

DOCUMENT RESUME

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Real Property Exchanges by the General Services Administration.  
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Testimony before the House Committee on Public Works and  
Transportation: Public Buildings and Grounds Subcommittee; by  
Joseph P. Normile, Associate Director, Logistics and  
Communications Div.

Issue Area: Facilities and Material Management (700).

Contact: Logistics and Communications Div.

Budget Function: General Government: General Property and  
Records Management (804).

Organization Concerned: General Services Administration.

Congressional Relevance: House Committee on Public Works and  
Transportation: Public Buildings and Grounds Subcommittee.

Authority: Public Buildings Act of 1959, as amended (40 U.S.C.  
606). Federal Property and Administrative Services Act of  
1949.

The General Services Administration (GSA) is authorized by law to exchange government-owned excess and surplus properties. Excess property is property controlled by any Federal agency but not required for its needs. Surplus property is excess property not required for the needs of all Federal agencies as determined by the Administrator of General Services. A property exchange consists of a disposal of Government-owned property and an acquisition of privately-owned property. Existing legislation should be changed to require that GSA sell, rather than exchange, properties. GAO previously recommended that the Congress should consider amending the law to permit GSA to offer excess property at competitive bid and to deposit the cash proceeds into a building fund to be used for acquiring public building sites. If the Congress does not want to restrict GSA's exchange authority, any exchange involving the acquisition of public buildings valued over \$500,000 should be subject to either approval by, or advance reporting to, the Congress. (SC)

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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY  
SEPTEMBER 26, 1977

STATEMENT OF  
JOSEPH P. NORMILE, ASSOCIATE DIRECTOR  
LOGISTICS AND COMMUNICATIONS DIVISION  
BEFORE THE  
SUBCOMMITTEE ON PUBLIC BUILDINGS  
AND GROUNDS  
COMMITTEE ON PUBLIC WORKS  
AND TRANSPORTATION  
UNITED STATES HOUSE OF REPRESENTATIVES  
ON  
REAL PROPERTY EXCHANGES  
BY THE GENERAL SERVICES ADMINISTRATION

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, I WELCOME THIS OPPORTUNITY TO DISCUSS OUR REPORTS OF FEBRUARY 15, 1974 AND MARCH 3, 1975. THESE REPORTS CONTAIN COMMENTS ON A NUMBER OF ISSUES RELATING TO THE ACQUISITION BY THE GENERAL SERVICES ADMINISTRATION OF REAL PROPERTY BY EXCHANGE.

#### EXCHANGE AUTHORITY

GSA IS AUTHORIZED BY THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, AS AMENDED, AND THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED, TO EXCHANGE GOVERNMENT-OWNED EXCESS AND SURPLUS PROPERTIES. AS DEFINED BY LAW, EXCESS PROPERTY IS PROPERTY CONTROLLED BY ANY FEDERAL AGENCY BUT NOT REQUIRED FOR ITS NEEDS. SURPLUS PROPERTY IS EXCESS PROPERTY NOT REQUIRED FOR THE NEEDS OF ALL FEDERAL AGENCIES, AS DETERMINED BY THE ADMINISTRATOR OF GENERAL SERVICES.

DURING FISCAL YEARS 1968-75, GSA MADE A TOTAL OF 88 REAL PROPERTY EXCHANGES--46 UNDER THE 1949 ACT AND 42 UNDER THE 1959 ACT. ACCORDING TO GSA'S STATISTICAL REPORTS, THE APPRAISED FAIR MARKET VALUE OF THE GOVERNMENT-OWNED PROPERTY EXCHANGED WAS ABOUT \$96 MILLION AND THE APPRAISED FAIR MARKET VALUE OF THE PROPERTY RECEIVED, PLUS CASH, WAS ABOUT \$101 MILLION.

A PROPERTY EXCHANGE CONSISTS OF A DISPOSAL OF GOVERNMENT-OWNED PROPERTY AND AN ACQUISITION OF PRIVATELY-OWNED PROPERTY. THE 1949 ACT REQUIRES GSA TO REPORT TO THE APPROPRIATE COMMITTEES OF THE CONGRESS--THE SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS AND THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS--BEFORE IT DISPOSES OF SURPLUS PROPERTY VALUED AT OVER \$1,000 BY EXCHANGE OR SALE. THE 1959 ACT,

HOWEVER, DOES NOT REQUIRE ADVANCE REPORTING TO THE CONGRESS OF EXCHANGE TRANSACTIONS.

A SPECIFIC APPROPRIATION IS NORMALLY NOT NECESSARY TO ACQUIRE A PUBLIC BUILDING BY EXCHANGE. HOWEVER, UNDER THE 1959 ACT, CONGRESSIONAL APPROVAL WOULD BE NECESSARY IF THE GOVERNMENT WERE TO PAY THE OWNER OF THE ACQUIRED PROPERTY MORE THAN \$500,000 IN ADDITION TO THE PROPERTY TRADED.

GAO'S FEBRUARY 15, 1974  
REPORT TO THE CONGRESS, B-165511

WE REPORTED TO THE CONGRESS ON FEBRUARY 15, 1974, ON OUR REVIEW OF 12 REAL PROPERTY EXCHANGES OF EXCESS PROPERTY BY THE GENERAL SERVICES ADMINISTRATION. WE FOUND THAT THE PROPERTY EXCHANGE METHOD HAD TWO INHERENT WEAKNESSES:

- IT LACKS COMPETITION IN DETERMINING THE VALUE OBTAINABLE FOR EXCESS PROPERTIES.
- IT REQUIRES TOO MUCH TIME IN LOCATING A SUITABLE BUILDING SITE AND IN NEGOTIATING AN EXCHANGE.

FOR 6 OF THE 12 EXCHANGES FOR WHICH INFORMATION WAS READILY AVAILABLE, THE HOLDING PERIOD FROM THE DATE PROPERTIES WERE DECLARED EXCESS, TO THE DATE OF THE EXCHANGE AGREEMENT, RANGED FROM 3 TO 10 YEARS. THESE DELAYS OCCURRED BECAUSE OF (1) GSA'S CONCERN WITH SATISFYING ITS NEEDS FOR SITES WITHOUT USING APPROPRIATED FUNDS AND (2) THE COMPLEXITY OF ARRANGING AND NEGOTIATING AN EXCHANGE.

GSA MUST SEEK OUT A PRIVATE OWNER WHO HAS SUITABLE PROPERTY AT A LOCATION THAT MEETS GSA'S REQUIREMENTS. THE PRIVATE OWNER MUST BE WILLING TO TRADE HIS PROPERTY FOR GOVERNMENT-OWNED PROPERTY. ORDINARILY HE IS WILLING TO TRADE ONLY IF SUCH ACTION WILL BENEFIT HIM. A LACK OF DIRECT COMPETITION MAKES IT EASIER FOR THE OWNER TO OBTAIN THE PROPERTY ON HIS OWN TERMS.

### APPRAISALS

INDEPENDENT APPRAISERS SELECTED FROM GSA'S REGISTER OF QUALIFIED APPLICANTS APPRAISE PROPERTY TO BE EXCHANGED OR ACQUIRED. THESE APPRAISALS ARE INTENDED TO ESTABLISH THE FAIR MARKET VALUES USED BY GSA IN NEGOTIATING WITH A PRIVATE OWNER WHO HAS A SITE THAT MEETS GSA'S REQUIREMENTS AND WHO IS WILLING TO EXCHANGE IT FOR EXCESS GOVERNMENT PROPERTY. GSA OBTAINED ONE OR MORE APPRAISALS FOR EACH PIECE OF EXCESS GOVERNMENT PROPERTY EXCHANGED AND FOR EACH PARCEL OF PROPERTY ACQUIRED.

WE REPORTED THAT THE GOVERNMENT WOULD BE BETTER ASSURED OF RECEIVING THE HIGHEST VALUE FOR EXCESS PROPERTY UNDER COMPETITIVE BIDDING THAN IT HAS UNDER NEGOTIATED EXCHANGES. APPRAISED VALUES DO NOT SUFFICIENTLY ASSURE THAT THE GOVERNMENT IS RECEIVING THE HIGHEST VALUE OBTAINABLE BECAUSE PARTICIPATION IN AN EXCHANGE IS LIMITED TO ONE INDIVIDUAL. IN SOME CASES, FORMER GOVERNMENT PROPERTY WAS SOLD SHORTLY AFTER AN EXCHANGE AT PRICES MUCH HIGHER THAN THE VALUE AT WHICH IT WAS TRADED.

PUBLIC BUILDINGS ACQUIRED BY  
EXCHANGE WITHOUT  
CONGRESSIONAL REVIEW

THE CONGRESS HISTORICALLY HAS TREATED THE CONSTRUCTION OF PUBLIC BUILDINGS UNDER SPECIFIC LEGISLATION WHICH HAS INCLUDED DETAILED PROCEDURES FOR AUTHORIZING AND ALLOCATING PUBLIC BUILDING PROJECTS. THE PUBLIC BUILDINGS ACT OF 1959, AS AMENDED (40 U.S.C. 606), PROVIDES THAT NO APPROPRIATION SHALL BE MADE TO CONSTRUCT A PUBLIC BUILDING INVOLVING AN EXPENDITURE OVER \$500,000 (IT WAS \$100,000 BEFORE JUNE 16, 1972) UNLESS THE PUBLIC WORKS COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES APPROVE A PROSPECTUS. THE STATED PURPOSE OF THIS PROVISION IS TO INSURE AN EQUITABLE DISTRIBUTION OF PUBLIC BUILDINGS THROUGHOUT THE UNITED STATES WITH DUE REGARD TO THE URGENCY OF SUCH BUILDINGS.

CONGRESSIONAL APPROVAL IS NOT REQUIRED FOR PUBLIC BUILDINGS AND SITES ACQUIRED BY EXCHANGE, REGARDLESS OF THE VALUE OF THE BUILDING OR SITE, AS LONG AS THE TRANSACTION DOES NOT INVOLVE THE EXPENDITURE OF APPROPRIATED FUNDS OVER \$500,000.

IN ADDITION TO THE CONGRESSIONAL APPROVAL PROCESS, GSA IS REQUIRED, WHEN REQUESTING FUNDS FOR CONSTRUCTION OF PUBLIC BUILDINGS, TO JUSTIFY THE NECESSITY OF THESE FUNDS TO THE COMMITTEES ON APPROPRIATIONS.

TWO OF THE 12 EXCHANGE TRANSACTIONS WE REPORTED ON WERE FOR THE ACQUISITION OF PARKING FACILITIES (PUBLIC BUILDINGS) COSTING ABOUT \$1 MILLION EACH. SINCE APPROPRIATED FUNDS WERE NOT USED, GSA DID NOT HAVE TO GO THROUGH THE CONGRESSIONAL APPROVAL AND APPROPRIATION PROCESSES.

WE RECOMMENDED IN OUR FEBRUARY 1974 REPORT THAT THE CONGRESS SHOULD CONSIDER AMENDING THE LAW TO PERMIT GSA TO OFFER EXCESS PROPERTY AT COMPETITIVE BID AND TO DEPOSIT THE CASH PROCEEDS INTO A BUILDING FUND TO BE USED, SUBJECT TO ANNUAL APPROPRIATION ACTS, FOR ACQUIRING PUBLIC BUILDING SITES. WE ALSO RECOMMENDED THAT THE CONGRESS ELIMINATE CERTAIN PROVISIONS OF THE LAW AUTHORIZING EXCHANGES.

GAO REPORT ON THE ACQUISITION OF THE  
LAGUNA NIGUEL BUILDING  
LCD-75-314, MARCH 3, 1975

ON MARCH 3, 1975, WE REPORTED TO THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS ON A NUMBER OF ISSUES RELATING TO THE GSA ACQUISITION BY EXCHANGE OF A BUILDING IN LAGUNA NIGUEL, CALIFORNIA.

THIS EXCHANGE, THE LARGEST TO DATE, INVOLVED THE DISPOSAL OF GOVERNMENT-OWNED PROPERTIES APPRAISED AT \$19.5 MILLION IN EXCHANGE FOR THE LAGUNA NIGUEL BUILDING APPRAISED AT \$20 MILLION WITHOUT THE EXPENDITURE OF APPROPRIATED FUNDS.

THE LAGUNA NIGUEL BUILDING, WHICH WAS OWNED BY ROCKWELL INTERNATIONAL CORPORATION, IS A 7-TIERED BUILDING CONTAINING ABOUT 1 MILLION GROSS SQUARE FEET AND 750,000 NET ASSIGNABLE SQUARE FEET. IT IS ON A 94-ACRE SITE IN SOUTHERN ORANGE COUNTY, 4 MILES FROM THE COASTLINE AND ABOUT MIDWAY BETWEEN LOS ANGELES AND SAN DIEGO, CALIFORNIA.

BUILDING CONSTRUCTION STARTED IN 1968 AND WAS COMPLETED IN APRIL 1971, BUT ROCKWELL DID NOT OCCUPY IT. ROCKWELL DECIDED EARLY IN 1970 TO SELL THE BUILDING BECAUSE OF A CHANGE IN REQUIREMENTS.

ON FEBRUARY 16, 1970, ROCKWELL GAVE AN EXCLUSIVE LISTING TO A REALTY COMPANY TO SELL THE BUILDING, BUT THE REALTY COMPANY COULD NOT SELL IT. IN THE SUMMER OF 1971, REPRESENTATIVES OF ROCKWELL CONTACTED GSA REGIONAL OFFICIALS IN SAN FRANCISCO TO DETERMINE WHETHER THE GOVERNMENT WAS INTERESTED IN OBTAINING THE LAGUNA NIGUEL BUILDING TO HOUSE FEDERAL AGENCIES. ROCKWELL WANTED TO EXCHANGE THE BUILDING FOR FEDERAL PROPERTY. NEGOTIATIONS FOLLOWED AND THE TRADE WAS MADE IN MARCH 1974.

THIS EXCHANGE WAS MADE UNDER THE AUTHORITY OF THE 1949 ACT. GSA SUBMITTED THE REQUIRED EXPLANATORY REPORT OF THE PROPOSED NEGOTIATED EXCHANGE TO THE COMMITTEES ON GOVERNMENT OPERATIONS ON MARCH 6, 1973.

THE LAGUNA NIGUEL EXCHANGE FURTHER DEMONSTRATES THAT APPRAISED VALUES DO NOT INSURE THE HIGHEST POSSIBLE VALUE BECAUSE PARTICIPATION IN AN EXCHANGE IS LIMITED TO ONE INDIVIDUAL.

THE LAGUNA NIGUEL EXCHANGE, COMPLETED IN MARCH 1974, WAS NEGOTIATED ON THE BASIS OF 1972 APPRAISALS. THE APPRAISED VALUE OF THE BUILDING GSA ACQUIRED WAS \$20,030,000 AND THE APPRAISED VALUE OF THE PROPERTY TRADED WAS \$19,531,446. AFTER THE EXCHANGE WAS MADE, ROCKWELL OBTAINED AN INDEPENDENT APPRAISAL OF THE PROPERTIES IT ACQUIRED IN THE TRADE TO PROVIDE A CURRENT BASIS FOR ALLOCATING A TAX BASE TO EACH OF THE PROPERTIES. THE APPRAISER ESTIMATED THE VALUE OF THE FORMERLY GOVERNMENT-OWNED PROPERTIES AT \$27.31 MILLION AS OF MARCH 31, 1974, AN INCREASE OF \$7.78 MILLION OVER GSA'S 1972



APPRAISAL WHICH WAS USED AS A BASIS FOR THE EXCHANGE.

A JUNE 1976 APPRAISAL MADE FOR GSA VALUED THE LAGUNA NIGUEL BUILDING AT FROM \$16 MILLION TO \$19.7 MILLION USING DIFFERENT ASSUMPTIONS.

ASSUMING A TWO- TO FOUR-YEAR EXPOSURE PERIOD FOR SALE:

\$ 16,500,000

ASSUMING LESS THAN A TWO-YEAR PERIOD FOR SALE:

\$ 16,000,000

ECONOMIC VALUE -- ASSUMING FULL OCCUPANCY NOW:

\$ 19,700,000

WE REPORTED IN MARCH 1975 THAT GSA DID NOT HAVE SUFFICIENT COMMITMENTS FROM FEDERAL AGENCIES TO JUSTIFY ACQUIRING 750,000 SQUARE FEET OF SPACE. ONLY 225,220 SQUARE FEET OF SPACE HAD BEEN COMMITTED AS OF SEPTEMBER 1974. THE CURRENT OCCUPANCY, 3-1/2 YEARS AFTER ACQUISITION, IS ABOUT 190,000 SQUARE FEET, OR 25 PERCENT OF THE ASSIGNABLE AREA.

ON NOVEMBER 17, 1971, GSA AND OFFICE OF MANAGEMENT AND BUDGET (OMB) OFFICIALS MET TO DISCUSS THE EXCHANGE PROPOSAL. AT THAT MEETING, OMB OFFICIALS EXPRESSED RESERVATIONS ABOUT THE EXCHANGE. THEY SAID THAT THE BUILDING APPEARED TO BE IN SEARCH OF A MISSION SINCE GSA DID NOT HAVE SUFFICIENT REQUIREMENTS FOR SPACE TO JUSTIFY THE BUILDING'S ACQUISITION.

BY LETTER DATED SEPTEMBER 15, 1972, GSA ASKED OMB'S CONCURRENCE IN THE EXCHANGE PROPOSAL. GSA SAID THAT IT HAD A FIRM OCCUPANCY PLAN FOR ABOUT 40 PERCENT OF THE NET ASSIGNABLE SPACE AVAILABLE IN THE BUILDING.

IN JANUARY 1973 OMB APPROVED THE ACQUISITION BY EXCHANGE BUT INDICATED THAT IT WANTED TO REVIEW PLANS FOR OCCUPANCY BEFORE A DECISION WAS MADE ON THE USE OF THE BUILDING.

TO PROVIDE FOR FURTHER OCCUPANCY, THE BUILDING WILL HAVE TO BE ALTERED. THE ESTIMATED COST IN 1974 WAS \$2.85 MILLION. THE CURRENT ESTIMATE IS \$3.3 MILLION.

OTHER GAO REPORTS ON LAGUNA NIGUEL

ON AUGUST 17, 1976, WE REPORTED TO THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS (LCD-76-344) THAT

- THE PARTIES TO THE LAGUNA NIGUEL EXCHANGE HAD CONFLICTING UNDERSTANDING ABOUT THE TRANSFER OF GOVERNMENT-OWNED PROPERTY VALUED AT \$702,800. THE PROPERTY IN QUESTION, COMPRISING 10 ITEMS, WAS NOT INCLUDED IN THE \$19,531,446 APPRAISAL FIGURE FOR THE GOVERNMENT-OWNED PROPERTY TRADED. THESE ITEMS HAD AN ACQUISITION COST OF ABOUT \$1,876,000 AND WERE VALUED AT \$702,800 IN AN INDEPENDENT APPRAISAL THAT ROCKWELL OBTAINED IN MARCH 1974.
- ROCKWELL CAPITALIZED THE 10 ITEMS ON ITS BOOKS AT \$702,800. ABOUT \$250,000 OF DEPRECIATION ON THESE ITEMS WAS CHARGED TO OVERHEAD FROM APRIL 1974 THROUGH MARCH 1976. A SIZEABLE AMOUNT OF THE DEPRECIATION CHARGE, IF ALLOWED BY THE AIR FORCE, WILL BE ALLOCATED TO GOVERNMENT CONTRACTS.
- THE ITEMS GSA STATED IT INTENDED TO EXCLUDE FROM THE EXCHANGE WERE NOT SPECIFICALLY IDENTIFIED IN WRITING BY IT AND ROCKWELL BEFORE THE EXCHANGE WAS CONSUMMATED, NOR WERE THEY PRECISELY

IDENTIFIED IN THE EXCHANGE AGREEMENT. EACH OF THE PARTIES STATE A DIFFERENT UNDERSTANDING CONCERNING THE PROPERTY TO BE TRANSFERRED.

--GSA'S POSITION IS THAT ITS CONTRACT APPRAISER EXCLUDED THE 10 ITEMS OF REAL PROPERTY FROM HIS APPRAISAL, ITS CONTRACTING OFFICER DID NOT INTEND TO INCLUDE THIS PROPERTY IN THE EXCHANGE, AND THE CONTRACT OF EXCHANGE SPECIFICALLY EXCLUDES THE 10 ITEMS OF REAL PROPERTY.

--ROCKWELL'S POSITION IS BASICALLY THAT THE ITEMS WERE TRANSFERRED TO IT IN THE EXCHANGE AND THE GOVERNMENT IS NOT ENTITLED TO ANY RELIEF. ROCKWELL SAID IT RECEIVED IN EXCHANGE WHAT IS EXPECTED TO RECEIVE AND THE MISTAKE, IF THERE WAS ONE, WAS ENTIRELY UNILATERAL.

--WE BELIEVE THAT THE MISUNDERSTANDING CONCERNING THE PROPERTY ITEMS TO BE TRANSFERRED COULD HAVE BEEN AVOIDED HAD THESE ITEMS BEEN SPECIFICALLY IDENTIFIED AND AGREED TO IN WRITING BY GSA AND ROCKWELL BEFORE THE EXCHANGE WAS MADE.

WE RECOMMENDED THAT THE ADMINISTRATOR OF GENERAL SERVICES INITIATE ACTION EITHER TO ASSURE THAT RIGHTS IT CLAIMS THE GOVERNMENT HAS IN THE PROPERTY IN QUESTION ARE ADEQUATELY PROTECTED OR SECURE EQUITABLE COMPENSATION FOR ITS TRANSFER TO ROCKWELL.

GSA AND ROCKWELL HAVE DISCUSSED THE DISPUTE BUT TO DATE HAVE BEEN UNABLE TO NEGOTIATE A SETTLEMENT.

ON JUNE 22, 1976, WE REPORTED TO CONGRESSMAN CHARLES H. WILSON (LCD-76-336) ON THE POTENTIAL USE OF THE LAGUNA NIGUEL BUILDING. WE

REPORTED THAT FEDERAL AGENCIES OCCUPYING LEASED SPACE IN SOUTHERN CALIFORNIA ARE OPPOSED TO RELOCATING TO THE FEDERAL BUILDING AT LAGUNA NIGUEL.

#### GSA CURRENT POLICY

IN APRIL 1976, GSA NOTIFIED THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET THAT IT HAD ESTABLISHED A NEW EXCHANGE POLICY. THE NEW POLICY PRECLUDES THE USE OF EXCHANGE AUTHORITY FOR EXCHANGES WITH PRIVATE PARTIES GENERALLY. IT DOES NOT, HOWEVER, APPLY TO EXCHANGE TRANSACTIONS WITH STATES AND LOCAL GOVERNMENTAL BODIES.

WE BELIEVE THAT THE NEW POLICY IS AN IMPROVEMENT OVER PRIOR PRACTICES. HOWEVER, IT CAN BE REVISED AT THE DISCRETION OF ANY SUCCEEDING ADMINISTRATOR. THE GENERAL EXCEPTION TO THE POLICY FOR TRANSACTIONS WITH STATES AND LOCAL GOVERNMENTAL BODIES PROVIDES A LOOPHOLE WHEREBY SUCH BODIES COULD BE USED AS INTERMEDIARIES BETWEEN GSA AND PRIVATE PARTIES IN NEGOTIATING AN EXCHANGE.

#### SUMMARY

IN SUMMARY, WE BELIEVE THAT THE LAW SHOULD BE CHANGED TO REQUIRE GSA TO SELL, RATHER THAN TRADE, PROPERTIES. WE RECOMMENDED IN OUR FEBRUARY 1974 REPORT THAT THE CONGRESS SHOULD CONSIDER AMENDING THE LAW TO PERMIT GSA TO OFFER EXCESS PROPERTY AT COMPETITIVE BID AND TO DEPOSIT THE CASH PROCEEDS INTO A BUILDING FUND TO BE USED, SUBJECT TO ANNUAL APPROPRIATION ACTS, FOR ACQUIRING PUBLIC BUILDING SITES.

IF THE CONGRESS DOES NOT WANT TO RESTRICT GSA'S EXCHANGE AUTHORITY, WE BELIEVE ANY EXCHANGE INVOLVING THE ACQUISITION OF PUBLIC

BUILDINGS VALUED OVER \$500,000 SHOULD BE SUBJECT TO EITHER APPROVAL BY, OR ADVANCE REPORTING TO, THE CONGRESS. IF THIS REQUIREMENT WERE APPLIED TO EXCHANGES, IT WOULD ENABLE THE CONGRESS TO CONSIDER THE NEED FOR, AND INSURE THE EQUITABLE DISTRIBUTION OF, PUBLIC BUILDINGS THROUGHOUT THE UNITED STATES.

THESE RECOMMENDATIONS WERE STATED IN OUR OCTOBER 7, 1975, TESTIMONY BEFORE THE SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY, HOUSE COMMITTEE ON GOVERNMENT OPERATIONS.

THIS CONCLUDES MY PREPARED STATEMENT, GENTLEMEN. IF YOU HAVE ANY QUESTIONS, I WILL DO MY BEST TO ANSWER THEM OR TO PROVIDE THE ANSWER FOR THE RECORD.