



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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PROCUREMENT, LOGISTICS,  
AND READINESS DIVISION

B-208246



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JULY 30, 1982

The Honorable Frank R. Wolf  
House of Representatives

Dear Mr. Wolf:

Subject: Transfer of Offices of the Government  
Printing Office from Virginia to Laurel,  
Maryland (GAO/PLRD-82-106)

Your April 14, 1982, letter asked us to investigate the proposed move of offices of the Government Printing Office (GPO) from Virginia to Laurel, Maryland. You expressed concern that the cost effectiveness of the move had not been investigated.

In evaluating the cost effectiveness of this move, we reviewed documents and other data used by GPO in arriving at its decision. We interviewed GPO officials and visited GPO's Virginia and Maryland warehouses to observe how they were being used and to inspect the condition of the buildings.

GPO distributes Government publications (1) free of charge under certain statutory authority and designated agency programs and (2) by sale to the general public. The free distribution is conducted by the Consigned Stock Distribution Division using two warehouses in Virginia. The sale of Government publications is conducted by the Document Sales Service using two warehouses in Laurel, Maryland.

DECISION TO CONSOLIDATE

In the fall of 1981, GPO inventoried the publications at the Virginia warehouses and found that there had been little or no recent demand for many of them. Since there was no requirement to retain the publications for future distribution, GPO disposed of a large portion of its Virginia stock. Similarly, in early 1981, the Document Sales Service reviewed the stock of publications on hand in the Maryland warehouses to see which publications were selling and which were not. As a result of this review, GPO significantly reduced its inventory of sales publications and disposed of the excess. As a result of these disposal actions, GPO found that (1) only about 30 percent of the space in the Virginia warehouses was needed and (2) the Maryland warehouses had sufficient vacant space to absorb the Virginia operation.

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The leases on the Virginia warehouses were up for renewal in February 1982 and GPO concluded that consolidating its distribution function at one location in Maryland would reduce costs. However, because the move could not be planned and accomplished by February 1982, GPO negotiated a 6-month extension of the Virginia leases to August 31, 1982. These leases cannot be extended beyond this date and, if GPO is to reduce costs through consolidation in Maryland, it must leave the Virginia warehouses by August 31.

In making the consolidation decision, GPO compared estimated moving and related costs at the Maryland location with the estimated costs of operating the Virginia warehouses in fiscal year 1983. GPO concluded that the move to Maryland would provide a net cost avoidance of over \$270,000 in fiscal year 1983. The net cost avoidance was computed by deducting moving and related costs from the costs of continuing to occupy the Virginia warehouses in fiscal year 1983.

<u>Maryland warehouses</u>		<u>Virginia warehouses</u>	
Estimated moving and related costs		Estimated operating costs	
Site preparation	\$115,000	Lease costs, warehouse #1	\$253,000
Buy and install air-conditioner	85,000	Lease costs, warehouse #2	249,000
Repair Virginia warehouses	72,000	Gas	67,000
Increase house-keeping contracts and utilities in fiscal year 1983	30,000	Electricity	38,000
Move pallets of publications	16,000	Water	2,000
Move office furniture, equipment, supplies, corrals, and machinery	12,000	Housekeeping contracts	<u>2,000</u>
Move conveyor belt	8,000	Total	<u>\$611,000</u>
Dismantle racks	<u>2,000</u>		
Total	<u>\$340,000</u>		

Cost and savings computations were based on existing contracts or leases, engineering estimates, prior cost experience in the case of utilities, and fiscal year 1983 budget requests. We found the documents supporting the decision to move were adequate and the cost estimates used by GPO in determining the cost effectiveness of the move to be reasonable. There are no personnel costs associated with the move. The move appears to have been adequately planned and is being carried out in an orderly manner.

On April 22, 1982, GPO requested authorization from the Joint Committee on Printing to proceed with the move. The letter stated:

"One-time costs associated with this move will be approximately \$340,000 for preparing the site which was previously used for bulk storage; transporting publications, furniture and equipment from Virginia to Maryland; and restoring the Virginia warehouses to the condition agreed upon in the leases.

"The existing lease for Laurel warehouses will not be increased, so the only change in operating costs will be moderate increases in utilities and house-keeping contracts.

"Decreases in annual operating expenses include approximately \$500,000 for the leases of Eisenhower I and Farrington and about \$100,000 for utilities at the two Virginia warehouses."

On June 14, 1982, in response to the GPO request, the Joint Committee on Printing authorized GPO to proceed with the procurements and plans necessary to complete the move.

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As arranged with your Office, we are sending copies of this report to the Chairman, Joint Committee on Printing, and to the Public Printer. We will also make copies available to other interested parties upon request.

Sincerely yours,



Donald J. Horan  
Director