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FEDERAL COURTHOUSE CONSTRUCTION

Estimated Costs to
House the L.A. District
Court Have Tripled
and There Is No
Consensus on How to
Proceed





Highlights of [GAO-08-889](#), a report to congressional requesters

Why GAO Did This Study

Since the early 1990s, the General Services Administration (GSA) and the federal judiciary (judiciary) have been carrying out a multibillion-dollar courthouse construction initiative. In downtown Los Angeles, California, one of the nation's busiest federal district courts (L.A. Court), the federal judiciary has split its district, magistrate, and bankruptcy judges between two buildings—the Spring Street Courthouse and the Edward R. Roybal Federal Building and Courthouse. In 2000 the judiciary requested and GSA proposed building a new courthouse in downtown Los Angeles in order to increase security, efficiency, and space. In response, Congress authorized and appropriated about \$400 million for the project. GAO was asked to provide information on the construction of the L.A. courthouse. This report answers: (1) What is the status of the construction of a new federal courthouse in Los Angeles? (2) What effects have any delays in the project had on its costs and court operations? (3) What options are available for the future of the project? GAO reviewed project planning and budget documents, visited the key sites in Los Angeles, and interviewed GSA and judiciary officials. In its comments, the judiciary indicated that the report reflects the project's general sequence of events and circumstances, and GSA partially agreed with the report's findings related to the delays.

To view the full product, including the scope and methodology, click on [GAO-08-889](#). For more information, contact Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

FEDERAL COURTHOUSE CONSTRUCTION

Estimated Costs to House the L.A. District Court Have Tripled and There Is No Consensus on How to Proceed

What GAO Found

GSA initially estimated in 2000 that the L.A. Court could take occupancy of a new courthouse in fiscal year 2006, but occupancy has been delayed by 8 years to fiscal year 2014 at the earliest. GSA has spent \$16.3 million designing a new courthouse and \$16.9 million acquiring and preparing a new site for it in downtown Los Angeles. Since no construction has occurred, about \$366.45 million remains appropriated for the construction of a 41-courtroom L.A. Courthouse. Project delays were caused by GSA's decision to design a larger courthouse than what was authorized by Congress, slow decision making by GSA and the judiciary to reduce scope and stay on budget, unforeseen cost escalations, and low contractor interest that caused GSA to cancel the entire 41-courtroom courthouse project.

Due to the delays, estimated costs for housing the L.A. Court have nearly tripled to over \$1.1 billion, rendering GSA's currently authorized 41-courtroom courthouse unachievable and causing the L.A. Court's problems to persist. Because current cost estimates exceed authorized and appropriated amounts, GSA will need to obtain congressional approval to move forward on any plan. Meanwhile, almost half of the courtrooms in the L.A. Court's Spring Street building do not meet the judiciary's standards for size or security, and the U.S. Marshals have chosen not to use the prisoner passageways that exist in the building because they are too dangerous and inefficient. The L.A. Court also estimates that current courtroom and support space shortages will continue to worsen over time.

GAO's analysis showed that four options exist for the L.A. Courthouse project, which require balancing needs for courtroom space, congressional approval, and additional estimated appropriations of up to \$733 million. First, GSA has proposed building a 36-courtroom, 45-chamber courthouse to house all district and senior judges and adding 4 more courtrooms in the Roybal building to house all magistrate and bankruptcy judges. The L.A. Court supports this option, but it is the most expensive of the remaining options. Second, GSA has proposed constructing a new 20-courtroom, 20-chamber building and adding 12 more courtrooms to the Roybal building. GSA could begin construction with existing funds, but the L.A. Court opposes this option. Third, GSA has proposed housing the L.A. court in the existing buildings by adding 13 courtrooms to the Roybal building and upgrading security at the Spring Street building. GSA could begin work on the project with existing funds but the L.A. Court also opposes this option. Finally, another option, given the lack of consensus and adequate funding, is to restart the planning process. Under this option, the remaining \$366.45 million appropriated for the courthouse could continue to be available for meeting the judiciary's needs in Los Angeles or be used for other purposes through a transfer or rescission. While GAO takes no position on this or the other three options, it is clear the current process is deadlocked.

Contents

Letter		1
	Results in Brief	3
	Background	5
	Construction of a New Federal L.A. Courthouse Has Experienced Repeated Delays Due to Changes in Project Scope, Unforeseen Construction Cost Escalation, and Procurement Issues	6
	Delays Contributed to L.A. Project Cost Estimates Nearly Tripling and Current Problems Persisting	9
	Options for the Future of the Project Require Balancing Court Needs with Additional Costs and Other Factors	11
	Agency Comments and Our Evaluation	15
Appendix I	Los Angeles Courthouse Construction Project Briefing	17
Appendix II	Comments from the Administrative Office of the U.S. Courts	53
	GAO Comments	58
Appendix III	Comments from the General Services Administration	59
Appendix IV	GAO Contact and Staff Acknowledgments	60
Tables		
	Table 1: GSA Proposals for a New L.A. Courthouse and Years of Delay from Original Schedule	7
	Table 2: Current and Projected Space Deficits in the L.A. Court	10
	Table 3: List of GSA Proposals for Housing the L.A. Court Since 2000	11
	Table 4: Three Options for Housing the L.A. Court Currently under Consideration	12

Abbreviations

GSA	General Services Administration
judiciary	federal judiciary
L.A. Court	Federal district court in Los Angeles, California
OMB	Office of Management and Budget
USMS	U.S. Marshals Service

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United States Government Accountability Office
Washington, DC 20548

September 12, 2008

The Honorable James L. Oberstar
Chairman
Committee on Transportation and Infrastructure
House of Representatives

The Honorable Eleanor Holmes Norton
Chair
Subcommittee on Economic Development,
Public Buildings, and Emergency Management
Committee on Transportation and Infrastructure
House of Representatives

The Honorable Jose E. Serrano
Chairman
Subcommittee on Financial Services and General Government
Committee on Appropriations
House of Representatives

Since the early 1990s, the General Services Administration (GSA) and the federal judiciary (judiciary) have been carrying out a multibillion-dollar courthouse construction initiative to address the judiciary's growing space needs. In downtown Los Angeles, California, at one of the nation's busiest federal district courts (L.A. Court),¹ the judiciary's operations are split between two buildings—the Spring Street Courthouse built in 1938 and the Edward R. Roybal Federal Building and Courthouse built in 1992. In 1996, the judiciary concluded that the split created operational inefficiencies, that it needed additional space in downtown Los Angeles, and that the Spring Street building had obsolete building systems and poor security, conditions which remain today. Consequently, the judiciary ranked Los Angeles as its first priority for courthouse construction in fiscal year 2000. GSA agreed in 2000 that the existing buildings did not meet the court's expansion and security requirements, and that many of the courtrooms in the Spring Street building did not meet court design standards.

¹California is divided into four judicial districts and the L.A. Courthouse is located in the Central District.

Accordingly, the judiciary requested and GSA proposed building a new courthouse in downtown Los Angeles.

In July 2000, Congress authorized GSA to begin designing a new courthouse in Los Angeles and has appropriated approximately \$400 million for the project, which matched GSA's estimate at that time for completing the project. In December 2004, we reported, and GSA acknowledged, that the government would likely incur additional construction and operational costs beyond the estimated \$400 million for the new courthouse.² You asked that we provide an update of the construction of a new courthouse in Los Angeles. To do that, we answered the following questions:

1. What is the status of the construction of a new federal courthouse in Los Angeles?
2. What effects have any delays in the project had on its costs and court operations?
3. What options are available for the future of the project?

To determine the status of the construction of a new federal courthouse and the effects of any delays on project costs and court operations, we reviewed key documents dating from 1996 to present, including a project time line, project options analysis, planning studies, proposals, and other budget data. We toured the current L.A. federal court sites, including the Spring Street Courthouse and the Roybal building to observe the operational and security conditions of the facilities. In addition, we toured the federal building on Los Angeles Street and the planned courthouse site. We also interviewed L.A. district and magistrate judges and other court officials, the Administrative Office of the U.S. Courts, GSA, and the U.S. Marshals Service (USMS) to obtain their perspectives on the L.A. courthouse project and determine the options available for the future of the project. We conducted our work in Los Angeles, California, and Washington, D.C., from January 2008 through September 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and

²GAO, *L.A. Federal Courthouse Project: Current Proposal Addresses Space Needs, but Some Security and Operational Concerns Would Remain*, [GAO-05-158](#) (Washington, D.C.: Dec. 20, 2004).

conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This report presents the information we provided to your staff during a May 19, 2008, briefing. The briefing slides are included in appendix I.

Results in Brief

GSA initially estimated in 2000 that the L.A. Court could take occupancy of a new courthouse in Los Angeles in fiscal year 2006, but projected occupancy has been delayed by 8 years to fiscal year 2014 at the earliest. GSA has spent \$16.3 million designing a new courthouse and \$16.9 million acquiring and preparing a new site for it in downtown Los Angeles. Since no construction has occurred, about \$366.45 million remains available for the construction of a courthouse in Los Angeles. The reasons for the project delays include GSA's decision to design a larger courthouse than what was authorized by Congress, slow decision making by GSA and the judiciary to reduce scope and stay on budget, unforeseen cost escalations, and low contractor interest in the project. In 2000, Congress authorized and later funded the design of a new courthouse in Los Angeles, based on a 41-courtroom, 1,016,300-square-foot GSA prospectus.³ GSA decided instead to design a 54-courtroom, 1,279,650-square-foot building to meet the judiciary's long-term needs. The 54-courtroom building proposal was subsequently rejected by the Office of Management and Budget (OMB), according to GSA, and not included in the President's budget in fiscal year 2005. GSA then had to return to designing a 41-courtroom building, which, combined with the unsuccessful effort to obtain approval for a 54-courtroom building, delayed the construction of the building by 2 years, according to a senior GSA official involved with the project. This 2-year delay necessitated additional scope and design changes, such as the removal of the building-high atrium from building plans, which GSA and judiciary were slow to make. Furthermore, unexpectedly high construction cost escalations in the L.A. area required additional scope reductions and related design delays. Lastly, GSA canceled the project due to low contractor interest in bidding on the project.

The delays have caused the estimated costs for housing the L.A. Court to nearly triple to over \$1.1 billion, rendering GSA's currently authorized 41-

³GSA officials said that the decision to propose a 41-courtroom courthouse was based on 80 percent of the federal judiciary's stated need at the time and that the judiciary could fit within that space by sharing courtrooms.

courtroom courthouse unachievable with currently available funding and causing the L.A. Court's operational and security problems to persist. Because current cost estimates exceed authorized and appropriated amounts, GSA will need to obtain congressional approval to move forward on any plan. Meanwhile, almost half of the courtrooms in the L.A. Court's Spring Street building do not meet the judiciary's standards for size or security, and USMS has chosen not to use the prisoner passageways that exist in the building because they are too dangerous and inefficient. The L.A. Court also estimates that current courtroom and support space shortages will continue to worsen over time.

Since 2000, GSA has developed eight different proposals for housing the L.A. Court, ranging from constructing a new 54-courtroom building to making do with the existing buildings, and the three options still being considered require balancing needs for courtroom space, congressional approval, and additional estimated appropriations of up to \$733 million. A fourth option is to restart the planning process between GSA the judiciary. The four options are as follows:

- GSA has proposed building a 36-courtroom, 45-chamber courthouse to house all district and senior judges and adding 4 more courtrooms in the Roybal building to house all magistrate and bankruptcy judges. This proposal is supported by the L.A. Court and would not require GSA to do significant construction work in an occupied building, but it is the most expensive of the three options, requiring additional estimated appropriations of \$733 million.
- GSA also has proposed constructing a new 20-courtroom, 20-chamber building and adding 12 more courtrooms to the Roybal building. If this proposal is approved, GSA could begin work immediately with the existing appropriations and the judiciary could eventually vacate the Spring Street building. However, the district judges from the L.A. Court unanimously oppose this option because they believe it would increase the distance over which district judges would be split based on the location of the proposed building. Based on GSA estimates, this option would require \$301.5 million in additional appropriations.
- GSA has proposed housing the L.A. court in the existing buildings by adding 13 courtrooms to the Roybal building, retaining 17 courtrooms and upgrading security at the Spring Street building, and moving some support functions into the federal building currently located between the Spring Street and Roybal buildings. If this proposal is approved, GSA could begin work on the project with existing funds and the project would maximize the use of the existing federal buildings in downtown Los Angeles.

However, the L.A. Court also opposes this proposal and it would require GSA to make substantial renovations to two buildings while they were in use as courthouses. This proposal also would take the longest to complete of the three proposals. Based on GSA estimates, this option would cost \$282.1 million in additional appropriations, but these estimates were based on the assumption that work would have started by now, which has not occurred.

- Since there is neither consensus nor adequate funding, another option is for GSA and the judiciary to restart the planning process and develop a new proposal to meet the long-term needs of the L.A. Court. This option would not solve any of the L.A. Court's immediate space, operational, or security challenges, but it would help avoid permanently implementing one of the plans the judiciary does not support. The remaining \$366.5 million appropriated for the project could remain in place for meeting the judiciary's needs in Los Angeles once a project is agreed upon, or it could be used for other purposes, such as addressing GSA's \$6.6 billion repair and maintenance backlog by receiving congressional approval to transfer or rescind funds.

We are not advocating any of these options. Our intent is to identify current options so that Congress and stakeholders can evaluate them. Nonetheless, it is clear the current process is deadlocked.

In its written comments on a draft of this report, the Administrative Office of the U.S. Courts indicated that the report reflects the general sequence of events and circumstances that have led to the current situation. In its written comments, GSA indicated that it partially agreed with the report's findings related to the delays in the L.A. Courthouse project. The letters are contained in appendixes II and III, respectively.

Background

The L.A. courthouse operations currently are split between two buildings—the Spring Street Courthouse built in 1938 and the Roybal Federal Building built in 1992. The Spring Street building currently consists of 32 courtrooms—11 of which do not meet the judiciary's minimum design standards for size.⁴ It also does not meet the security needs of the judiciary. The Roybal Federal Building, on the other hand, consists of 34 courtrooms (10 district, 6 magistrate, and 18 bankruptcy).

⁴The judiciary considers three of the courtrooms in the Spring Street building to be hearing rooms and not courtrooms.

The space within the L.A. Court's buildings, like most courthouses, are divided into courtroom space with associated jury and public spaces, chamber space where the judge and staff office space is located, cell blocks and other USMS spaces, and other support spaces, such as administrative offices.

Since 2000, the construction of a new L.A. courthouse has been a top priority for the judiciary because of the current buildings' space, security, and operational problems. Since fiscal year 2001, Congress has made three appropriations totaling about \$400 million for a new L.A. courthouse. In fiscal year 2001, Congress provided \$35.25 million to acquire a site for and design a 41-courtroom building, and in fiscal year 2004, Congress appropriated \$50 million for construction of the new L.A. Courthouse. In fiscal year 2005, Congress appropriated \$314.4 million for the construction of a new 41-courtroom building in Los Angeles, which Congress designated to remain available until expended for construction of the previously authorized L.A. Courthouse.

Construction of a New Federal L.A. Courthouse Has Experienced Repeated Delays Due to Changes in Project Scope, Unforeseen Construction Cost Escalation, and Procurement Issues

Since 2000 when GSA originally proposed building a new courthouse in downtown Los Angeles, the project has experienced repeated delays in its schedule. In 2000, GSA projected occupancy of a new L.A. courthouse by fiscal year 2006. However, after proposing several changes in project scope and design and repeated delays, GSA projected in 2008 the completion of a new courthouse by fiscal year 2014—a delay of 8 years as of now (see table 1). GSA has spent \$16.3 million designing a new courthouse and \$16.9 million acquiring and preparing a new site for it in downtown Los Angeles. Since no construction has occurred, about \$366.45 million remains in GSA's Federal Building Fund⁵ for the construction of a 41-courtroom L.A. Courthouse.

⁵The Federal Building Fund is a revolving fund used, among other things, for GSA's courthouse construction projects.

Table 1: GSA Proposals for a New L.A. Courthouse and Years of Delay from Original Schedule

Year of proposal	GSA's scheduled occupancy in new courthouse (fiscal year)	Years delayed from original schedule
2000	2006	—
2003	2009	3
2004	2010	4
2008	2014	8

Source: GAO analysis of GSA data.

The delays were initially caused by GSA's decision to design a courthouse much larger than what was authorized by Congress. In fiscal year 2001, Congress appropriated⁶ funds for project design for a 1,016,300-square-foot courthouse that corresponded with plans for a 41-courtroom courthouse. In November 2001, however, GSA designed a 1,279,650-square-foot courthouse that contained 54-courtrooms. GSA officials said that GSA increased the scope of the project to accommodate the judiciary's stated need. Judiciary officials stated that the decision was made jointly with GSA and that changes to GSA's planning criteria contributed to the increased scope. GSA officials disagreed and stated that GSA's planning criteria did not contribute to the increase in the scope of the project. A year and a half later, after it had conducted the environmental assessments and purchased the site for the new courthouse, GSA informed Congress that it had designed a 54-courtroom courthouse in a May 2003 proposal. However, OMB did not include the 54-courtroom building plan in the President's fiscal year 2005 budget, which caused GSA to revise its plans and reduce the number of courtrooms in the plans for the new L.A. courthouse to 41. According to GSA, the 54-courtroom courthouse plan was designed to be readily adaptable to a reduced scope, if a larger scope was not approved. Nonetheless, a senior GSA official estimated that the initial decision to design a 54-courtroom courthouse delayed the project 2 years due to redesign and re-procurement requirements.

⁶Before Congress makes an appropriation, GSA submits to the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works detailed project descriptions, called prospectuses, for authorization by these committees when the proposed construction, alteration, or acquisition of a building to be used as a public building exceeds a specified threshold. On July 26, 2000, the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works approved a prospectus for the L.A. Courthouse project. (See 40 USC S3307).

This delay caused the project as initially planned to go over budget due to inflationary cost escalations, and GSA needed to make further reductions to the courthouse in order to procure it within authorized and appropriated amounts. However, GSA and L.A. Court officials were slow to reduce scope, which caused additional delays and led to the need to make additional reductions. For example, GSA did not simplify the building-high atrium and associated curtain wall that were initially envisioned for the new courthouse until January 2006 even though the judiciary had expressed repeated concerns about the construction and maintenance costs of the atrium since 2002. In July 2005, GSA advised the judiciary that the project could not be constructed for the appropriated amounts because of material shortages and other market factors, and in January 2006, GSA completed a redesigned plan with a simplified atrium and curtain wall. In addition, it took 18 months for GSA to formally propose reducing the number of courtrooms in an attempt to reduce costs. In March 2006, GSA cancelled the procurement of the new courthouse due to insufficient competition when one of the two construction contractors bidding on the 41 courtroom project withdrew. Yet, it was not until the following year in May 2007 that the judiciary proposed reducing the number of courtrooms in a new building to 36, and another 4 months before GSA delivered a revised 36-courtroom proposal to Congress.

Additionally, an unforeseen, rapid increase in construction costs contributed to delays in the L.A. courthouse project. According to GSA officials, construction costs escalated in the L.A. market at more than twice the inflation factor used by GSA, necessitating scope reductions and redesigns and causing more delays. GSA officials stated that the escalations in construction costs, which went as high as 16 percent in 2006, were unprecedented and unpredictable. According to information provided by GSA, construction costs escalated nationwide and also affected the construction of a California State courthouse in Long Beach, California, which is near Los Angeles.

Other issues related to the procurement process for the new courthouse also contributed to the delays in the L.A. courthouse project by diminishing contractor interest in the project or diverting contractors to other projects. For example, GSA solicited bids for the construction of the neighboring San Diego and L.A. courthouses around the same time. According to GSA officials, in hindsight, this may have limited the number of potential bidders for the construction of the L.A. courthouse as contractors with limited regional capacity chose to bid on the smaller San Diego project instead of the L.A. project. Furthermore, the L.A. courthouse project was competing with other public works construction in the Los

Angeles area. GSA officials estimated that \$50 billion worth of public construction projects in the L.A. market, which includes increased spending to renovate local schools, further limited the number of potential bidders for the L.A. courthouse project. GSA officials also stated that they chose a procurement approach designed to provide contractors with flexibility in meeting budgeted construction costs, but this approach may in actuality have lowered contractor interest by making the contractor responsible for more of the risk of cost overruns.⁷

Delays Contributed to L.A. Project Cost Estimates Nearly Tripling and Current Problems Persisting

Over 8 years of delay in GSA's estimated occupancy of the new L.A. courthouse, estimates have nearly tripled, rendering GSA's currently authorized 41-courtroom courthouse unachievable. In May 2004, GSA estimated the 41-courtroom courthouse project would cost about \$400 million, but current estimates for building a new federal courthouse of similar scope now exceed \$1.1 billion. At this rate, each day of additional delay costs about \$54,000, assuming current escalation rates, according to GSA. Consequently, every 44 days of additional delay cost as much as one 2,400-square-foot district courtroom.⁸

GSA is currently at a standstill because current cost estimates for a 41-courtroom courthouse exceed authorized and appropriated amounts and the President's fiscal year 2009 budget request did not include any funds for the L.A. courthouse project. Consequently, GSA will need to obtain congressional approval to move forward on any plan. Specifically, all options currently under consideration would require approval of a new prospectus and an estimated appropriation of from \$282.1 million to \$733.6 million if cost estimates are still viable.

Because of the delays in the courthouse project, the operational, space, and security issues that made the new courthouse a top priority have persisted and in some cases worsened.

- The L.A. Court's operational problems continue. Housing district and magistrate judges in both the Spring Street and the Roybal buildings

⁷In commenting on a draft of this report, GSA indicated that this assessment was based on information acquired from the current southern California construction market and was specifically related to very large, long-term federal projects.

⁸This estimate does not include all of the support space associated with courtroom operations.

causes operational inefficiencies, according to judiciary officials. For example, judges, prisoners, juries, and evidence must be transported between buildings, and many judicial offices need to be duplicated. In addition, a high-level L.A. Court official said that the judiciary has stopped investing in the parts of the Spring Street Courthouse for which it is responsible because it expects the judiciary to move into a new building.

- The L.A. Court’s space needs persist. L.A. Court officials said that the court does not have chamber or courtroom space for four pending district judgeships and that it currently faces growing deficits in a number of support areas (see table 2).

Table 2: Current and Projected Space Deficits in the L.A. Court

Court office	Current deficit (in square feet)	Projected 2011 deficit (in square feet)
Court, chamber, and support space	133,838	197,613
Probation	3,292	6,426
District clerk’s office	6,165	25,696
Jury Assembly	9,635	9,650

Source: L.A. federal district court.

- Severe security problems at Spring Street remain. According to USMS officials, the Roybal building has strong security, but security at the Spring Street building is poor and cannot be improved due to the age and design of the building. The Spring Street building lacks a secure parking area and secure prisoner corridors for 20 of its 32 courtrooms. In addition, USMS officials said that they do not use the prisoner corridors that do exist because they are unsafe and do not have holding cells just outside the courtrooms in accordance with judiciary security standards. In addition, USMS officials said that the security situation is worsening in Los Angeles because logs showed a five-fold increase in suspicious activities⁹ in L.A. federal courthouses from 2004 to 2007.

⁹Suspicious activities are acts that may affect the security in and around the federal courthouses, including photographing a courthouse, surveillance in or around a courthouse, graffiti, loitering, disruptive behavior, abandoned property, and suspicious deliveries.

Options for the Future of the Project Require Balancing Court Needs with Additional Costs and Other Factors

Since 2000, GSA has developed eight different proposals for housing the L.A. court. Three of them are still under consideration (see table 3); proposals still under consideration are bolded in the table and identified as options in the rest of the report. Each of the options under consideration would require balancing court needs with costs, obtaining a new authorization and appropriation, and considering other benefits and challenges.

Table 3: List of GSA Proposals for Housing the L.A. Court Since 2000

	Description	Year GSA developed the proposal	Currently under consideration
1	Build a 24-courtroom companion building to the Roybal building	2000	No
2	Build a 41-courtroom building	2000	No
3	Build a 51-courtroom building	2000	No
4	Build a 54-courtroom building	2003	No
5	Build a 36-courtroom building	2007	Yes
6	Build a 17-courtroom building	2008	No
7	Build a 20-courtroom building	2008	Yes
8	Use existing buildings to house the L.A. Court	2008	Yes

Source: GAO analysis of GSA data.

Each of these remaining options expands the use of Roybal as a federal courthouse to varying degrees and only one option would continue to use the Spring Street building as a courthouse (see table 4).

Table 4: Three Options for Housing the L.A. Court Currently under Consideration

Description	Total courtrooms	Estimated completion date	Estimated new appropriations needed
Option 1: Construct a new 36-courtroom, 45-chamber building to house district judges; add 4 more courtrooms to Roybal to house the magistrate and bankruptcy judges; and the L.A. Court vacates the Spring Street building.	74	2014	\$733.6 million
Option 2: Construct a new 20-courtroom, 20-chamber courthouse to house about half of the district judges; add 12 more courtrooms to the Roybal building; and the L.A. Court vacates the Spring Street building.	66	2014	\$301.5 million
Option 3: Add 13 more courtrooms in the Roybal building, retain 17 courtrooms and upgrade security in the Spring Street building, and house the remaining court functions in the federal building on L.A. Street (located in between the Spring Street and the Roybal buildings).	64 (some below design standards for size)	2016	\$282.1 million

Source: GAO analysis of GSA data.

Each of these options would require congressional approval beyond what GSA has already received. In September 2007, GSA drafted the 36-courtroom building proposal, but the President did not include any funds for the project in his fiscal year 2009 budget request to Congress. Then, in March 2008, GSA developed the 20-courtroom building proposal, but it has not been authorized and no funds have been appropriated to for it.

Option 1: Build a 36-Courtroom, 45-Chamber Building and Add 4 Courtrooms to Roybal

GSA estimated that this proposed project would cost \$1.1 billion¹⁰—\$733.6 million more than Congress has already appropriated—and be completed by 2014 if construction starts in 2009. This project would provide the L.A. Court with 74 courtrooms in total, including 36 district courtrooms, 20 magistrate courtrooms, and 18 bankruptcy courtrooms, all of which would meet or exceed the judiciary’s current design standards for size and security. The main advantage of this project is that it would allow a division of operational and support activities between the new courthouse and the Roybal building according to the function and responsibilities of the judges, which court officials and judges said would be more efficient than the current split. All the district and senior judges would be housed in the new courthouse, while the magistrate and bankruptcy judges would be in the Roybal building. In addition, because this plan includes a large new

¹⁰This estimate does not include the site and design work that has already occurred on the project.

building, its implementation would not disrupt court operations by substantially renovating space the court simultaneously is using. The court favors this plan, in part, because it would fulfill its need for a larger building through courtroom sharing among senior judges who would occupy the extra chambers in the new building. The challenges of building a 36-courtroom courthouse are the high costs and the possibility that GSA would face the same problems attracting contractors as it did when it attempted to contract for the construction of a 41-courtroom building.

Option 2: Build a 20-Courtroom, 20-Chamber Building and Add 12 Courtrooms to Roybal

GSA estimated that this proposed project would cost \$701.1 million¹¹—\$301.5 million more than Congress has already appropriated—and be completed by 2014 if construction starts in 2009. This project would provide the L.A. Court with 66 courtrooms in total, including 36 district courtrooms, 20 magistrate courtrooms, and 10 bankruptcy courtrooms. With congressional approval, GSA could use existing funds to begin planning and constructing the new building. In addition, the planned 20-courtroom building may be expandable at some future time. This plan would also maximize the use of Roybal as a courthouse. The challenges of building the 20-courtroom courthouse are that district judges would continue to be split between two buildings and it is unclear what support operations would move to the new building. In addition, the success of this plan relies on GSA's obtaining an authorization and appropriation to add 12 courtrooms in Roybal. Without that appropriation, the L.A. Court would likely have to remain in the Spring Street building—meaning it would be split between three buildings, not just two, as is currently the case. Another challenge related to the 20-courtroom building plan is that GSA would need to build the new courtrooms in Roybal while the building is occupied by the L.A. Court. GSA officials said that this type of renovation is possible if the most disruptive work is done at night and on weekends. However, judiciary officials said that court officials often need to work at nights and on weekends. In addition, the L.A. district judges unanimously opposed it because it would split district judges over a further distance. The proposed location of the 20-courtroom building is about a third of a mile further from Roybal and the Spring Street Courthouse is. The L.A. Court also opposes this plan because it believes that GSA has underestimated the costs, overstated the end capacity, and would have trouble attracting bidders for the project.

¹¹This estimate does not include the site and design work that has already occurred on the project.

Option 3: Add 13 courtrooms to Roybal and Upgrade Spring Street Building Security

GSA estimated that this project would cost \$648.4 million—\$282.1 million more than Congress has already appropriated. In 2008, GSA estimated that it could complete the project by 2016, but to do so, it would have had to start work in January, which it did not do. For example, GSA’s time line for this project assumed that procurement of the design contract would be completed by April 2008; that work has not yet begun. This proposal would provide the L.A. Court with 64 courtrooms in total, which would be composed of 29 district courtrooms, 17 magistrate courtrooms, and 18 bankruptcy courtrooms. GSA’s proposal indicated that some of the courtrooms would not meet the judiciary’s design standards for size. The advantages of this plan are that it would maximize the use of GSA’s current stock of owned buildings in downtown Los Angeles, and that, with congressional approval, GSA could use existing funds to begin working on the project. Another advantage would be that GSA could sell the site it initially purchased for the new courthouse in order to help offset the costs of the project. The plan also would attempt to address the security concerns that currently exist in the Spring Street building. However, many of the same challenges for the 20-courtroom courthouse also exist for this plan, including the need to renovate occupied space and a lack of clarity about where different support operations would be located. In addition, the court’s operations would be split further among the Spring Street building, the Roybal building, and the federal building located between those two buildings. Also, the estimate only covers security upgrades for the Spring Street building, not a complete renovation. This project also has the longest time until completion of the three projects, putting it at greater risk for additional cost escalations. Finally, the L.A. Court considers this the worst of the three options.

Option 4: Restart Planning Process and Possibly Use Remaining Funds for Other Purposes

Because there is neither consensus nor adequate funding to complete any of the plans currently under consideration, another option is for GSA and the judiciary to restart the planning process and develop a new proposal to meet the long-term needs of the L.A. Court that all stakeholders can support. Since GSA has developed numerous proposals on housing the L.A. Court, it is difficult to know which one it believes is the best solution, and the district judges assigned to the L.A. Court unanimously opposed GSA’s most recent proposal to build a 20-courtroom building. Restarting the planning process would help avoid implementing one of the plans that the judiciary does not support. The remaining \$366.5 million appropriated for the project could remain in place for meeting the judiciary’s needs in

Los Angeles once a project is agreed upon, or the funds could be used for other purposes, such as addressing GSA's \$6.6 billion repair and maintenance backlog by receiving congressional approval to transfer¹² or rescind the funds.¹³ This option would not address any of the L.A. Court's long-standing space deficits, operational problems with a split court, or security and other problems related to the Spring Street building, and some of the problems would likely worsen until a long-term solution could be found.

We are not advocating this or any of the other three options. Our intent is to identify current options so that Congress and stakeholders can evaluate them. Nonetheless, it is clear the current process is deadlocked.

Agency Comments and Our Evaluation

We provided the Administrative Office of the U.S. Courts and GSA with draft copies of this report for their review and comment. In written comments, the Administrative Office of the U.S. Courts indicated that the report reflects the general sequence of events and circumstances that have led to the current situation. The letter also provided technical comments that we incorporated, as appropriate. The letter and our comments are contained in appendix II.

In written comments, GSA indicated that it partially agreed with the report's findings related to the delays in the L.A. Courthouse project and provided additional technical comments that we incorporated, as appropriate. In the technical comments, GSA indicated that the judiciary has been reluctant to consider any reduction in the scope of the project as requested by GSA. Our report indicates that GSA and the judiciary were slow to reduce scope to stay on budget. GSA's written comments are contained in appendix III.

¹²According to GSA's appropriation acts, funds in the Federal Buildings Fund may be transferred between activities to the extent necessary to meet program requirements if the proposed transfers are approved in advance per the committees on appropriations.

¹³The appropriation was designated to remain available for the new L.A. courthouse project until expended for construction.

We are sending copies of this report to the GSA Administrator and the Director of the Administrative Office of the U.S. Courts. We also will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-2834 or goldsteinm@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff that made key contributions to this report are listed in appendix IV.

A handwritten signature in black ink, appearing to read 'M. Goldstein', with a long horizontal flourish extending to the right.

Mark L. Goldstein
Director, Physical Infrastructure Issues

Appendix I: Los Angeles Courthouse Construction Project Briefing



Los Angeles Courthouse Construction Project Briefing

A Briefing for Congressional Requesters

May 19, 2008



The L.A. courthouse has been top-priority project for more than a decade

- The federal judiciary (judiciary) ranked the L.A. courthouse as its first priority for courthouse construction in fiscal year 2000.
 - In its 2000 proposal to design a new courthouse in Los Angeles, GSA noted that the current buildings could not meet the L.A. Court’s expansion requirements and some courtrooms did not meet court standards.
 - A 1996 judiciary facility plan concluded that one of the federal courthouses in Los Angeles had poor security and obsolete building systems—problems that remain.
-



Key Questions

1. What is the status of the construction of a new federal courthouse in Los Angeles?
 2. What effects have any delays in the project had on project costs and court operations?
 3. What are the options for the future of the project?
-



Scope and Methodology

- Reviewed key documents dating from 1996 to present, including project time line, project options analysis, planning studies, proposals, and other budget data.
 - Toured L.A. federal court sites, including the Spring Street Courthouse, the Edward R. Roybal Federal Building and Courthouse, the federal building on Los Angeles Street, and the planned courthouse site.
 - Interviewed L.A. district and magistrate judges and other court officials, the Administrative Office of the Federal Courts, the General Services Administration (GSA), and the U.S. Marshals Service (USMS).
-



Scope and Methodology (continued)

- We conducted our work in Los Angeles, California, and Washington, D.C., from January 2008 to May 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Results in brief

- The L.A. courthouse project has been delayed by an increase in scope, slow decision making, and unforeseen cost escalation. Despite congressional authorization for a 41-courtroom building, GSA designed a 54-courtroom building based on the federal judiciary's updated long-range request.
 - The delays have caused project costs to nearly triple to over \$1 billion, exacerbated the L.A. Court's operational and security problems, and forced GSA to stop procurement for a project on which it has already spent \$33.2 million.
 - All options currently being considered require balancing court needs, additional funding, and congressional approval.
-



Background: U.S. district courthouses in Los Angeles — 300 North Spring Street



Source: GAO.

Opened in 1938

Currently 32 courtrooms (11 do not meet minimum design standards for size—the federal judiciary considers 3 of them as *hearing rooms*, not courtrooms)

Current major tenants:

U.S. District Court, U.S. Attorneys, USMS, GSA



Background: U.S. district courthouses in Los Angeles — Roybal Federal Building

Opened in 1992

Currently 34 courtrooms

Current major tenants:

U.S. District and Bankruptcy Courts,
Satellite Library, USMS, Drug
Enforcement Administration, U.S.
Equal Employment Opportunity
Commission



Source: GAO.



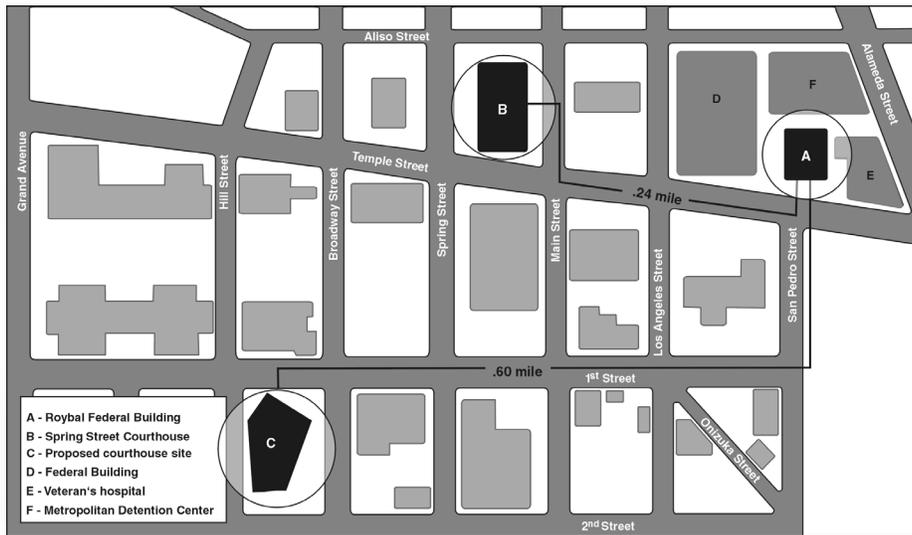
Background: Congress has appropriated \$400 million for the new L.A. courthouse



Source: GSA (reprinted with permission).

- **FY 2001:** \$35.25 million for site acquisition and design of a 41-courtroom courthouse
- **FY 2004:** \$50 million for construction
- **FY 2005:** \$314.4 million for construction of 41-courtroom courthouse

Background: Location of current and planned court buildings



Source: GAO analysis of GSA and Los Angeles Court maps.



Background: GSA has spent \$33.2 million on the new L.A. courthouse

\$399.65 million appropriated

— \$33.20 million spent

\$16.3 million to develop building designs

\$2.5 million to purchase site

\$14.4 million to demolish building on new site

\$366.45 million remaining



Objective 1

Status of the L.A. courthouse project



Status: L.A. Courthouse construction project has experienced repeated delays

Year of proposal	GSA's scheduled occupancy in new courthouse (fiscal year)	Years delayed from original schedule
2000	2006	--
2003	2009	3
2004	2010	4
2008	2014	8

Source: GAO analysis of GSA data.

13



Status: GSA designed a larger building than Congress approved

- In fiscal year 2001, Congress appropriated \$35 million for design of a 41-courtroom building based on an approved proposal for a consolidated courthouse.
 - Despite authorization for a 41-courtroom building, GSA designed a 54-courtroom building in November 2001.
 - **GSA officials said** they increased the scope of the project in response to the judiciary's stated need.
 - **Judiciary officials said** that the decision to change the scope was made jointly by GSA and the judiciary and that changes to GSA's planning criteria contributed to the greater need. GSA officials disagreed and said that GSA's planning criteria did not contribute to the increase in scope.
-



Status: Design of a building larger than what was approved delayed the project 2 years

- During design, GSA conducted the environmental assessment and purchased the site for the new courthouse.
 - On May 2, 2003, GSA prepared a draft proposal for the congressional authorizing committees to increase the project to 54 courtrooms.
 - Office of Management and Budget (OMB) did not include the 54-courtroom building plan in President's fiscal year 2005 budget, causing GSA to reduce design to 41 courtrooms.
 - A senior GSA official estimated that the initial decision to design a 54-courtroom courthouse delayed the project 2 years due to redesign and reprocurement requirements.
-



Status: GSA and L.A. Court were slow to reduce scope

- **Atrium change**
 - Initial building design included a large, building-high atrium and associated glass curtain wall.
 - The judiciary expressed repeated concerns about the atrium.
 - In July 2005, GSA advised the judiciary that the project could not be constructed for appropriated amounts because of material shortages and other market factors.
 - Redesign with simplified atrium and curtain was completed in January 2006.
-



Status: GSA and L.A. Court were slow to reduce scope (continued)

- **Reduction in the numbers of courtrooms**
 - In March 2006, GSA canceled the procurement when one of the two construction contractors bidding on the 41-courtroom project withdrew.
 - In May 2007, the judiciary proposed reducing the number of courtrooms in the proposed building to 36.
 - In September 2007, GSA submitted a revised proposal to OMB to reduce costs by removing one floor in the planned courthouse, thereby reducing the number of courtrooms by 5 (to 36 courtrooms).



Status: Rapid cost escalation exacerbated delays

- According to GSA, construction cost escalation in the L.A. market was more than double the inflation factor used for budgeting purposes – necessitating scope reductions and redesigns that caused more delays.
 - GSA stated that the escalation in construction costs, which went as high as 16 percent in 2006, was unprecedented and unpredictable.
 - Information provided by GSA indicates that the cost escalation was nationwide and also affected a state courthouse construction project in the L.A. area.
-



Status: Other factors reduced contractor interest

- GSA bid the construction of the San Diego and L.A. courthouses around the same time. In hindsight, according to GSA, this may have limited the number of bidders.
 - GSA chose a procurement approach designed to provide contractors with flexibility in meeting budgeted construction costs, but the approach may have lowered contractor interest by placing more of the risk for cost overruns on the contractor.
 - GSA estimated that \$50 billion worth of public construction projects in the L.A. market, such as increased spending on local schools, further limited the number of bidders for the L.A. courthouse project.
-



Objective 2

**Effects of any delays on project costs and
court operations**



Effects of delays: Project costs have nearly tripled

- In May 2004, GSA estimated that the construction project would cost about \$400 million. Current estimates are over \$1.1 billion.
 - GSA estimates it may be able to build a much smaller courthouse with the remaining \$366.45 million in appropriated funds.
 - Based on current escalation rates, each day of delay costs \$54,000, according to GSA. Every 44 days of additional delay incur costs equal to the cost of one district courtroom.
-



Effects of delays: GSA cannot currently move forward on any plan

- Cost estimates for a 41-courtroom building now greatly exceed authorized and appropriated amounts.
 - All options now under consideration would require approval of a new prospectus and the authorization and an estimated appropriation of from \$282.1 million to \$733.6 million.
 - The President's fiscal year 2009 budget request did not include any funds for the L.A. courthouse project.
-



Effects of delays: Operational problems continue

- Housing district and magistrate judges in both Spring Street and Roybal buildings causes operational inefficiencies.
 - Judges, prisoners, juries, and evidence must be transported between buildings.
 - As a result, many offices and activities need to be duplicated.
 - A high-level L.A. Court official said that the judiciary has stopped investing in the parts of the Spring Street Courthouse for which it is responsible because it expects the judiciary to move into a new building.
-



Effects of delays: Court space needs are not addressed

- The L.A. Court indicated that it does not have chamber or courtroom space for four pending district judgeships.
- The L.A. Court indicated that it also lacks sufficient support space.

Court office	Current deficit	Projected 2011 deficit
Court, chamber, and support space	133,838 sq. ft.	197,613 sq. ft.
Probation	3,292 sq. ft.	8,144 sq. ft.
District clerk	6,165 sq. ft.	25,696 sq. ft.
Jury assembly	9,635 sq. ft.	9,650 sq. ft.

Source: L.A. Court.



Effects of delays: Severe security problems at Spring Street remain

- Secure prisoner corridors do not exist for 20 of Spring Street's 32 courtrooms. In addition, USMS officials said that they do not use the existing corridors because they are unsafe and do not have holding cells outside the courtrooms.
- USMS officials believe that security at the Spring Street Courthouse is poor and cannot be improved due to the age and design of the building, but that Roybal has strong security.



Effects of delays: Severe security problems at Spring Street are worsening

- USMS officials said that the situation is worsening.
 - USMS is no longer making security upgrades at Spring Street because of its uncertain future.
 - Marshals' security logs showed a five-fold increase in suspicious activities in L.A. federal courthouses from 2004 to 2007.

26

Note: In commenting on this report, a USMS official said that USMS has started reinvesting in the Spring Street Courthouse.



Objective 3

Current options for the future of the project



Options: GSA has developed 8 different proposals for housing the L.A. Court

1. 24-courtroom companion building (2000)
 2. 41-courtroom building (2000)
 3. 51-courtroom building (2000)
 4. 54-courtroom building (2003)
 5. **36-courtroom building (2007)**
 6. 17-courtroom building (2008)
 7. **20-courtroom building (2008)**
 8. **Use existing buildings (2008)**
-

Only the three bolded proposals are still under consideration.



Options: GSA and the judiciary are considering three options for Los Angeles

1. Build a 36-courtroom building to house district judges; add 4 more courtrooms to Roybal to house the magistrate and bankruptcy judges; vacate Spring Street.
2. Build a 20-courtroom building¹ to house about half of the district judges; add 12 more courtrooms to Roybal; vacate Spring Street.
3. Use existing buildings; add 13 more courtrooms in Roybal; keep 17 courtrooms and upgrade security in Spring Street; house remaining functions in federal building on L.A. Street.

¹ GSA has chosen to pursue the 20-courtroom building over the 17-courtroom building.



Options: There is no consensus among stakeholders on how to proceed

- All options require congressional approval.
 - In September 2007, GSA drafted a proposal to build a 36-courtroom building, but the President did not include any funds for the project in his fiscal year 2009 budget request.
 - In March 2008, GSA proposed building a 20-courtroom building and expanding Court use of Roybal, but the district judges unanimously opposed this proposal because it could further split court operations.
-



Options: Options for housing L.A. Court currently under consideration

Option	Total courtrooms	Estimated completion date	Estimated new appropriations needed
Build 36-courtroom building, add 4 courtrooms in Roybal	74	2014	\$733.6 million
Build 20-courtroom building, add 12 courtrooms in Roybal	66	2014	\$301.5 million
Add 13 courtrooms in Roybal, upgrade security at Spring Street	64 (some below design standards for size)	2016	\$282.1 million

Source: GAO analysis of GSA data.



Option 1: Build a new 36-courtroom building and continue using Roybal

- **GSA estimate:** \$1.1 billion (\$733.6 million more needed)—estimate includes \$161 million to renovate and add 4 courtrooms in Roybal.
 - **Courtrooms:** 74 (36 district, 20 magistrate, and 18 bankruptcy)
 - **Estimated delivery date:** 2014 if construction starts in 2009
 - **Advantages:** Would consolidate each different type of judge (district, magistrate, and bankruptcy) in one of two locations; new construction would not require renovation of occupied space; would fulfill court's need for 41-courtroom building through courtroom sharing by senior judges; favored by Court
 - **Challenges:** High cost; possible difficulty attracting contractors
-



Option 2: Build 20-courtroom building and add 12 courtrooms in Roybal

- **GSA estimate:** \$701.1 million (\$301.5 million more needed)
 - **Courtrooms:** 66 (36 district, 20 magistrate, 10 bankruptcy)
 - **Estimated delivery date:** 2014 if construction starts in 2009
 - **Advantages:** Existing funds available for constructing new building; design could incorporate future expansion; would maximize use of Roybal as courthouse; Court would leave Spring Street
 - **Challenges:** District court split over a greater distance; unclear what support operations would move to new building; additional appropriation of \$320 million needed for Roybal; would require renovating Roybal while occupied by Court; Court opposes this plan and believes cost estimates are low, GSA would have difficulty attracting bidders, and capacity is overstated
-



Option 3: Add 13 courtrooms in Roybal and upgrade Spring Street security

- **GSA estimate:** \$648.4 million (\$282.1 million more needed)
 - **Courtrooms:** 64 (29 district, 17 magistrate, 18 bankruptcy)
 - **Estimated delivery date:** 2016 (based on several work items starting by now that are not yet underway)
 - **Advantages:** Could start work using existing funds; the site purchased for the planned courthouse could be sold to offset costs; would maximize use of current stock; would address some safety concerns in Spring Street Courthouse
 - **Challenges:** All of the challenges associated with option 2; would further split Court with some operations in Federal Building; would require that the L.A. Court occupy spaces below its design standards; estimate includes security but not a full renovation of Spring Street; longest lead time increases risk associated with cost escalation; Court considers this the worst option
-



Additional Option: Restart planning and possibly reapply remaining funds

- Another option is for GSA and the judiciary to restart the planning process and develop a new proposal for housing the L.A. Court that all stakeholders can support. The \$366.5 million appropriated for the courthouse could remain available for meeting the judiciary's needs in Los Angeles or be used for other purposes through a transfer or rescission.
 - **Advantages:** Would avoid permanently implementing one of the plans that the judiciary opposes and could allow the appropriated funds to be used for other purposes, lessening the financial pressure to do something right now
 - **Challenges:** Space deficits and problems with a split court and Spring Street would remain
-



Concluding observations

- Delays from exceeding the congressional authorization and slow decision making, paired with unexpectedly high cost escalation rates, rendered the currently authorized prospectus for a new 41-courtroom building unachievable with currently appropriated funds.
 - Stakeholders do not agree on how to proceed.
 - GSA has developed numerous proposals on the L.A. courthouse and currently supports the 20-courtroom courthouse. The federal judges in Los Angeles unanimously opposed GSA's most recent proposal to build a 20-courtroom building.
-

Appendix II: Comments from the Administrative Office of the U.S. Courts

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



ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

JAMES C. DUFF
Director

WASHINGTON, D.C. 20544

August 25, 2008

Mr. Mark Goldstein
Director, Physical Infrastructure
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Goldstein:

Thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft report entitled *L.A. FEDERAL COURTHOUSE PROJECT: Estimated Costs Have Tripled Due to Delays and There Is No Consensus on How to Proceed* (GAO-08-889). We appreciate GAO's efforts to bring some clarity to a very complex series of events. Overall, the draft report reflects the general sequence of events and circumstances that have led to the current situation. This letter includes suggested clarifications to provide an even more accurate report to the requesting Congressional Committees.

The Judiciary has been informed for several years by the General Services Administration (GSA) that increasing escalation costs would affect the construction of a courthouse of the size originally authorized by Congress. Although the Judiciary is not responsible for designing courthouses, it exercised due diligence from the onset of the budget problems by working collaboratively with the GSA on cost saving measures as well as suggesting that GSA modify the project design to provide enhanced flexibility and courtroom sharing opportunities. Option 1 is the result of the Judiciary using its own funding to develop a cost-saving, simplified floor plan for a 36-courtroom, 45-chambers building, which GSA subsequently endorsed. This solution includes utilization of the Edward R. Roybal Federal Building and Courthouse (Roybal building) to the maximum extent practical and is the most cost-effective solution for the long-term housing needs of the district court in downtown Los Angeles.

A TRADITION OF SERVICE TO THE FEDERAL JUDICIARY

Mr. Mark Goldstein
Page 2

History and Planning Criteria

- When the project was first initiated in 1997, GSA requested that the court project its space requirements for 10 years from design. The Judiciary provided the court's 10-year needs (through 2007) for 51 courtrooms and 54 chambers for district, senior, and magistrate judges. When GSA prepared to seek authorization for additional design and construction in 2001, it recognized that the delays that had been experienced would likely result in a building that would be fully occupied and possibly outgrown by the time it was constructed and occupied. As a result, GSA requested that the court update its space requirements to 2011 and subsequently, GSA submitted a construction prospectus for 54 courtrooms and 60 chambers.
- The rationale for GSA moving forward with a 41-courtroom, 40-chambers project was never made clear to the Judiciary. It would be helpful if the report explained more clearly why GSA requested a 41-courtroom facility and why the original scope was changed in GSA's 2001 design.

See comment 1.

List of GSA Proposals for Housing the Los Angeles Court

- On page 13, the draft report states that proposals 5, 7 and 8 are under consideration. The Judiciary is only considering proposal 5 (also referred to as Option 1) but would also consider proposal 1, if GSA were willing to consider constructing a companion building that was properly sized on the site of the existing 300 N. Los Angeles Federal Building and physically connected to the Roybal building.

Options for Housing the Los Angeles Court:

- **Option 1:** The draft report states at page 15 that the main advantage of this project is that all courts (district, magistrate, and bankruptcy) would be housed in a single building. This is not correct as the Roybal building would continue to be utilized by magistrate judges and bankruptcy judges, and the district judges would be in the new courthouse. Option 1 would allow a division of operational and support activities between the new courthouse and the Roybal building according to the function and responsibilities of the judges.

See comment 2.

Mr. Mark Goldstein
Page 3

We suggest that GAO's final report will also reflect the Judiciary's concerns about the following non-viable options.

- **Option 2:** This option for a 20-courtroom courthouse is reported as having expansion capability on the current site. The Judiciary understands the cost estimate is based on a four courtroom-per-floor layout which leaves insufficient room for expansion. Required security setbacks would also limit expansion. A two courtroom-per-floor layout would have a different initial build-out cost and difficult expansion challenges.
- **Option 3:** The bankruptcy court was never part of the district court project, yet this option assumes a certain number of bankruptcy courtrooms will be available for district court use without a thorough and comprehensive assessment of the bankruptcy court's district-wide and future needs. If the assumption of available bankruptcy courtrooms is not accurate, there will be far fewer courtrooms available for the district court's use. Given the sub-prime market lending issues affecting the housing market, bankruptcy filings are already increasing. Also, space must be found for bankruptcy judges who will be dislocated from another divisional office, whose lease expires because that building is planned to be demolished. These factors will certainly have an impact on the number of courtrooms that can be built or altered for the district court's use as proposed in Option 3.
- **Options 2 & 3:** The Judiciary's reservations regarding undertaking major construction activity in an occupied building are significantly greater than the report indicates. GSA is required to update code requirements and security criteria in major renovation projects which will greatly impact building systems such as elevators, heating, ventilation, air conditioning, sprinklers, other life safety systems, building egress, structure, and building security. These issues, as well as the need for swing space and complicated phasing, based on our experience with similar projects, have not been fully accounted for in the project budget or schedule.
- **Options 3 & 4:** Option 3 suggests that GSA could sell the site it initially purchased for the new courthouse and Option 4 suggests that the remaining \$366.5 million appropriated for the project could be transferred to use for other purposes or be rescinded. Given that millions of dollars have already been expended to acquire this site and design a building that takes into account the site's unique footprint, the Judiciary does not believe that selling the site is in the best interest of the public.

See comment 3.

See comment 4.

See comment 5.

Mr. Mark Goldstein
Page 4

Moreover, the Committee report accompanying the House-reported 2009 Financial Services and General Government Appropriations bill includes language in the GSA section stating that funding previously provided for the L.A. project and proceeds from any sale of the land cannot be used for any purpose other than addressing the housing needs of the Los Angeles Division of the Central District of California. The Judiciary supports the inclusion of this language in the final Conference report on this bill. Additionally, transferring or rescinding the balance would make it more difficult to obtain funding for the L.A. project in the future because the total cost of the project would have to be funded rather than the amount needed in addition to the \$366.5 million currently available.

Cost Estimates

- The draft report states that costs have nearly tripled from the original GSA estimate of \$400 million to \$1.1 billion. The \$1.1 billion figure overstates the costs, however, because it includes the cost to overhaul the building systems and infrastructure in the Roybal building. This cost was never part of the original \$400 million project.

See comment 6.

Existing Courtrooms

The background section of the report should reflect the following information.

- The correct number of existing courtrooms in the Spring Street Courthouse is 32, three of which are undersized and functionally unusable for court proceedings. Only half of the remaining courtrooms meet the Judiciary's standards for size, and none of the courtrooms meet the U.S. Marshals Service criteria for security.
- The draft report groups all 34 existing courtrooms in the Roybal building into one category. The 18 bankruptcy courtrooms, however, lack prisoner circulation, holding cells, adequate jury facilities and therefore cannot be easily or cost-effectively converted for district judge or magistrate judge use.

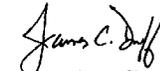
See comment 7.

Mr. Mark Goldstein
Page 5

For almost a decade, the need for a new courthouse in Los Angeles has been a high facilities priority for the Judiciary. There are serious operational, infrastructure, and security concerns with the current facilities, which all stakeholders agree must be addressed. The draft report suggests there is an option to start over. Delays will only increase costs further while the housing needs become more urgent. We hope the GAO report will provide sufficient information to enable Congress to take timely action in supporting the option for a 36-courtroom, 45-chambers building that the Judiciary views as the most cost-effective solution for the long-term housing needs of the district court in Los Angeles.

We appreciate the cooperative efforts of the GAO team in working with the Judiciary on this complex assignment.

Sincerely,



James C. Duff
Director

cc: Honorable Alicemarie H. Stotler
Honorable Joseph F. Bataillon
Honorable Stephen M. McNamee
Honorable Margaret M. Morrow

The following are GAO's comments on the Administrative Office of the U.S. Courts' letter dated August 25, 2008.

GAO Comments

1. The Administrative Office of the U.S. Courts indicated that additional details on the reasoning behind the decision to propose a 41-courtroom courthouse would be helpful. GSA officials said that the decision to propose a 41-courtroom courthouse was based on 80 percent of the federal judiciary's stated need at the time—80 percent of 51 courtrooms is approximately 41—and that the judiciary could fit within that space by sharing courtrooms. We added this information to the body of the report.
2. We clarified the report in response to this comment.
3. We did not do a detailed assessment of the possible 20-courtroom courthouse plan and, consequently, did not assess whether it provides space for future expansion. However, there may be design concepts that would leave sufficient room for expansion on the 3.7-acre site, which originally supported the 54-courtroom courthouse plan developed by GSA.
4. Our report does not make any statements related to the number of bankruptcy courtrooms required by the federal judiciary in Los Angeles, but does list the number of those courtrooms that GSA projects for each of the current options thus shows that the 20-courtroom courthouse option would provide 8 fewer bankruptcy courtrooms in Los Angeles than the other options currently being considered.
5. Assessing the validity of GSA's project budget and schedule were outside the scope of this report. The U.S. House of Representatives, Committee on Transportation, Subcommittee on Economic Development, Public Buildings, and Emergency Management requested this information from the GSA Inspector General.
6. We have clarified the report to reflect that the estimated costs to house the L.A. Court have tripled.
7. We clarified the report to reflect that Roybal currently houses 10 district, 6 magistrate, and 18 bankruptcy courtrooms.

Appendix III: Comments from the General Services Administration



GSA Administrator

August 19, 2008

The Honorable Gene L. Dodaro
Acting Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the draft report, "Los Angeles (L.A.) Federal Courthouse Project: Estimated Costs Have Tripled Due to Delays and There Is No Consensus on How to Proceed" (GAO-08-889). The Government Accountability Office identified delays contributed to the LA Courthouse project and options for future consideration for completing the project.

We partially agree with the findings relative to the delays. Technical comments that update and clarify statements in the draft report are enclosed and incorporated herein by reference. We will work with the Administrative Office of the United States Courts and the Congress to implement the most viable option for completing the LA Courthouse project.

If you have any questions, please contact me. Staff inquiries may be directed to Mr. Kevin Messner, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

A handwritten signature in black ink that reads "David L. Bibb".

David L. Bibb
Acting Administrator

Enclosure

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Appendix IV: GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the individual named above, David Sausville, Assistant Director; Keith Cunningham; Bess Eisenstadt; Susan Michal-Smith; Jennifer Kim; and Susan Sachs made key contributions to this report.

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