

# Firm Under Probe Got Big U.S. Job

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A Baltimore architectural firm involved in the federal investigation of kickbacks to politicians in Maryland was selected last year to design one of the largest federal construction projects in the country despite three official recommendations that two other firms get the job.

Arthur F. Sampson, administrator of the federal General Services Administration, overruled the recommendations in order to select Gaudreau Inc. of Baltimore to design a nearly \$200 million expansion of the Social Security Administration headquarters outside Baltimore.

Both the Social Security Administration and GSA's own public advisory panel had recommended that the job be given to two other firms that had designed most of the rest of the huge Social Security complex at Woodlawn in Baltimore County. Social Security offi-

cial and the GSA panel had contended these firms had what one Social Security official called the "experience, expertise and knowledge of our functional needs" to do the best job on the expansion project.

As it turned out, these two firms were later brought into a joint partnership by Gaudreau to help it with the expansion design. In order to become involved in the project, however, these firms had to join with Gaudreau after it was selected by Sampson and must share with Gaudreau an anticipated \$6 million in fees.

The Gaudreau firm is one of eight consulting companies named in the federal bribery and extortion indictment against Baltimore County Executive Dale Anderson. The 39-count indictment, returned by a federal grand jury in Baltimore

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Aug. 23, alleges that between November, 1968, and March, 1972, Gaudreau made eight payments totaling \$23,920 to Anderson in connection with another contract the firm secured to design the \$20 million Baltimore County Courts Building.

The Anderson indictment does not charge Gaudreau with a crime. Paul L. Gaudreau, president of the firm, has been granted immunity from prosecution in this case and has been cooperating with federal prosecutors in Baltimore since last January.

The same team of federal prosecutors is investigating Vice President Spiro T. Agnew for possible violations of bribery, extortion, conspiracy and tax laws. One of the allegations, according to sources, is that since Agnew became Vice President, some money collected from Maryland businessmen on his behalf, ostensibly as campaign contributions, has been used to influence the awarding of federal contracts by GSA, which builds and leases most federal government offices.

It is not known, however, whether the selection of the Gaudreau firm as the principal architects for the Social Security Administration complex expansion is directly involved in the Agnew investigation. Gaudreau's lawyer, W. Hamilton Whiteford, refused to say this week whether the prosecutors have questioned his client about the Social Security contract.

What is known is that the stakes in the award of the contract amounted to millions of dollars in consulting fees and that Sampson had to ignore the repeatedly expressed wishes of the Social Security Administration and overrule the recommendation of GSA's public advi-

sory panel selecting Gaudreau.

Consulting architects and engineers, unlike construction companies, are chosen by government agencies through negotiations rather than competitive bidding. The process is often complex and usually hidden from public view. For the most part, the process involves only a handful of people in key positions and the final decision usually rests with one man—in the case of Gaudreau and the Social Security contract, with Sampson, the head of GSA.

The Social Security Administration expansion originally was planned to take place entirely at Woodlawn. Earlier this year, however, the plans were changed and now call for construction of two new buildings at Woodlawn and a third building in downtown Baltimore.

The design contract covers all three buildings. The project's total cost is estimated at \$194 million, according to documents in file at the GSA, making it one of the largest jobs ever undertaken by GSA.

Although the fees to be paid consulting architects and engineers on the project have not yet been set, they are expected to total about \$6 million. Gaudreau stands to be paid one-third of the fees with the remainder going to two other firms that have joined with Gaudreau to form the joint partnership that now will handle design of the expansion project.

The joint partnership, is known as MGR Associated Architects. Besides Gaudreau, the other two firms are Meyer, Ayers, Saint, Stewart, Inc., and Richter, Cornbrooks, Matthai, Hopkins, Inc., of Baltimore. The Richter firm was formed in May, 1972, by architects who formerly were partners in the firm of Fisher, Nes

Campbell, Inc., (FNC) also of Baltimore.

For the last 17 years, virtually every building in the Woodlawn Social Security complex has been designed by a joint venture made up of the Meyer firm and FNC. It was largely because of experience that in January, 1972, Social Security officials recommended to GSA that the same joint venture handle design of the expansion project.

In a letter to GSA officials, Jack S. Futterman, then assistant commissioner for administration with Social Security, said that it would be "in the best interests of the government" to use the "experience, expertise and knowledge of our functional needs" that had been acquired by the Meyer-FNC joint venture. He noted that at just that time the same two firms were completing a master plan for development of the Woodlawn complex through 1990.

"The main reason we wanted them was that they had done superb work and had worked closely with us," Futterman said in a recent interview. Futterman, who retired in June, 1972, about the time Sampson selected Gaudreau, said his staff had received indications from GSA that the Meyer-FNC joint venture would be selected.

"I thought it was all settled when I retired," he said. "But I understand that GSA just turned about . . . The thing came apart and we couldn't find out the reasons."

Futterman's recommendation was only the first to be overruled by Sampson.

In June, 1972, the names of 32 architectural and engineering firms that GSA officials thought should be considered for the Social Security expansion were sent to a public advisory panel of the GSA. The panels are used by the GSA throughout the country to advise the federal government on the selection of consulting firms. Panel members are cho-

sen by the GSA for the experience and reputations, and their advice is highly valued by the agency, according to GSA officials.

Although the FNC firm had split up a few weeks before this, the old Meyer-FNC joint venture was on the list of 32 firms to be considered. Charles M. Nes, one of the FNC partners who did not go with the new Richter, Cornbrooks firm, said this was because GSA officials had been told that key personnel from the Meyer-FNC joint venture would remain together to handle the Social Security job if it were selected by GSA.

"We were surprised" (by Sampson's selection), Nes said in an interview. "We had been doing this job for many years and thought the joint venture would continue . . . Until Gaudreau came into the picture, we thought we would get the work."

The advisory panel used by GSA for the Social Security job consisted of Thomas Evans, an engineer from Wilmington, Del., and John Walton, an architect from Riverdale, Md. They met at GSA headquarters in Washington on June 22, 1972, spending the day reviewing the qualifications of the firms to be considered for the job.

From the original list of 32, the panel selected eight firms, all of which it said were qualified to do the job. The list included Gaudreau and the Meyer-FNC joint venture.

Generally, such advisory panels merely forward a list of qualified firms to GSA, without ranking the firms or expressing a preference for one over the others. But in this case, Evans and Walton took the unusual step of echoing Futterman's original recommendation.

"We recommend," they said in a letter to GSA officials, "that serious consideration be given to Meyer, Ay-

ers, Saint, Stewart, Inc. and Fisher Nes, Campbell, Inc., recommended to GSA by Social Security. These firms demonstrated performance on past Social Security projects on the Woodlawn site suggests favorable consideration."

The list of eight firms was then reviewed by a three member committee of GSA officials including James R. Stewart, then the chief of the agency's design branch. A part of the regular selection process, this so-called "in-house committee" of staff experts matches the advisory panels' recommendations against what GSA officials know about the firms and their past performances on government jobs, according to Stewart.

"It's rare when we don't go along with an advisory panel's recommendation," Stewart says.

In July, 1972, the in-house GSA committee sent to Sampson the advisory panel's recommendation that the Meyer-FNC joint venture be selected along with a notation that the in-house committee "concurs in the recommendations of the public advisory panel."

Stewart says now that the committee's concurrence was not intended as support for the Meyer-FNC combine.

"That was not intended to say that we recommend Meyer and FNC," Stewart said. "As I recall, we didn't feel that taking one architectural concept, by using the firms that had done all the work in the past, was the way to go. But I admit that is not in the letter."

Nonetheless, that concurrence appeared to be a third recommendation for Meyer-FNC when the selection process finally reached Sampson's desk.

At this final, crucial point in the selection process, despite all the reviews and recommendations, Sampson had authority to choose any

firm he wanted—from the list of eight, from the original list of 32, or a firm that perhaps had not even been considered yet.

Sampson made the choice without talking to officials of any of the firms or inspecting any of the work they had done. He says now that he talked to his staff about the choice and that they were "very high" on Gaudreau.

"On a national basis," Sampson said in an interview, "we have a strong drive on for excellence in architecture. We're constantly being criticized for the sterility of federal buildings. We're looking for new blood and firm's firms that get involved in the management of projects. Gaudreau had demonstrated this it is very aggressive in managing its projects."

Rather than stay with the same firms as in the past, Sampson said, he opted for "the new blood" of Gaudreau, which he felt "had the potential to use some innovative techniques."

Sampson said that he frequently is asked by political figures to consider certain consulting firms for GSA jobs. But in this case, Sampson said, no political figure recommended Gaudreau or any of the other firms.

In defending his selection, Sampson said that GSA officials were particularly impressed by the work the Gaudreau firm had done on its only other GSA job—the planning of renovations of the main Justice Department Building in Washington that were never undertaken because of their high estimated costs.

This contract was awarded by GSA to Gaudreau in December, 1971. The firm was paid \$126,000 for preparation of three alternative renovation proposals. Justice Department officials, wanted renovations

that would have cost \$28 million, while the costs of the Gaudreau plans ranged from \$12 million to \$14 million according to a Justice Department spokesman. Faced with these estimates, GSA dropped the project.

Sampson chose Gaudreau on July 6, 1972. On Sept. 1, 1972, Paul Gaudreau wrote to GSA officials to suggest the formation of the new partnership, MGR Associated Architects, made up largely of the same architects that had been recommended to Sampson two months earlier. In the same letter, Gaudreau also proposed that MGR not only complete certain preliminary work that the Gaudreau firm was doing, but that the GSA authorize MGR to undertake all the design work for the project.

Sampson and other GSA officials have since approved Gaudreau's suggestion and are expecting within days to receive a proposed fee schedule from the firm.

In defending their approval of the formation of MGR to take on design of the entire project, GSA officials use virtually the same arguments Futterman and the advisory panel used in recommending the Meyer-FNC joint venture in the first place.

"I don't think he (Gaudreau) could have linked up with two better firms in view of their experience," said Matthew J. Long, the GSA project manager for the Social Security

job. "We took advantage of the experience and skills of the two firms that had done the work before and combined that with an aggressive and good manager," Sampson said. "I think the government got a good deal."

Thus far, the federal government is committed to paying \$318,358 to MGR for the preliminary work on the

Social Security project. Of this, at least \$158,243 will go to Greiner Environmental Systems, Inc., which, like Gaudreau, is a Maryland firm alleged to have made payments to Anderson.

The president of the Greiner firm is Jerome B. Wolff, a former aide to the Vice President and a central figure in the Maryland kick-back probe. Greiner was chosen by Gaudreau early in the process to be the subcontractor for preparation of an environmental impact statement, a portion of the preliminary work on the job. Greiner's fee could rise to as much as \$180,386, if GSA exercises an option to have the company write a final environmental impact statement.

The larger fees MGR stands to gain for the actual design of the project still must be negotiated, but they almost certainly will total close to \$6 million.