

April 2001

# ST. ELIZABETHS HOSPITAL

## Real Property Issues Related to the West Campus



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United States General Accounting Office  
Washington, DC 20548

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April 16, 2001

The Honorable Ted Stevens  
Chairman  
The Honorable Robert C. Byrd  
Ranking Member  
Committee on Appropriations  
United States Senate

The Honorable C.W. Bill Young  
Chairman  
The Honorable David Obey  
Ranking Minority Member  
Committee on Appropriations  
House of Representatives

This report responds to the requirement in H.R. Rep. No. 106-1033 at 621 (2000) that we report on various real property issues related to the west campus of the St. Elizabeths hospital complex in the District of Columbia. As agreed with your offices, our objectives were to (1) determine who owns the west campus, (2) determine the historical designations of the west campus and the corresponding responsibilities, (3) examine existing cost estimates for stabilizing and mothballing the property<sup>1</sup> and conducting various studies, and (4) determine what needs to be done to facilitate a reuse of the property. To do our work, we interviewed officials from the Department of Health and Human Services (HHS), District of Columbia government (District), General Services Administration (GSA), Office of Management and Budget (OMB), and the Advisory Council on Historic Preservation (Advisory Council). We reviewed documents we obtained from these officials and researched applicable laws and regulations. We also visited the west campus to observe the condition of the buildings and grounds. We did our work in January and February of 2001 in accordance with generally accepted government auditing standards. On February 1, 2001, we briefed your offices on the information contained in this letter.

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<sup>1</sup>Stabilization includes structurally stabilizing the buildings, controlling pests, and protecting the exterior and interior from moisture. Mothballing includes securing the buildings, providing adequate ventilation, and disconnecting and sealing off all utilities.

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We requested comments on a draft of this report from the Secretary of HHS, Acting Administrator of GSA, Director of OMB, Mayor of the District of Columbia, Executive Director of the Advisory Council, and Acting Executive Director of the National Capital Planning Commission (NCPC). Their responses are discussed later in this report.

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## Results in Brief

The federal government owns the west campus of St. Elizabeths, except for five buildings that are owned by the District. The west campus has 61 buildings containing about 1.2 million square feet of space on 182 acres. HHS is the holding agency that is responsible for the federal portion of the west campus. In 1990, St. Elizabeths was designated a national historic landmark (NHL). This designation recognized the exceptional national significance of the property and is the same designation given to the White House and Capitol. In addition to the buildings on the west campus, the NHL designation covers the landscaping and grounds, the vistas of the rivers and city, and a Civil War cemetery that is located on the property. Agencies that hold NHL properties are required to preserve their historic character and minimize harm to them. Despite the NHL designation, officials from HHS, the District, and GSA said that lack of funding and the absence of a clear direction for the future of the west campus over the years have left it in a badly deteriorated condition. In January 2001, HHS officially notified GSA of its intention to declare the federal portion of the west campus site excess.<sup>2</sup>

Last year, GSA and HHS jointly developed a cost estimate of \$8.5 million for stabilizing and mothballing the buildings on the federal portion of the west campus and performing various studies to start preparing it to be excessed and eventually disposed of by GSA. The \$8.5 million estimate was what GSA and HHS believed was needed to begin the excess and disposal process and did not reflect all costs that will be needed to prepare the west campus for reuse. HHS would be responsible for the largest portion of the estimated cost—\$5.3 million to mothball and stabilize the buildings—which would be used to preserve the west campus buildings and ensure that no further deterioration occurs while the excess and disposal process takes place. GSA officials said that this estimate was not as refined as it could have been because it was prepared under tight time

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<sup>2</sup>By declaring a property “excess,” the holding agency has determined that it has no further use for the property to carry out its responsibilities. The term “surplus property” means any excess property not required for the needs and responsibilities of all federal agencies, as determined by the GSA Administrator.

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frames; however, they believed it was reasonable given the circumstances under which it was prepared.

On the basis of our discussions with HHS, GSA and District officials, much work needs to be done to facilitate a reuse of the west campus. This work includes determining environmental remediation requirements and implementing them, addressing historic preservation issues, conducting a land use study to identify potential uses for the property, and identifying user(s) for the property through the federal excess and disposal process. GSA officials said that the west campus is a unique property and that the entire excess and disposal process will likely take several years to complete. According to a District planning official, the District does not oppose HHS' efforts to excess the federal portion of the west campus. However, the District official expressed concern that under the normal excess and disposal process, the District may not have sufficient input into key decisions. The District official added that although the District may not be interested in gaining possession of the property, it does have the greatest long-term interest in what happens to it. GSA officials said that they intend to work with the District so that the District's goals for the property are considered, zoning and other approvals for the property can be obtained, and the issue of what to do with the five buildings that the District owns can be addressed.

In commenting on a draft of this report, the Director of the District's Office of Planning generally agreed with the report's findings, but said that the District should be the lead entity for the planning of the site, working in close collaboration with GSA. Our evaluation of the District's comments appears near the end of this letter and in appendix I. HHS had no comments and OMB, GSA, the Advisory Council, and NCPC provided oral technical comments, which we incorporated, where appropriate.

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## Background

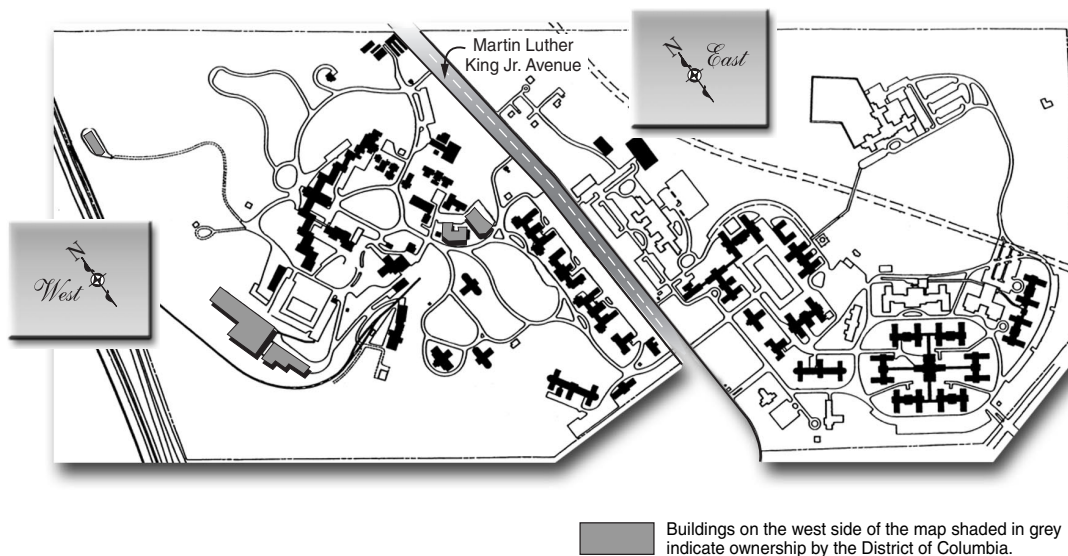
St. Elizabeths Hospital is located approximately 2 miles south of the Capitol building and is divided by Martin Luther King, Jr., Ave. into what are known as the west and east campuses. St. Elizabeths began operations in 1855 as the "Government Hospital for the Insane." During the Civil War, St. Elizabeths was used to house soldiers recuperating from amputations, and the west campus includes a Civil War cemetery. In 1916, Congress formally changed its name to St. Elizabeths Hospital, which refers to the historic name of the old royal land grant of which the hospital was a part. According to an HHS official, during its peak use period in the early to mid-1960s, St. Elizabeths housed approximately 7,000 inpatients and employed nearly 4,000 people. As discussed in more detail below, a 1984

law authorized the transfer of part of St. Elizabeths to the District. Today, the District primarily uses the east campus for its mental health services program.

## The Federal Government Owns Most of The West Campus

The west campus—61 buildings containing about 1.2 million square feet of space on 182 acres—is owned by the federal government, with the exception of 5 buildings that are owned by the District. HHS is the holding agency that is responsible for the federal portion of the west campus. The District owns the east campus, which comprises some 42 buildings containing 1.75 million square feet on 118 acres. Figure 1 is a map of the St. Elizabeths hospital complex.

Figure 1: Map of the St. Elizabeths Hospital Complex



Source: District of Columbia and GAO.

Under a use and occupancy agreement between HHS and the District, the District was, at the time of our review, using about 15 of the west campus buildings at no charge other than accepting responsibility for maintenance. The District also provides security for the west campus. West campus buildings not being used by the District are vacant. In addition, the District plans to completely vacate the west campus in 2001. On January 17, 2001, HHS officially notified GSA of its intention to declare the federal portion of the west campus excess. Under the Federal Property and Administrative Services Act of 1949 (Property Act), as amended, GSA

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has responsibility for federal real property utilization and disposal of excess and surplus property.<sup>3</sup>

In 1984, the St. Elizabeths Hospital and District of Columbia Mental Health Services Act authorized HHS to transfer to the District all property at St. Elizabeths Hospital needed by the District to provide mental health and other services under the District's comprehensive mental health system plan.<sup>4</sup> In accordance with that provision, on September 30, 1987, the Secretary transferred to the District title to almost all of the portion of St. Elizabeths that is known as the east campus and several buildings on the west campus. The act contemplated that the remaining portion of St. Elizabeths that was not so transferred, which would include most of the west campus, would be subsequently transferred to the District after Congress approved a master plan prepared by the District for the use of such property. The act, as amended, also stated that Congress would approve and enact a law transferring the remainder of the property at St. Elizabeths within 2 years after the plan was submitted to Congress.<sup>5</sup> Although the master plan was submitted to Congress in 1993, it was never approved.

The 1993 master plan recommended renovation of the west campus, after which approximately 52 percent of the west campus would continue to be used for the District's mental health program. The remainder of the west campus would be adapted for other institutional-type uses, retail facilities, and support buildings. The plan also included estimated costs ranging from about \$116 million to \$128 million for implementation. A District official informed us that the District does not intend to use the west campus at St. Elizabeths for mental health programs because it currently intends for mental health services to be community-based. Because Congress did not approve the 1993 master plan and did not enact legislation transferring the west campus of St. Elizabeths from HHS to the District, and because the District no longer needs or intends to use the west campus to provide mental health services, HHS is preparing the property to be excessed to GSA under the normal process for excessing federal real property.

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<sup>3</sup>40 U.S.C. §§ 470 *et seq.* The implementing regulations for disposal of federal excess and surplus real property are found at 41 C.F.R. Part 101-47.

<sup>4</sup>Section 8 of Pub. L. No. 98-621 (1984), 24 U.S.C. §225f.

<sup>5</sup>Section 3(b) of Pub. L. No. 102-150 (1991), 24 U.S.C. § 225f.

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## The West Campus Is A National Historic Landmark

St. Elizabeths was designated a national historic landmark (NHL) in December 1990. This is the same designation given to the White House and the U.S. Capitol Building; and, according to an Advisory Council official, is granted to a very small percentage of historic properties.<sup>6</sup> Agencies that hold NHL properties are responsible for preserving their historic character; and the National Historic Preservation Act (NHPA) provides that the agency responsible for the property shall, to the maximum extent possible, undertake such planning and actions as may be necessary to minimize harm to such a landmark.<sup>7</sup> The NHL designation for the west campus recognized the exceptional national significance of the property and mandated the highest level of national preservation priority. The west campus comprises the oldest portion of the St. Elizabeths complex and consists of the buildings with the most historic importance. In addition to the buildings on the west campus, the NHL designation covers the landscaping and grounds, the vistas of the rivers and city, and a Civil War cemetery that is located on the property. Figure 2 shows the Center Building, which opened in 1855 and served as the main hospital building on the west campus; the Civil War cemetery, which houses the remains of about 300 Confederate and Union dead; and the vistas.

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<sup>6</sup>The Advisory Council is an independent federal agency that advises Congress and the President on matters related to historic preservation and provides a forum for influencing federal activities, programs, and policies as they affect historic resources.

<sup>7</sup>16 U.S.C. § 470h-2(f). Also, see 36 C.F.R. Part 65 relating to NHL properties.

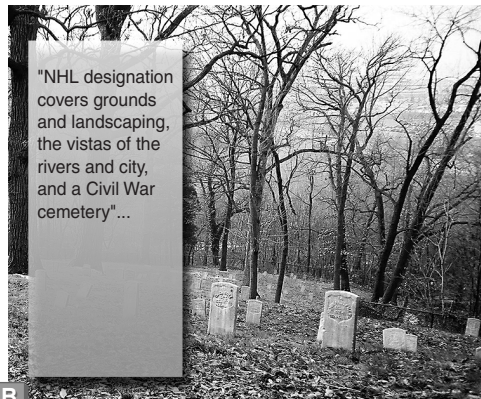
**Figure 2: The Center Building, Civil War Cemetery, and Vistas at St. Elizabeths**



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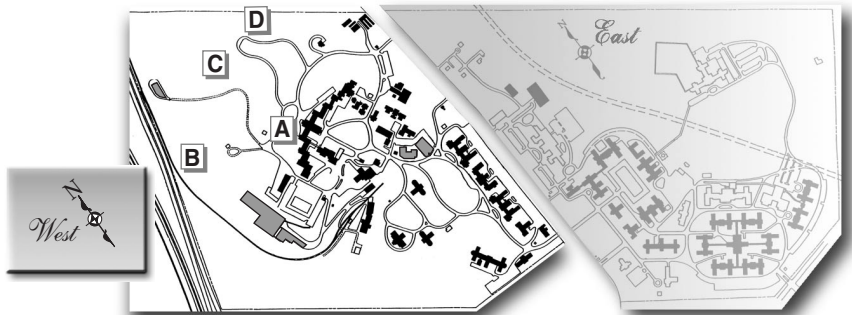


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B

"NHL designation covers grounds and landscaping, the vistas of the rivers and city, and a Civil War cemetery"...



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The west campus, with 61 buildings, is owned by the federal government with the exception of five buildings (shown in grey) that are owned by the District.

Photos shown and located on the map are:

- (A) Center Building
- (B) Civil War cemetery
- (C) View towards Virginia
- (D) View of Washington

Source: GAO and the District of Columbia.



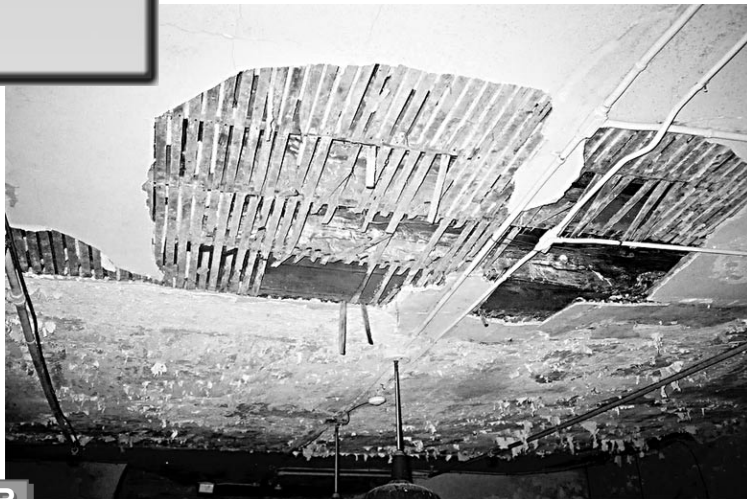
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Prior to the NHL designation, St. Elizabeths was listed on the National Register of Historic Places. In 1989, HHS, the District, and the Advisory Council entered into a Memorandum of Agreement (MOA) on St. Elizabeths. The MOA detailed specific measures for preserving the historic character of St. Elizabeths in accordance with the Department of the Interior's standards for maintaining historic properties. Despite the NHL designation and the MOA, officials from HHS, the District, and GSA said that lack of funding and the absence of a clear direction for the future of the west campus over the years have left it in a badly deteriorated condition. Figure 3 shows examples of the deterioration that has occurred on the west campus.

**Figure 3: Deteriorating Conditions at St. Elizabeths**



Deteriorating conditions and ceiling damage (A) and (B) exist in the Center Building (C) on the west campus at St. Elizabeths



Source: GAO.

## Cost Estimates For Beginning the Excess and Disposal Process

During fiscal year 2001 congressional budget deliberations, GSA and HHS jointly developed a cost estimate of \$8.5 million for stabilizing and mothballing the federal portion of the west campus and performing various studies to start preparing it to be excessed and eventually disposed of by GSA. Table 1 shows the cost estimates that were developed and identifies who would normally be responsible for funding each item under existing laws and implementing regulations.

**Table 1: Cost Estimates for Stabilizing and Mothballing the Federal Portion of the West Campus of St. Elizabeths and Performing Various Studies**

Purpose	Cost (\$millions)	Responsible agency
Stabilization and mothballing	5.3	HHS
Phase II environmental study <sup>a</sup>	0.1	HHS
Phase II archeological study <sup>a</sup>	0.1	HHS
National Environmental Policy Act (NEPA) compliance	2.0	GSA
Land use study <sup>b</sup>	1.0	GSA
<b>Total</b>	<b>8.5</b>	

<sup>a</sup>HHS informed us that it will be able to fund the Phase II environmental and archeological studies with funds available from its fiscal year 1994 appropriation.

<sup>b</sup>An HHS official told us that on January 17, 2001, OMB directed HHS to provide GSA with funds for the land use study under a reimbursable work authorization. According to a GSA official, in general, if the local jurisdiction does not fund a land use study, GSA would consider funding it, as needed, as part of the planning process to provide input into the environmental impact statement and to help create awareness of the property.

Source: GSA and HHS.

According to GSA officials, the \$5.3 million for stabilization and mothballing would have been used to prevent further deterioration of the buildings and prepare them for approximately 5 years of nonuse while the process of preparing the property to be excessed and disposed of takes place and a plan for reuse is developed. As the holding agency for the property, HHS is responsible for funding this item. The regulations implementing the Property Act require the holding agency to be responsible for the protection and maintenance of property pending its transfer to another federal agency or its disposal.<sup>8</sup> NHPA adds an additional requirement in that the heads of all federal agencies are responsible for the preservation of historic properties that are owned or controlled by the agency. Prior to the approval of any federal undertaking

<sup>8</sup>41 C.F.R. 101-47.402-1 and 101-47.402-2.

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that may affect any NHL, the head of the responsible federal agency shall, to the maximum extent possible, undertake planning and action to minimize harm to the landmark.<sup>9</sup> Mothballing and stabilization of the property are actions HHS intends to take that will prevent further deterioration and minimize harm to the historic St. Elizabeths property.

According to GSA and HHS officials, they developed this estimate by using a previous estimate HHS had developed for stabilizing and mothballing the west campus. The previous estimate was based on a detailed study of five west campus buildings that was prepared by a team of experts HHS contracted with in 1998. GSA and HHS applied the cost per square foot to stabilize and mothball these five buildings to the entire square footage of the west campus to come up with a total cost. A GSA official said they used the total square footage for the west campus, including the District-owned buildings, to add some flexibility to the estimate to compensate for inflation and additional deterioration that would have occurred since 1998. However, the official said that the \$5.3 million would have been used to mothball and stabilize only the federal portion of the west campus.

According to GSA officials, there were other attempts to develop a stabilization and mothballing estimate. In March 2000, GSA estimated the cost at about \$11 million. However, this estimate was not based on an analysis of actual conditions, and GSA and HHS decided to contract for an estimate in the summer of 2000. The contractor estimated a cost of \$2.6 million, but GSA and HHS officials were not satisfied with the estimate because of their knowledge of the conditions of the buildings and past experience. GSA and HHS then decided to rely on the \$5.3 million estimate that was derived from the 1998 HHS estimate discussed above because there was pressure to provide the estimate for the fiscal year 2001 budget deliberations. GSA officials acknowledged that the \$5.3 million estimate was not as refined as it could have been because of the time constraints but said they believed it was reasonable given the circumstances under which it was prepared. GSA officials recognized that a better estimate would be based on a more thorough assessment of the conditions in all the buildings. They also said that because the \$5.3 million

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<sup>9</sup>16 U.S.C. §§ 470h-2(f) and 470f. The NHPA regulations at 36 C.F.R. 800.16 define “undertaking” as a project, activity, or program funded in whole or in part under the direct or indirect jurisdiction of a federal agency, including those carried out by or on behalf of a federal agency; those carried out with federal financial assistance; those requiring a federal permit, license, or approval; and those subject to state or local regulation administered pursuant to a delegation or approval by a federal agency.

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was not funded for fiscal year 2001, the estimate might have to be adjusted to reflect additional deterioration that likely has occurred and inflation.

The Phase II environmental and archeological studies are required prior to disposal. During fiscal year 2000, GSA contracted for a Phase I environmental study of the west campus that was paid for with HHS funds. This involved analyzing records and visiting the site, but it did not include any test borings or soil analyses. The Phase I consultants concluded that a Phase II study would be needed to test various sites where sufficient evidence of hazardous wastes was found. The Phase II archeological study is a follow-up to prior work by consultants that concluded that there was sufficient evidence to warrant additional study because of the potential for finding archeological sites. If sites are found, GSA officials said they would be responsible for developing guidelines for mitigation measures, such as excavation by subsequent owners in identified areas as part of the disposal process. An Advisory Council official added that avoidance and preservation-in-place, where potential sites would remain untouched, could be another option. HHS, as the holding agency, is responsible for funding the Phase II environmental study on the basis of GSA's implementing regulations for the Property Act.<sup>10</sup> HHS is also responsible for funding the Phase II archeological study because of its responsibilities under NHPA.<sup>11</sup> According to HHS officials, because they have funds available for the Phase II environmental and archeological studies, this would not require a new appropriation. GSA officials said that the cost estimates for these studies are based on prior experience with similar properties.

GSA, as the disposal agency, is required to comply with NEPA.<sup>12</sup> According to GSA officials, due to the size, complexity, and historical importance of the site, this will probably mean an environmental impact statement at an estimated cost of \$2 million, based on past experience. Similarly, the estimate for the land use study of \$1 million is also based on GSA's experience with these kinds of properties. GSA said it would consider hiring consultants to prepare a land use study to identify reasonable land use options and plans to coordinate this work with the District. A GSA official said that, in general, GSA will consider funding the land use study

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<sup>10</sup> 41 C.F.R. 101-47.401-4.

<sup>11</sup> 16 U.S.C. §§ 470h-2 and 470f.

<sup>12</sup> 42 U.S.C. §§ 4321 *et seq.*

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when it is needed and is not funded by a local community. However, an HHS official told us that on January 17, 2001, OMB directed HHS to provide GSA with funds for the land use study under a reimbursable work authorization and that this action was completed soon thereafter. A District planning official whom we interviewed expressed concern that \$1 million may not be enough for a sophisticated, high-quality land use study.

It is important to note that these costs do not reflect all of the federal government's costs that will be needed to prepare the west campus for reuse. For example, according to a GSA official, if industrial contaminants are found, which is likely, there will be costs associated with remediation that will be the responsibility of the holding agency pursuant to the GSA implementing regulations for the Property Act.<sup>13</sup> An HHS official said that these additional costs would be unknown until the Phase II environmental study is completed in late 2001. Another item that GSA said may require funding is the preparation of historic preservation covenants to be added to the property title when it changes hands. These covenants are designed to ensure the historic preservation of the property. If needed, GSA estimates that drawing up these covenants could cost up to \$500,000 given the complexities of the issues at the site. This cost was not included in the \$8.5 million estimate. GSA officials also said that because the District is vacating the west campus, including the buildings it owns, it would likely have little reason to continue its maintenance and protection responsibilities for the entire west campus. GSA officials said that GSA, HHS, and the District are in the process of developing memoranda of understanding that will outline responsibilities for costs and actions during the excess and disposal process.

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## Much Work Needed To Facilitate a Reuse of the Property

Much work needs to be done to facilitate a reuse of the west campus. Because HHS officially notified GSA of its intention to declare the property excess, the Property Act, as amended, and related GSA regulations for disposing of excess real property govern this process.<sup>14</sup> On the basis of our interviews with HHS, GSA, and District officials, we identified a number of key actions that need to take place to facilitate a reuse of the site.

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<sup>13</sup> 41 C.F.R. 101-47.401-4.

<sup>14</sup> 41 C.F.R. Part 101-47.

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## Stabilizing and Mothballing the Buildings

As mentioned before, the vacant buildings on the west campus are in a badly deteriorated condition, and action is needed to prevent the situation from getting worse. The work is needed to preserve the buildings while the excess and disposal process takes place; and this work is the responsibility of HHS, the holding agency, under the Property Act and NHPA.<sup>15</sup>

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## Protection, Maintenance, and Interim Use

The District plans to vacate the west campus and likely will have little reason to continue providing protection and maintenance services. Therefore, protection and maintenance plans and funding will need to be reevaluated for the period during the excess and disposal process. Also, GSA officials said that a well-planned interim use policy could sometimes help generate reuse of the site, but poor conditions may not make interim use a feasible option.

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## Environmental Issues

The extent of environmental remediation needed at the site is not yet known. However, GSA officials said that it is likely that medical wastes will be found and asbestos, lead paint, and hazardous substance conditions will be analyzed for future action. HHS is responsible for the environmental assessment and any required remediation under the GSA implementing regulations for the Property Act.<sup>16</sup> In addition, GSA is required under NEPA to consider the impact of the federal government's actions to dispose of the site. GSA said that the District would have input to this part of the process.

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## Historic Preservation

Given the property's NHL designation, several historic preservation issues will need to be addressed as part of the excess and disposal process. At a minimum, HHS, GSA, the District, and the Advisory Council would be participants in a consultation process to address these issues. GSA officials told us that as the disposal agency, GSA would prepare historic preservation covenants, if needed, that will be part of the property title when it changes hands. They said that these covenants are designed to ensure the historic preservation of the property and will likely have an impact on how it is eventually used. According to an official with the

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<sup>15</sup> 16 U.S.C §§ 470h-2 and 470f.

<sup>16</sup> 41 C.F.R. 101-47.401-4.

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Advisory Council, the covenants and the scope of restriction placed on redevelopment could be made flexible and would be a subject of discussion during the consultation process.

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## Land Use Study

GSA will consider hiring a consulting team to identify reasonable land use options for the west campus and intends to work with the District so that the District's goals for the site are considered, the necessary zoning and other approvals for the proposed use can be obtained, and the issue of what to do with the five buildings the District owns can be addressed. The land use study, according to GSA officials, would include a building and infrastructure assessment, a market and economic viability analysis, an assessment of financing options, and recommendations for reusing the site.

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## Identifying User(s) for the Property

GSA officials said that once the land use study is close to completion and the environmental and historic preservation requirements are fully understood, a disposal strategy can be developed. To help identify user(s) for the site, GSA goes through several levels of screening that are set forth in the Property Act and related regulations as the land use study is being prepared. The first level of screening involves determining whether there are other federal uses for the site. If there are no federal uses, the next level of priority is for the site to be screened for use by the homeless under the Stewart B. McKinney Homeless Assistance Act, as amended.<sup>17</sup> If the site is not used for the homeless, federal agencies can work with nonprofit organizations that may want the site for public use, such as a park, museum, or educational facility. The next level of screening involves determining if state or local governments where the property is located want to acquire the site. Finally, if none of these screening processes produce a user, the site becomes available for public sale with full and open competition. GSA officials said that the west campus is a unique property, and the entire excess and disposal process will likely take several years to complete.

A District planning official whom we interviewed had concerns with allowing the federal portion of the west campus to be disposed of through the standard excess and disposal processes outlined by the Property Act and implementing regulations. This official said that the District does not

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<sup>17</sup>42 U.S.C § 11411.



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oppose HHS' efforts to excess the site. However, the District official was concerned that the District will not have enough input on key decisions regarding what will happen to the site under the normal disposal screening processes discussed above. The District official believes that another approach could be to either obtain a waiver from GSA or obtain special legislation that would exempt the site from the screening processes so that a joint commission could be established to determine the best use for it. The regulations that implement the Property Act make reference to such a waiver.<sup>18</sup> However, a GSA official informed us that the McKinney Act requirements related to consideration for use by the homeless cannot be waived.

The District official said that a possible approach could be a three-way partnership involving the federal government, the District, and possibly a private investor to develop the site as part of a public-private partnership. This official said that it is likely that the District would be willing to commit some funds to such a partnership because the site is critical to the redevelopment of that part of the District. This official said that the District's only concern is that the disposal is properly planned and that the site ultimately enjoys its highest and best use. This official added that although the District may not be interested in gaining possession of the site, it does have the greatest long-term interest in what happens to it. An HHS official said that the federal government will review the District's proposals while the excess process continues.

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## Conclusion

The west campus of St. Elizabeths is a unique property that according to HHS, GSA, and District officials, is in a badly deteriorated condition. Our evidence suggests that a significant amount of money and much work would be needed to prepare it for reuse. This work includes stabilizing and mothballing the buildings for the period of time when the excess and disposal process will take place, developing plans for protection and maintenance, addressing environmental and historic preservation issues, studying potential uses for the property, and identifying user(s). The historic significance of the property, as well as the economic implications of its reuse for the District, will be key factors to be considered in determining the future use of the property. Attaining a successful outcome that is agreeable to all the interested stakeholders and is in the best interest of the government will be a challenging and complex task.

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<sup>18</sup> 41 C.F.R. 101-47.203-5.

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## Agency Comments and Our Evaluation

In response to our request for comments on a draft of this report, HHS' Acting Inspector General, on behalf of the Department, informed us that HHS had no comments. Budget review staff from OMB, the Executive Officer of GSA's National Capital Region, a Historic Preservation Specialist with the Advisory Council, and the Director of NCPD's Office of Plans Review provided oral technical comments, which we incorporated where appropriate. The Director of the District's Office of Planning provided written comments that are reprinted as appendix I.

The Director of the Office of Planning generally agreed with the report's findings and said that planning for the west campus of St. Elizabeths is critical to the overall revitalization goals of the District in general and, in particular, the area of the city where St. Elizabeths is located. In commenting, the Director said that the District should be the lead entity for the planning of the site, working in close collaboration with GSA. According to the Director, this was due to the critical role community involvement will play in the ultimate reuse of the west campus, the importance of weaving west campus development into the myriad planning efforts being undertaken in that area, and the critical role St. Elizabeths can play in the District's overall economic development goals.

As discussed in the report, the Property Act, as amended, and related GSA regulations, govern the excess and disposal process, and GSA will have the responsibility for managing it. As also discussed in the report, a GSA official said that in general, if the local jurisdiction does not fund a land use study, GSA would consider funding it, as needed, as part of the planning process. Although GSA will be responsible for the land use study because it was provided with the funds for it, the Executive Officer of GSA's National Capital Region said that the District would have an integral role in the process. The Director of the Office of Planning also made other specific points to clarify the District's views on St. Elizabeths and we subsequently discussed some of the Director's comments with the Executive Officer of GSA's National Capital Region. Our comments on some of these additional points are contained in appendix I.

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We are sending copies of this report to the Chairmen and Ranking Members of several congressional committees with jurisdiction over HHS, GSA and the District; the Honorable Tommy G. Thompson, Secretary of HHS; the Honorable Mitchell E. Daniels, Jr., Director of OMB; the Honorable Anthony A. Williams, Mayor of the District of Columbia; Thurman M. Davis, Sr., Acting Administrator of GSA; Patricia E. Gallagher, Acting Executive Director, National Capital Planning Commission; and

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John M. Fowler, Executive Director of the Advisory Council on Historic Preservation. We will make copies available to others on request. Major contributors to this report were Susan Michal-Smith, David E. Sausville, Gerald Stankosky, and Wendy Wierzbicki. If you or your staff have any questions, please contact me on (202) 512-8387 or at ungarb@gao.gov.



Bernard L. Ungar  
Director, Physical Infrastructure Issues

# Appendix I: Comments From the District of Columbia

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF PLANNING



Office of the Director

March 23, 2001

Bernard L. Unger  
Director  
Physical Infrastructure  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Unger:

On behalf of Mayor Williams, I want to thank you for providing the District of Columbia government with the opportunity to comment on the General Accounting Office's report titled "St. Elizabeths Hospital Real Property Issues Related to the West Campus" ("Report"). The District generally agrees with the Report's findings. There are several points of clarification, however, that we would like to provide at this time.

This letter will outline several specific comments on the Report, and then provide general comments.

Cost to Prepare Property for Reuse

The Report repeatedly uses the figure of \$8.5 million as the cost estimate for stabilizing and mothballing the West Campus. It is important to emphasize that the stabilization and mothballing efforts on the West Campus are an early step in the ultimate reuse of the property, and that those efforts represent the bare minimum required to prevent any further deterioration of structures on the site. The Report notes that a 1993 plan for the West Campus places the costs for preparing the property for productive reuse at \$116 million to \$128 million. We believe that this is a very low estimate, given the acceleration of the West Campus' deterioration since that time, as well as increased inflation and construction costs over the past nine years. Only after completion of a thorough land use study will the actual costs of reuse be known.

It is the position of the District government that any reuse plan for the West Campus must provide for the public financing of a significant portion of site preparation costs. Further, the District is not now in a position to bear the costs of site preparation for a Federal property. It is highly unlikely that the District will be in a position to bear these costs in the future. Consequently, some type of financing mechanism must be identified as early as possible to ensure that reuse can take place in a reasonable period of time before this National Historic Landmark deteriorates even further.

See comment 1.

See comment 2.

See comment 3.

Interim Use

The Report notes that “GSA officials said that a well-planned interim use policy could sometimes help generate reuse of the site, but poor conditions may not make interim use a feasible option.” While we agree with this position in principle, we would emphasize that any interim use must be consistent with long-term uses. There is a tendency for “interim” uses to become permanent uses. Given the size of the West Campus, and the tremendous potential it has to help in the revitalization of the District of Columbia, we want to avoid a situation where numerous incompatible “interim” uses result in a patchwork of uses that are neither compatible with each other nor with a unified long-term redevelopment scheme.

Land Use Study

The Report notes that “GSA will consider hiring a consultant team to identify reasonable land use options for the west campus and intends to work with the District so that the District’s goals for the site are considered, the necessary zoning and other approvals for the proposed use can be obtained, and the issue of what to do with the five buildings the District owns can be addressed.”

See p. 17.

The District of Columbia has the greatest long-term interest in the ultimate reuse of the West Campus. The Federal government’s interest in the property is limited to making sure that Federal property disposal rules are followed. Once the mandates of those rules are fulfilled, Federal interest in the West Campus will cease. However, once the property is disposed of, it will remain under the jurisdiction of the District of Columbia in perpetuity. Consequently, we believe that the District should have a lead role in land use planning for the West Campus, and that the District’s goals for the property are not merely “considered” by GSA, but are given primacy.

Identifying User(s) for the Property

The Report outlines the steps GSA is required to undertake to screen the property for potential reuse. The District has two concerns related to this section of the Report.

See comment 3.

First, as noted above, the District’s position is that land use planning for the West Campus must encompass the entire property. Piecemeal interim uses have the potential of becoming piecemeal permanent uses, rendering largely meaningless a cohesive master plan for the entire campus. The normal Federal property disposition process can lead to just such fragmentation of the site.

See comment 4.

Second, GSA officials have not supplied to GAO information on the length of time that will elapse between the beginning and end of the federal property disposition process, other than indicating that it could take “several years.” The District believes that both the Congress and the District government should be provided with a higher degree of certainty on the length of time required for GSA to complete its property disposition process for the West Campus.

See p. 16.

The Report does identify waiver provisions in Federal property disposition regulations. We feel that these provisions require further study as a means of (1) expediting the Federal disposition of

the West Campus, (2) allowing the District to take the lead in land use planning for the site, and (3) assuring that the site is not fragmented in such a way that future long-term land use planning becomes moot. As further noted in the Report, it may be necessary to obtain Federal legislation to accomplish this.

General Comments

Planning for St. Elizabeths' West Campus is critical to the overall revitalization goals of the District in general and East of the River in particular. Mayor Williams' East of the River initiative will bring over \$800 million in investment to the area, including a District investment of over \$70 million to build a Unified Communications Center ("UCC") and bring a high-technology infrastructure to St. Elizabeths' East Campus that we anticipate will attract significant private-sector interest in the area. Due to the critical role that community involvement will play in the ultimate reuse of the West Campus, the importance of weaving West Campus development into the myriad planning efforts being undertaken by the District in the immediate vicinity of St. Elizabeths, and the critical role St. Elizabeths can play in the District's overall economic development goals as one of the largest underutilized parcels in the city, we believe that the District should be the lead entity for the planning of the site, working in close collaboration with GSA.

I want to note that it has been a pleasure working with your staff on this matter, and I want to thank you again for providing the District the opportunity to comment on this Report. If you have any further questions or need assistance please feel free to contact me on (202) 442-7600.

Sincerely,



Andrew Altman  
Director  
District of Columbia Office of Planning

See p. 17.

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The following are GAO's comments on the letter from the District of  
Columbia.

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## GAO Comments

1. We recognized in our report that the \$8.5 million estimate—which includes the mothballing and stabilization costs—represents what GSA and HHS believed would be needed to begin the excess and disposal process and that more funds will be needed to prepare the west campus for reuse. We did not do work to assess the 1993 estimate. However, once the land use study is completed, the stakeholders will be in a better position to assess the potential costs of different options.
2. Exploring potential financing mechanisms was outside the scope of our review. However, as stated in the report, the land use study, according to GSA officials, will assess financing options.
3. As pointed out in the report, GSA officials said that a well-planned interim use policy could sometimes help generate reuse of the site. However, they recognized that the poor conditions at the site may not make interim use a feasible option. If interim use does not take place, the District's concern about this type of use becoming permanent would not be an issue. Furthermore, the Executive Officer of GSA's National Capital Region told us that the land use study process would seek to identify a comprehensive solution for the site that would be agreeable to all stakeholders and that would prevent a fragmented, piecemeal approach.
4. The Executive Officer of GSA's National Capital Region told us that it was too early to determine with more specificity how long the excess and disposal process would take, but GSA intends to work with the District soon to develop a schedule for the process.

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