commerce Street but this would also require the relocation of approximately 140,000 square feet of other agency space. This would take much longer to accomplish and would be more costly since it involves moving other agencies as well as the DHEW Regional Office.

2. Acquisition of space in a building to be constructed.

Construction of a new Federal building would not meet the urgent requirements to consolidate DHEW activities because of the time required to obtain authorization for and construct a Federal building.

3. Acquisition of Space by Lease.

The acquisition by lease of space for the activities of DHEW in accordance with the authority of Section 210(h)(1), of the Federal Property and Administrative Services Act of 1949, as amended, is the most economical and expeditious method of consolidation. In recent years, private interests in Dallas have constructed an abundance of office space for lease. As an example, within two blocks of the Federal building complex at 1100-1114 Commerce Street, there are three recently constructed buildings available which could accommodate DHEW needs at competitive rental rates. It is estimated that rental cost will range from \$6.50 to \$7.50 per net usable square foot for space contained in these buildings. (See Exhibit A for Present Value Analysis of Alternatives).

3. ESTIMATED MAXIMUM COST: (180,000 square feet)

Net Average Annual Rental.	\$ 809,100
Estimated Cost of Services and other costs	495,900
Total Annual Cost.	<u>\$1,305,000</u>

4. CURRENT HOUSING COSTS:

For agencies to be housed in the proposed leased space.

a. Leased Space:	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
Rent (Unserviced).	82,000	\$211,478
Services		154,200
Total.		<u>\$365,678</u>

PROSPECTUS NUMBER: PTX-74011
PROJECT NUMBER : LTX-74511

4. CURRENT HOUSING COSTS: (Cont'd)

b. Government-owned Space:	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
Operation, maintenance, and upkeep costs	124,000	\$223,200
Total Costs		\$588,878

5. SPACE PLAN:


The relocation of DHEW to leased space in proximity to the Federal buildings on Commerce Street will permit consolidation and expansion of DHEW Regional Office activities, and facilitate expansion and consolidation of other Federal agencies in the Dallas area. A proposed plan for housing Federal activities in Dallas is attached as Exhibit B.

6. STATEMENT OF NEED:

It has been determined that suitable Government-owned space is not available for consolidation of the expanded Regional Office activities of DHEW.

Submitted at Washington, D.C., on APR 4 1974

Recommended:


Commissioner, Public Buildings Service

Approved :

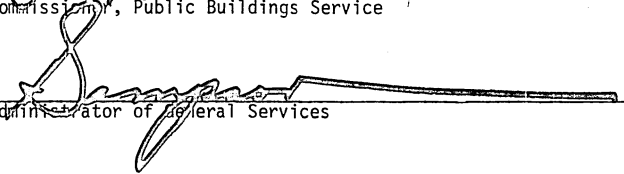

Administrator of Federal Services

EXHIBIT A
 DALLAS, TEXAS
 PROSPECTUS NUMBER: PTX-74011
 PROJECT NUMBER : LTX-74511

PRESENT VALUE ANALYSIS

<u>Alternative No. 1.</u>	<u>Present Value</u>
Alteration of 1100 Commerce Street Federal Building.	
Alteration Cost	\$ 700,000
Operation, Maintenance and Repair Costs	3,571,758
Real Estate Taxes	1,902,735
Residual Value	(2,810,746)
	<u>\$ 3,363,747</u>
	Sub-Total
Relocation to Lease Locations - Rent	11,642,050
	Total
	<u>\$15,005,797</u>

Alternative No. 2

Construction of a Federal Building.

Site Cost	\$ 3,500,000
Design and Review	1,245,895
Supervision	785,998
Construction	18,113,539
Operating, Maintenance, and Repairs	4,994,416
Real Estate Taxes	4,994,118
Residual Value	(4,426,424)
	<u>\$29,207,542</u>

Alternative No. 3

Acquisition of Leased Space.

Annual Rent	\$ 1,305,000
Present Value Cost	14,968,350

EXHIBIT B
 DALLAS, TEXAS
 PROSPECTUS NUMBER: PTX-74011
 PROJECT NUMBER : LTX-74511

HOUSING PLAN

<u>Proposed Health, Education & Welfare Lease</u>	<u>Square Feet</u>	<u>Personnel</u>
Office of the Secretary	55,500	289
Office of Education	23,900	163
Food & Drug Administration	4,000	24
H.S.M.H.A.	26,300	156
Social Security	51,000	317
Social & Rehabilitation Services	<u>19,300</u>	<u>154</u>
Occupiable Area	180,000	1,103
<u>Retained Government-owned Space:</u>		
U.S. Courts	70,198	87
Department of Agriculture	31,680	144
Action	5,730	54
Civil Service Commission	45,718	186
Congressional	7,694	20
Bicentennial Commission	740	3
Commerce	13,661	94
Defense	72,216	477
Executive Office of the President	30,547	195
Equal Employment Opportunity Commission	12,600	64
Federal Communication Commission	2,780	9
Federal Energy Office	25,000	190
Federal Home Loan Bank Board	2,380	13
Federal Mediation and Conciliation Service	2,379	4
Federal Trade Commission	5,760	30
General Accounting Office	7,123	90
Government Printing Office	6,110	18
General Services Administration	121,203	143
Housing & Urban Development	46,821	349
Interstate Commerce Commission	1,900	13
Interior	21,493	103
Justice	53,807	230
Postal Service	6,475	8
Railroad Retirement Board	1,946	6
Selective Service System	8,190	25
Small Business Administration	20,075	118
State	270	1
Transportation	3,755	23
Treasury	250,016	1,181
Veterans Administration	<u>9,750</u>	<u>51</u>
Occupiable Area	888,017	3,929

EXHIBIT B (Cont'd)
 DALLAS, TEXAS
 PROSPECTUS NUMBER: PTX-74011
 PROJECT NUMBER : LTX-74511

<u>Retained Leased Space:</u>	<u>Square Feet</u>	<u>Personnel</u>
Agriculture	1,064	2
Consumer Prod. Safety Comm.	3,500	30
Defense	85,763	679
Environmental Protection Agency	42,732	238
General Services Administration	88,758	8
Health, Education & Welfare	56,930 ^{1/}	122
Housing & Urban Development	54,000	577
Justice	20,094	145
Labor	103,470 ^{2/}	460
Treasury	<u>40,648</u>	<u>84</u>
Occupiable Area	496,959	2,345

^{1/} DHEW non-regional office activities

^{2/} To be occupied July 1974

DALLAS, TEXASNEW LEASEDEPARTMENT OF HEALTH, EDUCATION & WELFARE - CONSOLIDATION

- A -1. THE PROSPECTUS SPEAKS OF "EXPANDED" ACTIVITIES, YET IT IS NOTED THAT THE PROPOSED ACQUISITION OF 180,000 SQ. FT. IS SUBSTANTIALLY LESS THAN THE 206,000 SQ. FT. CURRENTLY OCCUPIED AT OTHER LOCATIONS. WHY?

The 206,000 sq. ft. reduction in space is achieved by obtaining increased efficiency and better space utilization as a result of reducing the current number of HEW locations.

- A -2. ONLY 139,000 SQ. FT. OR 77 PERCENT WILL BE OFFICE SPACE. REMAINDER?

The remaining 23 percent (41,000 sq. ft.) is storage space.

- A -3. GSA IS CURRENTLY PAYING ONLY \$4.46 PER SQ. FT. FOR 82,000 SQ. FT. OF LEASED SPACE. THE PROSPECTUS STATES OTHER COMMERCIAL SPACE IS AVAILABLE AT \$6.50 AND THAT DALLAS HAS AN ABUNDANCE. WHY IS THE \$7.25 SPACE UNDER CONSIDERATION WHEN THE \$6.50 COMPARABLE WOULD SAVE \$1,350,000?

There are at least two buildings located in downtown Dallas that can satisfy this requirement. Competitive offers will be solicited. The estimate of \$7.25 per square foot is an estimate of the maximum cost of the space to be acquired. We will make every possible effort during the negotiations with the competing property owners to acquire the space at a figure which will be less than this estimated maximum cost.

- A -4. WHY IS "RENT, UNSERVICED" CONTEMPLATED? WHAT ARE SEPARATE SERVICE COSTS?

"Rent, Unserviced" is not contemplated. "Service and other costs" are itemized separately and include electric, maintenance, janitorial and other operating costs which are negotiable as to whether lessor or Government will pay and/or provide separately. Cost cited is estimated total annual cost including services, etc.

- A -5. OF LEASED SPACE TO BE RETAINED, WHY WILL GSA WITH ONLY 8 EMPLOYEES RETAIN 18 PERCENT?

GSA space is as follows:

<u>Square Feet</u>	
5,311	Maintenance and custodial
27,000	Automated Data and Telecommunications
31,289	Motor Pool

3,780	Maintenance and custodial
7,439	Joint-use
<u>13,000</u>	Vacant at time of prospectus submission
87,819	

All of this space is used by functions where few employees are needed.

A -6. WHAT IS THE TIME URGENCY - TO BEGIN RELOCATION THIS YEAR?

Scattered locations impede agency operations and keep operating costs at unnecessarily high levels.

A -7. WHAT IS THE STATUS OF ALTERATIONS PROPOSED TO THE FEDERAL BUILDING ON COMMERCE STREET, WHERE MUCH OF HEW IS NOW HOUSED? WHY IS THE 81,000 SQ. FT. OCCUPIED BY THEM THERE NEEDED FOR A "STAGING AREA" DURING RECONSTRUCTION? WHY CAN'T SOME OTHER ACTIVITY BE MOVED?

Alterations not scheduled at this time. Relocation of smaller agencies with unrelated functions would result in higher costs.

A -8. WHAT ARE THE ESTIMATED RELOCATION COSTS FOR HEW? THESE ARE NOT INDICATED IN THE PROSPECTUS IN CONNECTION WITH LEASING. AREN'T THEY PART OF THE TOTAL COST? WHY WEREN'T THEY SHOWN IN NEW CONSTRUCTION ALTERNATIVE COSTS ALSO?

We estimate that it will cost about \$100,000 to physically move HEW to the new location. The space will be conditioned to meet the agency's requirements in return for the rental consideration, thus the costs associated with the relocation to the new space to be occupied by HEW are included in the estimated rental.

A -9. THE \$15,000,000 ESTIMATED FOR REHABILITATING THE 1100 COMMERCE STREET BUILDING, CONSIDERED AS AN ALTERNATIVE, INCLUDES TAXES, REPAIR, AND MAINTENANCE COSTS. THE PROPOSED LEASING FOR 10 YEARS WILL COST \$14.9 MILLION. ALSO, IF TAXES AND MAINTENANCE COSTS WERE DEDUCTED FROM ALTERNATIVE 2 THE ACTUAL CONSTRUCTION COST OF A NEW BUILDING WOULD ONLY BE \$24.8 MILLION. ISN'T ALL THIS RATHER MARGINAL AND WOULDN'T THE GOVERNMENT BE BETTER OFF OWNING A NEW BUILDING?

The need to provide a consolidated location for HEW is urgent. It can be met promptly by leasing, whereas authorization, funding and construction of a Federal building must compete with other urgent projects and result in delay.

A-10. WHAT DETERMINED THE \$3.5 MILLION SITE COST?

Estimates for site are based on regional appraisals for land in the areas being considered for a project. Minimum site studies are prepared as to site size.

B -1. WHERE IS ALL THE SPACE THAT WILL BE LEASED? WHO OWNS IT?

The final location of space and owners will not be known until after a solicitation for offers is made, responsive offers evaluated, and best offer determined.

B -2. WHAT ARE THE "INCREASINGLY ADVERSE EFFECTS THE PRESENT HOUSING HAS ON AGENCY OPERATIONS?"

The limited amounts of space available has prevented obtaining consolidated space for HEW components, resulting in organizations scattered in many locations which prohibits efficient management, organization and operations.

B -3. HOW LONG WILL THE REPAIR WORK TAKE UNDER PROSPECTUS NO. 42-0058-2? WHAT DOES THAT INVOLVE? PLEASE PROVIDE US WITH A TIMETABLE ON VARIOUS MOVES BY HEW STAFF AND THE MOVES REQUIRED FOR RENOVATION.

Actual repair work to the Federal building will take 670 days from notice to proceed. Repairs include modernization of electrical system, roof and structural repairs, replacement of plumbing, and adjustments of interior space. Listed below is a timetable for HEW staff moves. Internal moves into staging areas during renovation will not be known as actual date of R&I commencement is not established and tenants requiring move may change significantly prior to construction start.

Timetable For
Move To New Building

Phase I 80,000 sq. ft.: Move to begin as soon as possible and take 6 months to complete.

Social Security
Office of Civil Rights
Facilities Eng. Constr.

Phase II 100,000 sq. ft.: To be available within 6 months after award with move to start as space becomes available. Move to take six months.

Office of Secretary	
Regional Director	Food & Drug
Personnel	HSMSSH
Financial Management	SRS (Statistical Reporting
Office of Child Development	Service)
Reg. Council	
Audit Agency	
Surplus Property	
Office Services	

- B -4. WHAT WILL HAPPEN TO THE LEASED SPACE THAT HEW IS VACATING? IS THERE A LEASE CANCELLATION PENALTY? IF SO, WHAT DOES IT INVOLVE?

The space will be backfilled. Lease cancellation penalties will not occur as space will be reused.

- B -5. DOES GSA CONTEMPLATE THAT THE 10-YEAR LEASE OF THIS SPACE WILL BE FOLLOWED BY SUBSEQUENT RENEWALS OF THIS LEASE?

Yes.

GSA-PBS May 31, 1974

PROSPECTUS NUMBER: PMT74812
 PROJECT NUMBER: 250017-2

PROSPECTUS FOR PROPOSED ALTERATION

PROJECT UNDER THE PUBLIC BUILDINGS ACT OF 1959

FEDERAL BUILDING-POST OFFICE-COURTHOUSE

MISSOULA, MONTANA

1. Description of Proposed Project

This project provides for major repairs and improvements which should be undertaken in this building for its continued use to provide adequate housing for Federal agencies. Major items contemplated include major airconditioning improvements, alteration of the U.S. Postal Service space to general office use, acquisition and improvement of additional land for offstreet parking, modernizing office space, replacement of floor covering, installation of acoustical tile, modernizing court space, new building entrance doors, driveway repairs, pointing and cyclic painting, lawn sprinkler system and driveway lighting. This work is to be accomplished within five years after approval of this prospectus. It does not include (1) the day-to-day maintenance and recurring repairs which must be undertaken annually to keep the building in a tenable condition, (2) alterations to the building and its equipment which may be occasioned by space reassignments which cannot be identified at this time and (3) repairs and replacements which may be occasioned by an emergency or breakdown which interrupts use of the building.

2. Estimated Maximum Cost of Project

Previously Approved Prospectus (March 15, 1962)	\$1,020,000
Additional Authorization	<u>1,874,000</u>
Revised Authorization Required	\$2,894,000

3. Justification

The Federal Building-Post Office-Courthouse was constructed in 1913 and extended in 1927, 1938, 1950 and 1952. It has a gross floor area of 144,165 square feet and a net assignable area of 91,380 square feet. The U.S. Postal Service is vacating approximately 13,000 net square feet of space which

PROSPECTUS NUMBER: PMT74812
PROJECT NUMBER: 250017-2

3. Justification (Cont'd)

will be altered to office space and assigned to other Federal agencies. The building structure is of steel and reinforced concrete, faced with stone and brick. It is structurally sound and will be continued in use for an indefinite period.

The first prospectus for this building approved in March 1962, included general repairs, airconditioning and toilet modernizations. Some of the items have been completed. This prospectus provides additional authority required to complete these work items because of increases in construction costs since 1962 and the additional work items which have developed since that date. The project will complete the modernization planned for this building.

To replace the building would cost approximately \$5,152,800. Housing of Federal agencies in suitable leased space would cost approximately \$6 per square foot annually.

Approximately \$366,000 has been spent in the last nine years for window replacements and repairs, heating modifications, attic insulation, sidewalk and driveway repairs, upgrading lighting and electrical systems, painting and partial improvements to toilet rooms. The repairs and improvements proposed under this project are essential to the economic and efficient use and occupancy of the building.

4. <u>Current Housing Costs*</u>	<u>Net Area Sq. Ft.</u>	<u>Annual Cost</u>
A. Leased Space		
Rent and Other Cost	5,132	\$ 4,116
B. Government-owned		
Space to be vacated	6,875	\$ 8,600
C. Operation, Maintenance		
and Upkeep Cost	78,385	\$160,689

* For agencies to be housed in the building after completion of the alteration.

PROSPECTUS NUMBER: PMT74812
PROJECT NUMBER: 250017-2

5. Proposed Space Plan for Housing Federal Agencies

There are approximately 1,331 Federal employees housed in 416,840 net square feet of Government-owned space and 46,412 net square feet of leased space in Missoula, Montana, (Exhibit A). Retention of this building for the foreseeable future is an essential part of the comprehensive space plan for housing the Federal population in the city.

6. Environmental Assessment

In the construction of this project, General Services Administration will make studies of the water supply, sewage disposal, solid waste disposal, storm water drainage, erosion control, fuel types, etc., in order to comply strictly with the purpose and intent of Executive Order 11514, Protection and Enhancement of Environmental Quality.

A determination has been made based on a current assessment of the project, that construction and operation of the building will not have a significant effect on the human environment. As the project develops, additional assessments will be made, and if it is determined after any assessment that it will have a significant effect on the human environment, an environmental statement will be prepared and submitted in accordance with the requirements of Section 102(2)(c) of the National Environmental Policy Act of 1969, and the guidelines of the Council on Environmental Quality.

7. Statement of Need

It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by the utilization of other existing suitable property now owned by the Government and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on MAR 27 1974

Recommended:

Acting

John F. Johnson
Commissioner, Public Buildings Service

Approved:

[Signature]
Administrator of General Services

COMPREHENSIVE HOUSING PLAN

DEPARTMENT OR AGENCY	PRESENT HOUSING (NET SQ. FEET)			PROPOSED HOUSING (NET SQ. FEET)					
	TOTAL SQ. FT.	PERSONNEL	GOVT-OWNED	TOTAL	PERSONNEL	RETIRED GOVT-OWNED	RETIRED LEASED	CONVERTED FB/PO/CT	NEW POST OFFICE
U. S. Postal Service	20,160	128	20,160	61,165	128	--	--	7,165	60,000 2/
County - District	3,700	5	3,700	4,500	5	--	--	4,000	--
U. S. Attorney - Justice	420	2	420	420	2	--	--	420	--
U. S. Marshal - Justice	435	1	435	435	1	--	--	435	--
Agriculture	128,115	672	103,723	24,447	127,666	672	34,813	23,413	69,440
Civil Service Commission	910	1	910	910	1	--	--	910	--
Congressional (500)	0	0	(200) 1/	200	0	--	--	200	--
Department of Defense	2,220	12	400	2,020	12	200	1,800	--	--
General Services Administration	3,625	23	3,625	3,625	23	--	--	3,625	--
Health, Education, and Welfare	2,995	14	--	2,995	14	--	--	2,995	--
Department of Interior	7,420	39	--	7,420	39	--	--	9,100	--
Department of Justice (FBI)	552	3	--	552	3	--	--	300	--
Selective Service System	550	3	--	550	3	--	--	550	--
Treasury (IRS)	1,600	10	--	1,600	10	--	--	1,600	--
SUB-TOTAL GENERAL PURPOSE	172,852	906	133,468	39,384	221,206	906	35,013	39,478	86,715

SPECIAL PURPOSE AGENCY LOCATION

Agriculture	191,631	403	188,771	4,860	191,631	403	188,771	4,860	--
Commerce (Weather Service)	2,168	18	--	2,168	18	--	2,168	--	--
Defense	94,601	4	94,601	--	94,601	4	--	--	--
SUB-TOTAL SPECIAL PURPOSE	290,400	425	283,372	7,028	290,400	425	283,372	7,028	--
TOTAL AGENCY SPACE	463,252	1,331	416,840	46,412	511,606	1,331	318,385	46,506	86,715

ANALYSIS OF PROPOSED PROJECT (NET SQ. FEET)

	CONVERTED FB/PO/CT
AGENCY SPACE:	86,715
C/O space to be replaced	6,875
Leased space to be replaced	5,132
Agency Expansion	(-3,677) 1/
Activities currently assigned	78,369
Reserve for expansion	4,663
Total Net Assignable	97,300
Reserved	91,400

1/ Reduction results from better utilization.

RETIRED C/O SPECIAL PURPOSE AND/OR LOCATION

Facility at Ft. Missoula	113,355
Bldg. 370 - FS Regional Office	12,102
Bldg. T-150 - FS Regional Office	5,362
Bldg. T-205 - FS Garage	1,700
Bldg. 20 - Army Reserve	37,026
Bldg. T-101 - Army Reserve	23,500
Bldg. T-104 - Army Reserve	12,950
Army Reserve	8,000
SGO AF Rec. Ctr	10,225
14th & Collins - FS Inv. Group	44,720
Fire Lab. W. of Town (Research)	--
FS Exper. - Depts Office	35,167
Aerial Fire Dept. - Airfield - FS Regional Office	78,693
Forest Science Lab. - U. of Montana	11,437
FS Research Admin Office	283,372
TOTAL	113,355

GOVERNMENT/OWNED BUILDINGS TO BE VACATED 1/

Facility at Ft. Missoula	
Bldg. 3	6,875
Bldg. 46	200
TOTAL	7,075

1/ FS Space loaned to Congressman - not included in totals.

2/ Space in new Postal Service Facility - Non-GSA controlled.

3/ Bldgs. presently occupied under permit from DOD.

RETIRED GOVERNMENT/OWNED BUILDINGS

IDENTITY	SG. FT.
Proposed Agency Space	86,715
Reserve for Expansion	4,665
Facility at Ft. Missoula	35,013
Bldg. 24-FS Regional Office	--
(Eng. & Plan Control)	31,615
Bldg. 46-FS Pollution (Abatement Div.)	3,198
Defense-115th IMTC	200
TOTAL	129,391

RETIRED LEASED SPACE

CENTRAL PURPOSE	
Agriculture	800
AICS	1,000
Extension Service	613
PIA	9,000
FS Supervisor	10,530
FS Ranger	2,000
SCS	1,300
Defense	1,800
DOD Recruiting	1,800
Health, Education & Welfare	2,995
SGA	9,100
Interior	2,000
BLA	9,100
Selective Service System	550
Local Board	550
Treasury	1,600
IRS	39,478

Special Purpose And/or Location:

Agriculture	4,860
FS Regional Office - Hangar	--
Commerce	2,168
Weather Service - Airport	7,028
TOTAL	44,056

Missoula, MontanaQuestion - 1

What items authorized in 1962 remain uncompleted? Which were completed? How much of that authorization was spent?

AnswerProjects completed under prospectus approved in 1962

Interior and exterior painting	\$ 67,000
Repair and replace windows (30 windows)	4,400
Sidewalk and driveway repairs	3,500
Insulate attic	2,900
Upgrade electrical system	58,346
Heating conversion and controls	132,680
Modernize toilet facilities	9,883
Ventilate toilet rooms	7,585
Design and supervision	26,706
	<u>\$313,000</u>

Projects uncompleted under prospectus approved in 1962

Vestibule doors	\$ 4,000
Replace 170 windows in old portion of building	31,000
Replace entrance doors with aluminum doors	17,000
New lighting (Remainder of lights not accomplished)	49,750
Acoustical ceiling tile	64,000
Install fire alarm system	4,000
Airconditioning	499,000
Convert greenhouse to office space and corridor	19,000
Design and supervision	19,250
	<u>\$707,000</u>

Question - 2

The 1962 prospectus authorized installation of airconditioning. This one authorizes airconditioning "improvements." What will be done and what is the cost?

Answer

No airconditioning work was accomplished under the 1962 prospectus because insufficient funds were appropriated to provide for this work.

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Question - 3

Explain reference to "improvement of additional land for off-street parking." What is proposed?

Answer

The additional land, 40,000 or 50,000 square feet located within a half block of the building is necessary to provide offstreet parking for Government-owned vehicles and selected tenants of the building. At present, there are only two parking spaces, one for the Judge and one for the Postmaster. The city engineer has requested that the Government-owned vehicles be removed from the street to ease the congestion around the building. New total will be 141 spaces; 18 official, 25 visitors, and 98 employees. There are 390 employees in the building which will provide a ratio of 4 employees to each parking space.

Question - 4

The 1962 prospectus proposed replacement of entrance doors and so does this one. Were they replaced?

Answer

The proposed new entrance doors were not installed under the 1962 prospectus because insufficient funds were appropriated to provide for this work. They have been included in the revised prospectus because they are still needed and because construction costs have increased.

Question - 5

How about "modernizing" of office space, proposed in both prospectuses?

Answer

Office space modernization was not accomplished under the 1962 prospectus because insufficient funds were appropriated to provide for the proposed modernization. The 13,000 square feet being vacated by the USPS is additional space to be modernized which has come about since the 1962 prospectus was approved.

Question - 6

What are additional work items developed since 1962?

Answer

The following listing shows the work authorized in the 1962 prospectus, the work accomplished under that prospectus and the authorization with the current prospectus.

<u>Work Description</u>	<u>Authority Previous Prospectus</u>	<u>Obligations</u>	<u>Authority Current Prospectus</u>
Repair and/or replace windows	\$ 35,900	\$ 4,400	-
Replace sidewalk, driveway and landscaping	3,900	3,500	-
Interior & exterior painting	67,000	67,000	\$ 148,500
Replace entrance doors with aluminum doors	17,000	-	25,000
Insulate attic	6,000	2,900	-
Install convectors & controls	84,000	132,680	-
Replace & upgrade electrical systems	108,100	58,346	40,000
Space modernization	68,000	-	675,000
Modernize restroom fac.	7,000	17,468	-
Convert greenhouse space	19,000	-	-
Install firesafety items	4,000	-	24,900
Airconditioning	499,000	-	900,000
Lawn sprinkler system	-	-	20,000
Driveway lighting & repairs	-	-	18,300
Acquisition & improve. of land for parking	-	-	243,400
Interim relocation costs	-	-	300,000
Design and supervision	101,100	26,706	185,900
	<u>\$1,020,000</u>	<u>\$313,000</u>	<u>\$2,581,000</u>

Question - 7

What condition is the roof in, which was replaced in 1961?

Answer

The roof is in good condition.

Question - 8

The 1962 prospectus notes the building's replacement cost as \$3,160,000. This one states \$5,152,800 or an increase of 63 percent in 12 years. Is that figure correct?

Answer

Based on reported construction cost indices the escalated figure for construction cost is correct.

Question - 9

The previous prospectus indicates comparable leased space would cost \$3.44 per square foot annually. This one states \$6, or an increase of 74 percent. Is this correct?

Answer

In the view of the escalation of leased costs that has taken place since 1962, this figure is correct.

Question - 10

The prospectuses state that \$533,300 has been spent during the last 15 years on repairs and improvements. What work was included?

AnswerProspectus Work Accomplished at This Location

Repair and replace windows	\$ 4,400	
Replace sidewalk, driveway, and landscaping	3,500	
Interior and exterior painting	67,000	
Insulate attic	2,900	
Heating conversion and controls	132,680	
Replace and upgrade electrical systems	58,346	
Modernize restroom facilities	17,468	
Design and supervision	<u>26,706</u>	
Prospectus Work Total		\$313,000

Non-Prospectus Work Accomplished at This Location

Minor repairs	\$ 12,373	
Elevator conversion and minor repairs	59,785	
New piping and condensate pumps for heating plant	17,673	
Handicapped facilities	52,984	
Miscellaneous repairs and replacements	<u>77,485</u>	
Non-Prospectus Work Total		\$220,300
Total Prospectus and Non-Prospectus Work		\$533,300

Question - 11

Was any other work done under separate appropriations?

Answer

No other appropriations have been made for any specific projects.

Question - 12

The previous prospectus refers to a tangible cost benefit ratio of 1.6 for a 10 year period. How was this determined? Does it apply now?

Answer

The cost effectiveness ratio for the revised prospectus is 1.1 for leasing and 1.5 for new construction. The ratios result from an analysis which considers operation, maintenance and repair costs, real estate taxes, leasing and new construction costs and residual value of the property.

Question - 13

The 1962 prospectus stated that 645 employees were housed in 210,998 square feet of space in Missoula. This one refers to 1,331 employees housed in 509,664 square feet of space which is a 41 percent increase. Explain.

Answer

Upon review, we found that the revised prospectus shows 1,331 employees housed in 416,840 net square feet of Government-owned space and 46,412 net square feet in leased space in Missoula for a total of 463,252 net square feet and not 509,664 as referred to in the question. The above figures cited refer to the housing in Missoula and not just the PO CT. The increase in personnel and space between the 62 prospectus and the present one is due to the expansion of the Agriculture Department and the Department of Defense. The additional square feet of space was obtained in the following manner.

In 1960 construction was started for Area Fire Depot (4 Buildings)	Approx.	79,000 sq. ft.
In 1961 construction was started on Fire Lab	Approx.	35,000 sq. ft.
In 1966 construction was started on Forest Science Lab	Approx.	11,000 sq. ft.
Space made available at Ft. Missoula	Approx.	112,000 sq. ft.
Additional leased space		<u>15,254 sq. ft.</u>
Total Since 1962 Prospectus		252,254 sq. ft.

$$210,998 + 252,254 = 463,252 \text{ sq. ft.}$$

Question - 14

Who will be assigned to 13,000 square feet vacated by the USPS?

Answer

The 13,000 square feet vacated by the Postal Service will be assigned to the Forest Service, Department of Agriculture.

Question - 15

Explain the 4,665 square feet reserved for expansion.

Answer

The 4,665 square feet is being assigned to the Forest Service, Department of Agriculture. Knowing that the Department of Agriculture had this need, the space had been put in a reserved category.

Question - 16

The prospectus states that 39,478 square feet of presently leased space will be retained. What is the average cost of this per square foot? Is it expected to increase appreciably?

Answer

As a result of the present leases made for the 39,478 square feet of space, the average rental cost is \$3.50. However, if new leases were to be initiated at this time for that amount of space the expected cost to lease this space is estimated to be approximately \$5.50.

Question - 17

The 906 employees housed in this building represent 68 percent of the total in Missoula. Are the remainder suitably housed?

Answer

The region reports that all leased personnel are suitably housed.

Question - 18

The ratio of Government-owned to leased space in Missoula is about 9 to 1. Is this proportion expected to change? How does it correspond with the national average?

Answer

The current ratio of Government to leased space is 416,840 square feet to 46,412 square feet or approximately 9:1. We do not anticipate any change. The national average ratio of Government-owned to leased space is approximately 3:1.

Question - 19

The prospectus does not indicate that any alternatives to this project were considered. Were they?

Answer

A Cost Effectiveness Analysis was completed for both leasing and new construction alternatives as a part of the decision to proceed with this project.

Question - 20

What has been done under the previous alteration prospectus? What has been the total cost of the completed work? Why was the remaining work on the earlier prospectus not undertaken?

Answer

The first two parts of this question is answered under the answer to Question No. 1. The remaining work on the earlier prospectus was not undertaken, because the region had higher priority work necessary at other locations with the limited amount of funds available.

PROSPECTUS NUMBER: PMO-73802
 PROJECT NUMBER : IMO-73757
 BUILDING NUMBER : 24-0073

PROSPECTUS FOR PROPOSED ALTERATION
 UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

U.S. COURTHOUSE AND CUSTOMHOUSE
1114 MARKET STREET

ST. LOUIS, MISSOURI

1. DESCRIPTION OF PROPOSED PROJECT:

This project provides for major replacements and space alterations which should be undertaken in this building for its continued use to provide adequate housing for Federal agencies and the U.S. Courts. Major items contemplated include conversion of former postal workroom and mezzanine space to courtrooms and related space, additional air-conditioning and repairs, additional electric power and repairs, new acoustic ceilings, toilet room modernization and ventilation, and water and waste piping replacement. It does not include (1) the day-to-day maintenance and recurring repairs which must be undertaken annually to keep the building in a tenantable condition, (2) alterations to the building and its equipment which may be occasioned by future space reassignments which cannot be identified at this time, and (3) repairs and replacements which may be occasioned by an emergency or breakdown which interrupts use of the building.

Approximate Areas: Gross - 534,534 Sq. Ft. Net - 400,582 Sq. Ft.

2. ESTIMATED MAXIMUM COST OF PROJECT

Total Estimated Maximum Cost.....\$2,964,000

3. JUSTIFICATION

There are approximately 33,900 Federal employees housed in 7,501,000 square feet of Government-owned space and 747,600 square feet of leased space in Metropolitan St. Louis.

PROSPECTUS NUMBER: PMO-73802
PROJECT NUMBER : IMO-73757
BUILDING NUMBER : 24-0073

3. JUSTIFICATION (Cont'd)

The Courthouse and Customhouse, located in downtown St. Louis is a monumental type structure constructed in 1935. It has a gross floor area of 534,534 square feet, a net area of 400,582 square feet and a net assignable area of 321,199 square feet. The building, which houses functions of the United States Courts, Departments of Agriculture, Justice, Treasury and other Federal activities, is structurally sound and will be continued in use for an indefinite period.

Retention of this building is an essential part of the comprehensive plan for housing Federal activities in St. Louis. The previous prospectus for this building, approved in April 1962, provided for office area improvement, roof replacement, fluorescent lighting, floor replacement, driveway replacement, elevator modernization, suspended ceilings, mechanical improvements and emergency lighting. All of this work has been completed. The United States Courts and related activities occupy about 69,000 square feet of space in the building. The space occupied includes six courtrooms used by the U.S. Circuit Court and four hearing rooms used by the Referees in Bankruptcy and the U.S. Magistrates.

The U.S. Courts have determined, based on their caseload, and number of judges authorized for and assigned to St. Louis, that present facilities are inadequate. To partially relieve this inadequacy, one new District Courtroom and related facilities are being constructed utilizing funds appropriated under the heading "Additional Court Facilities" in GSA Supplemental Appropriation Act for FY 1971 (P.L. 91-665), dated January 8, 1971.

Authorization for construction of two additional courtrooms and related facilities requested by the U.S. Courts and other necessary work to the building is being sought by this prospectus. Upon completion of all alterations in the building a total of nine courtrooms and four hearing rooms will be available for current and foreseeable needs of the Courts, Magistrates and Referees in Bankruptcy. Approximately \$975,000 has been spent in the past five years for elevator modernization and repairs, lighting improvement, fire surge tanks, and space alterations. The expansion of court space and repair and improvements proposed under this project are essential to the economic and efficient use and occupancy of this building.

PROSPECTUS NUMBER: PMO-73802
 PROJECT NUMBER : IMO-73757
 BUILDING NUMBER : 24-0073

3. JUSTIFICATION: (Cont'd)

In the alteration of this building the applicable provisions of the following will be complied with: The Intergovernmental Cooperation Act of 1968 (P.L. 90-577), the Office of Civil Defense Technical Standards for Fallout Shelters (April 1969) and Executive Order 11512.

4. CURRENT HOUSING COST:

For agencies to be housed in altered Courthouse and Customhouse

	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
Operation, maintenance and upkeep costs.....	278,891	\$588,460

5. ENVIRONMENTAL CONSIDERATIONS:

In the planning of this project, General Services Administration will make studies of the water supply, sewage disposal, solid waste disposal, storm water drainage, erosion control, fuel types, etc., in order to comply strictly with the purpose and intent of Executive Order 11514, "Protection and Enhancement of Environmental Quality", and will follow the requirements of Section 102(2)(c) of the National Environmental Policy Act of 1969 (Public Law 91-190), as amended, and the guidelines prescribed by the Council on Environmental Quality.

6. PROPOSED SPACE PLAN FOR HOUSING FEDERAL AGENCIES:

The alterations proposed in the U.S. Courthouse and Customhouse will not affect the housing of other Federal agencies in St. Louis, therefore, the comprehensive housing plan attached as Exhibit A reflects only the housing of agencies in this building.

PROSPECTUS NUMBER: PMO-73802
 PROJECT NUMBER : IMO-73757
 BUILDING NUMBER : 24-0073

7. STATEMENT OF NEED:

It has been determined that (1) the need for space of the Federal Government in this area cannot be satisfied by utilization of other suitable property now owned by the Government, and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on JAN 14 1974

Recommended: Frank Janatke
 Acting Commissioner, Public Buildings Service

Approved : Dwight A. Ink JAN 14 1974
 Acting Administrator of General Services

COMPREHENSIVE HOUSING PLAN
U.S. Courthouse and Customhouse
(As of May 15, 1973)

Department or Agency	Present Housing (Net Assignable Sq. Ft.)		Proposed Housing (Net Assignable Sq. Ft.)	
	Total	Person- nel	Govt.-Owned Courthouse & Customhouse	Leased Customhouse
U. S. Courts	69,237	113	69,237	-
U.S. Post Office	18,259	8	18,259	-
Agriculture	6,434	23	6,434	-
Civil Service Comm.	370	-	370	-
Commerce	640	13	640	-
General Services Administration	39,900	73	39,900	-
Health, Education, & Welfare	14,349	60	14,349	-
Justice	7,998	39	7,998	-
National Safety & Health	2,234	8	2,234	-
Review Comm.	12,311	50	12,311	-
Postal Service	645	3	645	-
State	1,424	9	1,424	-
Transportation	155,366	729	155,366	-
Treasury	325,317	1,199	325,317	-
Assigned Space				
			102,001	102,001
			14,259	14,259
			6,434	6,434
			370	370
			640	640
			17,168	17,168
			16,349	16,349
			8,433	8,433
			2,234	2,234
			11,256	11,256
			645	645
			1,424	1,424
			155,195	155,195
			324,584	324,584
			1,209	1,209
			10,656	10,656
			8,612	8,612
			19,268	19,268

Department or Agency	Present Housing (Net Assignable Sq. Ft.)		Proposed Housing (Net Assignable Sq. Ft.)	
	Total	Person- nel	Govt.-Owned Courthouse & Customhouse	Leased Customhouse
U. S. Courts	69,237	113	69,237	-
U.S. Post Office	18,259	8	18,259	-
Agriculture	6,434	23	6,434	-
Civil Service Comm.	370	-	370	-
Commerce	640	13	640	-
General Services Administration	39,900	73	39,900	-
Health, Education, & Welfare	14,349	60	14,349	-
Justice	7,998	39	7,998	-
National Safety & Health	2,234	8	2,234	-
Review Comm.	12,311	50	12,311	-
Postal Service	645	3	645	-
State	1,424	9	1,424	-
Transportation	155,366	729	155,366	-
Treasury	325,317	1,199	325,317	-
Assigned Space				
			102,001	102,001
			14,259	14,259
			6,434	6,434
			370	370
			640	640
			17,168	17,168
			16,349	16,349
			8,433	8,433
			2,234	2,234
			11,256	11,256
			645	645
			1,424	1,424
			155,195	155,195
			324,584	324,584
			1,209	1,209
			10,656	10,656
			8,612	8,612
			19,268	19,268

ANALYSIS OF PROPOSED PROJECT:
(Sq. Ft.)

Department or Agency	Present Housing (Net Assignable Sq. Ft.)		Proposed Housing (Net Assignable Sq. Ft.)	
	Total	Person- nel	Govt.-Owned Courthouse & Customhouse	Leased Customhouse
Agency Space	298,148			
Service Areas:				
Health Unit	1,220			
Vending Stand	3,561			
Credit Union	380			
Custodial	12,007			
Total Assigned Space	276,660			
Activities to be retained	38,656			
Agency Expansion				
Reserve for Future Expansion	315,316			
Total Net Assignable	5,083			
Aisles & Corridors	321,199			
Total Net Assignable Square Feet	79,383			
Aisles and Corridors	400,582			
Total Net Square Feet	480,000			
Rounded				

Total 19,268

St. Louis, MissouriQuestion - 1

On what basis did the U.S. Courts determine their present facilities to be inadequate?

Question - 2

Have more judges been authorized? Work load increased? Justify.

Answer to 1 & 2 above.

Specific courts' space requirements are based upon statistical records of courts' activities, projections of future courts' activity and other factors. All requirements are usually first determined by the local courts with the Administrative Office of the U.S. Courts and then are subject to review by the General Services Administration.

Since FY 1971, the Court of Appeals has increased their staff of judges for the Eighth Circuit by four. There are two additional resident judges and two additional non-resident judges for that circuit. The caseload for the Court of Appeals for that circuit has increased by 73% since FY 1971.

For the Eastern Missouri District Court, there has been an increase of two additional judges and one additional magistrate since FY 1971. The District Court has projected that they will require another additional judge for St. Louis for fiscal year 1975-1976. The caseload for the District Court has increased by 52% for civil cases and by 32% for criminal cases since FY 1971.

Question - 3

How much office space will proposed conversion of the mezzanine add?

Answer

No office space will be developed, the mezzanine space will be used as an assembly and waiting room by court reporters and as an exhibit room for the courts, adding 4,515 net assignable square feet.

Question - 4

The space plan shows that 27 percent of the total building occupied by the courts provides for only 9 percent of the personnel. Why?

Answer

Courts activities are quite different from office or other non-courts' activity. Courtrooms, hearing rooms and libraries, for example, do not have "occupants." These areas should not be included in comparisons of occupancy ratios.

Question - 5

Are courtrooms and hearing rooms interchangeable?

Answer

Court and hearing rooms are not interchangeable. While hearings could normally be conducted in either a court or hearing room, hearing rooms are usually inadequate for formal court activities.

Question - 6

What size courtrooms are proposed? Are they the "mini" types?

Answer

The two courtrooms involved measure 36' x 44' and 31' x 45' and are classed as small standard courtrooms. "Mini" courtrooms are 28' x 40'.

Question - 7

What are the "related facilities" noted?

Answer

Judges' chambers for each of the two courtrooms, a library, a jury room, and an attorney's room.

Question - 8

How long will this old building be used?

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Answer

With the proposed modernization and changes, this building will remain in use indefinitely.

Question - 9

The ratio of Government-owned space to leased space in St. Louis is about 10 to 1. How does this relate to the national average? What other Government buildings are here? Who occupies the leased space?

Answer

The national average ratio of Government-owned to leased space is approximately 3 to 1 excluding the Washington, D.C. area. Other Government-owned facilities operated by GSA in St. Louis are:

Federal Building, 208 N. Broadway
 Federal Building, 405 S. Twelfth Street
 Federal Records Center, 111 Winnebago
 Federal Office Building, 1520 Market
 Military Personnel Records Center, 9700 Page Blvd.
 Federal Center, 4300 Goodfellow

There are 17 leased properties occupied by the following agencies:

Treasury
 DOD Recruiting
 Social Security
 Defense Supply Agency
 Agriculture
 Labor
 Army
 HUD
 Justice

Question - 10

What work authorized in 1962 remains uncompleted? What was completed?

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Answer

No work remains uncompleted from the 1962 prospectus. Under that prospectus, the following work was done:

Structural repairs	\$ 109,057
Upgrading of electrical system	408,120
Elevator conversion and repairs	632,730
Modernization of office space	309,457
Modernization of restrooms	20,000
Roof repairs	72,620
Mechanical equipment repairs	14,052
Painting and pointing	155,000
Design and supervision	125,884
	<u>\$1,846,920</u>

Question - 11

Were appropriations made for any other work?

Answer

\$560,500 has been funded for one additional courtroom and for adjoining court facilities for new judgeships (PL 91-272)..

Question - 12

What airconditioning work is proposed? Describe the other work briefly.

Answer

Installation of new airconditioning for space on first floor to be converted to courts' use from Postal Service workrooms. Modification of duct work on the fifth and seventh floors is also included. Work to be done in the building under this prospectus:

1. Convert USPS workroom space into courtrooms, judge's suites, a library, a jury room, an attorney's room and a witness room.

Convert mezzanine space for court reporters and exhibit rooms. \$906,000.

2. Relocate files storage and expand clerk of court office area on third floor. \$61,000
 3. Convert fourth floor judge's suite to court administrator's space. \$30,000
 4. Convert fifth floor space to judge's suites. \$364,000
 5. Convert seventh floor space for use by Referee in Bankruptcy. \$139,000
 6. Repair existing airconditioning system. \$225,000
 7. Install new acoustical ceilings in public areas. \$100,000
 8. Install a new ventilating system for toilet rooms. \$100,000
 9. Replace water and waste piping. \$200,000
 10. Repairs and replacements to existing electric distribution system and provide additional electric power. \$250,000
 11. Modernize toilet rooms including handicapped facilities. \$200,000
 12. Additional airconditioning, first floor. \$100,000
 13. Design and supervision. \$289,000
- | | | |
|--|-------|-------------|
| | Total | \$2,964,000 |
|--|-------|-------------|

Question - 13

Is there a cafeteria or restaurant? Will these be modernized?

Answer

No cafeteria or restaurant is in the building. There is a vending room on the seventh floor with seating for 184, plus a blind operated stand on the first floor. No modernization of these facilities is proposed under this prospectus. The food service facilities are relatively new.

Question - 14

What condition is the roof in, which was repaired in the 1960's?

Answer

The roof was replaced about one year ago and is in good condition.

Question - 15

What kind of fire protection system is there?

Answer

A few areas used for document and paper storage are sprinklered and added sprinkler coverage for the basement is programmed for FY 1975. The building has a manual fire alarm system and interior standpipes. The elevators have been equipped with firesafety controls.

Question - 16

What facilities exist to aid the handicapped?

Answer

Toilets for use by the handicapped have been completed on the first floor as a part of renovations for the courts. Additional handicapped facilities will be provided as a part of the work programmed.

Question - 17

What is the parking situation?

Answer

The only parking space available is at the back dock area, a total of 26 spaces for an intended building occupancy of 1,209 or a ratio of about 1 to 47. This restricted site provides no opportunity for expansion of parking facilities, however, the building is centrally located downtown and accessible to public transportation. A pay parking lot is also available only one block away.

Question - 18

Have any energy conservation measures been taken into consideration?

GSA-PBS-6-4-74

Answer

Yes, temperatures have been reduced for heating, increased for cooling and lighting levels reduced. Energy saving equipment will be considered during design to maximize energy savings.

Additional Questions

1. Please break down for us the components of total cost: How much is needed for courtroom conversion, how much for airconditioning, how much for electric power, how much for ceilings, etc.?

Answer

See answer to No. 12 above.

2. If this prospectus were approved today, when would anticipate that work could begin? When could it be completed?

Answer

Work is currently in progress in this building under additional courts funding, with all parts of the project coordinated to this proposed prospectus. If this prospectus is approved before June 30, 1974, GSA will have \$1,707,000 of work programed on the building for FY 1975. Final completion of the entire project is estimated by June 30, 1976.

VARIOUS PENDING BUILDING PROJECTS

TUESDAY, JULY 30, 1974

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
SUBCOMMITTEE ON BUILDINGS AND GROUNDS,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 4200, Dirksen Senate Office Building, Hon. Dick Clark (chairman of the subcommittee) presiding.

Present: Senator Clark.

Senator CLARK. The hearing will come to order.

We are going to discuss today and have testimony on 10 pending prospectuses. Mr. Loy Shipp, Assistant Commissioner, Space Management, General Services Administration is here.

LEASED OFFICE SPACE, JACKSON, MISS.

Senator CLARK. Mr. Shipp, if you would be kind enough to come to the table, along with any other persons from GSA whom you want to have with you, the first prospectus that we are going to consider is Jackson, Miss., which is a lease contract. Would you please proceed with that, please?

STATEMENT OF LOY SHIPP, ASSISTANT COMMISSIONER, SPACE MANAGEMENT, GENERAL SERVICES ADMINISTRATION

Mr. SHIPP. Yes, sir. Mr. Chairman, this prospectus proposes the acquisition of 277,000 square feet of space in an office building to be constructed by a private developer in Jackson.

Senator CLARK. Before we get started, I think it would be appropriate to have, at this point in the record, questions submitted in writing from the minority staff prior to the hearing.

[The questions referred to follow:]

ANSWERS TO QUESTIONS FROM THE SENATE PUBLIC WORKS COMMITTEE MINORITY STAFF

1. The Committee on Public Works presently has 10 alteration prospectuses before it. Would you please provide a detailed breakdown, prior to the next hearing, on the specific cost items that makes up each of these alteration requests. (Tucson and Nashville only.)

Where applicable, please specify the work that was contemplated under the earlier prospectus: The work actually accomplished, the cost of that work, and the need and cost of the work not accomplished.

See attached sheet No. 1.

1A. Has GSA provided its list on all D.C. leases from the last hearing? What long-range plans exist for the D.C. area. There are 242,000 Federal employees in the capital area in 33,000,000 square feet of Government-owned space, and 19,000,000 leased square feet.

Attached is a listing of leases of more than 100,000 square feet in the Washington metropolitan area. GSA has developed projections of long term space needs in the Washington metropolitan area and proposed various construction projects as a means of satisfying these needs. We will be pleased to brief the Committee staff on these projections and plans. A listing of blocks of vacant unassigned space in excess of 10,000 square feet each and plans for utilization of these blocks of space is being prepared.

2. Several of the lease proposals have sharply differing services and utility costs. For example, the prospectus for the Rockville NOAA facility shows that combined servicing and utilities for 136,000 square feet of space has risen to \$267,000 from \$147,000. The prospectus for 1111—20th Street shows combined services and utilities as costing \$218,000, up from \$162,000 for 130,000 square feet.

WASHINGTON SCIENCE CENTER 1 & 2—11800 OLD GEORGETOWN RD.

Per staff appraisal of December 4, 1973, operating expenses were estimated as follows:

Building No. 1—\$1.63 per sq. ft.

Building No. 2—\$1.57 per sq. ft.

Building measurements per the appraisal were 91,370 square feet for Building No. 1 and 44,814 square feet for Building No. 2 for a total of 136,184 Net Rentable square feet (Net Rentable was considered the same as Net Assignable for purposes of this appraisal). Per the existing lease, we are leasing 139,482 net usable square feet.

Therefore, $91,370 \times \$1.63$ plus $44,814 \times \$1.57$ equals \$219,291.08 rounded to \$220,000.

or

$139,482 \times \$1.60$ equals \$223,171.20 rounded to \$224,000.

The \$147,000 as shown in the prospectus was based on an estimate of about 10 years ago and would appear to be correct based on 10 year ago costs. Costs have increased over 10 years and we believe an increase in estimated costs from \$147,000 (\$1.05/sq. ft.) to \$224,000 (\$1.60/sq. ft.) is reasonable.

The \$267,000 cost for services, etc., as shown in the prospectus is incorrect. The current estimate is \$224,000, of which \$111,000 is for services and \$113,000 is for utilities paid by the Government.

1111 20TH STREET

The reason for the difference is estimated costs for 1111 20th Street (\$218,000 vs. \$162,000) is that it is estimated services and utilities will cost approximately \$1.60 per net usable square foot, or about \$218,000, whereas at the time the original lease for this property was executed (1964), it was estimated that services and utilities would cost about \$1.19 for this building, or about \$162,000.

This lease provides that the lessor pays for all services and utilities. We do not have actual costs and do not require the lessor to provide them. Accordingly, the figures presented in the prospectus are only estimates. While \$162,000 seems low compared to \$218,000 it is important to note that \$162,000 was a ten year ago estimate and costs have increased since that time to what is estimated today, on the average, to be about \$1.60 per square feet.

1750 PENNSYLVANIA AVENUE

The reason for the small difference in estimated costs for 1750 Pennsylvania Avenue is that current costs were based on an estimate made at the time for renewal option was exercised just over a year ago (\$182,000 estimated on 2/1/73) whereas we estimate services and utilities will cost approximately \$186,000 upon commencement of the succeeding lease.

2A. Status of Fort Lincoln?

A prospectus proposing acquisition of space under a lease arrangement in a building to be constructed is pending before the Public Works Committees.

The District of Columbia's Redevelopment Land Agency (RLA) has reached an agreement with Building Systems International (BSI) on the Fort Lincoln project. The Department of Housing and Urban Development (HUD) is currently reviewing the contract and RLA is expected to reply shortly. The General Services Administration (GSA) expects RLA and BSI to contact GSA for further meetings on the proposed GSA Fort Lincoln prospectus project once RLA, BSI and HUD have all approved the agreement.

3. Several of your prospectuses refer to the "substantial backlog of construction projects in the National Capital region." Would you please specify what buildings you are referring to, their cost, and the anticipated completion date.

Construction project	Estimated total project cost	Estimated completion date
Department of Labor: Superstructure.....	\$63,504,968	November 1974.
Federal Triangle: Pennsylvania Avenue annex, Grand Plaza parkway facilities, IRS Building extension.	135,056,600	Prospectus at PWC's.
FBI Building: Superstructure, phase II.....	92,642,000	Dec. 31, 1974.
Old EOB renovation and restoration.....	31,349,000	R. & I.
South portal FOB.....	40,357,800	Aug. 31, 1975.
1951 Constitution Ave.....	12,248,000	Revision to authorized prospectus at OMB.
SESA.....	30,329,000	Prospectus at OMB.

3A. Is the \$2,198,000 replacement cost for Tucson P.O.-Courthouse (43,000 square feet) cheap? Other examples.

See attached sheet No. 2.

4. Why is the cost of site, design, etc., for the Laredo, Texas, border station so high : about 35 percent of the prospectus cost?

The cost of site, design, etc., for the Laredo, Texas, Border Station is high due to the cost of the land consisting of 15.6 acres, 13 of which are located in a highly developed residential area and requires relocation assistance for the residents. Design, site costs are normal for a project of this type.

Site and expenses estimates:

Land Cost.....	\$3,276,000
Expenses of Acquisition.....	85,000
Relocation Cost.....	600,000
Design	778,000
Total S & E (35.4% of total project cost).....	\$5,477,000

4A. Status of NASSIF parking?

The last condemnation action filed by the Department of Justice on behalf of GSA for use and occupancy of the Nassif Building Garage expired on June 30, 1974. The Department of Justice acting upon the Department of Transportation's request condemned the garage for the period of July 1, 1974 to October 30, 1974.

The Department of Transportation has obtained appropriations approval of FY 75 in the amount of \$882,900 for the acquisition and maintenance of the garage facility under its direct authority.

GSA does not intend to take any action at this time to withdraw the prospectus for leasing the Nassif Garage. Our position on this matter will be re-evaluated within thirty days.

5A. Other buildings that are pending?

See attached sheet No. 3.

6A. Status of OMB parking review?

On August 23, 1973, responsibility for developing a parking policy was transferred from the Office of Management and Budget to GSA. The GSA has developed a tentative policy which is currently under review within the agency. This policy considers Federal needs, availability of public transportation, local codes, car pooling and availability of private facilities. Firm conclusions are not yet available, however, it is anticipated a tentative management circular will be completed by October 1974 and the final circular issued by the end of calendar year 1974.

7A. Status of purchase contract buildings? How many finished? How many under construction? Actual cost?

See attached sheet No. 4.

8A. Could we do the same thing with Jackson that we did with Columbia?

This project can be accomplished as a purchase contract or Federal Construction project in the same manner as project recently authorized for Columbia, South Carolina.

HEARING MATERIAL FOR AN R&A PROSPECTUS AT NASHVILLE, TENN.

ATTACHMENT No. 1.

Building Name : U.S. Courthouse

City and State : Nashville, Tennessee

Street Address : Broadway & Eighth Avenue ; City Population 261,000

OPENING STATEMENT

This prospectus provides for major repairs and alterations which should be undertaken in this building for its continued use to provide adequate housing for Federal agencies, at a cost of \$1,872,000.

The Courthouse, constructed in 1952, has eight floors above ground; an attic, and a full basement and has never been extended. The structure is steel and reinforced concrete faced with limestone and granite base. It has a gross area of 189,282 square feet.

Major items of work include space alterations for IRS and the Veterans Administration; replacing battleship linoleum with vinyl tile in corridors and carpet in office space; providing facilities for handicapped; landscaping; installation of a lawn sprinkler system; replacement of deteriorated acoustical ceiling and installation of recessed lighting; conversion of three elevators from manual to automatic operation; pointing and cyclic painting; installation of fire subdivisions and an emergency communication system.

Approved prospectus amount.....	
Additional authorization requested.....	\$1, 872, 000
Total revised prospectus.....	1, 872, 000
Expenditure through fiscal year—(year of prospectus).....	
Expenditure through fiscal year—(since prospectus submitted).....	
Total expenditures (through fiscal year—).....	
Balance available (after fiscal year—).....	1, 872, 000
Programed for fiscal year 1975.....	1, 000, 000
Explain:	
Acoustical ceilings.....	270, 000
Upgrade electrical system.....	480, 000
Instal' carpets and vinyl tile.....	210, 000
Landscape and lawn sprinkler system.....	20, 000
Painting.....	40, 000
Subtotal.....	1, 000, 000

STATUS

Sent to OMB January 26, 1973

Approved by OMB September 18, 1973; Approved by House.....

Sent to Public Works Commission April 11, 1974; Approved by Senate.....

BUILDINGS MANAGEMENT—REPAIR AND ALTERATION OF PUBLIC BUILDINGS

NASHVILLE, TENN.—U.S. COURTHOUSE DETAILED COST ESTIMATES

Description and estimated cost

Acoustical ceilings: Dropped ceilings are unsightly and pulling loose throughout building.....	\$270, 000
Upgrade electrical system: Replace two tube fixtures (halfmoon type) with recessed lighting fixtures.....	480, 000
Space alterations: Principally for IRS and VA.....	480, 000
Floor covering: Vinyl tile in corridors and carpet in office space (replacing battleship linoleum).....	210, 000
Lawn sprinkler system and landscaping.....	20, 000
Elevator conversion (3 elevators) 2 passenger, 1 freight.....	96, 000
Airconditioning improvements: Modify and balance due to space alterations.....	24, 000
Fire subdivisions and emergency communication system.....	110, 000
Pointing and cyclic painting.....	120, 000
Plaster repairs and replacement of vinyl wall covering in corridors and elevator lobbies.....	62, 000
Total.....	1, 872, 000

ATTACHMENT NO. 1A

LEASED BUILDINGS OF MORE THAN 100,000 NET USABLE SQUARE FEET, AS OF JUNE 30, 1974

Building address	Square feet	Lease expiration date
Washington, D.C.		
806 Connecticut Ave. NW	104,609	Sept. 30, 1983
1725-35 15th St. NW	115,996	Jan. 9, 1976
1776 Pennsylvania Ave. NW	151,331	May 31, 1982
1717 H St. NW	273,678	Aug. 1, 1975
1201 E St. NW	101,315	May 22, 1978
1825 Connecticut Ave. NW	128,292	Jan. 16, 1975
1717 Pennsylvania Ave. NW	138,934	Sept. 30, 1975
1101 Pennsylvania Ave. NW	127,163	Sept. 5, 1982
1875 Connecticut Ave. NW	200,933	Nov. 14, 1974
1111 20th St. NW	136,428	Aug. 4, 1974
1325 K St. NW	113,863	Feb. 28, 1975
1750 Pennsylvania Ave. NW	116,423	Jan. 31, 1975
633 Indiana Ave. NW	102,408	Jan. 31, 1983
1200 19th St. NW	178,212	Jan. 13, 1975
1800 G St. NW	406,234	May 15, 1975
500 North Capitol St.	169,694	Apr. 20, 1976
3300 Whitehaven St. NW	102,563	July 27, 1977
400 6th St. SW	110,887	Apr. 2, 1977
1441 L St. NW	149,967	Mar. 15, 1977
1919 M St. NW	212,634	Oct. 10, 1977
1121 Vermont Ave. NW	126,600	Nov. 22, 1977
400 7th St. SW	1,068,897	Jan. 1, 1990
1405 I St. NW	169,450	Nov. 1, 1978
1020 11th St. NW	368,431	May 31, 1980
500 12th St. SW	308,841	July 2, 1980
550 11th St. NW	160,178	July 14, 1980
1310 L St. NW	174,888	Dec. 14, 1980
1425 K St. NW	173,731	Sept. 21, 1976
2000 M St. NW	195,789	Nov. 30, 1976
4th and M Sts. SW	697,166	Sept. 13, 1992
2025 M St. NW	130,554	May 23, 1977
825 North Capitol St.	246,626	Mar. 31, 1993
2100 2d St. SW	484,985	May 15, 1993
10 P St. SW	130,000	Dec. 13, 1978
6th and D Sts. NW	429,796	Oct. 20, 1993
425 I St. NW	135,216	Jan. 14, 1984
2301 E St. NW	422,118	Oct. 14, 1993
VIRGINIA		
5611 Columbia Pike, Falls Church, Va.	216,521	Apr. 29, 1984
2221 Jefferson Davis Highway, Arlington, Va.	123,689	Feb. 28, 1975
1200 Wilson Blvd., Arlington, Va.	103,221	Dec. 31, 1974
1820 North Fort Meyer Dr., Arlington, Va.	129,020	Jan. 23, 1976
800 North Quincy St., Arlington, Va.	128,982	May 4, 1976
4040 North Fairfax Dr., Arlington, Va.	118,526	June 28, 1976
2211 Jefferson Davis Highway, Arlington, Va.	120,677	Feb. 26, 1976
1621 North Kent St., Arlington, Va.	128,454	Sept. 10, 1976
2121 Jefferson Davis Highway, Arlington, Va.	429,347	Jan. 18, 1978
1735 North Lynn St., Arlington, Va.	208,562	Oct. 6, 1977
801 North Randolph St., Arlington, Va.	142,364	Jan. 4, 1979
8600 Morrisette Dr., Springfield, Va.	107,880	Sept. 8, 1978
2011 Jefferson Davis Highway, Arlington, Va.	160,700	Dec. 7, 1978
1320 Wilson Blvd., Arlington, Va.	215,906	Dec. 31, 1977
1921-31-41 Jefferson Davis Highway, Arlington, Va.	725,712	Feb. 11, 1989
2461 Eisenhower Ave., Alexandria, Va.	252,187	May 24, 1989
841-881 South Picket St., Alexandria, Va.	122,220	Sept. 15, 1979
2511 Jefferson Davis Highway, Arlington, Va.	201,151	Jun. 18, 1990
2521 Jefferson Davis Highway, Arlington, Va.	280,880	Jul. 7, 1990
1411-21 Jefferson Davis Highway, Arlington, Va.	387,361	Apr. 30, 1990
2531 Jefferson Davis Highway, Arlington, Va.	354,550	Sept. 19, 1990
4600 North Fairfax Dr., Arlington, Va.	106,608	Nov. 20, 1975
5001 Eisenhower Ave., Alexandria, Va.	477,171	Jan. 15, 1993
200 Stovall St., Alexandria, Va.	506,123	Feb. 25, 1993
4015 Wilson Blvd., Arlington, Va.	133,632	Apr. 1, 1981
1201, 1211, 1221, and 1301 South Fern St., Arlington, Va.	104,911	Nov. 25, 1977
12201 Sunrise Valley Dr., Reston, Va.	669,887	Dec. 19, 1993

ATTACHMENT NO. 1A—Continued

LEASED BUILDINGS OF MORE THAN 100,000 NET USUABLE SQUARE FEET, AS OF JUNE 30, 1974—Continued

Building address	Square feet	Lease expiration date
MARYLAND		
5333 Westbard Ave., Bethesda, Md.....	169,994	May 15, 1978
7915 Eastern Ave., Silver Spring, Md.....	117,811	Jan. 9, 1977
6505 Belcrest Rd., Hyattsville, Md.....	222,247	Jul. 24, 1983
11800 Old Georgetown Rd., Rockville, Md.....	139,482	Aug. 14, 1974
8060 13th St., Silver Spring, Md.....	155,258	Apr. 10, 1975
3700 East-West Highway, Hyattsville, Md.....	294,850	Jan. 21, 1979
5600 Fishers Lane, Rockville, Md.....	1,069,256	Dec. 15, 1989
6525 Belcrest Rd., Hyattsville, Md.....	156,750	Mar. 22, 1976
6501 Lafayette Ave., Riverdale, Md.....	212,460	Oct. 31, 1991
7910 Woodmont Ave., Bethesda, Md.....	112,725	Oct. 31, 1982
5401 Westbard Ave., Bethesda, Md.....	111,537	Feb. 15, 197

METRO DISTRICT OF COLUMBIA VACANT SPACE

[Blocks of 10,000 ft² or more]

Federal buildings	Square feet	Remarks
Tempo "A", 2d and Q St. SW.....	56,500	Space is obsolete; building proposed for demolition.
Tempo "B", 2d and Q St. SW.....	25,800	Do.
Winder Bldg., 600 & 17th St. NW.....	44,700	Building scheduled for total interior renovation (R. & A.) in 4th quarter, fiscal year 1975.
Alexandria Federal Center, 100 North Union St., Alexandria, Va.	31,800	Facility in process of being transferred to city of Alexandria—to be completed by 1975.
Leased buildings:		
Presidential Bldg., 6525 Belcrest Rd., Hyattsville, Md.	13,200	Space committed to IRS area office for relocation and expansion from Wheaton Plaza. Layouts are being prepared. Occupancy expected within 60 days.
Williams Bldg., 7923 Eastern Ave., Silver Spring, Md.	45,200	Customs will occupy 1st, 2d and half of 3d floors weekend of July 27. The balance of the 3d floor and the 4th floor will be used by NIH for turnaround space while Wiscon Bldg. roof is being repaired. The balance of the space has been committed to Labor to house employees under new pension legislation.
Arlington Towers, 1011 Arlington Blvd., Arlington, Va.	47,700	This space is of a poor quality and we are attempting to negotiate an early termination of the lease, but will vacate no later than March 1975 when the lease can be terminated.
Columbia Plaza, 2301 E St. NW. Washington, D.C.	411,000	Approximately 175,000 ft ² of this space has been committed to EEOC and ARBA. Space for ARBA has been altered and we are awaiting telephone installations. Negotiations are in progress for alterations to space committed to EEOC. Commitments for the balance of the space are currently being finalized.
Iverson Mall S/C, 3737 Branch Ave., Marlow Heights, Md.	28,900	Uncommitted. However, we are currently exploring the possibility of the use of this space by the Department of Commerce for expansion.
Suitland Medical Arts, 5001 Silver Hill Rd., Suitland, Md.	10,900	This space has been committed to Commerce. Census for expansion from the FOB. Alteration plans are being developed with projected move in 60 days.
1016—16th St. NW., Washington, D.C.	11,100	Approximately 6,400 ft ² of this space has been committed to LEEA for expansion. The balance (4,700 ft ²) is vacant and we currently have no commitment for this space.

STATUS OF ORIGINAL 63 PURCHASE CONTRACTS—PAYMENTS SCHEDULE

Number and location	Principal	Interest	Taxes
1. Tucson, Ariz., Federal building.....	\$6,100,000	\$9,089,626	\$9,895,681
2. Batesville, Ark., courthouse, Federal building, post office.....	2,280,000	3,535,908	1,427,400
3. San Diego, Calif., courthouse, Federal building, and parking facility.....	48,000,000	69,542,948	40,383,959
4. Santa Ana, Calif., Federal building.....	12,400,000	18,477,262	16,746,539
5. Van Nuys, Calif., Federal building.....	7,350,000	10,952,248	13,011,872
6. Los Angeles, Calif., parking facility.....	(1)	(1)	(1)
7. Santa Rosa, Calif., Federal building.....	5,663,500	8,676,532	5,455,092
8. New Haven, Conn., Federal building and post office.....	(2)	(2)	(2)
9. Dover, Del., Federal building.....	1,950,000	2,672,125	694,668
10. Orlando, Fla., courthouse and Federal building.....	10,049,700	15,395,228	4,041,248
11. Griffin, Ga., Post Office and Federal building.....	(2)	(2)	(2)
12. Rome, Ga., Post Office and courthouse.....	3,650,000	5,772,139	2,641,871

See footnote at end of table, p. 171.

STATUS OF ORIGINAL 63 PURCHASE CONTRACTS—PAYMENTS SCHEDULE—Continued

Number and location	Principal	Interest	Taxes
13. Athens, Ga., Federal building	2,900,000	4,321,280	2,163,107
14. Atlanta, Ga., Courthouse and Federal building	64,202,400	98,358,638	56,980,000
15. Waycross, Ga., Post Office and Federal building	(2)	(2)	(2)
16. Honolulu, Hawaii, Federal building	36,612,100	47,494,579	20,742,082
17. Moscow, Idaho, Courthouse and Post Office	3,100,000	4,997,553	2,983,545
18. Sandpoint, Idaho, Federal building	2,450,000	3,710,103	529,513
19. Chicago, Ill., Federal Receiving center	5,350,000	8,296,983	9,500,000
20. Mount Vernon, Ill., Federal building	1,300,000	1,858,908	1,712,713
21. Indianapolis, Ind., Federal building	22,700,000	27,760,344	29,942,643
22. Iowa City, Iowa, Federal building and Post Office	3,900,000	6,048,258	6,936,486
23. New Orleans, La., Courthouse and Federal building	34,600,000	41,976,587	11,740,400
24. Waterville, Maine, Post Office and Federal building	(2)	(2)	(2)
25. Baltimore, Md., courthouse and Federal building	9,447,200	14,473,115	19,078,150
26. Fitchburg, Mass., Federal building and Post Office	5,100,000	7,599,514	10,847,190
27. New Bedford, Mass., Federal building	2,675,100	4,098,277	5,674,000
28. Ann Arbor, Mich., Federal building	7,687,900	11,777,839	4,680,501
29. Detroit, Mich., Federal building	65,300,000	82,119,244	69,206,376
30. Saginaw, Mich., Federal building	(2)	(2)	(2)
31. Hattiesburg, Miss., Courthouse and Federal building	3,700,000	5,748,079	3,639,120
32. Lincoln, Nebr., Courthouse, Federal building, and parking facility	25,100,000	31,836,132	18,166,672
33. Manchester, N.H., Federal building	8,603,700	13,180,040	12,210,000
34. Las Cruces, N. Mex., courthouse and Federal building	3,450,000	5,199,299	1,903,200
35. Auburn, N.Y., post office, courthouse, Federal building	(2)	(2)	(2)
36. Albany, N.Y., Federal building	14,000,000	20,861,434	32,174,119
37. Hempstead, N.Y., Federal building	(2)	(2)	(2)
38. New York, N.Y., CU, courthouse, and Federal building annex	88,053,999	67,878,100	113,247,982
39. Syracuse, N.Y., courthouse and Federal building	28,717,070	22,137,100	28,970,401
40. Winston-Salem, N.C., courthouse and Federal building	15,110,700	23,149,725	8,891,340
41. Akron, Ohio, courthouse and Federal building	23,359,221	18,006,900	11,235,800
42. Dayton, Ohio, courthouse and Federal building	10,073,800	15,433,150	7,124,185
43. Eugene, Oreg., courthouse and Federal building	6,193,700	9,488,803	7,752,829
44. Portland, Oreg., Federal building	31,421,032	24,221,500	23,057,939
45. Williamsport, Pa., courthouse, post office, and Federal building	4,964,600	7,605,811	500,610
46. San Juan, P.R., courthouse and Federal building	31,320,885	24,144,300	27,410,647
47. Woonsocket, R.I., Post office and Federal building	(2)	(2)	(2)
48. Florence, S.C., courthouse and Federal building	3,687,300	5,648,976	1,511,475
49. Aberdeen, S. Dak., Federal building	6,500,000	9,685,643	10,467,600
50. Huron, S. Dak., Federal building	Not funded		
51. Rapid City, S. Dak., courthouse and Federal building	3,700,000	5,738,089	5,709,600
52. Nashville, Tenn., courthouse and Federal building, annex	12,050,000	18,687,571	15,763,920
53. Denton, Tex., post office and Federal building	(2)	(2)	(2)
54. Fort Worth, Tex., parking facility	3,800,000	6,079,279	4,758,000
55. Houston, Tex., Federal motor vehicle facility	(2)	(2)	(2)
56. Pearsall, Tex., Federal building and post office	447,289	612,921	342,000
57. San Angelo, Tex., post office, courthouse, and Federal building	(2)	(2)	(2)
58. Essex Junction, Vt., Federal building and post office	552,983	857,553	642,262
59. Roanoke, Va., courthouse and Federal building	15,713,200	24,072,760	7,811,559
60. Charlotte Amalie, V.I., courthouse and Federal building	8,050,400	12,331,751	20,677,635
61. Wenatchee, Wash., Federal building and post office	4,150,000	6,183,930	921,626
62. LaCrosse, Wis., post office and courthouse	(2)	(2)	(2)
63. Madison, Wis., Federal building	(2)	(2)	(2)

1 Canceled.

2 Not funded.

Number and location	Principal	Interest	Taxes
Not yet financed:			
1. Columbia, S.C., courthouse, Federal building, and parking facility, VMF	(1)	(1)	(1)
2. Marfa, Tex., border patrol station	(1)	(1)	(1)
Financed:			
1. Anchorage, Alaska, courthouse, Federal building, and parking facility	\$100,432,800	\$145,602,376	\$51,412,240
2. Fairbanks, Alaska, Federal building and parking facility	21,904,000	31,759,233	7,899,880
3. Richmond, Calif., SSA payment center	37,153,500	52,980,051	40,700,000
4. Carbondale, Ill., Federal building	6,734,000	9,763,818	4,875,153
5. Chicago, Ill., SSA payment center	48,139,750	68,646,195	73,260,000
6. Topeka, Kans., post office, Federal building, and parking facility	18,914,400	27,424,527	15,873,000
7. Columbus, Ohio, Federal building and parking facility	19,545,100	29,943,264	10,193,584
8. Oklahoma City, Okla., Federal building	22,702,200	34,779,969	9,361,000
9. Philadelphia, Pa., SSA payment center	32,205,750	45,926,097	26,862,000

NOTES

- Principal, interest, and taxes are the estimated cumulative totals over the term of the purchase contract.
- Taxes escalated at 3 percent per year.
- Principal represents total project cost plus all costs incident to the purchase contract method of financing.

SUMMARY

STATUS OF ORIGINAL 63 PURCHASE CONTRACTS

1. Projects under construction.....	30
2. Projects under design.....	6
3. Construction completed.....	13
4. Canceled or withdrawn.....	9
5. Projects pending.....	3
6. To be included in fiscal year 1975.....	2
	<hr/>
Subtotal	63
7. Purchase contract prospectuses since Public Law 23-313.....	11
	<hr/>
Total	74

STATUS OF ORIGINAL 63 PURCHASE CONTRACTS

No. and location	Site	Design and review	Construction	Management and inspection	Total	Status
1. Tucson, Ariz.: Federal building, post office.	338, 300	267, 400	5, 301, 000	168, 000	6, 074, 700	Completed March 1974.
2. Batesville, Ark.: Courthouse, Federal building, and parking facility.	427, 500	137, 500	2, 054, 300	121, 000	2, 740, 300	Completed June 1974.
3. San Diego, Calif.: Courthouse, Federal building, and parking facility.	307, 800	803, 100	40, 175, 850	1, 168, 100	42, 454, 850	Under construction; estimated completion May 1975.
4. Santa Ana, Calif.: Federal building.	28, 000	343, 800	10, 993, 500	221, 400	11, 586, 700	Under construction; estimated completion December 1974.
5. Van Nuys, Calif.: Federal building.	892, 800	309, 100	6, 668, 000	265, 100	7, 935, 000	Under construction; estimated completion September 1974.
6. Los Angeles, Calif.: Parking facility.	10, 000	678, 000	3, 963, 000	575, 000	10, 231, 500	Design estimated to be completed October 1974.
7. Santa Rosa, Calif.: Federal building.	(C)	267, 020	4, 764, 705	307, 575	5, 339, 300	Under construction; estimated completion December 1974.
8. New Haven, Conn.: Federal building and post office.	967, 000	815, 000	10, 425, 000	771, 000	3, 170, 000	Design deferred pending site resolution.
9. Dover, Del.: Federal building.	54, 200	108, 500	1, 655, 800	178, 000	1, 826, 500	Completed January 1974.
10. Orlando, Fla.: Courthouse and Federal building.	550, 000	415, 500	8, 525, 000	419, 301	10, 394, 491	Under construction; estimated completion June 1975.
11. Griffin, Ga.: Post office and Federal building.	640, 700	85, 000	1, 690, 000	136, 000	2, 551, 700	Withdrawn August 1972; transferred to Postal Service.
12. Rome, Ga.: Post office and courthouse.	478, 700	176, 500	3, 176, 300	100, 000	3, 931, 500	Construction completed February 1974.
13. Athens, Ga.: Federal building.	213, 470	235, 430	2, 434, 000	152, 000	3, 034, 900	Construction completed March 1974.
14. Atlanta, Ga.: Courthouse and Federal building.	2, 852, 000	2, 041, 540	59, 883, 995	1, 820, 475	66, 598, 000	Design to be completed July 1974; construction award scheduled October 1974.
15. Waycross, Ga.: Post office and Federal building.	137, 425	1, 530, 175	30, 434, 300	385, 000	32, 486, 900	Withdrawn August 1972; transferred to Postal Service.
16. Honolulu, Hawaii: Federal building.	302, 100	167, 000	2, 497, 800	134, 200	3, 061, 100	Under construction; estimated completion August 1975.
17. Moscow, Idaho: Courthouse and post office.	(C)	135, 000	2, 119, 300	156, 000	2, 410, 300	Completed September 1973.
18. Standpoint, Idaho: Federal building.	(C)	285, 800	157, 500	4, 588, 500	5, 031, 800	Under construction; estimated completion September 1974.
19. Chicago, Ill.: Federal receiving courthouse.	241, 600	74, 100	1, 139, 000	56, 200	1, 599, 000	Under construction; estimated completion August 1974.
20. Mount Vernon, Ill.: Federal building.	4, 100	538, 300	15, 307, 500	242, 000	16, 701, 900	Completed April 1974.
21. Indianapolis, Ind.: Federal building.	1, 350, 000	135, 000	3, 542, 600	80, 000	5, 108, 300	Under construction; estimated completion November 1974.
22. Iowa City, Iowa: Federal building and post office.	1, 350, 000	342, 600	26, 360, 300	847, 000	32, 192, 000	Completed June 1974.
23. New Orleans, La.: Courthouse and Federal building.	3, 775, 000	889, 500				Under construction; estimated completion November 1975.
24. Waterville, Maine: Post office and Federal building.						Withdrawn August 1972; transferred to Postal Service.
25. Baltimore, Md.: Courthouse and Federal building.	3, 238, 000	758, 300	19, 680, 000	825, 000	21, 503, 900	Under construction; estimated completion December 1975.
26. Fitchburg, Mass.: Federal building and post office.	413, 800	308, 600	3, 337, 500	156, 000	4, 815, 900	Under construction; estimated completion September 1974.
27. New Bedford, Mass.: Federal building.	360, 000	178, 000	1, 731, 000	139, 000	2, 408, 000	Design completed June 1974; construction award scheduled for October 1974.
28. Ann Arbor, Mich.: Federal building.	1, 504, 700	348, 000	4, 167, 000	268, 000	6, 278, 700	Design estimated to be completed October 1974.
29. Detroit, Mich.: Federal building.	2, 717, 200	1, 257, 600	54, 226, 460	1, 583, 200	59, 842, 360	Under construction; estimated completion July 1975.
30. Saginaw, Mich.: Federal building.	1, 468, 000	366, 000	4, 126, 000	264, 000	6, 244, 000	Design completed March 1974; construction award scheduled for late July 1974.
31. Hattiesburg, Miss.: Courthouse and Federal building.	323, 000	104, 300	3, 307, 500	58, 700	3, 793, 500	Under construction; estimated completion August 1974.

See footnotes at end of table, p. 175.

STATUS OF ORIGINAL 63 PURCHASE CONTRACTS—Continued

No. and location	Site	Design and review	Construction	Management and inspection	Total	Status
32. Lincoln, Neb.: Courthouse, Federal building and parking facility.	1, 713, 800	677, 200	15, 592, 500	212, 000	18, 195, 500	Under construction; estimated completion November 1974.
33. Manchester, N.H.: Federal building.	256, 000	573, 500	7, 209, 800	457, 000	8, 505, 100	Under construction; estimated completion December 1975.
34. Las Cruces, N. Mex.: Courthouse and Federal building.	86, 675	240, 798	2, 750, 000	125, 000	3, 047, 200	Completed April 1974.
35. Auburn, N.Y.: Post office, courthouse, and Federal building.						Proposed for cancellation.
36. Albany, N.Y.: Federal building.	0	367, 200	11, 456 600	171, 000	11, 994, 800	Under construction; estimated completion October 1974.
37. Hempstead, N.Y.: Federal building.						Design deferred pending resolution of housing plan.
38. New York, N.Y.: CU, courthouse, and Federal building annex.	(?)	1, 570, 400	57, 408, 000	391, 000	59, 369, 400	Under construction; estimated completion July 1975.
39. Syracuse, N.Y.: Courthouse and Federal building.	801, 610 282, 000	847, 700 961, 592	17, 845, 214 12, 608, 707	674, 986 564, 275	20, 169, 510 14, 416, 574	Under construction; estimated completion February 1975.
40. Winston-Salem, N.C.: Courthouse and Federal building.						Under construction; estimated completion May 1975.
41. Akron, Ohio: Courthouse and Federal building.	520, 400	666, 200	14, 191, 600	245, 000	16, 332, 200	Under construction; estimated completion November 1974.
42. Dayton, Ohio: Courthouse and Federal building.	10, 000	427, 300	8, 128, 800	456, 000	9, 022, 100	Under construction; estimated completion April 1975.
43. Eugene, Ore.: Courthouse and Federal building.	1, 872, 400	265, 700	5, 560, 628	295, 000	7, 993, 728	Under construction; estimated completion February 1975.
44. Portland, Ore.: Federal building.	1, 226, 600	720, 100	19, 824, 000	207, 000	21, 977, 700	Under construction; estimated completion April 1975.
45. Williamsport, Pa.: Courthouse, post office and Federal building.	459, 000	314, 000	3, 983, 000	247, 000	5, 003, 000	Redesign to be completed late July 1974; construction award scheduled for September 1974.
46. San Juan, P.R.: Courthouse and Federal building.	(?)	700, 800	19, 891, 200	270, 000	20, 862, 000	Under construction; estimated completion May 1975.
47. Woonsocket, R.I.: Post office and Federal building.						Withdrawn August 1972; transferred to Postal Service.
48. Florence, S.C.: Courthouse and Federal building.	781, 500	475, 200	3, 372, 964	230, 000	4, 859, 684	Under construction; estimated completion May 1975.
49. Aberdeen, S. Dak.: Federal building.	549, 639	192, 700	6, 111, 200	191, 500	7, 050, 000	Completed March 1974.
50. Huron, S. Dak.: Federal building.	36, 000	608, 000	5, 674, 000	501, 000	6, 819, 000	To be included in fiscal year 1975 purchase contract program.
51. Rapid City, S. Dak.: Courthouse and Federal building.	376, 278	181, 700	3, 357, 800	145, 500	4, 101, 800	Completed May 1974.
52. Nashville, Tenn.: Courthouse and Federal building annex.	454, 100	372, 000	10, 518, 200	106, 100	11, 450, 400	Under construction; estimated completion August 1974.
53. Denton, Tex.: Post office and Federal building.						Withdrawn August 1972; transferred to Postal Service.
54. Fort Worth, Tex.: Parking facility.	(?)	130, 600	3, 554, 300	80, 600	3, 765, 500	Completed May 1974.
55. Houston, Tex.: Federal motor vehicle facility.						Cancelled; lack of space requirements.
56. Pearsall, Tex.: Federal building and post office.	53, 980	30, 220	349, 700	79, 000	512, 900	Completed August 1973.
57. San Angelo, Tex.: Post office, courthouse and Federal building.						Cancelled; lack of space requirements.

PURCHASE CONTRACT PROSPECTUSES SINCE PUBLIC LAW 92-313

58. Essex Junction, Vt.: Federal building and post office.	88, 100	48, 600	512, 300	60, 000	709, 000	Completed June 1973.
59. Roanoke, Va.: Courthouse and Federal building.	520, 000	514, 000	11, 964, 342	552, 000	13, 550, 342	Under construction; estimated completion August 1975.
60. Charlotte, Amalie, V.I.: Courthouse and Federal building.	10, 000	355, 000	5, 802, 000	318, 000	6, 485, 000	Under construction; estimated completion October 1975.
61. Wenatchee, Wash.: Federal building and post office.	271, 200	216, 600	3, 553, 100	149, 600	4, 136, 500	Completed October 1973.
62. LaCrosse, Wis.: Post office and courthouse.						Withdrawn August 1972; transferred to Postal Service.
63. Madison, Wis.: Federal building.	1, 100, 000	1, 091, 000	13, 810, 000	1, 028, 000	17, 029, 000	To be included in fiscal year 1975 purchase contract program.
PURCHASE CONTRACT PROSPECTUSES SINCE PUBLIC LAW 92-313						
NOT YET FINANCED						
1. Columbia, S.C.: Courthouse, Federal building and parking facility, VNF.	3, 545, 000	1, 525, 000	20, 223, 000	1, 382, 000	26, 675, 000	Financing scheduled for October 1974.
2. Marfa, Tex.: Border patrol station.	(*)	173, 000	1, 505, 000	140, 000	1, 818, 000	Do.
FINANCED						
1. Anchorage, Alaska: Courthouse, Federal building and parking facility.	5, 400, 000	4, 060, 000	61, 881, 000	3, 063, 000	74, 404, 000	Design started June 1974; estimated completion July 1975.
2. Fairbanks, Alaska: Federal building and parking facility.	1, 530, 000	1, 038, 000	12, 062, 000	1, 047, 000	15, 677, 000	Estimated design start to be August 1974.
3. Richmond, Calif.: SSA payment center.	3, 692, 345	1, 730, 587	28, 992, 191	527, 006	34, 942, 189	Under construction; estimate completion June 1975.
4. Carbondale, Ill.: Federal building.	660, 000	331, 000	3, 448, 000	307, 000	4, 741, 000	Estimated design start to be August 1974.
5. Chicago, Ill.: SSA payment center.	5, 248, 883	2, 288, 840	38, 083, 444	657, 087	46, 318, 254	Under construction; estimate completion November 1975.
6. Topeka, Kans.: Post office, Federal building, and parking facility.	1, 486, 000	1, 030, 000	14, 587, 000	1, 025, 000	18, 128, 000	Estimated design start to be August 1974.
7. Columbus, Ohio: Federal building and parking facility.	1, 789, 000	967, 000	13, 846, 000	775, 000	17, 377, 000	Under design; estimate completion September 1974.
8. Oklahoma City, Okla.: Federal building.	1, 614, 000	1, 133, 000	16, 584, 000	769, 000	20, 100, 000	Design completed May 1974; estimate construction award August 1974.
9. Philadelphia, Pa.: SSA payment center.	(*)	4, 278, 840	81, 006, 100	2, 191, 760	29, 269, 231	Under construction; estimate completion July 1975.

* Exchange.
 † Government owned.
 ‡ Transfer.
 † Donated.

Mr. SHIPP. The project will have a gross area of about 440,000 square feet, provide parking for about 40 official vehicles in the basement garage. The new building will provide housing for the Departments of Agriculture, Treasury, and 16 other Federal agencies.

The lease will be for a firm term of 20 years at an estimated annual cost of \$2,361,600.

Senator CLARK. Nearly a quarter of the increase in agency space is requested in this prospectus. I should say about a 25-percent increase in space. Why is it necessary to have that quantity of expansion?

Mr. SHIPP. In the development of this project, Mr. Chairman, we consulted with the agencies that would be housed in the building and asked their headquarters to provide us with their requirements so that the requirements for expansion are based on the advice we receive from the agencies that will be housed in the building.

Senator CLARK. The estimated total cost of leasing the 224,313 square feet is a little over \$2.3 million, which includes \$590,000 for services and utilities. Will the yearly expense to the Government for the services and utilities vary or will they remain constant?

Mr. SHIPP. The yearly expense for services and utilities will vary because in this particular lease contract we will include an escalator clause for taxes and for services that would be provided by the lessor to the extent he provides them.

On the other hand, if the Government provides all services and utilities in the building, we can expect the cost of those services and utilities to increase over the period of the lease.

Senator CLARK. It is now part of the rental agreement?

Mr. SHIPP. The lessor will be required to do certain maintenance and services in terms of maintaining the building in a watertight, weathertight condition and other certain minor services.

The Government will provide char services and the usual maintenance and operation, day-to-day maintenance and operation on the services plus pay for the utilities.

Senator CLARK. That is why you list operation and maintenance and utilities separately here?

Mr. SHIPP. Yes, sir. What we are doing is to show you the net rent and the cost of services and utilities plus the total cost to the Government of the project.

Senator CLARK. Going to a slightly different subject now, one of the things that I know that has been discussed a lot in the Federal Government, is the philosophy or question of whether long-term leases or to build buildings and pay for them by some direct Federal method is more advantageous to the Government.

Don't you think in this case, for example, that the Government's best interest would be served by constructing a building for \$29 million and own it rather than leasing it for \$47 million for 20 years and in the end not owning it?

Mr. SHIPP. Senator, if we sum up the total cost just in terms of dollars of the lease payments over the term of the lease and compare

that with the construction cost, there is no question but we get a larger sum under a leasing program.

On the other hand, if we apply the present worth factor, the discount rates, and so forth, as the economists would have us do, we find that the leasing is the least expensive of the three methods of providing the space. So I think it depends upon which philosophy you adopt.

Senator CLARK. But it is your opinion that buildings, generally speaking, not just with regard to this prospectus, that the same amount of material can be made available to agencies of the Government through a leasing process at a cheaper rate than direct construction?

Mr. SHIPP. Applying the present worth concept to the total dollars expended.

Senator CLARK. Would you describe the effect which containment of Town Creek will have on the construction of this building?

Mr. SHIPP. The city of Jackson has a project that involves the relocation of what is known as Town Creek, which meanders through the downtown area of Jackson.

The city has proposed that we utilize a site which will be bounded on one side by this creek. They plan to construct a large culvert, sufficiently large to drive a dump truck through for that matter on one side of the site. The design of the building and the design of that large culvert will have to be coordinated.

Senator CLARK. The area is known to have subsoil conditions, as I understand it, which is referred to as the creeping clay. If a project is constructed by the Federal Government, what provisions could be made to preclude requests for additional authorization that might result from that condition?

Mr. SHIPP. Mr. Chairman, I am going to ask Mr. Tom Peyton, Acting Assistant Commissioner for Construction Management, to speak to that technical point.

Mr. PEYTON. In the case of lease construction at the expense of the owner, he would have to properly provide for.

Senator CLARK. So there is no condition under which you would be in any way responsible for that, should that occur?

Mr. PEYTON. That is correct. On the other hand, if the Government were to build the building provision would be made for the special foundation conditions.

Senator CLARK. Would funding this project under purchase contract authority hamper the Town Creek project?

Mr. SHIPP. It would not.

Senator CLARK. The staff has another question here that I will read to you. Going back to the question of leasing versus construction, I understand the GAO issued a report stating that over the long term it is cheaper for the Government to own its own office space rather than lease. Was that their conclusion?

Mr. SHIPP. I think so. I believe that was their conclusion.

[The prospectus and a letter from Senator Stennis follows:]

PROSPECTUS NUMBER: PMS-74012
 PROJECT NUMBER : LMS-74512

PROSPECTUS FOR PROPOSED LEASE
 UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

LEASED OFFICE BUILDING

JACKSON, MISSISSIPPI

1. DESCRIPTION OF PROPOSED PROJECT:

This prospectus proposes the acquisition of 277,000 square feet of space in an office building to be constructed by a private developer in Jackson. The project will have a gross area of about 440,000 square feet and provide parking for about 40 official vehicles in a basement garage. The new building will provide housing for the Departments of Agriculture and Treasury and for 16 other Federal agencies now located in Jackson. The lease will be for a firm term of 20 years, beginning on or about January 1, 1976, at an estimated total annual cost of \$2,361,600. Adequate public parking facilities located in proximity to the building will be available for employee use.

2. COMPREHENSIVE PLAN:

a. PROJECT NEED:

The new facility is required to consolidate and provide modern, functional space for the Federal activities located in 20 leased locations which provide about 224,313 square feet of space. These leased locations are of varying quality and scattered throughout the metropolitan area. This impairs agency operations, increases operating costs and requires the duplication of many facilities. The new building will improve the quality of agency housing and provide the additional space required to meet increased agency needs. The Post Office and Courthouse provides about 72,500 square feet of space housing U.S. Postal Service, U.S. Courts and other agencies. This building cannot be enlarged.

Upon completion of the proposed office building, all Federal activities in the city will be consolidated in two buildings, with the exception of the Department of Agriculture's Forest Service which will remain at its present location.

b. DISCUSSION OF ALTERNATIVES:

1. Alteration of existing POCT.

The POCT, constructed in 1934 is inadequate to meet total needs and cannot be extended because of site and design limitations. However, the building provides adequate space for the requirements of its present occupants and will be retained indefinitely.

PROSPECTUS NUMBER: PMS-74012
 PROJECT NUMBER : LMS-74512

b. DISCUSSION OF ALTERNATIVES: (Cont'd)

2. Construction of a Government-owned building.

The construction of a Federal building would be more costly than acquisition of a building to be constructed under a lease arrangement, therefore, as there are no other overriding factors this alternative is considered not in the best interest of the Government.

3. Acquisition of leased space.

Existing rental space is not available in sufficient quantity in one location to permit consolidation and generally fails to meet Federal quality standards. As a result, it has been determined that acquisition of space in a building to be constructed is the most practicable means of providing for the current and foreseeable needs for Federal office space in Jackson, Mississippi. It will improve agency housing, consolidate agencies in a single location, increase efficiency and provide improved convenience to the public. The acquisition of space under a lease arrangement is less costly than public building construction. Therefore, it is planned to enter into a lease for construction of the building in accordance with the authority contained in Section 210(h)(1) of the Federal Property and Administrative Services Act of 1949, as amended.

<u>3. ESTIMATED MAXIMUM COST:</u>	<u>INITIAL LEASE</u>
Estimated Net Average Rental.	\$1,771,200
Estimated Cost of Services and Utilities.	<u>590,400</u>
Estimated Total Annual Cost	\$2,361,600

4. CURRENT HOUSING COSTS:

For agencies to be housed in proposed building.

	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
Leased Space:		
Rent.	224,313	\$983,965

5. SPACE PLAN:

(See attached Exhibit A)

6. PRESENT VALUE ANALYSIS OF ALTERNATIVES:

(See attached Exhibit B)

PROSPECTUS NUMBER: PMS-74012
PROJECT NUMBER : LMS-74512

7. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

MAY 7 1974

Submitted at Washington, D.C. on _____

Recommended: John F. Galuard
Acting Commissioner, Public Buildings Service

Approved : Dwight Ink
Acting Administrator of General Services

EXHIBIT A
 JACKSON, MISSISSIPPI
 PROSPECTUS NUMBER: PMS-74012
 PROJECT NUMBER : LMS-74512

COMPREHENSIVE HOUSING PLAN

PROPOSED BUILDING	PROPOSED HOUSING			
	OCCUPIABLE SQ. FT.		PERSONNEL	
	UNIT	TOTAL	UNIT	TOTAL
U.S. Courts		4,200		6
Referee-in-Bankruptcy		-		-
Dept. of Agriculture		53,300		348
Emergency State Office	1,200		9	
Agriculture Stabilization and Conservation Service - State Office	6,500		45	
Consumer and Marketing Service				
Meat and Poultry	1,300		10	
Animal and Plant Health Service	7,100		34	
Federal Crop Insurance Corporation	2,700		15	
Soil Conservation Service	16,600		95	
Office of the Inspector General	1,000		13	
Forest Service - Supervisors Office	10,300		76	
Food and Nutrition Service	1,000		8	
Farmers Home Administration - State Office	5,600		43	
Civil Service Commission		4,500		15
Dept. of Commerce - Economic Development Administration		1,100		5
Dept. of Defense		9,000		56
Air Force - Recruiting	1,050		7	
Army - 5 Agencies	5,610		36	
Navy - 3 Branches	2,340		13	
Office of Equal Employment Opportunity		9,300		37
General Services Administration		63,550		210
Public Buildings Service:				
Basement Parking - Official and Government-owned (40 vehicles)	14,150		-	
Building Service and Joint Use Space	25,900		45	
Reserve for Expansion (Estimated)	23,500		165	
Dept. of Health, Education and Welfare		14,200		85
Food and Drug Administration	400		2	
Bureau of Hearings and Appeals	5,500		40	
Social Security Administration	8,300		43	

EXHIBIT A (Cont'd)
 JACKSON, MISSISSIPPI - Page 2
 PROSPECTUS NUMBER: PMS-74012
 PROJECT NUMBER : LMS-74512

PROPOSED HOUSING

<u>PROPOSED BUILDING</u>	<u>OCCUPIABLE SQ. FT.</u>		<u>PERSONNEL</u>	
	<u>UNIT</u>	<u>TOTAL</u>	<u>UNIT</u>	<u>TOTAL</u>
Dept. of Housing and Urban Development		24,300		189
Office of the Director	2,040		10	
Administrative Division	3,600		12	
Equal Opportunity Division	660		4	
Production Division	3,020		28	
Single Family Operations	5,690		52	
Technical Services Branch	5,400		52	
Housing Services and Property Management Division	<u>3,890</u>		<u>31</u>	
Dept. of Interior		7,200		36
Bureau of Mines	600		2	
Geological Survey	<u>6,600</u>		<u>34</u>	
Interstate Commerce Commission		600		3
Dept. of Justice		22,000		137
(Excl. U.S. Atty/Mar.)				
Civil Rights Division	400		4	
Bureau of Prisons	300		2	
Bureau of Narcotics and Dangerous Drugs	1,900		7	
Community Relations Service	1,700		6	
Federal Bureau of Investigation	<u>17,700</u>		<u>118</u>	
Dept of Labor		1,500		13
Employment Standards Admin. and Manpower Admin.				
Railroad Retirement Board - Office of Supply and Service		800		4
Selective Service System		7,700		28
Small Business Administration		5,700		37
Dept. of Transportation		4,800		30
Eighth Coast Guard District	500		2	
Federal Highway Administration	<u>4,300</u>		<u>28</u>	
Dept. of the Treasury		43,500		258
Savings Bonds Division	695		2	
Internal Revenue Service	39,255		232	
Alcohol, Tobacco and Firearms	<u>3,550</u>		<u>24</u>	
OCCUPIABLE AREA OF BUILDING		277,250		1,497
Rounded -		277,000		
Utilization Rate Office Type Space - 163				

EXHIBIT A (Cont'd)
 JACKSON, MISSISSIPPI - Page 3
 PROSPECTUS NUMBER: PMS-74012
 PROJECT NUMBER : LMS-74512

<u>Retained Government-owned Building:</u>	<u>OCCUPIABLE SQ. FT.</u>	<u>PERSONNEL</u>
Post Office and Courthouse:		
U.S. Postal Service	35,945	283
U.S. Courts, including U.S. Atty/Mar.	25,805	46
Other Agencies	5,964	30
Services & Custodial Areas	<u>4,765</u>	<u>13</u>
OCCUPIABLE AREA OF BUILDING	72,479	372
 <u>Retained Leased:</u>		
Dept. of Agriculture	2,200	2

EXHIBIT B
 JACKSON, MISSISSIPPI
 FEDERAL OFFICE BUILDING

PRESENT VALUE COST SUMMARIES FOR
ALTERNATIVE METHODS OF ACQUISITION

(in thousands of dollars)

Item	30 Years 7%
PURCHASE:*	
Improvements.....	21,080
Site, design, etc.	3,973
Repair and Improvement.....	1,740
Property taxes.....	8,225
Subtotal.....	<u>35,018</u>
Less residual value.....	<u>-2,052</u>
Total.....	32,966
LEASE:*	
Total annual payments**.....	18,118
PURCHASE CONTRACT*	
Annual payments**.....	21,588
Repair and Improvement.....	1,740
Property Taxes.....	8,225
Subtotal.....	<u>31,553</u>
Less residual value.....	<u>-2,052</u>
Total.....	29,501

*Operation and maintenance costs are borne by the Government and are assumed to be identical for all three acquisition methods. Therefore, they are omitted in this comparison. Imputed insurance premiums are estimated to be negligible relative to other costs and therefore omitted.

**Analysis includes the application of a deflator to each annual payment thereby showing payments in constant dollars based on the initial annual payment. Then, each constant dollar payment is discounted at 7 percent.

U.S. SENATE,
Washington, D.C., July 25, 1974.

Hon. DICK CLARK,
*Chairman, Subcommittee on Buildings and Grounds, U.S. Senate Public Works
Committee, Washington, D.C.*

DEAR MR. CHAIRMAN: The purpose of this letter is to express my continued strong interest in the approval by your Subcommittee of the prospectus for the proposed construction, under a lease arrangement, of a much needed new Federal building in Jackson, Mississippi.

I wrote to you on May 22, 1974, responding to your invitation for me to express my views and comments, and I advised you of my full support to the proposal. I will not repeat in this letter the facts in justification for the construction of the new building, but I would like to point out now the special and unique circumstances requiring this particular building, in my judgment, to be built under a lease arrangement rather than through a direct appropriation.

Over the past few years in Jackson, Mississippi, the prime downtown business area has deteriorated substantially, primarily because of the severe and periodical flood conditions caused by the overflow of Tom Creek which meanders through the major part of the business area. As a result of extensive local planning by officials and civic leaders of Jackson and the full cooperation of the Federal Government, a project has been developed for the improvement, relocation and containment of Town Creek. The Department of Housing and Urban Development has made substantial Federal funds available for what is known as *Town Creek Project, Miss. A-8*. In conjunction with this project, the Jackson Redevelopment Authority has acquired 34 parcels of land to be used in connection with the relocation of Town Creek. It is anticipated that the proposed new Federal building will be located on one of these parcels and the Jackson Redevelopment Authority will make this parcel available for that purpose. Private land owners in the downtown area will have an opportunity to borrow money from the Jackson Redevelopment Authority, at favorable interest rates, to modernize and improve their buildings.

The commitment by the Federal government to a long-term lease for the construction of the new Federal building will serve a salutary purpose in getting the entire work started quickly and convincing all the property owners of the area of the determination of the City of Jackson and the Federal Government to cooperate in the revitalization of this important downtown area of the City.

Also, the City of Jackson has acquired from the legislature of the State of Mississippi the authority to exempt new construction in the neighborhood development program area from ad valorem taxes for a period of seven years from January 1, 1974. This is an additional incentive to induce these property owners to improve their buildings and the entire area.

The design work for the Town Creek Tube is expected to begin within the next month or two and since this Tube may be under a portion of the proposed new Federal building, it might be necessary to incorporate a portion of the building's foundation in the design work to be accomplished for the Town Creek Tube.

The construction of a new Federal building by the direct appropriation method would entail several years and might unnecessarily delay the entire redevelopment program for the downtown area of the City of Jackson while the early approval of the construction of such building under a lease arrangement would permit the project to proceed in a matter of a few months.

In view of these unique and compelling circumstances, I sincerely urge your Subcommittee to approve the prospectus submitted by General Services Administration for the Jackson Federal building. The building is urgently needed to provide essential office space for the various agencies of the Federal government in Jackson, all as outlined in the prospectus, and if authority is given to proceed under the lease arrangement, it can also serve the additional purpose of being perhaps the key factor in the prompt implementation renewal and revitalization plan for the downtown business area of the City of Jackson, which has been planned so extensively and so carefully.

In this connection, I enclose herewith a copy of a letter I have received today, dated July 22, 1974, from Mayor Russell C. Davis of the City of Jackson in support of some of the points made herein.

I realize that your Subcommittee may be reluctant to approve the prospectus under a lease arrangement, in view of the fact that an annual rental expenditure of \$2.3 million is anticipated over the twenty year life of the proposed lease contract, and yet the Federal Government will not hold title to the building after such payments. Perhaps this particular Federal building project would be better

suitied for approval under existing contract purchase arrangements, but as I understand, that legislation is expiring and there is not sufficient time to get this project under contract under that program before the law expires. I think the officials of the City of Jackson would approve an arrangement whereby the lease contract would call for the proposed builder to erect the building as provided in the prospectus, and at the expiration of the lease, to convey the building to the Federal government for a nominal consideration. If the Subcommittee feels that either of these plans are inappropriate, then I would hope the Subcommittee would approve the construction of the new Jackson Federal building by direct appropriation under circumstances that provide for the project to be commenced at the earliest possible date.

Thank you very much for your consideration of this request.

Sincerely,

JOHN C. STENNIS,
U.S. Senator.

[Enclosure.]

JACKSON, MISS., July 22, 1974.

Subject: Federal office building for Jackson, Miss.
HON. JOHN STENNIS,,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR STENNIS: I have heard from reliable sources that the Federal Building prospectus for Jackson has been presented to the Public Works Committee for review.

If I might, I would like to re-emphasize for your consideration a number of basic reasons in support of the Building being built on a lease contract arrangement rather than the conventional method.

1. The Building hopefully will be located on land which is being assembled by the Jackson Redevelopment Authority for purposes of the Neighborhood Development Program Mississippi A-8.

2. The assemblage of this land will be accomplished by August 1, 1974, at which time design work for the Town Creek Tube should begin, and it might be necessary to incorporate a portion of the Building's foundation in this design work.

3. As you know, the area in which we would like to locate this building is the initial Urban Renewal Project for the City, and as such will be undergoing a complete rehabilitation change, and it is our feeling that the Federal Building will be a tremendous incentive to property owners in developing and renovating their land and buildings.

4. Speaking of incentives for property owners, the City and the Jackson Redevelopment Authority have initiated two (2) programs to induce property owners to proceed with their development work.

a. State enabling legislation was obtained to allow a waiver of municipal ad valorem taxes for a period of seven (7) years on any construction work in the Neighborhood Development Program area, and with this seven (7) year time element, we feel the need is great to proceed as soon as possible for the benefit of surrounding properties; and

b. The Jackson Redevelopment Authority is getting the cooperation of local financial institutions in long term financing at low interest rates to be made to property owners wishing to proceed with their construction work.

Hence, it is my feeling that if the lease contract approach to construction is implemented, it will have the greatest impact on the area and can be initiated in the shortest time frame possible.

Senator Stennis, let me thank you again for your efforts in our behalf. If you would need testimony before your committee on this, please let me know.

With kindest regards,

RUSSELL C. DAVIS.

FEDERAL OFFICE BUILDING, HURON, S. DAK.

Senator CLARK. If you will proceed with South Dakota.

Mr. SHIPP. Thank you. This revised prospectus provides for the construction of a Federal office building in Huron, S. Dak.

In May 1968, the Public Works Committee of the Congress approved a report of building project survey, which proposed construction of a post office and Federal office building.

Subsequently, the Postal Service decided to utilize the existing post office building, which is under their ownership and withdrew from participation in the proposed project.

The requirement continues to exist for the improved consolidated housing for nonpostal agencies. The proposed building designed through tentative drawing stage for construction on the Government-owned site acquired by exchange will provide about 108,000 gross square feet, 68,200 occupiable square feet of space. The total estimated cost is \$6,819,000.

Senator CLARK. Currently reserve expansion space is one-tenth less of that programed in the 1966 project survey report. Why is that?

Mr. SHIPP. Again, we went to the agencies and asked them to bring us up to date on their expansion requirements. In a number of instances in Huron, we found that the agencies' requirements had actually decreased.

So the space requirements as outlined in the prospectus now reflect the current requirements of the agencies.

Senator CLARK. So you really don't have an answer in terms of explaining why other than that the agencies requested that much more?

Mr. SHIPP. Sir, I have no knowledge of the intricacies of their program, which perhaps have decreased or expanded. This is based on the best advice we have from them.

Senator CLARK. As I understand, your jurisdiction does not allow you to make that determination? They make that determination?

Mr. SHIPP. Yes, sir. They make that determination as to what their requirements are, community by community. We respond to those requirements.

Senator CLARK. This is a purchase contract acquisition. Was direct construction considered as an alternative? If so, why was that rejected?

Mr. SHIPP. We did not consider direct Federal construction in this particular instance because Huron was one of the original 63 projects that was blanketed in under the 1972 amendments to the Public Buildings Act.

Senator CLARK. What is the approximate dollar obligation for the Government under this purchase contract authority for the Huron project?

Mr. SHIPP. I would anticipate that the approximate payments under the purchase contract authority would range in the neighborhood of \$800,000 to \$850,000.

[The prospectus follows:]

REVISED PROSPECTUS FOR PROPOSED CONSTRUCTION UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

FEDERAL OFFICE BUILDING, HURON, S. DAK.

1. Description of proposed project :

This revised prospectus provides for the construction of Federal Office Building (FOB) which is required to consolidate Federal agencies now located in the Postal Service-owned Post Office Building and nine scattered leased locations. In May 1968, the Public Works Committees of the Congress approved a Report of Building Project Survey which proposed construction of a Post Office and

Federal Office Building. Subsequently, the Postal Service decided to utilize the existing Post Office Building which is under their ownership and withdrew from participation in the proposed project. A requirement continues to exist for improved, consolidated housing for nonpostal agencies. The revised project has been reduced in scope to reflect withdrawal of the Postal Service requirements. The proposed building, designed through the tentative drawing stage for construction on a Government-owned site acquired by exchange, will provide about 108,000 gross square feet and 68,200 occupiable square feet of space. (On-site parking will be provided for about 180 vehicles.) The total estimated project cost is \$6,819,000.

2. Comprehensive plan :

a. Project need :

Federal activities occupy 21,000 square feet of space in the existing Post Office Building (the only Government-owned building in the community) and about 54,100 square feet of general purpose leased space in nine scattered locations. The Postal Service occupies 11,900 square feet in the Post Office Building and nonpostal agencies occupy the remaining 9,100 square feet. The space available in the Post Office Building and in leased space does not permit efficient space utilization and is not sufficient to provide for the consolidation of general purpose nonpostal agencies. There is currently no first class space occupied by Federal agencies and over 90 percent of the agency space is rated third class.

The proposed building will improve agency housing and provide consolidation for most Federal activities requiring general purpose space. The consolidation will also result in improved management of space and permit merger of common administrative support services, as well as provide greater convenience to the public.

b. Discussion of alternatives :

1. Retention, renovation and extension of the existing Post Office Building. The existing building was constructed in 1914 and extended in 1937. It is functionally obsolete and does not contain adequate space to consolidate the general purpose requirements of the nonpostal agencies. Because of this obsolescence it is not feasible to acquire the building from the Postal Service for a second extension project.

2. Acquisition of consolidated, modern leased space. Consolidation of Federal activities in leased space is not feasible since existing rental space is not available in sufficient quantity at a single location. In accordance with the approved Report of Building Project Survey, a site has been acquired. However, GSA has no legal authority to convey this property to a private developer to construct a building for lease back to the Government. The use of this site for a new Federal Building is consistent with the planning objectives of the community, and GSA is committed to this location for the new facility. Thus lease construction, on this or any other site, is not a viable alternative.

3. Acquisition of space in a building to be constructed. Architectural drawings have been completed through the tentative stage based on utilization of the acquired site. In view of this and since thirty-five of the thirty-seven structures on the site have been demolished and the site cannot be legally conveyed to a private developer, it has been determined that the best interests of the United States will be served by providing for the construction of the project described herein under the purchase contract provisions of section 5 of the Public Buildings Amendments of 1972, P.L. 92-313.

3. Estimated maximum project cost ; *

Site, Design, and Review.....	\$644, 000
Construction (As of June 1975).....	5, 674, 000
Cost per gross sq. ft. \$52.54	
Management and Inspection.....	501, 000
Total Project Cost.....	6, 819, 000

*Exclusive of financing and other costs attributable to the purchase contract method of acquisition.

4. Current housing cost: For agencies to be housed in the proposed building.

	Area square feet	Annual cost
(a) Leased space	44,709	\$143,989
(b) Government owned	5,914	25,051
Total.....		169,040

5. Space plan: (See attached Exhibit A).

6. Present value analysis of alternatives: (See attached Exhibit B).

7. Statement of need: It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on June 4, 1974.

Recommended.

JOHN F. GALUARDI,
Acting Commissioner, Public Buildings Service.

Approved.

Administrator of General Services.

EXHIBIT A

HURON, S. DAK.—COMPREHENSIVE HOUSING PLAN

Proposed building	Proposed housing	
	Occupiable square feet unit	Personnel unit
Department of Agriculture.....	19,955	111
Stabilization and Conservation Service.....	6,905	29
Farmers Home Administration.....	3,200	22
Soil Conservation Service.....	8,260	47
Inspector General.....	1,440	12
Food and Nutrition Service.....	150	1
Congressional.....	700	3
Department of Health, Education, and Welfare: Social Security Administration.....	3,110	12
Department of Interior.....	27,190	144
Bureau of Reclamation.....	21,530	120
Bureau of Sport Fisheries and Wildlife.....	1,120	8
Geological Survey.....	4,450	16
Department of the Treasury: Internal Revenue Service.....	910	5
General Services Administration.....	16,335	20
Garage (25 cars).....	8,750	
Service and custodial.....	6,385	12
Reserve for expansion.....	1,200	8
Occupiable area of building.....	68,200	295
Retained Government-owned building: U.S. post office (USPS controlled).....	21,025	88
Retained leased (5 locations).....	22,265	49
Utilization of rate of proposed project (187).....		

PRESENT VALUE COST SUMMARIES FOR ALTERNATIVE METHODS OF ACQUISITION

[In thousands of dollars ; 30 years 7 percent]

<i>Item</i>	
Purchase: ¹	
Improvements	\$5, 674
Site, design, et cetera.....	1, 411
Repair and Improvement.....	392
Property taxes.....	3, 461
	<hr/>
Subtotal	10, 938
Less residual value.....	-592
	<hr/>
Total	10, 346
	<hr/>
Purchase contract: ¹	
Annual payments ²	6, 105
Repair and improvement.....	392
Property taxes.....	3, 461
	<hr/>
Subtotal	9, 958
Less residual value.....	-592
	<hr/>
Total	9, 366

¹ Operation and maintenance costs are borne by the Government and are assumed to be identical for all 3 acquisition methods. Therefore, they are omitted in this comparison. Imputed insurance premiums are estimated to be negligible relative to other cost and therefore omitted.

² Analysis includes the application of a deflator to each annual payment thereby showing payments in constant dollars based on the initial annual payment. Then, each constant dollar payment is discounted at 7 percent.

NOTE.—Leasing is not a viable alternative solution.

LEASE RENEWAL, WASHINGTON, D.C.

Senator CLARK. Let us go on to the lease extensions now. Washington, D.C., first, on 20th Street NW.

Mr. SHIPP. This prospectus proposes the extension of the leasehold interest covering 136,428 square feet of space presently occupied by the Department of Labor (DOL), the Foreign Claims Commission, the Railroad Retirement Board, and the Department of the Treasury at 1111 20th Street NW.

The space was originally acquired in May 1964. The succeeding lease will be for a term of 5 years and 3 months and will provide space for the Department of Labor dislocation until the new Department of Labor Building under construction is completed in late 1974 and will continue to satisfy the requirements of the other agencies now in the building.

In addition, it will be used to satisfy requirements of the Bureau of Mines and after the Department of Labor moves to its new building. The estimated annual rental is \$840,000.

Senator CLARK. The lease is for a period of 5 years and 3 months?

Mr. SHIPP. Yes, sir.

Senator CLARK. The Labor Department occupies 72 percent of the leased space. When they move into the new Labor building, who will be housed in that space?

Mr. SHIPP. Our present plan contemplates that the Bureau of Mines, which is now located at three different locations, will be brought together in a partial consolidation at this location.

Senator CLARK. Does their need match this?

Mr. SHIPP. Yes, sir, it does.

Senator CLARK. There are three new buildings in the downtown area, as I understand it: Labor, South Portal, and the J. Edgar Hoover Building, and these, would become a part of your inventory in 1974-75.

Mr. SHIPP. Yes, sir.

Senator CLARK. There will be a great deal of reshuffling obviously at that time, or I would assume there would be a lot of reshuffling at that time.

Mr. SHIPP. Yes.

Senator CLARK. Would you submit an outline of space redistribution and the resulting savings from that as a result of these, for the committee's record?

Mr. SHIPP. Yes, sir. We will be pleased to.

[The Washington, D.C., prospectus follows:]

PROSPECTUS NUMBER: PDC-74071
PROJECT NUMBER : LDC-74571

PROSPECTUS FOR PROPOSED LEASE
UNDER THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED

LEASED OFFICE SPACE

WASHINGTON, D.C.

1. DESCRIPTION:

This prospectus proposes extension of the leasehold interest covering 136,428 square feet of space presently occupied by the Department of Labor (DOL), the Foreign Claims Commission, the Railroad Retirement Board, and the Department of the Treasury at 1111 20th Street, N.W. The space was originally acquired in May 1964. The present lease costs \$660,964.80 annually and expires without renewal options on August 4, 1974. The succeeding lease will be for a term of 5 years and 3 months, and will continue occupancy of the 136,428 square feet of space comprised of the 2nd through 8th floors in their entirety at a total annual cost of \$840,000.

The Department of Labor currently occupies space in 6 Government-owned and 12 leased buildings, including 1111 20th Street, in the Washington metropolitan area. Upon completion of the new Department of Labor Building in late 1974, major components of the Department will be relocated to the new Federal building. As the leased building is well located in the prime area of Washington's office and retail district, GSA will utilize the space vacated by the Department by reassigning it to the Bureau of Mines, Department of the Interior, which is now located in three scattered locations.

2. COMPREHENSIVE PLAN:

a. PROJECT NEED:

To provide space for the Department of Labor at this location until the new Department of Labor Building under construction is completed in late 1974, and to satisfy the continuing requirements of the other agencies now in the building. In addition, it will be used to satisfy the requirements of the Bureau of Mines after the Department of Labor moves to its new building.

b. DISCUSSION OF ALTERNATIVES:

1. Utilization of Government-owned space.

Three new Government-owned buildings, Labor, South Portal and the J. Edgar Hoover Buildings, will become a part of GSA's inventory during 1974 and 1975. These buildings were designed, and are being constructed to meet the specific operating needs of the Department of Labor, the Department of Health, Education and Welfare, and the Federal Bureau of Investigation, respectively. The major needs of the Department of Labor will be satisfied as a result. However, in view of the additional cost that would be required to redesign, change partitions, remove certain special facilities and construction work in place, it is not practical to consider use of these buildings by the other agencies in the building to be leased.

PROSPECTUS NUMBER: PDC-74071
 PROJECT NUMBER : LDC-74571

b. DISCUSSION OF ALTERNATIVES: (Cont'd)

In addition, there is no other space in GSA's inventory currently available or is anticipated to become available by August 1974, to satisfy the requirements of these agencies.

2. Construction of a Government-owned building.

The long-range need for space of the Department of Labor will be satisfied by the completion of the Department of Labor Building. However, in view of the substantial backlog of construction projects in the National Capital Region requiring the expenditure of capital funds and ongoing commitments with respect to buildings under construction, the construction of a new building is not considered a viable alternative in relation to the total funding capabilities of GSA.

3. Acquisition of leased space.

It is not considered feasible to relocate the Department of Labor offices to another location with less than one year remaining until the scheduled occupancy of the new Federal building for the Department. Additionally, GSA has conducted, a market survey to identify buildings which are available for lease and are suitable with respect to location, cost, amount of space and delivery date. The building, best meeting overall GSA requirements is the one currently under lease. Therefore, it is proposed to enter into a succeeding lease in accordance with the authority contained in Section 210(h)(1) of the Federal Property and Administrative Services Act of 1949, as amended.

3. ESTIMATED MAXIMUM COST:

Estimated Net Annual Rental	\$622,000
Estimated Services and Utilities	<u>218,000</u>
Total Annual Cost	\$840,000

4. CURRENT HOUSING COSTS:

	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
Rent	136,428	\$498,615.48
Services and Utilities	-	<u>162,349.32</u>
Total		\$660,964.80

5. SPACE PLAN:

See Exhibit A, attached.

PROSPECTUS NUMBER: PDC-74071
PROJECT NUMBER : LDC-74571

6. STATEMENT OF NEED:

It has been determined that (1) the needs of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) other suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on _____

Recommended: John F. Galvan
Acting Commissioner, Public Buildings Service

Approved : Dwight A. Ish
Administrator of General Services