U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

October 29, 2010

The Honorable Robert Goodlatte
10 Franklin Road, S.E.
Roanoke, VA 24011-2121

Dear Congressman Goodlatte:

Thank you for your letter, dated July 15, 2010, in which you asked that my office investigate the modernization project of the Richard H. Poff Federal Building located in Roanoke, VA. Your request asked my office to review how the project came to be, why it did not follow the normal project process for federal buildings, and why it is focused on environmentally friendly updates that should have been planned long ago. In addition, the request cited the following specific concerns with the modernization plans: the lack of a cost-benefit analysis; the significant disruption to the processing of veterans' claims and benefits; plans by the Department of Veterans Affairs (VA) to relocate offices after the project; and the failure to include security improvements to the building. We performed a limited review to answer your questions and concerns.

We found that the project is based on a series of studies, performed between 2000 and 2006, that assessed the conditions of the Poff Federal Building and determined the improvements needed for its continued occupancy. The studies addressed a variety of issues including building engineering, safety and environmental conditions, and progressive collapse. The concerns raised in these reports led to the 2008 feasibility study that identified the major issues as: uneven solar heat gain, violations of current building codes, and deterioration problems. According to the General Services Administration (GSA) personnel, when funding became available from the American Recovery and Reinvestment Act (Recovery Act) in 2009, the project was identified as a viable candidate for a portion of the High Performance Green Building funds. Under the Recovery Act, the normal project approval process was replaced by an expedited authorization and funding process that included project selection and authorization by GSA after submitting its spend plan list to the Committees on Appropriations of both the House of Representatives and the Senate. GSA's original Recovery Act spend plan, dated March 31, 2009, included this project.

Regarding your concerns, we found that while the GSA did not conduct a cost-benefit analysis prior to awarding the contracts for the modernization project, the analyses conducted after the award indicate that renovating the Poff Federal Building is more cost effective than constructing a new building. Both GSA and VA acknowledge that the modernization project will cause some disruption to the processing of veterans' claims. However, the two agencies are working together to minimize any disruptions to

operations. Further, according to VA officials, there are no plans to relocate from the Poff Federal Building after the project is complete. Finally, while security improvements are not part of the Recovery Act funded modernization project, mandatory security improvements recommended in the most recent building security assessment are planned for completion within the next three years.

The results of our review of your concerns are discussed in more detail below.

Cost-Benefit Analysis

Although GSA conducted a cost-benefit analysis that showed that renovating the Poff Federal Building would save over $18 million versus constructing a new building, the analysis was not conducted until after GSA had awarded the construction contract for the modernization. Normally, a cost-benefit analysis for a project is performed during the feasibility study phase to assess project alternatives as part of the planning process. Among other things, such an analysis should examine financial aspects of each alternative, as well as their ability to meet customer agency requirements.

However, GSA did not perform a cost-benefit analysis for the Poff Federal Building modernization project as part of the feasibility study phase. According to project staff, constructing a new building was not considered viable because the U.S. District Courts are also located in the building. Moving the District Courts would require a new courthouse that was not on the Judiciary's 5-year construction plan. As such, GSA awarded the contract for the Poff Federal Building modernization project in November 2009 and did not conduct a cost-benefit analysis until December 2009. The analysis was limited to a financial analysis that showed that renovating the Poff Federal Building would provide a cost advantage of $18,229,359 over a 30-year period when compared to constructing a new building.

Disruption to Veterans' Claims Processing

While both acknowledge that the modernization project will cause some disruption to veterans' claims processing, GSA and the VA are working together to minimize any disruptions to those operations. During the Poff Federal Building modernization, tenants from the VA will be moved into temporary swing space. The VA requested that the entire Regional Office be relocated during the project in order to minimize disruptions to its operations. However, since the space to accommodate the entire Regional Office into one location was not available, GSA arranged for the VA to occupy space in four buildings located in the vicinity of the Poff Federal Building.

To minimize the operational disruptions, the VA identified four Regional Office groups that it wants to keep together within the same office space: 1) Director's Office, Support Services Division, and the Information Security Officer; 2) Regional Loan Center, Vocational Rehabilitation and Employment, and the Buffalo Education Service; 3) Veterans Service Center, Service Organizations, and the Mailroom; and 4) Central File Room.

Plans for the VA Following the Modernization

According to the VA officials with whom we spoke, the VA plans to stay in the Poff Federal Building after modernization project is complete. The Occupancy Agreement between the VA and GSA expires in September 2013 and the project is scheduled to be completed around that time. However, these officials cited the fact that the VA has been in the Poff Federal Building for over a decade and that there are no viable alternatives.

Security Improvements

Although security improvements planned for the modernization were not funded as part of this project, GSA does have plans to address security issues identified in the most recent building security assessment for the Poff Federal Building. A building study in 2006 recommended several security improvements. Although these improvements were included as an option in the construction contract for this modernization project, the funding for this project was insufficient to make these improvements.

Instead, GSA is planning to implement mandatory security countermeasures identified in a March 2009 building security assessment conducted by the Department of Homeland Security. GSA is in the planning stages to implement the countermeasures to these security issues through a project that is being funded separately from, but will be coordinated with, the current modernization project.

I hope we have addressed your concerns. Please do not hesitate to contact me or Dave Farley, Director, Office of Communications and Congressional Affairs, Office of Inspector General at (202) 219-1062.

Sincerely,

Brian D. Miller
Inspector General