



Steven C. LaTourette
Congress of the United States
14th District, Ohio

BRAC Commission

July 19, 2005

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Received

Mr. Anthony J. Principi
Chairman
Base Realignment and Closure Commission
2521 South Clark Street, Suite 600
Arlington, VA 22202

Dear Commissioner Principi:

As you know, I have raised a number of issues regarding the inclusion of the Cleveland DFAS office on the BRAC list. I have uncovered a number of problems in the data attributed to the Cleveland site that led to its inclusion on this list, and it seems the most glaring example of the deck being stacked against Cleveland is in its operating costs per square foot.

I have provided written documentation to the BRAC staff that the rental rate at the Cleveland DFAS office does not approach being \$29.21 per square foot as the BRAC Report states. In fact, the General Services Administration (GSA) has told me in writing that "the rent for the DFAS office located in Cleveland, OH has never been as high as \$29 per rentable square foot." GSA has further provided written documentation that the actual rent during the BRAC period was \$11.67 per square foot, including GSA operating costs (maintenance, utilities and janitorial). Also, in addition to shell and operating costs, each tenant of the Celebrezze Federal Building is charged for security services, parking and joint use facilities. This is in accordance with 41 CFR 102-85.115 (a).

When you add these additional costs to the GSA rent of \$11.67, the total rent for DFAS Cleveland during the BRAC period was \$15.37 per square foot. Clearly, \$15.37 per square foot is worlds away from the bogus \$29.21 figure used to Cleveland's detriment. It is clear to me that Cleveland's operating costs were wildly overstated, and \$29.21 certainly looks outrageous on paper when compared to the rental costs at DFAS Indianapolis, which is also in a GSA building. The rent at DFAS Indianapolis, per the BRAC Report, is \$14.96 a square foot.

In an effort to get to the bottom of the operating cost issue, I requested additional information from GSA regarding the rent paid at DFAS Indianapolis. The response I received from GSA about the operating costs in DFAS Indianapolis literally made my jaw drop. First, I cannot find a rental rate (in any year) that equals the amount in the BRAC Report. Second, I was well aware that DFAS Indianapolis was the subject of a \$123 million full-building renovation (that actually makes the building compliant with DoD antiterrorism standards); I assumed GSA absorbed the costs because it is a GSA building. Instead, GSA has provided me with information showing that DoD financed the entire renovation. I followed up and asked if it was common for an

agency to finance an entire building renovation of a GSA building. GSA replied that it is NOT common.

In what can only be described a highly unusual agreement, GSA is reducing rental rates at DFAS Indianapolis in order to reimburse DoD for the full-building renovation. This is due to a September 1996 law that applied only to this particular building and only to this one renovation project (PL 104-201).

In layman's terms, GSA agreed (per the special law) to keep the rent static at DFAS Indianapolis during the renovation and after the renovation it reappraised the building. GSA has informed me that after the renovation was completed it established a new market rental rate and reduced the market rate by \$7 per square foot. Not only were the rental rates at DFAS Indianapolis kept artificially low by remaining static for the entire renovation (completed in 2003), but their rates are actually decreasing now to pay for this renovation.

I want to trust that the data DoD provided to the BRAC Commission is accurate, and that every site got a fair shot from the start. It is clear that leased buildings have a built-in operating cost disadvantage over DoD buildings from the start, and in many ways comparing operating costs at DoD-owned buildings and leased, GSA-owned buildings is comparing apples and oranges.

One would expect, however, that comparing leased space from the same landlord – GSA – would be an apples to apples comparison. It is not, and it is egregiously unfair that Cleveland DFAS is being penalized first by bogus data provided to the BRAC Commission and second by a sweetheart lease agreement between GSA and DoD wherein the rental rates in Indianapolis are intentionally suppressed far below market rates.

I hope at some point fairness will prevail. You must take Cleveland DFAS off the closure list or the integrity of the BRAC process will be jeopardized. I have attached a copy of e-mail correspondence I received from GSA about the Indianapolis rental situation and a copy of the section of law that gives Indianapolis DFAS an unfair advantage in operating costs. In addition, I have provided all pertinent written data about the true rental costs at DFAS Cleveland to the BRAC staff.

Thank you very much for your time and attention to this matter.

Sincerely,



Steven C. LaTourette
Member of Congress

Enc.

Setliff, Deborah

From: Setliff, Deborah
Sent: Monday, July 18, 2005 10:40 AM
To: 'nathan.sampson@gsa.gov'
Subject: LaTourette - urgent new request

The congressman needs to know the current lease details for the Indianapolis DFAS site and he needs it for a 4:15 p.m. meeting today. I'm sorry for the late notice.

He needs both the current lease details and the figures for the 2003/2004 time frame if they are not in the current lease. He needs shell costs, operating costs and any other costs associated with being in that building. If there are multiple occupancy agreements, he would like details on that, too. For instance, in Cleveland, there are two, but one of them covers almost all the square footage Cleveland DFAS uses. If there are multiple OAs in Indianapolis, he'd be happy to know whatever information covers the bulk of their space. Also, if Indy is on the verge of doing another lease, can you provide details on what those costs will be?

Also, he would like to know if there are additional costs associated with DFAS Indianapolis. For example, with the Celebrezze Building Cleveland, in addition to the shell and operating costs, each tenant of the Celebrezze Federal Building is charged for security services, parking and joint use facilities. This is in accordance with 41 CFR 102-85.115 (a), which states, "Amortization of tenant improvements, parking fees, and security charges are calculated separately and added to the appraised shell Rent to establish the Rent charge. Customer agencies also pay for a pro rata share of joint use space."

Again, this is extremely time sensitive. The congressman will be speaking to Administrator Perry tomorrow morning so the information will be very helpful for that as well.

Deborah Setliff
Communications Director
Congressman Steven C. LaTourette (R-OH)
Phone: 202-225-5731
Fax: 202-225-3307

Setliff, Deborah

From: nathan.sampson@gsa.gov
Sent: Tuesday, July 19, 2005 10:23 AM
To: Setliff, Deborah
Subject: Fw: Indy DFAS

Please see email below and let me know if you have any questions. Nate

Nate Sampson
U.S. General Services Administration
Office of Congressional & Intergovernmental Affairs
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----- Forwarded by Nathan A. Sampson/S/CO/GSA/GOV on 07/19/2005 10:21 AM -----

Erika M. Dinnie/PVAB/CO/GSA/GOV

07/19/2005 10:18 AM

To Nathan A. Sampson/S/CO/GSA/GOV@GSA
Ivan G. Swain/PVAB/CO/GSA/GOV@GSA, Sheldon J.
cc Kravitz/PVAB/CO/GSA/GOV@GSA, Jennifer Lee
Enyart/5PVA/R05/GSA/GOV@GSA

Subject Re: Indy DFAS [Link](#)

It is **not** common for agencies to fund a full building renovation. Special legislation adopted into the NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997 (P.L. 104-201) allowed the transfer of funds to occur, provided that the "...Secretary of Defense and the Administrator of General Services enter into an agreement that provides for the Department of Defense to receive a full reimbursement for the funds transferred under such subsection. Such reimbursement may include reimbursement in the form of reduced or static rental rates for Building One".

GSA is reimbursing DoD for the funds through a reduced rental rate. During renovation, GSA held the rent static. After the renovation, GSA re-appraised the building, established the new market rental rate and reduced the market rental by \$7 psf. (Note: if you look at gross rent, adding up all rental charges, the gross rent decreases by \$2.76 in April of 04).

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Erika Dinnie
Capital Investment and Leasing Division
Office of Portfolio Management
(202) 501-8902

Nathan A. Sampson To: Erika M. Dinnie/PVAB/CO/GSA/GOV@GSA
cc: Ivan G. Swain/PVAB/CO/GSA/GOV@GSA, Sheldon J. Kravitz/PVAB/CO/GSA/GOV@GSA
07/18/2005 04:29 PM Subject: Re: Indy DFAS [Link](#)

7/19/2005

She had a follow-up to this. She would like to know if it is common fo agencies to finance their own renovation as DoD did in this case. And also, if they financed it, why did the rent go up?

Nate Sampson
U.S. General Services Administration
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Erika M. Dinnie/PVAB/CO/GSA/GOV

To Nathan A. Sampson/S/CO/GSA/GOV@GSA

cc Ivan Swain, Sheldon Kravitz

Subject Indy DFAS

07/18/2005 04:07 PM

.....
Erika Dinnie
Capital Investment and Leasing Division
Office of Portfolio Management
(202) 501-8902

---- Forwarded by Erika M. Dinnie/PVAB/CO/GSA/GOV on 07/18/2005 04:01 PM ----

Nicholas A. Thomas

To: Erika M. Dinnie/PVAB/CO/GSA/GOV@GSA

cc: Jennifer Lee Enyart/5PVA/R05/GSA/GOV@GSA

Subject: Indy DFAS

07/18/2005 04:01 PM

Indianapolis, Indiana DFAS - All DFAS space at this facility is covered under one Occupancy Agreement. This location is a federal facility and GSA does not anticipate doing a lease for DFAS currently or in the future.

FY03

800,066 USF-1,071,651 RSF

61,544 USF Joint use at \$10.70 prsf

GSA Charged:

Shell	\$6.94 prsf
Op Cost	\$4.00 prsf
Amortized capital security	\$0.00
Custom TI	\$0.57 prsf
General TI	\$2.84 prsf

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Basic Security \$0.24 prsf
Bldg specific operating security \$0.91 prsf

FY04

800,066 USF-1,071,651 RSF
61,544 USF Joint use at 12.86 prsf

GSA Charges:

	Oct 03 to Mar 04	Apr 04 to Sep 04
Shell	\$6.94 prsf	\$7.48
Op Cost	\$4.00 prsf	\$4.11 prsf
Amortized capital security	\$0.02 prsf	\$0.02 prsf
Custom TI	\$0.57 prsf	NA
General TI	\$2.84 prsf	NA
Basic Security	\$0.30 prsf	\$0.30 prsf
Bldg specific operating security	\$1.30 prsf	\$1.30 prsf

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In accordance with a DOD/GSA MOU new rates were established in April of 2004 as the result of a DOD financed renovation to the facility.

FY05

800,066 USF-1,071,651 RSF
61,544 USF Joint use at 12.98 prsf

GSA Charges:

Shell	\$7.48 prsf
Op Cost	\$4.17 prsf
Amortized capital security	\$0.02 prsf
Custom TI	NA
General TI	NA

DHS now bills for basic and operating security:

Basic Security \$0.35 prsf
Bldg specific operating security \$1.27 prsf

Nick Thomas
Lead Asset Manager
Real Property Asset Management
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Public Law 104-201 (Note: this section was not in the House-passed version and was added in the Senate)

Title: An Act to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

SEC. 373. RENOVATION OF BUILDING FOR DEFENSE FINANCE AND ACCOUNTING SERVICE CENTER, FORT BENJAMIN HARRISON, INDIANA. (a) Transfer Authority.--To pay the costs of planning, design, and renovation of Building One, Fort Benjamin Harrison, Indiana, for use as a Defense Finance and Accounting Service Center, the Secretary of Defense may transfer to the Administrator of General Services in the manner provided in subsection (b) funds available [[Page 110 STAT. 2501]] to the Department of Defense for the Defense Finance and Accounting Service for a fiscal year for operation and maintenance. (b) Authority Subject to Authorizations and Appropriations.--To the extent provided in appropriations Acts-- (1) of funds described in subsection (a) and appropriated for fiscal year 1997, \$9,000,000 may be transferred under such subsection; and (2) of funds described in subsection (a) and appropriated for fiscal years 1998, 1999, 2000, and 2001, funds may be transferred under such subsection in such amounts as are authorized to be transferred in an Act enacted after the date of the enactment of this Act. (c) <<NOTE: Effective date.>> Authority Subject To Agreement Between Department of Defense and General Services Administration.--The transfer authority provided in subsection (a) shall not take effect until the date on which the Secretary of Defense and the Administrator of General Services enter into an agreement that provides for the Department of Defense to receive a full reimbursement for the funds transferred under such subsection. Such reimbursement may include reimbursement in the form of reduced or static rental rates for Building One.