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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON D C 20548

B-181844

RELEASED

DEC 2 1974

The Honorable Roy A Taylor  
House of Representatives

Dear Mr Taylor

This letter is in response to your July 16, 1974, request relating to the July 12, 1974, announcement by the Administrator of the Agricultural Stabilization and Conservation Service (ASCS), Department of Agriculture, that the Asheville, North Carolina, and Salt Lake City, Utah, aerial photography laboratories would be consolidated into one operation in Salt Lake City, effective July 1, 1975

Your request and requests from nine other Members of Congress asked that we review the practicality and economic feasibility of the Administrator's decision. You requested also that we consider the possibility that special construction may be needed in Salt Lake City to handle the combined laboratories. In addition, we were requested to provide information on

--the costs of moving to Salt Lake City and

--the effect of the consolidation on the service quality

We reviewed pertinent ASCS and Department studies and interviewed the Administrator and other ASCS officials responsible for the aerial photography activities, officials in the Office of the Secretary of Agriculture, and officials of the Forest Service, Soil Conservation Service (SCS), Office of Management and Finance, and Office of Operations. The review was made at the Department's headquarters in Washington, D.C., the Eastern Aerial Photography Laboratory in Asheville, and the Western Aerial Photography Laboratory, the Aerial Photography Field Office, and the ASCS State office in Salt Lake City.

In summary, some of the information ASCS used to justify consolidation was outdated and other information, which should have been developed and considered, was not available. Consequently, none of

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ASCS's studies, in our opinion, adequately demonstrate the practicality and economic feasibility of ASCS's decision to consolidate its aerial photography operations in Salt Lake City. Further, although consolidating two facilities, each having the same function, is theoretically considered economical, the available information was not enough to justify consolidating ASCS's aerial photography operations.

Department officials recognized the weaknesses in the information developed to support ASCS's proposed consolidation and, in mid-October, began a study aimed at correcting these weaknesses. On November 14, 1974, a Department official said the study results were being evaluated within the Department.

#### NATURE AND PURPOSE OF ASCS AERIAL PHOTOGRAPHY OPERATIONS

ASCS and its predecessor agencies have used aerial photography since the mid-1930s in the Department's farm-related programs. ASCS aerial photography operations include (1) procuring aerial photography service from independent contractors, (2) inspecting aerial photographs to ascertain if they will meet ASCS needs, (3) the engineering process of determining rectification (correction or adjustment) data for providing accurately scaled photographic enlargements, and (4) producing enlargements (photo maps).

The Asheville and Salt Lake City laboratories prepare the photo maps for ASCS use and for sale at cost to other Federal agencies, State and local governments, and the general public. ASCS county offices have used these maps for cropland measurement and other commodity-program-related purposes. Other Federal agencies, State and local governments, and real estate, land development, engineering, and other private firms buy the photo maps for use in conservation practices, urban development and planning studies, road location and boundary determinations, and drainage programs.

#### ORGANIZATION PAST, PRESENT, AND FUTURE

From the mid-1930s until 1962, a supervisory branch office and one laboratory in Washington, D C , and another laboratory in

Salt Lake City made up ASCS's aerial photography organization. In 1962 the Washington, D.C., laboratory moved to Asheville. In July 1972 ASCS moved the supervisory branch office from Washington, D.C., to Salt Lake City and renamed it the Aerial Photography Field Office. In June 1973 ASCS cut their number of regions from five to four. To serve complete regions from each laboratory under the revised structure, ASCS moved the work for three States from the Eastern Laboratory to the Western Laboratory. This will cause about a 15-percent increase in the Western Laboratory's workload and a corresponding decrease in the Eastern Laboratory's workload.

According to ASCS officials, the trend away from Government production controls, such as cropland set-aside programs and the general decline in farm subsidy program activity, have reduced ASCS's need for aerial photography to determine yields and compliance. They believed that the reduced need could be met with only one of the two ASCS aerial photography laboratories and economy could be achieved by consolidation.

Following the ASCS study in early 1974 on consolidation, the Administrator announced on July 12, 1974, that the two laboratories and the field office would be consolidated in Salt Lake City on July 1, 1975. At the time of the announcement, ASCS's aerial photography organization had a staff of 104, 50 employees in the Eastern Laboratory, 48 in the Western Laboratory, and 6 in the field office near the Western Laboratory.

#### ASCS AND DEPARTMENT STUDIES OF AERIAL PHOTOGRAPHY ACTIVITIES

During the past 3-1/2 years, ASCS had prepared three reports in which it considered the economic feasibility of consolidating its aerial photography operations and/or a site for the consolidated facility. The Department also prepared a report on departmental needs for aerial photography and cartographic activities.<sup>1</sup> The Department began further study of this matter in mid-October 1974.

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<sup>1</sup>The art or work of making maps or charts.

ASCS studies

The first ASCS study, an economic analysis dated April 30, 1971, showed that it was economically feasible to consolidate the ASCS aerial photography operations. Although the study report did not contain any recommendations for a location of the consolidated operation, it showed that startup costs involved in the consolidation would be about \$100,000 more in Salt Lake City than in Asheville and that annual savings from consolidation would be the same at either location. The report suggested that, because Forest Service, SCS, and other Federal departments and agencies did similar work, the Department's top management might consider the benefits of consolidating all of the Department's aerial photography operations.

The other two studies, one early in 1974 and the other in September 1974, were primarily concerned with the selection of a consolidation location.

The early 1974 study report pointed out that the April 1971 economic analysis had shown quite clearly that it was economically feasible to consolidate and indicated several changes which had occurred since April 1971. Some of these changes were

- Personnel had been reduced from 127 to 104
- The Aerial Photography Branch Office had been moved from Washington, D C , to Salt Lake City in July 1972
- Color and satellite photography had been incorporated into the operations of the Western Laboratory and included some very technical and specialized equipment
- ASCS's regional structure had been realigned resulting in a transfer of some workload from the Eastern Laboratory to the Western Laboratory
- Rents, established by the General Services Administration to begin in July 1974, would be \$1 416 per square foot cheaper in Salt Lake City, resulting in a \$90,000 annual savings for a consolidated facility

The study report concluded that the Asheville laboratory should be moved to Salt Lake City, and, on July 12, 1974, the Administrator, ASCS, announced the consolidation

On August 2, 1974, we told the Administrator that our preliminary review of the ASCS studies left us with considerable doubt that justification had been made for the announced consolidation. The Administrator said that ASCS would provide us with additional information. ASCS provided additional information in September 1974 when it completed its third study.

The third study report showed that consolidation would provide annual savings of \$179,454 in Asheville and \$156,954 in Salt Lake City but said that the slightly higher savings from consolidation in Asheville were more than offset by certain intangible advantages of a Salt Lake City location, such as better access to transportation facilities, the proximity of technical support and similar operations, and the ability to furnish service to other agencies. Because of these intangible advantages, the report recommended that the laboratories be consolidated in Salt Lake City.

#### Department study

The Department's Assistant Secretary for Administration, by letter dated July 11, 1974, to the Administrators of ASCS and SCS, the Chief of the Forest Service, and the Director, Office of Management and Finance, directed the aerial photography and cartographic activities within the Department be reviewed. The Assistant Secretary's letter was prompted by ASCS's proposal to consolidate its laboratories in Salt Lake City and a Forest Service proposal to establish a national geometronics<sup>1</sup> center in Ogden, Utah, to provide for a concentration of skills and equipment then dispersed among nine Forest Service regions. About a week earlier he had noted that much of the Forest Service geometronics work related to ASCS aerial

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<sup>1</sup>This term has been recently adopted by Forest Service to describe the process involved in preparing a broad range of maps and related products, including aerial photography

photography work and had proposed that, before any irrevocable commitments to these two locations, these activities be examined from a departmental standpoint to determine what facilities were needed and where they should be located

The departmental study team in its September 1974 report recommended that the Forest Service and ASCS proposals be approved. The study team said that SCS had already centralized its cartographic programs which are national in scope in Hyattsville, Maryland. The team recommended also that ASCS be given responsibility for (1) contracting, inspecting, and accepting all aerial photography acquisition of areas over 100 square miles, (2) furnishing aerial photographic reproductions (both color and black and white) to Forest Service, SCS, and others, and (3) providing storage facilities for all negatives after agency needs had been met.

The team said that transferring these responsibilities to ASCS would result in

- the centralization of all aerial photography of the Department at one location for dissemination to other agencies and to the public,
- the establishment of one set of standards for acceptability for all Department agencies, and
- more uniform letting of contracts, better coordination of activities, more cooperation with private contractors, and more uniform quality of products

The team said that there would be no significant savings in personnel or space requirements and only a minimal savings in equipment in the near future would result from such a transfer, but the potential savings in the long run, in terms of personnel and equipment, warranted transferring these responsibilities at once.

The team concluded also that the proposed Forest Service and ASCS facilities should not be colocated because, although there would be some savings in personnel costs, equipment, and space requirements, these savings were more than offset by the following factors.

- More savings would be achieved through consolidating all the Department's aerial photography acquisition and processing within ASCS. This is the only area the two agencies had in common and would appreciably reduce any further possibilities of cost savings by collocating.
- Forest Service had an opportunity in Ogden to move into a rent-free facility for fiscal year 1975 and at a reduced rental rate thereafter, resulting in annual savings of \$240,000
- A collocated facility in either Salt Lake City or Ogden would increase startup costs by \$155,000 or \$280,000, respectively
- The available space in Ogden would be inadequate to handle both ASCS and Forest Service operations, therefore, collocation would require new construction and require more time to carry out the Forest Service proposal.

The team concluded that the Forest Service proposal to establish a national geometronics center in Ogden was appropriate. The team concluded also that the ASCS consolidation should be approved but ASCS should review its location plans in the light of becoming the aerial photography acquisition and processing unit for the Department, the servicing agent for all satellite imagery, and, possibly, a departmental cartographic center.

#### GAO EVALUATION OF STUDIES

##### Practicality and economic feasibility

The three ASCS reports, in our opinion, did not adequately demonstrate the practicality and economic feasibility of ASCS's decision to consolidate its aerial photography operations or to locate them in Salt Lake City. The Department study was aimed at determining departmental needs rather than at determining the optimum location for ASCS's aerial photography facilities.

Some of the information ASCS used in justifying consolidation is outdated and some information which we believe should have been

developed and considered is not available. For example

- Some of the information demonstrating the economic feasibility of consolidation was developed in 1971 and needs to be updated
- Certain startup costs of consolidation, such as lease-termination costs and the costs of hiring and training replacement personnel were not considered
- Current information showing the interrelationship of workload requirements with manpower, space, and equipment requirements under a consolidated operation was not available.

In recommending Salt Lake City as the consolidation site ASCS's September 1974 report showed that, even though the savings to be derived from a consolidation were slightly higher in Asheville, the slight economic benefit would be more than offset by certain intangible advantages of a Salt Lake City location (See p 5 ) The relative importance of these intangible factors is difficult to measure in the absence of criteria, any conclusion reached as to their importance or the extent to which they offset the economic benefit must, of course, be subjective

#### Need for special construction

ASCS officials said that neither of the existing laboratories could adequately house a consolidated operation and that it would be necessary to construct or lease new laboratory space regardless of its location No firm space requirements or design specifications have been developed due principally to the uncertain volume of future ASCS requirements and of future sales to other organizations

#### Cost of moving to Salt Lake City

The September 1974 ASCS report estimated that it would cost \$233,079 to move to Salt Lake City, the cost to move to Asheville was estimated to be \$265,579. For the move to Salt Lake City, the report estimated that the cost, including labor, moving cameras,



equipment, furniture, supplies, records, and film would be \$70,579 and that it would cost \$162,500 to move personnel. This estimate was based on information obtained from a commercial moving company and assumed that 25 employees would choose to move from Asheville to Salt Lake City. As mentioned earlier, the study omitted some startup costs, such as lease-termination costs and the cost of hiring and training new personnel. ASCS officials assumed that such costs would be about the same whether the facilities were consolidated in Salt Lake City or Asheville.

#### Quality of service

ASCS officials said that, generally, the quality of service would not be affected by a consolidation either in Asheville, Salt Lake City, or any other area in the continental United States. Another ASCS official said that, once a consolidated facility was operational, service to users from a timeliness and convenience standpoint, would remain about the same regardless of location

The September 1974 ASCS report stated, if ASCS became the Department's aerial photography acquisition and processing unit as the departmental study team had recommended, it would be necessary for ASCS to consolidate in the west, since the Forest Service's workload was concentrated there and occasionally the Forest Service needed rapid delivery of photographic reproductions to meet catastrophic situations, such as fires and floods. The ASCS report said that, the facility should be located near the proposed Forest Service geomatronic unit in Ogden to enable immediate response to its needs.

#### Agency comments

Department officials agreed that there were weaknesses in the information provided to support the ASCS decision to close the Asheville facility. They said that an additional study would be done before a final decision was made and that the study team would be instructed to thoroughly consider all available options including

--maintaining the status quo,

--consolidating ASCS aerial photography operations, and

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--consolidating ASCS aerial photography operations and  
colocating them with related Forest Service activities and  
holding open the option of further possible consolidation  
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On November 14, 1974, a Department official said the study results  
were being evaluated within the Department.

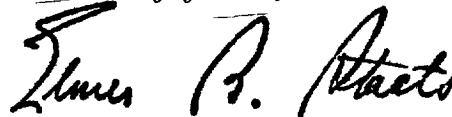
CONCLUSIONS

Some of the information ASCS used to justify consolidation was  
outdated and other information, which should have been developed and  
considered, was not available. Consequently, none of ASCS's studies,  
in our opinion, adequately demonstrate the practicality and economic  
feasibility of ASCS's decision to consolidate its aerial photography  
operations in Salt Lake City. Further, although consolidating two  
facilities, each having the same function is theoretically considered  
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Sincerely yours,



Comptroller General  
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The Honorable Frank E Moss, Chairman  
Committee on Aeronautical and Space Sciences  
United States Senate

Dear Mr Chairman

This letter is in response to your September 25, 1974,  
request relating to the July 12, 1974, announcement by the Adminis-  
trator of the Agricultural Stabilization and Conservation Service  
(ASCS), Department of Agriculture, that the Asheville, North  
Carolina, and Salt Lake City, Utah, aerial photography laboratories  
would be consolidated into one operation in Salt Lake City, effective  
July 1, 1975

Requests from 10 other Members of Congress asked that we  
review the practicality and economic feasibility of the Administrator's  
decision. In addition, we were requested to provide information on

- the possibility that special construction may be needed in  
Salt Lake City to handle the combined laboratories,
- the costs of moving to Salt Lake City, and
- the effect of the consolidation on the service quality

We reviewed pertinent ASCS and Department studies and inter-  
viewed the Administrator and other ASCS officials responsible for the  
aerial photography activities, officials in the Office of the Secretary  
of Agriculture, and officials of the Forest Service, Soil Conservation  
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In summary, some of the information ASCS used to justify con-  
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ASCS's studies, in our opinion, adequately demonstrate the practicality and economic feasibility of ASCS's decision to consolidate its aerial photography operations in Salt Lake City. Further, although consolidating two facilities, each having the same function, is theoretically considered economical, the available information was not enough to justify consolidating ASCS's aerial photography operations.

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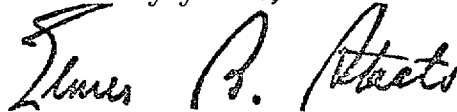
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Sincerely yours,



Comptroller General  
of the United States

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