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GAO

Report to Congressional Requesters

April 1987

CHET HOLIFIELD FEDERAL BUILDING

GSA's Decision to Renovate and Retain Appears Appropriate

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The Honorable David H. Pryor
Chairman, Subcommittee on Federal Services,
Post Office, and Civil Service
Committee on Governmental Affairs
United States Senate

The Honorable Pete Wilson
United States Senate

The Honorable Robert Badham
House of Representatives

As you requested in your letter of September 15, 1986, we have studied the economic advisability of the proposal by the General Services Administration (GSA) to renovate and retain the Chet Holifield Federal Building in Laguna Niguel, California. As part of this study, we analyzed the alternatives of selling the building and either constructing or leasing substitute space for its present and proposed federal agency tenants, and developed answers to a number of related questions you posed regarding the GSA proposal and current use of the building.

Our analysis confirms that GSA's decision to renovate and retain the Holifield Building rather than sell it is an appropriate decision at this time. We found that the present value costs, over a 30-year period, of acquiring alternate building space in which to relocate the more than 1,800 federal employees now in or planned to be in the building considerably exceed the costs of keeping the building and renovating it to improve its suitability for federal agency occupancy.

Background

The Holifield Building, a seven tiered building containing about 1 million gross square feet and about 803,000 occupiable square feet of space, is located in south Orange County, California, about midway between Los Angeles and San Diego. North American Aviation began construction of the building in 1968 and planned to use the building's lower floors for electronics manufacturing and assembly, the middle floors for engineering, and the top floors for management offices. The facility was to be part of a planned community including residences and other industrial buildings. Before the building was completed in 1971, North American Aviation merged with Rockwell Industries. The new firm, North American Rockwell, decided in 1970 to sell the building because requirements had changed.

Unable to sell the building, Rockwell contacted GSA regional officials in San Francisco in 1971 to determine whether the government was interested in exchanging the building for government-owned defense plants at El Segundo and Canoga Park, California, and certain machinery and equipment located in Los Angeles. Negotiations followed and the trade was made in March 1974.

Since then, GSA has used the building primarily for records storage and office space. Because the building was only 29 percent occupied in 1984, GSA attempted to sell it, but was unsuccessful. By 1986, the building was 63 percent occupied. GSA submitted a prospectus to Congress on June 2, 1986, proposing to complete renovation of the Holifield Building so that it could be used for long-term occupancy. GSA also proposed to outlease (rent to private businesses) about 180,000 square feet of space for which no federal tenants could be identified.

On June 10, 1986, attorneys for a real estate firm wrote to GSA expressing interest in submitting an unsolicited proposal to purchase the Holifield Building for $60 million. The real estate firm intended to lease the building to an aircraft company. GSA replied that with the planned renovations, the occupancy level would be 71 percent, and that it would be in the best interest of the government to retain the building.

Objectives, Scope, and Methodology

To analyze GSA's proposal to renovate and retain the Holifield Building and to answer your specific questions, we reviewed GSA's policies and records pertaining to the prospectus for the Holifield Building and related matters. We interviewed responsible officials in GSA's central office in Washington, D.C., Region 9 in San Francisco, California, its Santa Ana, California, field office and other GSA representatives at Laguna Niguel, California. We toured the building and interviewed its tenants in October and November 1986. We also interviewed real estate firms in Orange County, California.

GSA's June 2, 1986, prospectus contained an economic analysis comparing the present value[1] costs of repairing and altering the building and the status quo. Because GSA's prospectus did not include an analysis of the costs of relocating the tenants to a leased or newly constructed facility, we asked GSA to prepare a revised economic analysis containing

[1]Present value analysis is used to compare alternatives that involve incurring different costs at different times. In order to compare alternatives on an equal economic basis, the technique of discounting is used. This technique determines the amount of money, which, if invested today at a selected interest rate, would be sufficient to meet expected future costs.

these alternatives. We asked GSA to include certain assumptions and cost factors that we thought were reasonable in the revised economic analysis. We did not test the validity of GSA's economic model.

Our work, which was done from October 1986 to January 1987 was performed in accordance with generally accepted government auditing standards.

Economic Analysis of Alternatives

We believe GSA's decision to renovate and retain the Holifield Building in Laguna Niguel rather than sell it is an appropriate decision at this time. Should GSA sell the building, it would have to acquire, through lease and/or new construction, building space to house the more than 1,800 federal employees in 11 different agencies now housed or planned to be housed in the building. The government would also have to incur the costs associated with relocating the employees to new space. Our analysis of the economics of retaining or selling the building showed that over a 30-year period keeping the building and renovating it would be substantially more economical than selling it and acquiring new space. (See app. I.)

We estimated that the net 30-year present value costs of repairing and altering the Holifield Building, the lowest cost alternative, would be $42.1 million. We increased GSA's estimated repair costs to reflect the installation of an additional elevator in the building and to remove asbestos. We assumed that 2 years after the renovations were completed, GSA could be able to relocate other federal tenants in leased buildings to the Holifield Building and avoid future lease payments of some $49.0 million, in present value dollars.

The second lowest alternative would be to sell the Holifield Building and 17 acres of parking spaces and relocate the present and planned tenants into a newly constructed federal building. Although the total costs of this alternative are higher than the total costs of leasing space, they are more than offset by the projected residual value of the new building and its land. Also, while a new building would cost less to operate than the Holifield Building, the present value cost of new construction offsets that advantage of lower operating costs and sale of the Holifield Building. We estimated the net 30-year present value costs of the new construction alternative at $91.8 million.

The most expensive alternative, which totaled $100.4 million, would be to sell the Holifield Building and relocate the present and proposed

tenants into leased space. Although this alternative offers the advantages of avoiding outlays for repairs or new construction and receiving the benefits of selling the Holifield Building, they are offset by the cost disadvantages of higher operating costs than the Holifield Building and the lack of a residual value in 30 years.

Related Questions on Suitability of Holifield Building

Your letter also raised questions concerning the suitability of the Holifield Building for use by federal agencies. As you noted, the building was originally constructed for uses that included manufacturing and engineering.

Our interviews with officials of the 11 tenant agencies revealed that for the most part they are satisfied with the building and believe that it can support the accomplishment of their missions. We did find some complaints about ventilation, elevator service, and the configuration of some internal space, but 10 of the 11 agencies answered affirmatively when asked if the building is suited for government office use.

The Internal Revenue Service (IRS), the largest occupant in the building, told us that the Holifield Building was suitable for its needs and in a good location, but that signs were needed to direct the public to its offices.

The National Archives and Records Administration (NARA) said the Holifield Building is centrally located between its major customers and that the lower-than-normal ceilings for a records center requires them to use fewer shelves in a stack. NARA said that the lower shelves were not considered a problem because ladders do not have to be used, which improves productivity and safety, and the lower shelves are more secure during earthquakes.

The only agency whose overall assessment of the building's suitability was negative was the Social Security Administration (SSA). SSA said that while their space was pleasant and had a good view, it was not suited for office use because elderly clients have difficulty walking to the SSA offices from the parking lot and there is no bus service to the building. SSA said that telephone service is being provided to reduce the need for client visits to the building. GSA said that they were aware of this problem and will relocate SSA to another part of the building more convenient to the parking area.

Appendix II contains additional details and our responses to all of your questions.

Unnecessary Parking Land

It also came to our attention that the potential exists for GSA to declare as excess some of the land surrounding the Holifield Building containing parking spaces. A GSA Region 9 appraiser estimated that approximately 17 acres of parking, valued at about $6.7 million, were in excess of the local parking standards. To estimate the amount of excess parking at the Holifield Building, the Region 9 appraiser contacted Orange County, California, officials and determined, based on the County's standard, that approximately 3,962 parking spaces were needed. The complex has a capacity of 6,200 parking spaces. Therefore, the complex has an above-local-standard parking capacity of 2,238 spaces, which approximates 17 acres. The appraiser valued this 17 acres at $9.00 per square foot, or $6,664,000 based on his analysis of 5 recent land sales in the area adjusted for such factors as the Holifield Building's location, zoning, the dates of the transactions, topography, required site improvements, and plot size.

GSA's guidance for calculating parking spaces to be provided for an existing federal building requires that local zoning regulations be used as a starting point. The guidance requires that this amount be increased or decreased to reflect parking needs for official and visitor vehicles, tenants, and government employees when there is a lack of public transportation, commercial parking facilities, or public street parking. Because of time constraints, GSA was not able to consider these factors and determine the actual amount of parking to be provided at the Holifield Building. Therefore, the actual amount of excess parking could be more or less than the 17 acres of parking above local standards once these other factors are considered.

Recommendation

We recommend that the Administrator of General Services determine the actual amount of parking that will be needed at the Holifield Building and initiate action to dispose of any excess parking capacity.

We trust the report is responsive to your needs. As you requested, we did not obtain GSA's official comments on our findings and conclusions but we did discuss the report's contents with GSA officials and they concurred with our findings and conclusions and said they would consider our recommendation. As arranged with your representatives, we are sending copies of this report to the Administrator of General Services; the Director, Office of Management and Budget; and other interested parties.

W. J. Anderson

William J. Anderson
Assistant Comptroller General

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Abbreviations

GSA	General Services Administration
IRS	Internal Revenue Service
NARA	National Archives and Records Administration
SSA	Social Security Administration

Revised Economic Analysis

The revised prospectus for the Chet Holifield Federal Building that GSA submitted on June 2, 1986, contained an economic analysis comparing the present value costs, over a 30-year period, of two alternatives — status quo versus repair and alteration. GSA's handbook on repair and alteration program management requires that repair and alteration prospectus projects be justified by an economic comparison of the present value costs with other means of providing space, such as leasing and new construction.

Because GSA's prospectus did not contain a comparison of the costs of leasing and new construction, we asked GSA to prepare a revised economic analysis containing these alteratives. We asked GSA to include certain assumptions and cost factors that we thought were reasonable in the revised economic analysis. We did not test the validity of GSA's economic model.

The results of the revised economic analysis, showing the repair and alteration alternative to be the least costly, are summarized in table I.1. The major assumptions and data used for the analysis are shown in the list on page 11.

Additionally, based on discussions with GSA personnel, we believe that two other factors may influence GSA's desire to retain the Holifield Building.

- Even with the current partial vacancy rate in the building, the annual rental exceeds GSA's annual operating and maintenance costs.
- If GSA sold the building, the funds received from the sale would go to the Treasury, not to GSA.

Although these factors are important from GSA's viewpoint, they would not affect costs to the government as a whole.

GSA officials also said that they were in a "catch 22" position with the building: Congress and the Office of Management and Budget question whether to appropriate funds to complete the renovation of the building because it is largely vacant, whereas agencies are reluctant to move into the building until funds for its renovation are appropriated.

Table I.1: Comparison of 30-Year Present Value Costs of Constructing New Building, Leasing Space, and Repairing and Altering the Holifield Building.

	Present value costs, in thousands of dollars		
	Construct new building	Lease space	Repair and alter Holifield Building
Construction costs:			
Land	71,598	•	•
Construction	65,041	•	•
Design and review	3,577	•	•
Management and inspection	1,626	•	•
Subtotal	**141,842**	•	•
Leasing costs	•	164,438	•
Repair and alter Holifield Building	•	•	19,426
Add:			
Interim housing	13,631	•	7,009
Repairs and alterations	11,873	•	19,851
Tenant alterations	7,051	•	9,911
Services and utilities	29,059	•	48,587
Taxes and insurance	8,303	•	13,882
GSA management	2,906	•	4,859
Subtotal	**72,823**	**0**	**104,099**
Total costs	**214,665**	**164,438**	**123,525**
Less:			
Residual value of land	32,291	•	9,114
Residual value of building	30,289	•	16,600
Future rental avoidance	•	•	49,037
Sale of 17 acres of parking	6,664	6,664	6,664
Sale of Holifield Building	53,659	57,415	•
Subtotal	**122,903**	**64,079**	**81,415**
Net 30 year costs	**91,762**	**100,359**	**42,110**

The following list contains the major assumptions we asked GSA to use to compare the 30-year present value costs of constructing a new building, leasing space, or repairing and altering the Holifield Building.

General Assumptions

Discount Rate: We used a 7 percent discount rate for the 30-year period. To arrive at this rate, we averaged the yields on Treasury bonds and notes maturing between December 1987 and November 2016, excluding those issued before 1974 with a coupon interest of 4.25 percent or less.

The average rate, 6.84 percent, was rounded to 7 percent, as GSA's economic model uses whole numbers only.

Inflation: We assumed a 4 percent inflation rate over the 30-year period. Actual rates of inflation were about 3 percent in 1985-1986. Various economists project that annual inflation rates over the next 10 years will range between 4 and 6 percent.

Occupiable-to-Rentable Ratio: Based on interviews with GSA personnel, we assumed that occupiable square footage equates to 90 percent of rentable square footage. According to GSA, rentable square footage data used in the private sector includes space used for toilets and horizontal circulation, whereas GSA's occupiable square footage data does not include these elements.

Construction Costs Assumptions

Land: We used GSA's estimate that 3,031,520 square feet of land would be needed for a building large enough to accommodate the current and proposed federal tenants in the Holifield Building, including 3,848 parking spaces. GSA said that if a federal building were to be built, GSA would prefer to locate it in Los Angeles. Therefore, we assumed the building would be built in Los Angeles. According to GSA, recent land sales in Los Angeles reflect a $25 per square foot cost, which was used in our analysis.

Construction: We used GSA's estimate of an average $110 per gross square foot construction cost and multiplied it by GSA's estimate of 718,655 gross square feet needed to provide 534,043 occupiable square feet of space. The 534,043 occupiable square feet reflects the needs of current and proposed federal tenants in the Holifield Building, assuming that the National Archives and Records Administration (NARA) could reduce its present space needs by about 90,000 square feet if it used 14 shelves per stack rather than the 8 shelves per stack currently used in the Holifield Building.

Design and review and management inspection: We used GSA's estimates of what these costs would be to construct a building of this size.

Other Assumptions

Leasing Costs: We used the same 534,043 occupiable square feet of space that we assumed would be needed for a newly constructed building and $16.50 per occupiable square foot lease cost. The $16.50

cost was estimated by multiplying the appraisal rate of $15.00 per rentable square foot for the Holifield Building by 110 percent. We also assumed that GSA would use 5-year lease terms. We added $3.2 million in moving costs to this amount, which GSA estimated would be the cost to relocate the tenants.

Repair and alter Holifield Building: To GSA's estimate of $9,167,000 of repairs and alteration work identified in GSA's prospectus, we added $9,200,000 for asbestos removal and $103,600 for installing an additional elevator. The elevator would be needed when the building is filled with tenants, according to some tenants and GSA officials we interviewed. The GSA central office had earlier recommended that asbestos in the building be removed, but GSA Region 9 believes there is no immediate need to do this work. We included it as a probable cost for the 30-year period and assumed it would be done in conjunction with the prospectus work. We used GSA's estimated costs for the elevator and asbestos removal.

Interim housing: For the new construction alternative, we assumed that a new building would be completed in 1991 and that interim housing would be provided from 1987 to 1991 at a cost of $3.50 per occupiable square foot, the 1986 operations and maintenance costs for the Holifield Building. For the repair and alteration alternative, we assumed that interim housing would be the same as for the new construction alteration.

Repairs and Alterations: For both the construction and repair and alteration alternatives, we used GSA's estimates of repairs and alterations that could be expected to be needed over a 30-year period. With leased space, the lessor pays for repairs and alterations.

Tenant alterations: We used GSA's estimates of what tenant alterations would cost for both the construction and repair and alteration alternatives. To these amounts we added $1.6 million and $2.2 million, respectively, for moving costs, as estimated by GSA.

Services and utilities: We used $3.50 per square foot operating costs for both the construction (534,043 square feet of space) and repair and alteration alternatives (803,000 square feet of space). The leasing cost of $16.50 per square foot includes services and utilities.

Taxes and insurance: We used GSA's estimates of what a private sector owner would incur for taxes and insurance costs for the construction

and repair and alteration alternatives. Although GSA would not actually pay these costs, we included them as an imputed cost to the government.

GSA management: We used GSA's estimates of what it would cost GSA to manage the 534,043 square feet of newly constructed space and the 803,000 square feet of space in the Holifield Building.

Residual values of land and building: We used GSA's estimates of what the land and building would be worth, in the year 2017, for a building in Los Angeles for the construction alternative, and for the Holifield Building for the repair and alteration alternative.

Future rental avoidance: We assumed that the 178,957 square feet of vacant space in the Holifield Building could be used to house other federal tenants in the year 1992, 2 years after the space is renovated. These tenants would be relocated from leased space. We valued this space at $15.00 per rentable square foot, in 1986 dollars.

Sale of 17 acres of parking and Holifield Building: We used GSA's 1986 estimate of $77 million, including $6.7 million for the 17 acres of possibly excess parking, as the basis for what the government could realize if the Holifield Building were sold. For the construction alternative, we assumed the Holifield Building would be sold in 1991, when the new building would be completed. For the leasing alternative, we assumed the building would be sold in 1990. We assumed that the 17 acres of parking would be sold in 1987, for all three alternatives.

Requesters' Questions Regarding the Prospectus and the Use of the Chet Holifield Building, Laguna Niguel, California, and GAO's Responses

1. In computing the present value cost for the prospectus, GSA listed the fair market value of the Holifield Building at approximately $40 million. Since GSA has received an offer of $60 million from a well-qualified purchaser, should GSA use $60 million rather than $40 million as the fair market value of the building?

The unsolicited offer of $60 million does not necessarily reflect the fair market value of the building. To sell the building, GSA would have to declare it as being excess, have it appraised, and if no federal activity needed it, GSA would then attempt to sell it through either an auction or an advertised sealed-bid process. The unsolicited offeror could then decide not to bid at all or bid either a lower or a higher amount than $60 million.

We asked GSA to reappraise the Holifield Building because GSA's $40 million appraisal had been performed in 1984. A GSA Region 9 appraiser said that the building has two uses: a general use office building housing several tenants and a special use building, such as the headquarters for a large research and development firm. Further, he said the building has more parking spaces than are needed which could be sold separately. Region 9 did not have an independent appraisal prepared because of the cost and time this would involve, but Region 9's chief appraiser prepared an "opinion of value" of the Holifield Building and the associated excess parking area as of November 5, 1986, which showed the following:

- Fair market value for general use, assuming there would be no federal tenants in the building, and the building would be sold "as is." $37,725,000
- Special use value, assuming there would be no federal tenants in the building, and the building would be sold "as is." $77,000,000
- Value of excess land (included in above figures). $6,664,000

We used the $77,000,000 estimated value for the Holifield Building (in 1986 dollars) in the revised economic analysis discussed in appendix I.

2. In computing the present value cost for the prospectus, GSA projected $35 million in outlease income. Is this figure realistic in light of GSA's unsuccessful efforts to rent space in the past and the current oversupply of office space in Southern California?

(See question 3, also.)

We contacted three real estate firms in Orange County, California, and asked whether there was a current oversupply of office space. We were told the following:

Real Estate Firm Number 1

For the next few years, the availability of office space in Orange County will be greater than the ability to fill it.

GSA might have problems outleasing because the government does not normally offer free rents. Lessors are giving an average of 2 months free rent for every 12 month rental period. Also, GSA would probably be attempting to lease the worst space in the building, as federal agencies would reserve the best space. The worst space would be harder to lease, of course.

Real Estate Firm Number 2

It would take time to outlease the Holifield Building, mainly because of its remote location. The firm also gave us the following data.

August 1986 Market Trends: (for offices)
National vacancy rate: 18.6%
Orange County vacancy rate:19.6%

Real Estate 1986-Orange County:
Orange County vacancy rate: 23%
South Orange County vacancy rate: 28%
South Orange County had 5% of the office space in Orange County.

Summary of Office Projects in Orange County, 3rd quarter 1986:

Concessions in the form of above standard tenant improvement allowances, limits on rent escalation, lease renewal and expansion options, parking, and free rent have kept effective lease rates flat. Vacancy rate for south Orange County decreased to 19%, and market share increased to 7%, over year end 1985.

Real Estate Firm Number 3

(A previous broker for GSA in its attempt to outlease space at the building.) GSA was unable to outlease the building because it (1) was unable to make timely decisions on offers, (2) took the choice areas of the building off the market, and (3) had no ability to fund initial tenant improvements. The building is severely "tucked away," not near the freeway.

3. Also on the issue of outlease income, GSA projects an outlease figure of $23 per square foot ($18 in rent plus $5 in operating costs). Can GSA realistically expect to get that income?

Real estate firms we contacted in the Orange County area told us the following.

Table II.1: Real Estate Firms' Opinions on Outlease Income

Real estate firm	Is $23 per square foot realistic?	What is realistic?
1	No.	$15.60
2	No.	$17.50, with at least 6 months free rent for a 5-year lease.
3	No.	$10.80-$15.00 and GSA may have to include some free rent.

In addition, GSA's latest appraisal of the Holifield Building to determine the fully serviced (including all day-to-day operational costs) fair annual rental rate to be charged to tenants indicated that $23 is not realistic. The appraisal, conducted in January 1985 and effective in October 1986, indicated that the office space in the building was appraised at $12 per square foot and warehouse space at $4.20 per square foot.

Our review of GSA's back-up material for the prospectus showed that GSA used $20 per square foot, not $23, in estimating the outlease income.

The "opinion of value" that GSA Region 9 prepared for the building, discussed in question 1, valued the office space in the Holifield Building at $15 per square foot. This appears to be in line with the real estate firms' estimates and is what was used in the revised economic analysis discussed in appendix I.

4. Since the Chet Holifield Building was constructed for light manufacturing, engineering, and executive office purposes, is it suited for government office use? Would the Federal offices currently located in the building require less space if housed in another facility more suited for its purposes? (For example, much of the Chet Holifield Building is used for archives storage, yet we understand the ceilings in the building are lower than is normal for most storage facilities.)

We asked the building's tenants if the building is suited for government office use. Their responses were as follows:

Table II.2: Tenants' Opinions on Suitability of Building

Tenant	Comment
Census	The building is ideal for our needs and has free parking.
Army-Recruiting Battalion	Yes, in general. The building has poor ventilation and debris from trees in the parking lot fall on our cars. There is no crime here.
DOD Inspector General	The building is a perfect fit for our needs.
HHS-Personnel Operations	Yes, but elevator service is poor and our space is too cut up.
SSA	No, however, the space is pleasant and we have a beautiful view. It is difficult for the elderly to get to our office because the parking lot is too far away and there is no bus service.
Fish and Wildlife Service	Yes, but the building has poor ventilation.
Geologic Survey	Yes, however, the office and storage areas are far apart.
Judiciary-Probation	Yes. This is a nice building, but elevators will have to be added if the building is filled-up. We could use a private rest room for taking urine samples.
National Archives and Records Administration (NARA)	Yes. The lower ceilings force us to use a lower than normal number of shelves in a stack, but we do not consider this to be a problem.
Federal Railroad Administration	Yes, and there are plenty of parking spaces.
IRS	Yes. We would like to have permanent space, however. The parking area is good and access to the freeway is easy. There is no crime in the area. However, we do need to have signs in the building to direct the public to our offices.

Floors 4, 5, and 6 have carpeting and many windows and are currently being used for office space. Floors 2 and 3 have very few windows, and floor 1 has no windows. Also, floors 1, 2, and 3 are much larger areas than floors 4, 5, and 6.

We asked NARA officials about the lower ceilings. We were told that:

- a normal records center has 14 shelves in a stack,
- the Holifield center has 8 shelves in a stack,
- the Holifield center is more secure during earthquakes and the stacks do not wobble, and
- ladders do not have to be used at the Holifield center, so this improves our productivity and safety.

NARA's storage space is 222,954 square feet on the first floor and a vault of 2,880 square feet on the third floor. Assuming that 14 shelves were used for the 222,954 square foot first floor space, NARA could conceivably reduce its space needs to 134,461 square feet, computed as follows:

Computation of theoretical reduction of NARA square footage:

NARA has 672,304 cubic feet of storage.

The cubic to square feet ratio at Laguna Niguel is

$$\frac{672{,}304}{222{,}954} = 3.015311, \text{ according to NARA.}$$

If 14 shelves were used, according to NARA, the ratio would be 5 to 1. A 5 to 1 ratio equates to 134,461 square feet

$$\left(\frac{672{,}304}{5} = 134{,}461\right).$$

Also, NARA officials said that with 14 shelves, the stacks would have to be bolted to the floor and ceiling, due to earthquakes that occur in the area.

Reducing NARA's 222,954 square feet of first floor space to 134,461 square feet would result in a reduction of 88,493 square feet of space needed. For the new construction and leasing alternatives discussed in the revised economic analysis in appendix I, we assumed that NARA would need 88,493 square feet less than they now use at the Holifield Building.

5. What federal agencies and offices are currently housed in the Chet Holifield Building?

Table II.3: Number of Personnel by Agency as of 11-1-86

Agency	Number of personnel housed in the building on 11-1-86
Census	41
Army-Recruiting Battalion	35
DOD Inspector General	35
HHS-Personnel Operations	18
SSA	23
Fish and Wildlife Service	15
Geologic Survey	7
Judiciary - Probation	2
NARA	165
Federal Railroad Administration	9
IRS	831
Total	**1181**

6. Please provide a floor-by-floor analysis of the following:

a) Total floor space
b) Finished floor space
c) Unfinished floor space that would be remodeled according to the prospectus
d) Occupied floor space
e) Unoccupied floor space
f) Federal offices located on each floor
g) Number of employees located on each floor

Table II.1 provides most of the data requested. The "as is" data are presented in lieu of finished/unfinished space as GSA does not categorize its data in such a manner nor did the prospectus and its backup files provide the data by floor and/or office. As noted, the "as is" data are estimates based on a planning document which may be subject to change.

Table II.4: Floor-By-Floor Analysis of the Holifield Building (In Square Feet)

	Basement (underfloor)	Floor 1	Floor 2
Total floor space	74,336	394,624	256,453
Building support space and cafeterias	18,100	52,469	52,156
Occupiable space	56,236	342,155	204,297
Occupied floor space	6,574	262,277	145,740
Unoccupied floor space	49,662	79,878	58,557
Federal tenants/Number of employees	FWS(storage) Geo.Sur. (storage)	NARA 165 Census 41 Army 0 206	IRS 664 FRA 9
Total	**0**	**206**	**673**
Occupied space estimated to stay "as is" per GSA, Region 9 planning document as of August 1986[a]	1,420	233,910	-0-

Floor 3	Floor 4	Floor 5	Floor 6	Floor 7	Totals
223,575	44,653	32,842	23,256	10,083	1,059,822[b]
36,092	8,152	3,252	5,984	10,083	186,288
187,483	36,501	29,590	17,272	•	873,534
3,552	35,379	17,973	2,907	•	474,402
183,931	1,122	11,617	14,365	•	399,132
NARA (Vault)	IRS 147 DOD/IG 35 Army 35	IRS 20 Geo.Sur. 7 FWS 15 HHS 18 HHS/SSA 23	Probation 2		
0	**217**	**83**	**2**	**0**	**1,181**
3,050	9,842	4,710	-0-		252,932

Note: Remainder of occupied floor space and unoccupied floor space probably candidates for renovating or remodeling including providing space for additional corridor and circulation space.

[a]"As is" data as of August 1986. The remaining data are as of 11-1-86.

[b]Does not include 8,000 square foot heliport on roof.

7. What is the current office utilization rate for each floor in the Chet Holifield Building? How does that rate compare with other federal buildings?

As of 11-1-86, the office utilization rate for the assigned space for every floor of the building was as follows:

Table II.5: Office Utilization Rate by Floor

Floor	Square feet of assigned office space	Number of employees	Office utilization rate (square feet per employee)
1	16,746	206	81.3
2	153,840	673	228.6
3	0	0	•
4	35,379	217	163.0
5	17,653	83	212.7
6	696	2	348.0
7	0	0	•
Basement	475	0	-
Total	**224,789**	**1,181**	**190.3**

GSA has a space utilization rate goal of 135 square feet per person.

As of 11-17-86, GSA averaged 158 square feet per person, nationwide.

As of 11-3-86, Region 9 averaged 156 office square feet per person.

8. What is the per employee floor space cost for each federal office located in the Chet Holifield Building? How does that rate compare with other Federal buildings?

According to GSA's September 30, 1986, Income Statement for the facility, operations and maintenance expenses for the Holifield Building were $2,803,616 for fiscal year 1986. Dividing this by the employees on board (1,181), as of 11-1-86, the per employee cost is $2,373.93.

We obtained fiscal year 1986 operations and maintenance data and divided it by the number of occupants in each building for five other government-owned buildings GSA operated in southern California, as shown below:

Table II.6: Operating Costs Per Employee for 5 California Federal Buildings

Building	Operations and maintenance cost	Number of employees	Cost per employee
1) Federal Building 300 North L.A. Street Los Angeles, CA	$4,901,450	4,320	$1,134.59
2) Federal Building and Courthouse 880 Front Street Los Angeles, CA	8,378,434	1,824	4,593.44
3) Federal Building and Post Office 1100 Wilshire Blvd. Los Angeles, CA	2,793,434	2,146	1,301.69
4) Terminal Island Federal Building 300 S. Ferry Street Los Angeles, CA	743,891	525	1,416.94
5) Federal Building 34 Civic Center Drive Santa Ana, CA	2,442,801	947	2,579.52

It should be pointed out that the cost per employee varies from building to building due to many factors, so a comparison of this nature has limited usefulness. For example, buildings with a large amount of storage or courtrooms generally have fewer employees in them, so the cost per employee would be relatively high.

9. What is the current cafeteria floor space in the building? How many employees use it per day?

The main cafeteria is located on the third floor and has 13,854 square feet of space.

There are 2 satellite cafeterias, which are not being used, located on the second floor that have a total of 8,640 square feet of space.

The main cafeteria manager told us that he is currently serving about 1,000 people a day.

10. What is the average number of visitors to the building every day? How does that compare with other Federal buildings?

GSA does not keep records on the number of visitors to buildings. We interviewed the tenants of the Holifield Building and asked them how many visitors they had, on average, each day. They told us the following:

Table II.7: Estimated Daily Visitors by Tenant

Tenant	Estimated average number of daily visitors
Census	1
Army-Recruiting Battalion	12–15
DOD Inspector General	20
HHS-Personnel Operations	5
SSA	150
Fish and Wildlife Service	2
Geologic Survey	2
Judiciary - Probation	2
NARA	60
Federal Railroad Administration	1
IRS	150–200
Total	**405–458**

11. What is the cost of maintenance for the Holifield Building? How many maintenance workers are employed?

GSA has 10 maintenance workers at the Holifield Building: an operations and maintenance foreman, a custodial inspector, and 8 mechanics.

In addition, there are 12 contract custodians and 4 contract grounds maintenance employees at the grounds every day. GSA's September 30, 1986, Income Statement for the facility shows that total expenses were $2,803,616 for fiscal year 1986. These costs include general, administrative, and depreciation expenses. Direct expenses, excluding general, administrative, and depreciation expenses, were $1,803,230 for fiscal year 1986.

12. What are the public transportation modes serving the building?

We contacted the Orange County Transit District, located in Santa Ana. We were told that due to a lack of ridership, bus service was no longer provided to the Holifield Building. If future demand warranted bus service, the district would add bus service to the building in the future. However, we were told that bus service would be inconvenient to people living in the north area of the county. For example, it would take riders 2 hours to go to the building from Long Beach or Santa Ana, with a couple of transfers, if bus service was added.

The Orange County Transit District does currently assist people in setting up vanpools and carpools and offers Dial-A-Ride service to the Holifield Building. However, people have to wait in line at pick-up points (usually located in shopping malls) for 30 minutes to 1 hour and ride on a space available basis. It takes a long time to get to the building using the Dial-A-Ride service, according to the district official we interviewed.

13. How far is the building from the major population areas, such as Laguna Beach and Newport Beach, which are served by agencies housed in the building?

We drew radius circles on a map of the Los Angeles and vicinity area and determined the straight-line distances from the building for selected cities as follows:

Table II.8: Distances of Selected Cities from Building

Miles from Holifield Building	Cities
0-5	Laguna Hills, Mission Viejo, Laguna Beach
5-10	Irvine, El Toro
10-15	Costa Mesa, Tustin, Newport Beach
15-20	Santa Ana, Orange, Fountain Valley
20-25	Anaheim, Garden Grove
25-30	Los Alamitos, Fullerton, Brea
30-35	Long Beach, San Pedro, Lakewood, La Habra

We also asked the tenants if the building was convenient to the public they served. Their responses are shown below:

Table II.9: Tenants' Opinions on Convenience of Building

Tenant	Comment
Census	We do not deal directly with the public.
Army-Recruiting Battalion	The building is in a central location for our command area.
DOD Inspector General	We go to the public, it does not come to us.
HHS-Personnel Operations	Yes. We serve SSA primarily.
SSA	No. It is difficult for the elderly to get to our office. The parking lot is too far away and there is no bus service.
Fish and Wildlife Service	Yes.
Geologic Survey	We do not deal directly with the public.
Judiciary-Probation	Yes. We serve south Orange County.
NARA	Yes. The building is centrally located between the Los Angeles and San Diego Courts, major customers of ours.
Federal Railroad Administration	Yes.
IRS	Yes. The primary function of the IRS offices in the building is the district headquarters, and this is a good location for a district headquarters.

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