

**AUDIT OF
POLICY AND PROCEDURES FOR
LOCATING FEDERAL FACILITIES IN
RURAL AREAS**

Department of Transportation

Report Number: SC-2003-088

Date Issued: September 26, 2003



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Audit of Policy and Procedures for
Locating Federal Facilities in Rural Areas
Department of Transportation
SC-2003-088

Date: September 26, 2003

From: Alexis M. Stefani 
Principal Assistant Inspector General
for Auditing and Evaluation

Reply to
Attn. of: JA-60

To: Assistant Secretary for Administration

This report presents the results of our audit of the Department of Transportation's (DOT) policy and procedures for locating Federal facilities in rural areas. Public Law 108-7, Consolidated Appropriations Resolution, 2003 Section 638, requires the Inspector General of each department or agency to submit to the Committees on Appropriations a report detailing what policies and procedures each department or agency has in place to give first priority to the location of new offices and other facilities in rural areas, as directed by the Rural Development Act of 1972. A copy of this report will be provided to the Committees on Appropriations.

RESULTS IN BRIEF

DOT has had a policy and procedures addressing the requirements of the Rural Development Act since 1988. These procedures require, in part, that DOT's "site selection studies and reports and real property approval requests ... shall include a discussion of the considerations that were given to rural area locations." We reviewed the 49 new facilities DOT had acquired from March 1, 2002, through May 31, 2003, to determine whether the acquisitions were in compliance with the policy and procedures. Although 27 (55 percent) of the new DOT offices and facilities we reviewed were located in rural areas, only 3 of the 22 facilities located in urban areas had documentation specifically demonstrating that a rural location was considered.

BACKGROUND

The Rural Development Act of 1972 directs the heads of all executive departments and agencies of the Federal Government to establish and maintain departmental policies and procedures for giving first priority to locating new offices and other facilities in rural areas. The Federal Management Regulation likewise states that Federal agencies must give first priority for new facilities to rural areas “unless their mission or program requirements call for locations in an urban area.” A rural area is defined as a city, town, or unincorporated area that has a population of no more than 50,000 inhabitants and is not immediately adjacent to a city of more than 50,000 inhabitants.

As we reported to the Committees on Appropriations on May 28, 2002, DOT’s policy and procedures addressing the requirements of the Rural Development Act were issued in 1988 as DOT Order 4320.1A, “Location of New Federal Offices and Other Facilities in Rural Areas.” The Order states that it is DOT’s policy to give first priority to rural areas when locating new offices or other facilities where personnel are assigned. It further states, “... site selection studies and reports and real property approval requests ... shall include a discussion of the considerations that were given to rural area locations. If a rural location is not selected, the reasons should be explained.”

In our May 2002 report to the Committees on Appropriations, we reported that 24 of 25 site acquisition files did not have documentation that demonstrated compliance with the DOT Order or the Rural Development Act. We also reported that the DOT Order did not provide guidance on any decisional criteria or factors that should be considered during the planning and acquisition process, such as cost-benefit analysis or the effect of relocation on the workforce. In response to our 2002 report, the Office of the Secretary issued a memorandum, dated June 20, 2002, to the heads of DOT’s Operating Administrations reiterating the requirement to document Rural Development Act considerations and clarifying that decisional criteria referenced in DOT Order 1100.34A, “Facility Acquisition, Expansion or Relocation,” are to be used in the site selection process.

OBJECTIVES, SCOPE AND METHODOLOGY

Our audit objectives were to determine whether DOT had a policy and procedures in place to give first priority to the location of new offices or other facilities in rural areas, as directed by the Rural Development Act of 1972, and whether DOT adhered to the established policy and procedures. The audit covered new offices or facilities DOT acquired through purchase or lease from March 1, 2002, through May 31, 2003.

The property listings provided by DOT Operating Administrations identified 49 new offices or facilities acquired during our review period (see Exhibit A). Twenty-seven of the new facilities were located in rural areas. We reviewed the 22 facilities that were located in urban areas to determine whether documentation existed demonstrating that first priority was given to rural locations in accordance with DOT policy. We performed a detailed review of the files located in Washington, D.C., and at Federal Aviation Administration regional offices throughout the country, for 20 sites acquired in urban areas. For the other two sites, we asked that responsible representatives provide documentation demonstrating that first priority was given to rural locations in accordance with DOT policy.

We also interviewed DOT officials to follow up on our prior recommendations. We performed the audit from June through August 2003 in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States.

RESULTS

We found that DOT has made progress in complying with the requirements of the Rural Development Act. DOT has had a policy and procedures addressing the requirements of the Act since 1988, when it issued DOT Order 4320.1A, "Location of New Federal Offices and Other Facilities in Rural Areas." In addition, during the period we reviewed, DOT met the objective of the Act by locating 27 (55 percent) of its new facilities in rural areas.

However, of the 22 facilities located in urban areas, we found documentation that the Operating Administrations had considered rural locations for only 3 facilities (a Federal Aviation Administration aircraft certification office and 2 Federal Motor Carrier Safety Administration safety offices). For the remaining 19 sites, no documentation was provided that explicitly stated that a rural location was considered or explained the reasons rural locations were not selected.

We acknowledge that the files for the 19 sites included some type of documentation indicating that the sites were selected based on mission or program requirements. However, none of these files contained evidence or documentation referencing the requirements of DOT Order 4320.1A or the Rural Development Act to consider rural locations. Stating that facilities are located at urban sites for mission or program requirements does not negate the requirement to document rural considerations.

DOT officials stated that documentation showing urban sites for mission or program needs amounts to an explanation of why a rural location was not selected, and that this is consistent with the Federal Management Regulations. We

recognize that the location of some facilities is dictated by the particular mission or function of those facilities. For example, the two air traffic control towers we reviewed clearly had to be located at the airports. However, the files of other offices located in urban areas, such as the Office of Civil Rights or a hazardous materials inspection office, clearly could benefit from documentation supporting that consideration was given to rural areas. Without a specific statement or document in the files supporting that consideration was given to a rural location, the Operating Administrations are not complying with the DOT Order, and there is no assurance of compliance with the Act.

Although 55 percent of DOT's new facilities met the objective of the Rural Development Act since they were located in rural areas, the problems we identified with the lack of evidence or documentation for non-rural site selections demonstrate a need for further action to ensure compliance with the DOT Order and the Act. During our audit, Federal Aviation Administration began using a checklist to document its efforts to give first consideration to locating new facilities in rural areas. The checklist provided a choice of reasons for not selecting a rural location. The reasons were related to mission requirements or programmatic needs. We consider this a *best practice* and believe that DOT should consider having all Operating Administrations use a checklist or other standardized documentation to ensure compliance with the DOT Order and the Rural Development Act.

RECOMMENDATION

We recommend that the Assistant Secretary for Administration work with the Operating Administrators to implement a checklist or some other best practice to ensure compliance with DOT Order 4320.1A and the Rural Development Act when new facilities are not located in rural areas.

MANAGEMENT COMMENTS AND OIG RESPONSE

A draft of this report was provided to the Assistant Secretary for Administration on September 8, 2003. On September 17, 2003, the Assistant Secretary for Administration provided written comments and concurred with our recommendation. The complete text of the Assistant Secretary's comments is in the Appendix.

In concurring with the recommendation, the Assistant Secretary agreed to work with the Operating Administrations to encourage the use of a checklist or similar tool to provide an explicit statement in the acquisition files that the Rural Development Act was considered in the facility siting process. The Assistant Secretary anticipates that this action will be completed by December 31, 2003. The Assistant Secretary also commented that the General Accounting Office had

recently identified DOT as the agency with the most complete Rural Development Act policy among agencies it reviewed.

The action planned by DOT is reasonable. Therefore, our recommendation is resolved, subject to follow-up requirements in DOT Order 8000.1C.

We appreciate the courtesies and cooperation of Department of Transportation representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-1992 or Robin K. Hunt, Deputy Assistant Inspector General for Hazardous Materials, Security, and Special Programs, at (415) 744-3090.

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EXHIBIT A. DOT'S NEW BUILDINGS AND FACILITIES

MARCH 1, 2002 – MAY 31, 2003

	Property Name	Predominant Use	Property Location		Urban or Rural
Office of the Secretary					
1	Civil Rights Regional Office	Office Space	Dallas/ Fort Worth	TX	Urban
2	Civil Rights Regional Office	Office Space	College Park	GA	Rural
Federal Aviation Administration					
3	Springfield-Branson Regional Airport ATCT	Air Traffic Control Tower	Springfield	MO	Urban
4	Corpus Christi Airport ATCT	Air Traffic Control Tower	Corpus Christi	TX	Urban
5	Agana Airport SSC	System Support Center	Tiyan, Guam	GU	Urban
6	Northern California Terminal Radar Approach Control	Technical Facility	Mather	CA	Urban
7	Combined Center, Radar Approach Control	Technical Facility	Honolulu	HI	Urban
8	Wichita Airport SMO	System Management Office	Wichita	KS	Urban
9	Dulles Air Traffic Evaluation Office	Headquarters Office	Sterling	VA	Urban
10	Flight Standards District Office	Administrative Office	Lexington	MA	Urban
11	Aircraft Certification Office *	Aircraft Certification Inspections	Renton	WA	Urban
12	Hazardous Material Office	Hazardous Materials Inspections	Louisville	KY	Urban
13	Hazardous Material Office	Hazardous Materials Inspections	Pensacola	FL	Urban
14	Jacksonville International Airport CWO	Central Weather Observatory	Jacksonville	FL	Urban
15	Flight Standards District Office / International Field Office	Administrative Office	Fort Worth	TX	Urban
16	Civil Aviation Security Field Unit	Dept. of Homeland Security Office	Carson City	NV	Urban
17	Washington Headquarters for Telecommunications	Telecommunications Operations	Washington	DC	Urban
18	Washington Office Center	Contract Proposal Evaluations	Washington	DC	Urban
19	Sector Field Office	System Support Center	Greenwood	MS	Rural
Federal Railroad Administration					
20	Office of Safety	Safety Inspection Office	Fort Worth	TX	Urban
21	Office of Safety	Safety Inspection Office	Ontario	CA	Urban
22	Charlotte, NC Field Office	Safety Inspection Office	Charlotte	NC	Urban

* Site selection file documented rural consideration

	Property Name	Predominant Use	Property Location		Urban or Rural
Federal Motor Carrier Safety Administration					
23	San Diego Motor Carrier Safety Office *	Inspection/Auditing	San Diego	CA	Urban
24	San Juan Motor Carrier Safety Office *	Investigations/State Programs	San Juan	PR	Urban
25	Columbus Motor Carrier Safety Office	Inspection/Auditing	Columbus	NM	Rural
26	Douglas Motor Carrier Safety Office	Inspection/Auditing	Douglas	AZ	Rural
27	Naco Motor Carrier Safety Office	Inspection/Auditing	Naco	AZ	Rural
28	Nogales Motor Carrier Safety Office	Inspection/Auditing	Nogales	AZ	Rural
29	San Luis Motor Carrier Safety Office	Inspection/Auditing	San Luis	AZ	Rural
30	Calexico Motor Carrier Safety Office	Inspection/Auditing	Calexico	CA	Rural
31	Tecate Motor Carrier Safety Office	Inspection/Auditing	Tecate	CA	Rural
32	Brownsville Motor Carrier Safety Office	Inspection	Brownsville	TX	Rural
33	Brownsville Motor Carrier Safety Office	Auditing	Brownsville	TX	Rural
34	El Paso (Bota) Motor Carrier Safety Office	Inspection/Auditing	El Paso	TX	Rural
35	Laredo (Columbia) Motor Carrier Safety Office – Inspections	Inspection/Auditing	Laredo	TX	Rural
36	Del Rio Motor Carrier Safety Office	Inspection/Auditing	Del Rio	TX	Rural
37	Eagle Pass Motor Carrier Safety Office	Auditing	Eagle Pass	TX	Rural
38	Eagle Pass Motor Carrier Safety Office	Inspection	Eagle Pass	TX	Rural
39	El Paso Motor Carrier Safety Office	Inspection/Auditing	El Paso	TX	Rural
40	Laredo (Walker Plaza) Motor Carrier Safety Office – Auditing	Auditing	Laredo	TX	Rural
41	Los Indios Motor Carrier Safety Office	Inspection/Auditing	Los Indios	TX	Rural
42	McAllen Motor Carrier Safety Office	Inspection/Auditing	McAllen	TX	Rural
43	Pharr Motor Carrier Safety Office	Inspection/Auditing	Pharr	TX	Rural
44	Presidio Motor Carrier Safety Office	Inspection/Auditing	Presidio	TX	Rural
45	Progreso Motor Carrier Safety Office	Inspection/Auditing	Progreso	TX	Rural
46	Rio Grande City Motor Carrier Safety Office	Inspection/Auditing	Rio Grande City	TX	Rural
47	Roma Motor Carrier Safety Office	Inspection/Auditing	Roma	TX	Rural
48	Laredo (World Trade Bridge) Motor Carrier Safety Office	Inspection/Auditing	Laredo	TX	Rural
49	El Paso (Ysleta) Motor Carrier Safety Office	Inspection/Auditing	El Paso	TX	Rural

SUMMARY

Urban:	22
Rural:	27
Total	<u>49</u>

* Site selection file documented rural consideration

EXHIBIT B. MAJOR CONTRIBUTORS TO THIS REPORT

THE FOLLOWING INDIVIDUALS CONTRIBUTED TO THIS REPORT.

<u>Name</u>	<u>Title</u>
Glenn Griser	Program Director
Leroy Davis	Project Manager
Jeffery Mortensen	Lead Auditor
Debbie Kloppenberg	Auditor
Shirley Murphy	Writer/Editor

APPENDIX. MANAGEMENT COMMENTS



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Memorandum

Subject: **ACTION:** Comments on Office of Inspector General Draft
Report, "Audit of Policy and Procedures for Locating
Federal Facilities in Rural Areas"

Date: SEP 17 2003

From: 
Vincent T. Taylor
Assistant Secretary for Administration

Reply to
Attn. of:

To: Alexis M. Stefani
Principal Assistant Inspector General
for Auditing and Evaluation

The Department appreciates this opportunity to offer comments on the Office of Inspector General (OIG) draft report. Overall, we concur with the recommendation and will work with the operating administrations to encourage the use of a checklist or similar tool to provide an explicit statement for file that the RDA was considered in the facility siting process. We are pleased that the report acknowledges long-standing Department of Transportation (DOT) policy and procedures for the Rural Development Act (RDA). In recent testimony the General Accounting Office (GAO) cited DOT as the agency with the most complete RDA policy among agencies it has reviewed. We are also pleased that the OIG draft report's findings acknowledge that: 1) of 49 acquisitions during the review period, 27 or 55 percent were in rural areas; 2) of the remaining 22 acquisitions in urban areas, three had documentation that explicitly discussed rural considerations; and 3) the remaining 19 acquisitions in urban areas included some type of documentation indicating that the sites were selected based on mission or program requirements.

These findings demonstrate substantial compliance with the RDA requirements and the Federal Management Regulation (FMR) 102-83.65, which provides the Federal government's primary implementing guidance for RDA. The RDA requires that Federal agencies establish and maintain policies and procedures for giving first priority to locating new offices and other facilities in rural areas. The OIG found that DOT has had such policies and procedures since 1988. The FMR states that executive agencies are required to give first priority to the location of new offices and other facilities in rural areas, unless their mission or program requirements call for locations in urban areas. Accordingly, the Department has stated that if an acquisition file contains site selection documentation for an urban site to meet mission or program needs, then this amounts to an explanation of why a rural site was not selected. Given the finding that the files for the 19 urban sites had some type of documentation indicating site selection was based on mission or program requirements, the Department believes the reasons for not selecting a rural location are apparent.

Regardless of the whether or not an explicit mention of RDA was present in the site selection folders, each of the facilities OIG examined were located as necessary to fulfill mission or

Appendix. Management Comments

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program requirements. The 19 facilities in urban areas include one Civil Rights Office that requires proximity to clients, and three Federal Railroad Administration (FRA) safety inspection offices that serve geographical areas. Two of the FRA inspection offices are collocated with other DOT components as part of a Secretarial initiative for seamless customer service. The remaining 15 are Federal Aviation Administration (FAA) facilities including one 218 square foot office acquired by FAA and since transferred to Homeland Security, two offices with a requirement to be located near FAA Headquarters in Washington, D.C., and 12 facilities located on or near airports in urban areas. Six of the 12 facilities located on airports include two air traffic control towers, two systems support/management centers, an administrative office that performs evaluations at airports, and a central weather observatory. The remaining six FAA facilities near airports include two terminal radar approach control facilities, two flight standards district offices, which house FAA aviation safety inspectors, and two hazardous materials inspection offices that inspect materials at airports and respond to hazmat emergencies. Many of the 19 facilities in the report are under 5,000 square feet and not likely to have a significant economic impact in rural or urban areas.

Finally, we acknowledge the OIG's concern regarding RDA documentation, particularly in those cases in which a siting justification demonstrating a need for an urban location does not explicitly link that rationale with the reason that a rural site was not selected. As a result, we are willing to work with the operating administrations to encourage the use of checklists or other best practices in an effort to provide an explicit statement of RDA consideration in the site location files.

Recommendation: The Assistant Secretary for Administration should work with the operating administrations to implement a checklist or some other best practice to ensure compliance with DOT Order 4320.1A and the Rural Development Act when new facilities are not located in rural areas.

Response: Concur. The Assistant Secretary for Administration will work with the operating administrations to encourage the use of a checklist or similar tool to provide an explicit statement for file that the RDA was considered in the facility siting process.