

**Attachment 2H(1)**

**Explanatory Note for Office of Operations (OO) Report  
November 5, 2010**

The USDA Office of Operations is submitting the Council on Environmental Quality's required reporting form concerning the status of environmental compliance documentation for programs and projects to be implemented with American Recovery and Reinvestment Act (ARRA) funds. The enclosed reporting form identifies the level of environmental compliance documentation prepared as of April 24, 2009, for the South Building Modernization project; there is no change in status.

The USDA South Building was built between 1930 and 1936. The South Building is over 2 million square feet and houses 5,800 federal employees and contractors. From 1995-2003 funds were appropriated to modernize the South Building. An eight phased modernization plan was developed. The Modernization Project was reviewed and a Categorical Exclusion was issued in 1997.

Currently, USDA has completed three of the eight phases of the South Building Modernization Project (Phases 1, 2 and 3). Design of Phase 4A was completed in FY 2006. Updating the design prior to construction will be required and will be accomplished using FY 2009 Agriculture Buildings and Facilities and Rental Payments Appropriation. Design update will take approximately three months and construction will be completed in 15 months. USDA will use the \$24 million Recovery Act funds to renovate Wing 5 of the South Building and other modernization projects for the South Building. The construction portion of the projects will be open competition through an Invitation for Bid process.

As of the required reporting date, obligations in the amount of \$24,000,000 have been made under the treasury symbol for the modernization project, representing an increase of \$4,641,729 over obligation totals in the 6<sup>th</sup> report. The main construction contract was awarded on September 21, 2009 and a design contract was awarded on March 31, 2010. Contract work is under way and approximately 70% of the project has been completed. Expected completion is targeted for early 2011. Contracts for modernization of central chiller, waterproofing Courtyards 2 and 3, and reroofing Archways were awarded in September 2010.

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