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REPORT BY THE U.S.

General Accounting Office

Increasing Public Use And Benefits From Surplus Federal Real Property

Since 1944 the Federal Government has transferred surplus real property to agencies and nonprofit institutions for use in health, educational, park, recreational, airport, or other public benefit programs. Many of the properties have been held by grantees for as long as 30 years. If not used as intended, the Federal Government can either reclaim them or require payment.

Many grantees have not fulfilled their part of the agreement to provide a public benefit. One of the main reasons is lack of adequate monitoring of development by responsible executive agencies.

GAO recommends that these executive agencies establish a more aggressive monitoring and enforcement program to insure continued use and development of the property in accordance with an approved development plan or reclaim it and return the title to the Government when the property is not being used or developed for the purposes transferred.





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

LOGISTICS AND COMMUNICATIONS
DIVISION

B-101646

The Honorable
The Administrator of General Services
The Secretary of the Interior
The Secretary of Transportation
The Secretary of Health, Education, and Welfare

This report discusses the agencies' activities in monitoring Federal real property transferred to public agencies and nonprofit institutions for continued use and benefit to the public.

We discussed this report with agency officials and their comments are incorporated where appropriate.

We are sending copies of this report to the Chairmen, House and Senate Committees on Appropriations; House Committee on Government Operations; Senate Committee on Governmental Affairs; and to the Director, Office of Management and Budget.

A handwritten signature in black ink, appearing to read "R. W. Gutmann".

R. W. Gutmann
Director

GENERAL ACCOUNTING OFFICE
REPORT TO THE
ADMINISTRATOR OF GENERAL SERVICES
SECRETARY OF TRANSPORTATION
SECRETARY OF THE INTERIOR
SECRETARY OF HEALTH, EDUCATION,
AND WELFARE

INCREASING PUBLIC USE AND
BENEFITS FROM SURPLUS
FEDERAL REAL PROPERTY

D I G E S T

Since 1944 the Federal Government has transferred to public agencies and nonprofit institutions real property that has been determined to be no longer required by any Federal agency. Transfers are generally made at no cost to the grantees and are intended to provide a continuing public benefit through use in health, educational, park, recreational, airport, or other public benefit programs. If the property is not used as intended, the Federal Government can either reclaim it or require payment.

MIXED PROGRAM RESULTS

Many surplus properties transferred to public agencies and nonprofit institutions have benefited the public. For others, however, grantees have not fulfilled their part of the agreement to provide a public benefit. (See pp. 4 and 6.)

Among 62 problem properties GAO examined,

--27 had not been developed or were not being used as intended and

--31 had been only partly developed or used. (See p. 38.)

GAO also found that 26 of the properties were being used by the grantees for unauthorized purposes, primarily leasing for agricultural or related purposes for which revenues were derived. Except for airport properties, many revenue-producing

activities had not been approved by the sponsoring Federal agencies. (See pp. 30 to 33 and 38.)

Airport transfers are unique in that portions of the property can be designated for nonaviation activities to produce revenue to develop or maintain the airport. However, the revenues have been diverted to other than airport activities, such as funding municipal government operations. (See pp. 28 and 29.)

There are several reasons for the property not being developed; the most common reason is the inability of grantees to generate funds to develop the property and Federal agencies' lack of adequate monitoring of its use. (See pp. 21 to 25.) Grantees have had the properties for extended periods of time, many for as long as 30 years. They have either not fully developed the properties or have used them to generate revenues for their own purposes without any major objections from the sponsoring Federal agencies. (See pp. 7, 10, 15, and 28 to 33.)

Sponsoring Federal agencies seldom exercise their option for reclaiming property and considering alternative disposal actions as a means of achieving continued public benefits. (See p. 34.)

Rather than have the property remain undeveloped and not used or used for purposes which do not provide benefits to the general public, GAO believes that the property should either be made available to other public agencies or the General Services Administration should dispose of it by sale. In addition to funds accruing to the Federal Government, sale of the property could increase the tax base and provide a continuing economic benefit to a community. (See p. 34.)

Sponsoring Federal agencies should either (1) work with the grantees to make sure that the property will be fully developed to benefit the public or (2) in cases where

the grantees cannot or will not develop the property, take action necessary to return it to the Federal Government. (See p. 35.)

GAO believes that the General Services Administration has not played a strong enough role in controlling and administering the program. It lacks accurate inventory records and does not systematically review activities of monitoring agencies. Based on its records, General Services does not know which properties have been transferred or what has happened to them. (See pp. 20 and 21.)

RECOMMENDATIONS

To strengthen program administration and management of the surplus real property program, GAO recommends that the Administrator of General Services, in coordination with other sponsoring Federal agencies, take actions necessary to:

- Compile and maintain an inventory of surplus real property conveyed with Federal restrictions.
- Establish and maintain records on program activities, including number of properties under Federal restriction, number reviewed, and the number in noncompliance.
- Strengthen GSA's involvement for insuring program compliance by establishing systematic controls for reporting on compliance investigations by the various Federal agencies.

To improve program control and increase public use and benefits from Federal surplus real property, GAO recommends that the Secretaries of Transportation, the Interior, and Health, Education, and Welfare take actions necessary to:

- Require more critical reviews of applications for property to assure that property is

transferred to applicants who can (1) achieve the desired public benefits and (2) have a realistic plan to maintain, develop, and use the property requested.

- Establish an aggressive monitoring and enforcement program to ensure continued use and development of the property in accordance with the approved development plan.
- Develop uniform guidelines and procedures for revenue-producing activities, including adequate control on reporting, use, and disposition of funds.
- Reclaim the property and return title to the Federal Government where property or any substantial portion of it is not being used or developed for the purpose conveyed and in accordance with the transfer terms.

AGENCIES' COMMENTS

GAO discussed a draft of this report with officials of General Services; Health, Education, and Welfare; Interior; Heritage Conservation and Recreation Service; 1/ and the Federal Aviation Administration.

General Services agreed with the report and officials said that they have taken a more positive role by inspecting selected properties subject to public use restrictions. (See p. 21.)

The Federal Aviation Administration did not comment on GAO's recommendations. The other two agencies generally agreed with the recommendations. They agreed that the properties have remained underdeveloped but cited circumstances surrounding each of the cases included in the review. (See pp. 7, 8, 14, 18, and 23 to 25).

1/Formerly Department of the Interior, Bureau of Outdoor Recreation.

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ABBREVIATIONS

BOR	Bureau of Outdoor Recreation
FAA	Federal Aviation Administration
GAO	General Accounting Office
GSA	General Services Administration
HCRS	Heritage Conservation and Recreation Service
HEW	Department of Health, Education, and Welfare

CHAPTER 1

INTRODUCTION

Since 1944, the Federal Government has transferred surplus real property to public agencies and nonprofit institutions. The property, including land, buildings, and other facilities such as airfields, is no longer needed by any Federal agency. The transfers are intended to provide continued public benefit through specific uses in health, education, park, recreation, airport, wildlife conservation, and other public benefit programs. The properties are usually transferred at no cost to the recipient.

Through fiscal year 1977, property with an acquisition value of over \$1.4 billion had been transferred for health and educational purposes. Value of property transferred for parks and recreational purposes was estimated at \$292 million. A market value for surplus airport property is not determined when such property is conveyed. Thus, an estimated value for the 645 surplus airport properties which have been transferred was not available. However, a General Services Administration (GSA) report showed that the 20 airport properties transferred during fiscal year 1976 had an acquisition value of over \$63 million. An inventory on properties transferred for wildlife conservation purposes was not available.

FEDERAL AGENCIES' RESPONSIBILITIES

Under the Federal Property and Administrative Services Act of 1949, GSA is responsible for the surplus real property program. GSA determines when property is surplus to the needs of the Federal Government and advertises its availability to State and local public agencies.

The Department of Health, Education, and Welfare (HEW) reviews and approves applications for property of interest to health and educational organizations. GSA assigns the property to HEW for transfer to the public agency or nonprofit institution. HEW is then responsible for seeing that the grantees use the property as agreed.

For park and recreation property, the Department of the Interior's Bureau of Outdoor Recreation (BOR) 1/ approves the applications, and GSA assigns the property to BOR for transfer to the grantee. BOR is then responsible for overseeing the use of the property.

In arriving at the sale value of the property, HEW and BOR make an allowance for any public benefit which has accrued or may accrue to the United States through continued use of the property. Both apply a public benefit discount to the fair market value of the property, as determined by GSA. The discount allowances range from 50 to 100 percent. The discount allowance applied to most surplus properties has been 100 percent; that is, most have been transferred at no cost to the recipient.

Real property transferred for a public airport is conveyed directly to applicants by GSA after recommendation by the Federal Aviation Administration (FAA). Such property is transferred at no cost to the recipient. FAA is responsible for seeing that the donated airport property is used for that purpose.

GSA approves applications for surplus real property suitable for wildlife conservation and is responsible for overseeing the use of this property.

If GSA determines that the property will not be best used by a public agency or nonprofit applicant, it puts the property up for public sale.

The Federal agency sponsoring the public benefit conveyance generally is responsible for (1) determining and enforcing compliance with the terms of transfer and (2) amending transfer instruments or reclaiming property which is not being used for the purpose intended. On properties transferred for airport purposes, the law 2/ provides that the Administrator of FAA is solely responsible for determining and enforcing compliance with the terms, conditions,

1/In January 1978 the activity responsible for these functions was renamed Heritage Conservation and Recreation Service (HCRS). Properties discussed in this report were conveyed by BOR and we have used that agency designation in our discussion of them.

2/50 U.S.C. App. 1622b 1970.

and restrictions included in the conveyance document. For other properties (health, recreation, etc.) the sponsoring agency is responsible for monitoring and enforcing compliance, but the Federal Property Management Regulations provides that GSA has overall responsibility to assure that the program is being operated as intended.

Appendix I outlines the Federal approval, conveying and compliance review agencies, the eligible recipients, sales price discount or preference, and legal authority for each program category.

RESTRICTIONS ON PROPERTY USE

Restrictions are incorporated into a deed to (1) assure that the property is used according to the approved utilization plan, (2) prohibit the sale, lease, or disposal of property without the express consent of the Federal agency conveying the property, and (3) reserve the right of the Federal Government to reclaim property for breach of any of the transfer conditions. Recipients of property conveyed for health, education, park, and recreation purposes are required to report periodically on the use of the property.

The period during which the restrictions apply varies based on the intended use of the property and when it was transferred.

<u>Intended use</u>	<u>Restrictive period</u>
Airport	Into perpetuity
wildlife conservation	Into perpetuity
Park and recreation:	
Transferred since January 1965	Into perpetuity
Transferred prior to January 1965	20 years
Health and Education:	
Transferred since 1966	30 years
Transferred prior to 1966	Generally 20 years

Grantees can obtain a release from the restrictions with appropriate approvals. Grantees of health and educational properties can nullify the restrictions by paying the fair market value less appropriate credit for any period that the property was used properly. Recipients of park and recreation properties can substitute property of equal or greater recreational value for the transferred property, with the substituted property being subject to the original

restrictions. Airport property can be released if the Secretary of Transportation determines that the property no longer serves the purpose for which it was transferred and that the release is necessary to protect or advance U.S. interests in civil aviation.

REALIZED PUBLIC BENEFITS

Public benefits should accrue after surplus property is conveyed to public agencies and nonprofit institutions (grantees) by Federal agencies. Examples of public benefits are new and expanded schools, health facilities, parks, and airports. The benefits result from development and use of property in accordance with the planned public purposes. Many surplus properties transferred to public agencies and nonprofit institutions are being used as intended and are creating significant public benefit.

--In 1966 HEW transferred 45 acres to the Pioneer Joint Vocational School, Shelby, Ohio, at no cost. By July 1977 the school employed 68 teachers and 32 support personnel. About 960 students in grades 11 and 12, and 200 adults in evening classes were attending classes. Construction had also begun on an addition to increase the building capacity to 1,500.

--In 1963 BOR transferred 138 acres to Des Moines, Iowa, for 50 percent of the property value. The property is being used for a children's zoo, a picnic park, and a 9-hole golf course. The latest utilization report showed that visits totaled about 125,000 annually.

SCOPE OF REVIEW

We reviewed the policies, procedures, and practices of agencies responsible for the conveyance of Federal surplus real property to determine the controls employed to assure proper use of the property. We also reviewed conveyed property inventory records and agency compliance reviews and procedures covering grantee revenue-producing activities. Our review was performed at the headquarters and selected field offices of the four agencies.

Among 1,350 conveyed properties on record, we reviewed 62 where compliance problems were evident. We inspected and photographed these selected properties, reviewed available records, and interviewed agency and grantee officials.

In addition, we made preliminary inquiries into other properties, including some shown in the records as being in compliance.

The review was performed at the following Federal agencies and grantees.

- GSA Headquarters and regions V (Chicago), VI (Kansas City), IX (San Francisco), and X (Seattle).
- HEW Headquarters and regions V (Chicago), VII (Kansas City), IX (San Francisco), and X (Seattle).
- BOR Headquarters and Lake Central (Ann Arbor, Michigan), Mid-Continent (Denver), Pacific Southwest (San Francisco), and Northwest (Seattle) regions.
- FAA Headquarters and Great Lakes (Des Plaines, Illinois), central (Kansas City), western (Los Angeles), and northwest (Seattle) regions.

CHAPTER 2

REQUIRED PUBLIC USE AND BENEFITS NOT ALWAYS REALIZED

The conveyance of surplus Federal real property to public agencies and nonprofit institutions is authorized by law to attain specific public benefits. In many cases the grantees have not complied with their contractual agreements to develop the property. School and health facilities were not built and parks and airports were not developed or maintained. In many of the same and other cases, the grantees were using the property for unauthorized purposes and/or revenue-producing activities, without approval of the sponsoring Federal agencies.

Federal agencies responsible for monitoring development and use of conveyed property have not done so effectively. They have generally failed to determine the extent of non-compliance and, when warranted, revert conveyed property to the Federal Government. This has permitted property to remain unavailable to the public for many years, precluding timely reversion and consideration of alternative disposal for increasing public benefits.

We selected, for detailed review, 62 conveyed properties with indications of noncompliance. Our review confirmed that none of these were in compliance for one or more reasons. The most prevalent reason was misuse or nondevelopment of the property.

Because the conveyances reviewed were not selected by statistical sampling techniques from the universe of conveyed properties, the results of our review are not purported to be representative of the compliance status of all conveyed properties. However, we did scan the files on other conveyed properties and made inquiries and field visits on these additional cases. The latter inquiries confirmed that public benefits are being realized from surplus properties for recreation, education, and other purposes, but it also indicated that some properties are not in compliance. In some of the latter cases, however, records of the sponsoring Federal agency show the grantees to be in compliance.

Properties conveyed for wildlife conservation are less susceptible to nondevelopment problems. They usually remain in a natural state to provide refuge or hunting areas. Airport properties also do not usually require much development because they are former military airfields with runways, hangars, and other aviation facilities. The principal problem

with airport properties we reviewed is little or no use for aviation purposes. Concerning properties transferred for health, education, parks, and recreation, lack of development, such as new construction and renovation, was a particular problem.

Each responsible Federal agency was remiss in monitoring development and use of conveyed property. Chapter 3 deals with properties that were being used for unauthorized purposes and to generate income.

PROPERTY CONVEYED FOR HEALTH AND EDUCATION PURPOSES

Our review at HEW included 20 properties conveyed for health and education purposes. At the time of transfer, these properties had a fair market value totaling about \$6.1 million. All the properties, with exception of two, were conveyed at no cost to the recipients.

At the time of our review, HEW required that development be started within 12 months of the date of transfer or, where major construction was contemplated, within 18 months. HEW revised its regulations in November 1977 to extend the period for starting construction to 36 months. These regulations provide for penalty payments or disposal actions if time limitations are not met.

Although the properties have been in the hands of grantees for extended periods of time, they have not been fully developed to provide the public benefits. Only one piece of property, valued at about \$3,000, has been fully developed. For many of the properties, grantees have taken no development action. Others have been only partly developed, as shown by the following table.

<u>Years since property was conveyed</u>	<u>Number of properties</u>		
	<u>No development</u>	<u>Partial development</u>	<u>Full development</u>
3-5	1	1	-
5-10	6	5	-
10 and over	<u>1</u>	<u>5</u>	<u>1</u>
	<u>8</u>	<u>11</u>	<u>1</u>

According to HEW officials, they recognize the conveyances we selected for review as problem cases and agree that the properties have remained undeveloped. However, they did

not elaborate on why they permitted the situations to continue. For many of the cases, they indicated that they are working with the grantees to either achieve utilization, under the original plan, or to revise it for other approved uses.

Those officials stated that the Government has the right to reclaim title to the property but noted that there are many factors to consider--transferees' interest in the property, their desire and ability to implement the program, and the long-term public benefit at stake. They also stated that HEW has now started action on three of the cases to return the property to the Federal Government.

Concerning unauthorized leasing, those officials stated that in one case the grantee has now remitted an amount representing the fair rental value. For two other cases, however, those officials did not agree that the properties were being leased. In our opinion, this position does not recognize the facts and indicates ineffective monitoring. One of these cases is discussed further on page 23. Those officials also stated that an aggressive compliance program is being carried out. We believe that the lack of development and the lack of HEW action to reclaim title to the property indicates otherwise, as illustrated by the following example.

Public benefits planned for health and education have not been received from property transferred to the Milwaukee Area Technical College, Milwaukee, Wisconsin. In July 1970 HEW transferred 62 acres, including 61 buildings, to the college to serve as a branch campus. The property, valued at over \$800,000, was transferred at no cost to the recipient. The proposed complex included permanent facilities to house a Manpower Industrial Training Center and adult and technical programs, such as firefighting, large truck driving, and operation of heavy earthmoving and construction machinery.

The school's application cited an urgent need for these educational facilities. According to the school, about 850 prospective students had been turned away the preceding fall. Also it had 29 classes operating in temporary facilities and/or on double shifts. The proposed development was to accommodate a student enrollment of 1,000 to 1,200 students. The school proposed to renovate and remodel about one-third of the buildings, including a hospital for training in medically-related occupations and a new gymnasium.

Three years later, GSA reported that the school had provided no protection or maintenance for the buildings. As a result, property conveyed as useable buildings capable of

being converted to educational uses had been vandalized to such an extent that rehabilitation appeared to be impossible. The City of Milwaukee declared the area a public nuisance and condemned the structures in the interest of health and safety of the surrounding community. The city had the buildings razed and placed a lien of about \$132,000 on the property to pay wrecking costs. Since 1973 the land has been used minimally for surveying classes and other field laboratory studies.

As noted above HEW was aware of the school's noncompliance for about the past 7 years but believed that the school has acted in good faith and that revestment proceedings would be counterproductive. It is doubtful that the property will ever be used for construction of educational facilities as proposed. Such use has been blocked by local opposition favoring use of the property as a conservation area.

Following our review, HEW proposed an agreement whereby the originally proposed development would be started by July 1980, 10 years after the property was originally conveyed, and completed no later than July 1988 or else the property would revert to the Federal Government. However, the school has not accepted HEW's proposal and has indicated that it is relinquishing its rights to the property.

We discussed this with HEW headquarters officials in June 1978 who stated that the school has notified them that:

"It has now been determined by the College and the City of Milwaukee that it will be in the best interests of both to locate the College on an area now owned by the City and to return the Barracks property to the U.S. for other disposal."

In our opinion an aggressive compliance program would have prevented this situation from dragging on for 8 years. (See app. III for details on this and other HEW property transfers reviewed. Specific actions taken on the other properties have, for the most part, been initiated after we reviewed the case.)

PROPERTY CONVEYED FOR PARK AND RECREATION PURPOSES

Our review included 26 properties conveyed for recreational purposes. At the time of conveyance, the properties

had a fair market value of about \$4.6 million. Most of the properties were conveyed at no cost to the recipients.

BOR guidelines require that development should begin no later than the second year after conveyance and that the period of development not exceed a consecutive 10-year period.

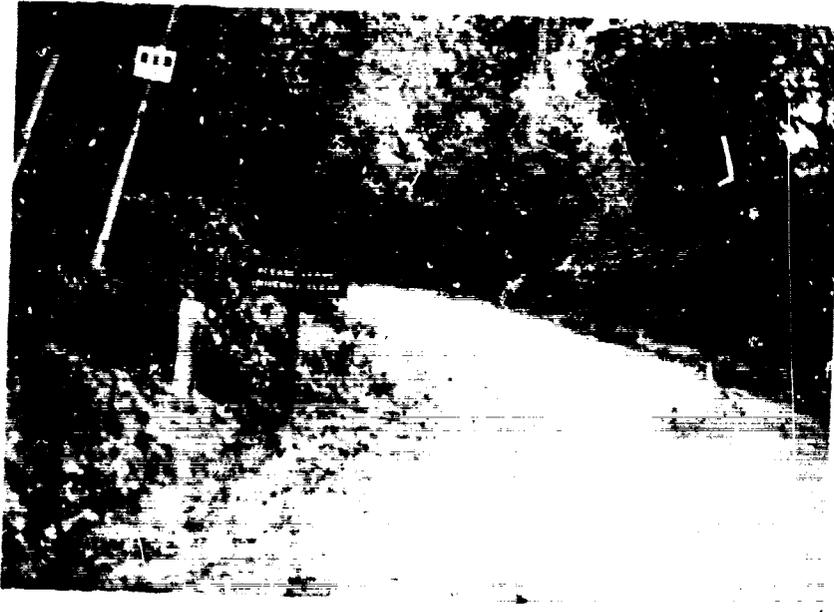
The properties have been in the hands of grantees for extended periods of time--several for over 15 years and one for over 20 years--and have not been fully developed. Of the 26 properties reviewed, 17 had no development and 9 had only partial development. The following table shows the period of time grantees have had these properties.

<u>Years since property was conveyed</u>	<u>Number of properties</u>		
	<u>No development</u>	<u>Partial development</u>	<u>Full development</u>
3-5	4	3	-
5-10	7	4	-
10-20	6	1	-
20 and over	-	1	-
	<u>17</u>	<u>9</u>	-

The public benefits expected from use of these properties have not materialized. In some cases, public use has been prohibited by the recipient. For example, in November 1965 BOR transferred to the State of Washington 204 acres and several buildings for development of the Fort Ebey State Park, Whidbey Island, Washington. In July 1974 BOR conveyed an additional 20 acres and 2 buildings for the same development. The proposed development included an administrative area, shelters, comfort stations, utilities, parking areas, and overnight camping sites to serve a potential 164,000 people annually.

A timetable for development was not established until 1974, 9 years later. At that time the proposed development program was reduced in scope and scheduled for completion during the period 1975-77.

As of October 1977, there had been no development and, as shown by the photograph on page 11, the property was closed to the public.



ENTRANCE WITH CABLE-CLOSING ENTRY TO THE PUBLIC.

In July 1978 BOR officials stated that the property had contained several ammunition bunkers and that their concern, over the years, had been to insist that the State take adequate measures to prevent the public from entering these hazardous bunkers. They stated that they have worked with the State parks director to get State funds for the development and that initial development is now underway. They also stated that the property is open for recreational use but did not comment on when the cable, pictured above, was removed.

In another transfer, BOR conveyed 39 acres and 6 buildings to the King County Park and Recreation Department, Seattle, Washington, in 1967. The approved utilization program specified the installation of water and sanitary facilities, picnic and play acres, and nature trails over a 3-year period. The grantee has held the property for almost

10 years and has not developed it. As shown by the photograph below, the property was fenced off and closed to the public.



LOCKED ENTRANCE GATE WITH "NO TRESPASS" SIGN, DEBRIS, OVERGROWTH, AND DETERIORATED BUILDING IN BACKGROUND.

In commenting on a draft of this report, BOR officials stated that safety reasons had limited public use until the property was developed and agreed that it was not developed. Nevertheless, they did not agree that the property was not open to the public. They stated that the property is open to organized groups who make advanced arrangements to use it. They noted that:

"We have now received from the county, the first element of a revised program of utilization; namely, a comprehensive plan. However, we are still awaiting a development schedule which would commit the county to a timetable. We anticipate

we will receive this soon and it will provide in the immediate future for general public use on a portion of the property. If it does not and we are not successful in negotiating such an arrangement, we will take measures to revert the property."

Over 10 years after conveyance, BOR is still negotiating with the grantee to make use of the property.

In 1974, BOR transferred 67 acres to the Johnson County, Kansas, Park Board for development of a park and recreation facilities. The proposed development included planting trees; setting up athletic fields, picnic areas, and playgrounds; and building shelters and restrooms.

The agreement included a schedule for development which, at the time of our visit almost 4 years later, should have been well underway; however, nothing had been done. While there was a sign indicating a future park site, the property was fenced and motorized vehicles were prohibited. The grantee said that due to lack of funds, the land could remain undeveloped for many years. As shown by the photograph on page 14, the property was also posted with a sign barring public use. (See app. IV for details on BOR property transfers reviewed.)



**UNDEVELOPED PROPERTY WITH BARBED WIRE FENCE
AND "U. S. GOVERNMENT NO TRESPASSING" SIGN.**

In commenting on a draft of this report, BOR officials addressed each of the cases reviewed. In three of the cases they did not agree that the properties had not been developed as originally planned. In the remainder of the cases they did not disagree.

As noted earlier the property was conveyed for development and use in accordance with an approved program of utilization. In 17 of the 26 cases reviewed, BOR officials noted that the grantees' utilization program either had been or would be revised. While we recognize that circumstances change and some of the programs probably should have been revised, we believe that some may also have been changed to agree with what the grantees are doing. This is illustrated by the sequence of events involving the property shown in appendix III as Case No. 3.

November 1972--Property was conveyed to grantee.

November 6, 1974--Grantee proposed that the property be used as a public hunting area with no formal development for outdoor recreational purposes.

November 21, 1974--BOR informed grantee that such use is too restrictive and not an acceptable recreational use.

June 21, 1976--Grantee offered to return the property to the Federal Government should the proposed use (hunting) conflict with Federal guidelines.

August 6, 1976--BOR approved the grantee's request.

PROPERTY CONVEYED FOR AIRPORT PURPOSES

Fifteen properties transferred for airport purposes were reviewed. These properties were conveyed to public agencies for "development, improvement, operation, or maintenance of a public airport." 1/

Airport properties are transferred at no cost to the recipient. Appraisals were not performed and we were unable to establish property values at the time of transfer. Except for one 6-year-old transfer, the grantees have had the properties for about 30 years.

Many of the airport properties reviewed were not benefiting the public: two had been closed and eight others had very little or no aeronautical activity. Rather than maintaining or developing public airports, grantees are, for the most part, using the properties as revenue sources. These uses and dispositions of revenues generated are discussed in more detail in chapter 3.

FAA has not effectively monitored the use of these properties nor acted to insure the maintenance or development of public airports. For example, the Galveston, Indiana, airport has had very little use since it was conveyed in 1947, and in November 1971, it was officially closed. Since conveyance the property has, for the most part, been leased for farming. Misuse of the property and the deteriorated condition of

1/Authority for conveying surplus airport property-- section 13(g) of the Surplus Property Act of 1944, as amended.

airport facilities was summarized in a February 1977 memorandum between FAA offices in the Great Lakes Region:

--"The last inspection of this airport took place on December 9, 1976, between representatives of this office, the Sponsor, the Sponsor's Attorney and the Aeronautics Commission of Indiana. The pavement is in very poor condition. The bituminous material is severely weathered with numerous cracks which are filled with vegetation. The bituminous binder is badly oxidized and has lost its binding qualities and elasticity. Vegetation has just about taken over all of the paved surface which makes it very difficult, even when walking over the area, to distinguish the paved area from the unpaved area. Any effort to rehabilitate the paved area would require total reconstruction. It is quite apparent that the Town of Galveston has not been maintaining the airport and in fact closed it in November 1971. However, the Town has been farming all the airport land except for the paved area since the property was deeded to them in 1947."

The photograph below was taken during our November 1977 visit.



TALL WEEDS GROW THROUGH THE BADLY DETERIORATED AIRPORT RUNWAY IN GALVESTON, INDIANA.

In January 1978--over 30 years after the property was conveyed--FAA advised the Galveston Board of Aviation that it would be held in default unless corrective actions were taken within 90 days.

In June 1978 FAA headquarters officials advised us that:

"By letter dated April 5, an extension of time was granted based on the sponsor's intention to re-activate the airport if favorable airspace was received from the FAA and Bunker Hill AFB. We anticipate that the airport will be open to the public this fall."

They also stated that on several occasions, FAA has advised the town of Galveston to stop diverting airport funds to the town's general fund. They estimated that the town had about \$100,000 in its "cash and investment" fund which, according to them, will be used for airport development, operation, and maintenance. They stated that upon reactivation of the airport, they would request a detailed accounting of the airport account. They did not comment on why they permitted the situation to exist for so long or what actions they plan to take if the airport is not reactivated. FAA also did not comment on the need for reestablishing this airport facility. Apparently there has been little or no need for the Galveston Airport throughout its civil existence. In addition to its record of very limited aeronautical use, the questionable need for the airport is illustrated by the following.

--Galveston Board of Aviation Commissioners informed us that the airport would never be reopened due to low aeronautic usage, air space conflicts, and the cost of reconditioning the landing strip. They noted that there are two other airports within 10 miles which are having difficulty supporting their operations due to a lack of major aeronautical demand in the area.

--A 1970 FAA Staff Study noted nine airports within 19 miles of Galveston.

--An FAA airspace study in 1976 did not favor reopening Galveston since it would create substantial air traffic control problems for Grissom Air Force Base. Grissom management in 1975 stated "for the record" that any airfield activity developed at the Galveston Airport site would cause a flight safety hazard for their military field.

--The Aeronautic Commission of Indiana has studied Galveston's aeronautical need and concluded that other sufficient airports serve the area so that it would not be detrimental if this community had no airport.

In view of the FAA studies and these comments concerning the need for another airport, FAA should reassess the need for reestablishing this property as an airport.

In another instance the New Jerusalem Airport near Tracy, California, was conveyed to the city of Tracy in 1948 for airport purposes. The airfield has no based aircraft and is used primarily as a base for crop dusting. Besides a runway and taxiway, there are no aviation facilities at this 394-acre site. An additional parallel runway and its taxiway, included in the 1948 conveyance, have been closed and are being used for hay storage. The runway and taxiway are wavy, and an irrigation ditch has been installed at the edge of the pavement along the full length of the open runway.

All the land is cultivated, including the area between the active runway and taxiway. Also, when we visited the property site, there were two operating natural gas wells adjacent to the runways as shown in the photographs on page 19.

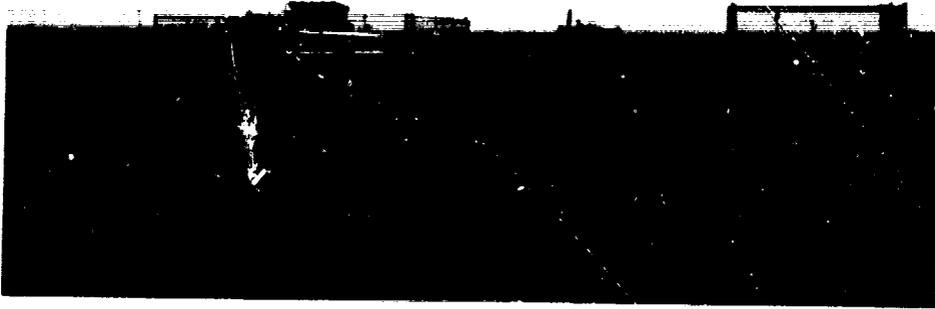
FAA records show that the latest compliance inspection of this property was in May 1970.

In commenting on a draft of this report, FAA headquarters officials agreed that the properties have remained undeveloped as airports. Although FAA is responsible for determining and enforcing compliance with the term of the conveying agreement, headquarters officials stated that they perform the compliance program on a complaint basis only due to higher priority programs.

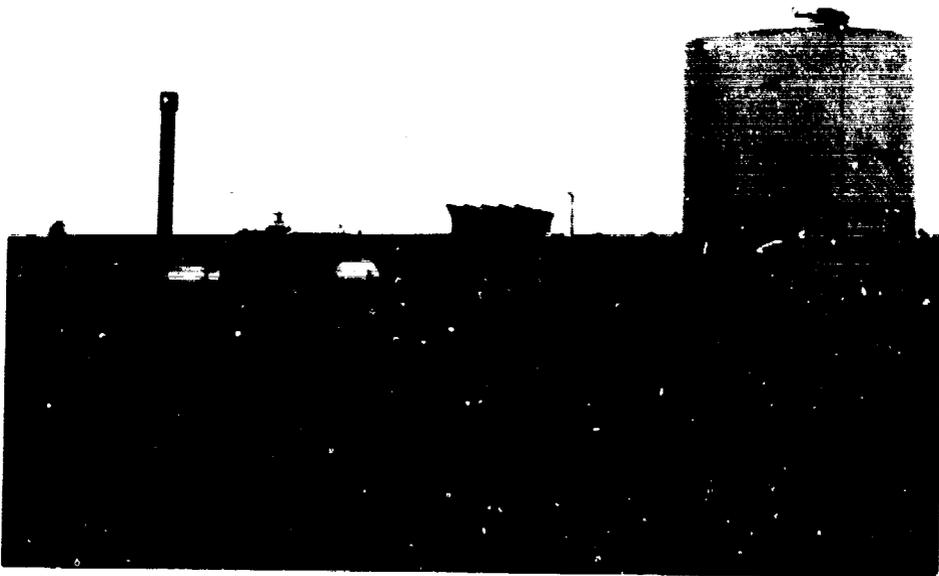
Concerning the use of the properties to produce revenues and diverting the revenues for unauthorized purposes, FAA officials stated that:

"Our compliance responsibility is to assure that all the income received by the grantee from use of airport property goes into the airport account to operate, develop, and maintain the airport."

In all cases reviewed, some of the airport property was being used for revenue-producing activities. At 12 of the sites, the revenues were being diverted to activities other than maintaining and developing the airports. Six of the diversions had been approved by FAA, six had not.



**NATURAL GAS WELL ADJACENT TO EXISTING
RUNWAY AND IRRIGATION DITCH ALONG SIDE OF
RUNWAY.**



**NATURAL GAS WELL ADJACENT TO SECOND
RUNWAY NOT IN USE.**

(See app. V for details on selected properties transferred for public airports which were reviewed.)

LACK OF COORDINATED PROGRAM
ADMINISTRATION BY GSA

The sponsoring Federal agencies are responsible for determining and enforcing compliance with the terms and conditions of property conveyances. On property transferred for airport purposes, the Administrator of FAA is solely responsible for doing so. For other properties, however, GSA, as the disposal agency, has overall control in the disposal of surplus real property, including being responsible for monitoring the actions of sponsoring agencies to ensure compliance.

Except for property transferred for public airports, conveyance of surplus real property and subsequent actions regarding its development, use, and final disposition are subject to GSA's scrutiny. Federal Property Management Regulations provide that, as a disposal agency, GSA:

"* * * shall perform such investigatory functions as are necessary to insure compliance with the provisions of the Act and with the regulations, orders, directives, and policy statements of the Administrator of General Services."

Those regulations also require that central files of all compliance inspections be maintained.

GSA, however, has not effectively inspected these properties to insure program compliance. Except for transfers of property for wildlife conservation purposes, GSA has not viewed the monitoring of property after conveyance as part of its program responsibility.

GSA personnel have spot checked the use of property, except for public airports, when they were in the vicinity of property which was conveyed. However, this was done on an unstructured, "hit or miss," time-available basis. There are neither program or activity guidelines nor any provisions for review of results and documentation of any actions taken. Thus, records are spotty, incomplete, and fail to show final disposition.

GSA does not know how many properties are not being developed as planned or why not because it does not receive reports related to other Federal agencies' monitoring of the property. GSA also views its efforts of notifying cognizant Federal agencies about noncompliance as being ineffective and having little impact.

In discussing a draft of this report, GSA officials agreed with us and stated that they are now more active in this program and are scheduling visits to the properties to determine whether or not the property is being developed or used as intended. They stated, however, that they have no authority to initiate reversion actions. They stated that this is a responsibility of the sponsoring agencies.

SOME REASONS PUBLIC BENEFITS NOT REALIZED

The public's loss of benefits from these properties can be attributed to (1) grantees' failure to use them as agreed and (2) Federal agencies' failure to evaluate applications and enforce agreements.

Factors relating to grantees

Funding limitations and lack of grantee commitment

In their applications for surplus real property, HEW and BOR grantees state their willingness and financial ability to carry out the proposed utilization. Nevertheless, grantees cite the lack of funds as the most common reason for failing to use the property as proposed. In some cases, property development depended on funding from other Federal assistance programs or on local financing, such as bond issues, which did not materialize. Funding problems were also compounded, in some cases, by grantees failing to provide realistic cost estimates.

Grantees may also be overly optimistic in their proposed utilization of property or may not realistically reflect property needs in line with program needs. For example, Elwood, Illinois, with a population of 800, proposed extensive development for a 125-acre park which included a museum, a library, a swimming pool, utilities, athletic fields, etc. A lack of funds has curtailed development of the property, although partial development has occurred. Since acquisition, most of the property has been leased for farming as the only means of raising funds to develop the property.

Funding may also be related to other problems. For example, the deed requires that property be used continuously for the purpose conveyed and that any breach of the terms would be a basis for the Government to reclaim the property. Grantees, however, are usually unwilling to return property to the Federal Government, even though it has not been developed or used as intended. Some grantees claimed that

they have continued rights to the property regardless of its use and are not required to comply with the deed restrictions. Others have resisted enforcement efforts by Federal agencies and have retained property even though they did not intend to fulfill their commitment.

Projected need for property did not materialize

For many properties the projected utilization did not materialize. Usually these projections were for increased levels of student enrollments and were primarily properties conveyed by HEW for educational purposes.

In some cases, grantees have been allowed to retain property even though all of it was not needed. For example, the Western Nebraska Technical Community College, Sidney, Nebraska, received 918 acres and 228 buildings from HEW in 1975 for a junior college. Due to lack of enrollment and funding restrictions, the college has been unable to use all the property. Furthermore, the conveyance exceeded the needs of the college as it now exists and there were no specific plans for its use even if the projected enrollment had materialized. For example, about 60 percent of warehouse space, covering 300,000 square feet, was not being used as of November 1977, and there were no plans for using about 400-600 acres.

Federal actions

Inadequate evaluation of applications

Federal agencies have approved applications which have not always provided basic information on the proposed use of property. For example, no timetables for development were proposed in many cases. This made it difficult to monitor and enforce property utilization since there were no established milestones to measure the grantees' performance.

The Federal agencies have not critically reviewed applicants' capability to perform in terms of the proposed development. As noted previously, grantees cite their ability to finance the proposed development. However, this may be based on contingencies such as Federal assistance programs or local bond issues, which have not always materialized. In these cases there was no indication that the Federal agencies attempted to verify information concerning the grantees' capability to perform as proposed.

In commenting on a draft of this report, HEW and BOR officials agreed with the importance of critically reviewing the applications. HEW agreed that the application should present a realistic development plan but noted that time schedules are difficult to meet because of State legislatures, the voters, the unions, and an inflationary economy. BOR noted that it has always insisted that its staff review applications critically but will reemphasize it by issuing a revised surplus property handbook. FAA officials did not comment on this.

Federal agencies did not always assure maximum public benefit when evaluating a proposed transfer. For example, the University of Nebraska acquired 8,420 acres in 1962 and 2,410 acres in 1970 for educational and experimental agricultural research. In both cases, a grantee representative indicated that it did not need all of the property. However, HEW offered the property as a total package. Thus, the grantee requested and received the total acreage. On the smaller piece of property, the grantee was leasing about 1,280 acres for grazing.

Authorization to lease the property for grazing had not been obtained from HEW at the time of our visit. HEW headquarters officials disagreed that this property was being leased. They stated on June 19, 1978, that the grantee's representative had advised them that:

"To the best of his knowledge no land has been leased, as they (sic) know that this is a violation of the terms of the deed."

During our review, we obtained a copy of a lease for grazing during 1977, along with a summary of income from leases for the period 1974-77. When we advised those officials of this, they stated that they would investigate it.

They later stated that the university was involved with an experimental program which required grazing the land. They stated that initially, the university trucked cattle from another experiment station but this was costly and time consuming. Thus, the university decided on the lease arrangement for livestock. They stated that the university did not view this as leasing, per se, but more as an expedient to further the project. They also stated that since our visit, the university has terminated the lease.

Ineffective monitoring

Although agencies responsible for monitoring the development and use of conveyed property are aware of the lack of development, they have generally not enforced the terms of conveyance. Monitoring suffered from the following weaknesses.

- The lack of documentation on noncompliance which results in grantee's inaction and no basis for agency's followup.
- Incomplete plans for utilization: (1) time frames and milestones are not always established, thus inhibiting measurement of performance; and (2) plans are not updated to reflect changes in property sizes, planned use, or grantee status.

As stated on page 8, HEW believes that it has an aggressive program for compliance monitoring but noted that it will stress the need for written approval of changes in time schedules and plans. BOR stated that it has always had a program designed to ensure development of the property but has instructed its staff to make more frequent inspections of undeveloped property. Concerning airport property, FAA headquarters officials stated that FAA's monitoring and compliance is on a complaint basis, that is, if a user (pilot, tenant, etc.) complains about something (service, maintenance, etc.), FAA will investigate it.

Conflicting program goals

Federal agencies do not always enforce restrictions because they do not want to alienate grantees who may be involved in other agency programs. Regional officials stated that maintaining goodwill is essential for developing and implementing programs relating to schools, hospitals, and parks. Thus, the agencies hesitate to take such enforcement action as recapturing conveyed property.

The monitoring agencies' attitude of helper rather than enforcer and inaction on enforcing restrictions has, in our opinion, contributed to the underutilization problem because recipients believe that they can deviate from the plan without consequences. Monitoring agencies are more interested in getting eventual development and use relating to their agency mission than in taking enforcement action.

For example, BOR officials said that they will go along with deviations in the plan as long as they believe that the property will eventually be used. They stated that they would work with an agency as long as needed within the restrictive period to get development, and also stated that, in their opinion, it is not in the peoples' interest to reclaim property to the Government.

HEW regional officials told us that plans submitted at the time of application are conceptual and HEW expects deviations. A regional official said that there are political penalties to be realized from taking enforcement action and HEW must work with grantees on other programs. HEW, according to the official, has a philosophy to work with the grantees as much as possible to get eventual development for health or educational uses.

ALTERNATIVE PUBLIC BENEFITS NOT CONSIDERED

In numerous cases where grantees have not developed the property, the Federal agencies have not taken prompt enforcement action and seldom exercise their power to repossess property. As a result, when property is no longer needed or is not being used for the purposes intended, they do not consider disposal alternatives for increasing public benefits.

The right of the Federal Government to reclaim the property is included in the document conveying the property. It is effective if there is a breach of any of the conditions and covenants, whether caused by a legal or other inability of the grantee to perform. This right may be exercised at the option of the conveying Federal agency with or without the cooperation of the grantees and against all or part of the conveyed property.

Property could be conveyed to another public agency or nonprofit institution that shows a potential for increasing public benefits.

Also, the enabling legislation for disposal of surplus real property included leasing or issuing of permits as a possible method of disposition. Recently, HEW amended its program regulations to provide specifically for leasing surplus real property at a public benefit discount. While this change is intended to benefit those educational and public health institutions or programs with short-term needs for property, such use could also be a valuable management tool to GSA in its overall program administration. Disposals by such means would enable GSA to retain control

of the property, in those cases where further evaluation is needed. Furthermore, GSA could manage the property to provide a maximum return to the Federal Government on any interim use until a continuing public benefit could be provided by conveyance of the property.

To achieve the greatest public benefit from surplus property, the program should also include the sale of property to private enterprises or public bodies. In addition to directly profiting the Federal Government, the sale of property could increase the tax base and be of lasting economic benefit to the community. Thus, if the Federal agencies would reclaim unused properties, GSA could dispose of them by sale or lease. Many of the properties apparently could also be used to provide other public benefits, as illustrated by the following.

- In 1969, HEW conveyed 10 acres to the Edmonds School District No. 15 in Lynnwood, Washington, for construction of a special services center for mentally and/or physically handicapped children. These facilities have not been constructed and there has been no use of the property as proposed. Prior to conveyance of this property 8 years ago, there were several requests and inquiries concerning the use of the property for public purposes including medical research, park, recreation, and other educational purposes.
- Several organizations, including educational, health, and public law enforcement, have expressed interest in about 60 acres which BOR conveyed to Springfield, Missouri, for park and recreation use in 1975. Although no development has occurred, BOR noted no compliance problems in its latest site inspection in March 1977. Thus, no consideration has been given to other uses for this property, which, based on GSA's determination, could also include industrial use.
- Bremerton, Washington, received about 15 acres for a park and recreation area in 1968 but has not developed or used it. Several organizations, including a hospital, church, Boy Scouts of America, and private parties, have sought to acquire this property.

In some cases, circumstances or needs change after conveyance of property, and development or use as intended may not achieve the desired results or the greatest public benefits. For example, the Ohio University Branch, at Chillicothe, Ohio, recently decided that it would be a

mistake to develop the school's major athletic facilities on the conveyed property located about 5 miles from the campus.

Subsequent to our visit, the university requested abrogation of deed restrictions in order to sell the property, which was conveyed in 1967. Chapter 3 contains further details on this property.

CHAPTER 3

PROPERTY USED FOR UNAUTHORIZED

PURPOSES AND TO GENERATE INCOME

Properties are being used for unauthorized purposes without approval, and money earned is not being used properly. Use of surplus properties for nonprogram purposes and to provide revenue must have prior approval by the responsible Federal agency. For properties transferred for health, educational, or recreational purposes, such approval is only temporary. Properties transferred for airport purposes, however, may be used to produce revenues on a permanent basis, but the revenues must be used to further the airport program.

TRANSFERS FOR AIRPORT PURPOSES

Some airport facilities and land may be used concurrently for certain activities, such as cultivating low crops in runway clear zones or on an interim basis for other activities, pending future aviation use. FAA must approve revenue-producing activities. Grantees must maintain an inventory showing the use of surplus airport properties and designating the portions used to generate income. FAA is required to periodically review the airports' financial transactions to assure that revenues generated are applied to airport operations and development. FAA is also required to review leases or rental agreement covering the surplus airport property to assure that the airport receives a fair value.

At 12 of the 15 airports visited, revenues were not directed toward supporting the airport activities. In commenting on a draft of this report, FAA addressed the use of revenues at selected properties included in our review but did not comment on its general guideline and procedures for ensuring that revenues are applied to airport operations and development.

FAA has not effectively controlled the use of these properties and has permitted grantees to

- divert revenues to nonaviation purposes, such as funding municipal government operations;
- negotiate leases at less than fair market value to attract industry and compete unfairly with other industrial parks not benefiting from federally provided property;

--subsidize individuals and organizations using the facilities; and

--continue low use of airports, some of which have been virtually abandoned for aviation purposes.

The lack of FAA action to monitor and control property use has caused grantees to rely on the revenue, believing that FAA condones their actions. Such grantees are unwilling to reconvey property even though it is not needed for the intended purpose.

At both the Galveston, Indiana, and Tracy, California, airports, properties have been leased for farming, without FAA approval, from the time they were conveyed 30 years ago.

The entire property transferred to Tracy, California, was leased to an individual for 15 years immediately after it was conveyed. According to a memorandum from the city manager to the city council, the lease holder paid only taxes on the property for the first 5 years. For the next 10 years, the lessee paid \$350 a year, or about \$1 an acre. The lease, extended through 1979, was modified to include payment of a percentage of the receipts for products produced. In commenting on this case, FAA headquarters officials did not address the lack of aeronautical activities or the fact that the property has been leased for farming, without FAA approval, since it was conveyed 30 years ago. They did, however, point out FAA's policy of permitting income to be diverted to maintain another public airport controlled by the same grantee.

The use of surplus airport property for industrial parks and other nonaviation purposes is illustrated by the property conveyed to Seymour, Indiana, in 1948. From the outset, about 1,400 acres were leased for farming, without FAA approval. Also, 278 acres were released by FAA in 1958 from the recapture-and-aeronautical-use obligations to develop an industrial park. One hundred twenty acres of this land has now been sold. Another 156 acres of airport land were returned to the grantee in 1962 for nonaeronautic revenue generation after the property had been used from 1954 through 1962 as a contractor-operated Federal rocket fuel research facility.

Receipts from leasing of property at Seymour, Indiana, totaled about \$237,000 in 1976. However, the grantee apparently has not sought to maximize the revenue for airport purposes. The airport's management has leased property and

provided utility rates to industrial park users at less than fair market value. The community has also used the property, without compensation, for a garbage dump, a city garage, and an 86-acre recreational area. The grantee stated that Seymour's main concern was developing an industrial park.

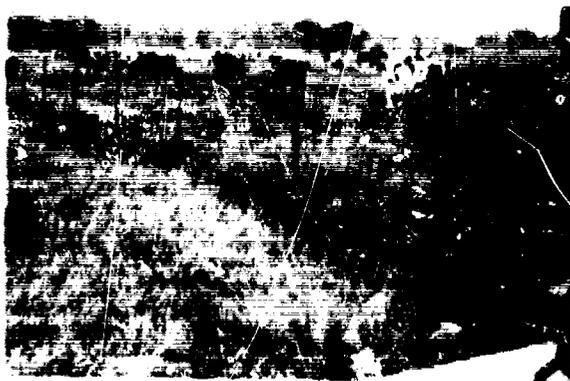
In commenting on this case, FAA officials noted that the city stores road equipment at the airport and that the airport benefits from this because the equipment is available if needed on the airport. They did not comment on the city's use of some of the property as a garbage dump and another portion as a recreational area.

TRANSFERS FOR HEALTH AND EDUCATIONAL PURPOSES

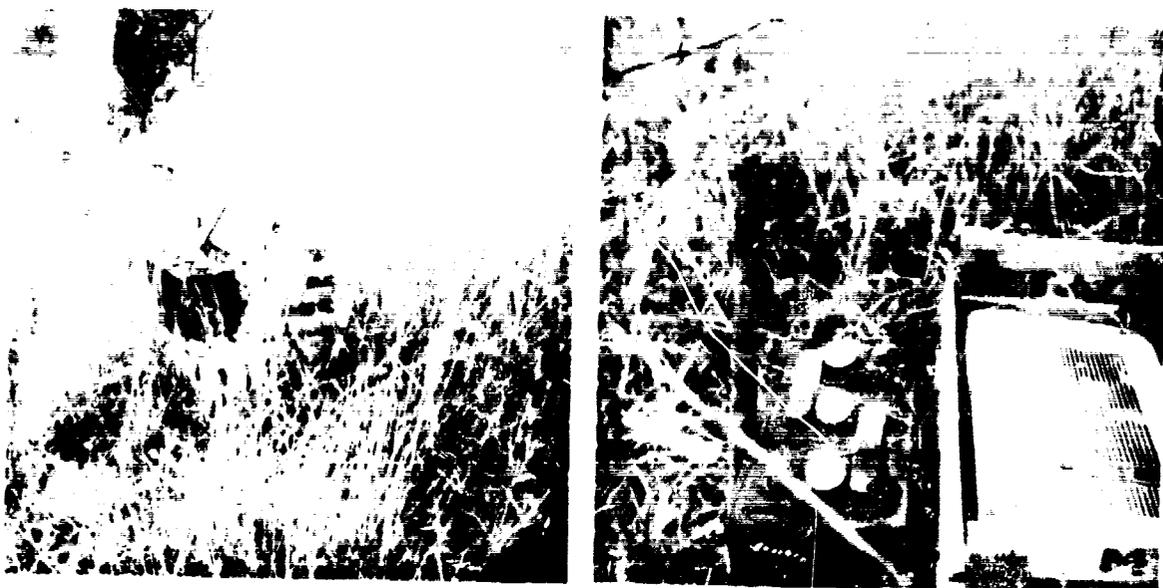
HEW regulations require approval when the transferee desires to use property temporarily for a purpose other than that for which it was transferred, and the revenues are to be used to develop the property. In June 1978, HEW officials stated they have uniform guidelines for revenue-producing activities, including disposition of funds. In our opinion, they have not been consistently applied. Of the 20 properties reviewed, 6 were being used for purposes other than which they had been conveyed, without HEW approval.

For example, in 1967 HEW conveyed 53 acres to the Ohio University Branch at Chillicothe, Ohio, for sports and physical education facilities. In June 1977 only nominal development and use of the property had occurred. About half of the property was being used for cattle grazing from an adjacent farm operated by the State of Ohio Correctional System. The State also harvested hay from the property.

The conveyed property being grazed included the area which had been a ball field. The area was fenced and an electrical charge had been installed, as illustrated by the photographs on page 31.



CATTLE GRAZING ON FENCED BALL DIAMOND.



**ELECTRICAL CHARGE INSTALLED ON
FENCE SURROUNDING PROPERTY USED FOR
CATTLE GRAZING.**

HEW has not objected to the grantee's lack of development and was not aware that the property was being used for cattle grazing. Following our visit to the site, the grantee requested and HEW has accepted abrogation of the deed restrictions based on the 1967 property value, in order to sell the property. HEW officials stated that the university will be given credit for utilization to the summer of 1972, and that it will pay the Government \$41,067, representing 83.3 percent of the original fair market value.

Another instance of unauthorized use involved the Hutchinson Community Junior College, Hutchinson, Kansas. The school acquired 436 acres and 5 buildings in 1969 for agricultural research and education, tree farming, and a golf course. In December 1977 the school was using only 80 acres for tree farming. The remaining acres have never been used as proposed. One hundred acres have been rented to a private firm at no cost for experimental planting, testing, and research. The arrangement between the firm and the college appears to be for exchange of services whereby training is provided to agriculture students at the firm's expense. HEW's regional personnel were not aware of this arrangement and, when we discussed it with them, stated that it did not comply with HEW regulations.

In commenting on a draft of this report, HEW headquarters officials stated that:

"According to regional office contacts with the transferee's representatives, there has been no renting or leasing of the property. Experiments in grass resiliency required cattle grazing on a controlled basis. The cattle provided by a local farmer were used in this experiment rather than purchasing cattle. There was no exchange of funds."

They did not comment on the situation of an additional 120 acres being leased for pasture and another 120 acres used for alfalfa and hay crops which are sold to local farmers. HEW regional personnel have not questioned this even though the grantee is deriving unauthorized revenue.

TRANSFERS FOR RECREATIONAL PURPOSES

Deeds conveying recreational property specifically bar leasing except to another eligible Government agency. Nevertheless, grantees have leased the property to private parties and, in some cases, with BOR approval. Of the 26 properties reviewed, 6 were being used for unauthorized purposes with the grantees receiving revenues.

In commenting on a draft of this report BOR officials stated that it has been their policy not to authorize nonrecreation revenue-producing activities on former surplus properties. They stated that there have been a few cases of property recipients leasing land for farming purposes and when they became aware of it, immediate action was taken to correct the situation. This has not happened in all cases.

For example, in 1972, BOR transferred 139 acres and 12 buildings to Milan, Michigan, for development of a park and recreation area. Considerable slippage in the property development occurred and only about 20 percent was completed at the time of our visit. The grantee has leased a large portion of the property for farming since 1974. The lease, estimated to include 70 to 80 acres, was unauthorized for the first 2 years. BOR authorized 1 year leases in October 1975 and again in April 1977.

In July 1978, BOR officials stated that they met with city officials in January 1978, and followed up with a letter calling for a stop to the cropping and an updating of its utilization plan to provide for recreational use or returning the property. They stated that the city has complied starting with a recreational gardening program. They stated also that they plan to meet with city officials to authorize better ways to increase public use and possibly to revise the utilization program.

Another example involved the Johnson County Park Recreation District which acquired 172 acres and 6 buildings at Olathe, Kansas, in 1974, to develop a park. The park, scheduled to be fully developed by 1978, has less than one-third of the property developed in November 1977. None of the buildings had been developed as proposed. About one-half of the developed portion, or 25 acres, has been leased by the grantee for a motorcycle field track. BOR has not authorized the lease which provided for payment to the grantee on the basis of gross receipts. In commenting on this, BOR officials agreed that development has been minimal but noted that the county has displayed a conscientious effort to provide recreation and secure development funds. They agree also that the property had been leased to a motorcycle club without BOR approval. They noted, however, that they have since reviewed a new lease agreement and approved it for a 1-year use. They stated that the grantee has requested permission to voluntarily return to the Federal Government about 20 acres and a large building which could be used for other purposes.

(See app. VI for property conveyed for wildlife conservation included in our review.)

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Many transfers of surplus Federal real properties to public agencies and nonprofit institutions benefit the public. For others, however, grantees have not fulfilled their part of the agreement with the Federal Government to provide public benefits. Properties have not been fully developed or used as proposed.

In many cases grantees are using the properties for purposes other than for which it was conveyed, and some are using them for revenue-producing activities without approval of the appropriate Federal agency. In cases where revenue-producing activities were approved, some grantees have used the revenue for purposes other than to develop the properties as required.

Once properties are conveyed, a proper monitoring and enforcement program should assure that the property is used as intended or reverted to the Federal Government for other disposal action. Agencies, however, are not adequately monitoring property use. They are not always advising grantees of noncompliance or the possibility of property being returned to the Federal Government.

Some grantees, therefore, may feel that the Federal Government condones the nondevelopment or unauthorized use of the property. Some are unwilling to reconvey properties even though they are not needed for the purposes conveyed because the grantees rely on the properties' income.

The Federal agencies have not acted promptly and seldom exercise their option for reverting property and considering alternative disposal actions as a means of achieving continued public benefits. Rather than have the property remain undeveloped and not used, or used for purposes which do not provide benefits to the general public, we believe the property should be made available to other public agencies or GSA should dispose of it by sale. In addition to funds accruing to the Federal Government, sale of the property could increase the tax base and provide a continuing economic benefit to a community.

In our opinion circumstances surrounding the lack of development and use of these properties and similar circumstances relating to other properties would require that the Federal agencies either (1) work with the grantees to assure that the property will be fully developed to provide the public benefit or (2) in those cases where the grantees cannot or will not develop the property, act to cause it to revert to the Federal Government.

We believe that GSA has not played a strong enough role toward controlling and administering the program to ensure that public benefits are derived. GSA lacks accurate inventory records and does not systematically review activities of monitoring agencies.

RECOMMENDATIONS

To strengthen program administration and management of the surplus real property program, we recommend that the Administrator of General Services, in coordination with other sponsoring Federal Agencies, take actions necessary to:

- Compile and maintain an inventory of surplus real property conveyed with Federal restrictions.
- Establish and maintain records on program activities, including number of properties under Federal restriction, number reviewed, and number in noncompliance.
- Strengthen GSA's involvement for ensuring program compliance by establishing systematic controls for reporting on all compliance investigations by the various Federal agencies.

To improve program control and increase public use and benefits from Federal surplus real property, we recommend that the Secretaries of Transportation, the Interior, and Health, Education, and Welfare take actions necessary to:

- Require more critical reviews of applications for property to assure that it is transferred to applicants who can achieve the desired public benefits and have a realistic plan to maintain, develop, and use the property requested.
- Establish an aggressive monitoring and enforcement program to ensure continued use and development of the property in accordance with the approved development plan.

- Develop uniform guidelines and procedures for revenue-producing activities, including adequate control on reporting, use, and disposition of funds.
- Reclaim the property and return title to the Federal Government where property or any substantial portion of it is not being used or developed for the purpose conveyed and in accordance with the transfer terms.

INFORMATION CONCERNING SURPLUS REAL PROPERTY

DISPOSALS TO NON-FEDERAL ENTITIES

Intended use and Federal agency involved	Agency responsible for program compliance	Eligible non-federal recipients (note a)	Sale price discount or preference	Legal authority
<p>Public health or education: GSA, at its discretion, may determine property available for these purposes and assign to HEW based on recommended need for such use. Property may then be conveyed by HEW unless GSA disapproves.</p>	HEW	<p>States, political subdivisions, and instrumentalities; tax-supported medical and educational institutions and nonprofit educational institutions; hospitals or other similar institutions with IRS tax exemptions under Sec. 501(c)(3). (note b)</p>	<p>Public benefit allowance of 50 to 100% of the fair value. (Property usually conveyed at 100% or no cost to recipient.)</p>	<p>Section 203 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484(k)(1)).</p>
<p>Public park or recreation: GSA, at its discretion, may determine property available for these purposes and assign to the Secretary of Interior based on recommended need for such use. HEW may then convey property unless GSA disapproves.</p>	BOK	<p>Any State, political subdivision instrumentality, or municipality. (note b)</p>	<p>Public benefit allowance of 50 to 100% of the fair value. (Property usually conveyed at 100% or no cost to recipient.)</p>	<p>Section 203 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484(k)(2)).</p>
<p>Public airport: GSA may convey property to local governments which FAA determines essential, suitable, or desirable for this purpose (except industrial property).</p>	FAA	<p>Any State, political subdivisions, municipality, or tax-supported institution. (note c)</p>	<p>No monetary consideration.</p>	<p>Section 13(g) of the Surplus Property Act of 1944 as amended (50 U.S.C., App. 1622(g)) (continued in effect by the Federal Property and Administrative Services Act of 1949, as amended.) 40 U.S.C. 473).</p>
<p>wildlife conservation: GSA or other Federal agency having jurisdiction or control may convey property determined chiefly valuable for such purposes.</p>	GSA	<p>State agency exercising the administration of the wildlife resources of the State.</p>	<p>No monetary consideration.</p>	<p>Public Law 80-537--utilization of Excess or Surplus Property for Wildlife Conservation (16 U.S.C. 667, b, c, d).</p>

a/The period of Federal restrictions on use of property is in perpetuity with exception of HEW which is currently 30 years.

b/Includes the District of Columbia, Commonwealth of Puerto Rico, and the Virgin Islands.

c/Includes the Commonwealth of Puerto Rico and the Virgin Islands.

SUMMARY OF TRANSFERRED PROPERTIES REVIEWED WITH UTILIZATION PROBLEMS

Federal agency responsible for program compliance	Intended use	No. of properties				Used to generate income
		Total	Not developed or used	Partly developed or used	Used for unauthorized purposes	
HEW	Public health or education	20	8	11	6	3
BOR	Public park or recreation	26	17	9	6	5
FAA	Public airport	15	2	10	13	15
GSA	Wildlife conservation	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total		<u>62</u>	<u>27</u>	<u>31</u>	<u>26</u>	<u>23</u>

SELECTED PROPERTIES REVIEWED THAT WERE
CONVEYED FOR EDUCATION AND HEALTH PURPOSES

Case no.	Grantee	Property location	Property conveyed			Years property in hands of grantee at 12-31-77
			Date (mo./yr.)	Acreage	Value	
1	Milwaukee Area Technical College	Milwaukee, Wis.	7/70	62	\$ 800,000	8
2	Kent State University	Kent, Ohio	2/69	283	22,000	9
3	Ohio University Chillicothe Branch	Chillicothe, Ohio	5/67	53	49,000	11
4	County Board of School Trustees, Will County, Illinois	Elwood, Ill.	8/74	20	45,000	3
5	Lake Superior State Colloge	Sault Ste, Marie, Mich.	1/69	1	16,000	9
6	L'Anse Creuse Public Schools	Mount Clemens, Mich.	5/69	16	38,000	9
7	Kansas Technical Institute	Salina, Kans.	11/66	182	2,100,000	11
8	School District No. 1, Omaha, Nebraska	Douglas County, Nebr.	12/71	31	157,000	6
9	College of Osteopathic Medicine and Surgery	Des Moines, Iowa	3/63	86	85,000	15
10	Mehlville School District R-9	St. Louis County, Mo.	5/66	46	56,000	12
11	Clinton Community School District	Clinton, Iowa	11/72	11	40,000	5
12	Hutchinson Community Junior College	Hutchinson, Kans.	12/69	436	50,000	8
13	City of Des Moines, Iowa	Des Moines, Iowa	11/72	94	262,000	5
14	Board of Regents, University of Nebraska	Sidney, Nebr.	8/70	2,410	361,000	7
15	Edmonds School District No. 15	Lynnwood, Wash.	2/69	10	60,000	9
16	North Roseburg Sanitary District	Roseburg, Oreg.	5/66	5	3,000	12
17	Washington State Board for Community College Education	Vancouver, Wash.	10/74	23	250,000	3
18	San Luis Obispo County Board of Education	San Luis Obispo, Calif.	1/72	47	56,000	6
19	Santa Ana Unified School District	Santa Ana, Calif.	6/67	21	561,000	11
20	Torrance Unified School District	Torrance, Calif.	6/66	17	1,042,000	12
Total--20 grantees				<u>3,854</u>	<u>\$ 6,053,000</u>	

Case no.	Proposed development or use Description	Time frame established?	Comments on development and use of property at 12-31-77
1	Skill center with adult technical training program	Yes	Property had not been developed or used as proposed. In Nov. 1977 the grantee passed a resolution for exchange of property with the city of Milwaukee, thus, accepting in principle a proposal for relinquishing interest in the transferred property for educational purposes.
2	Research and study area-- biological science	Yes	Property, located about 17 miles from the university campus, was partly developed. However, it was poorly maintained and not in use for approved purposes. Grantee notified HEW in June 1976, of decision to revert property to the Federal Government; however, subsequently, the grantee requested retention of the property which was approved by HEW.
3	Major facilities for physical ed. and athletic programs	Yes	Nominal development and use of the property. Unauthorized use for cattle grazing. Subsequent to our review, grantee requested release and abrogation of deed restrictions to sell the property.
4	School and ecology program	No	Property had not been developed as proposed. A bus garage and underground fuel tanks were constructed on the property without authorization by HEW. Grantee was also deriving revenue from the property which was being farmed under an unwritten lease. In Mar. 1977 HEW approved an amended use program which contained no provision for construction of a school. HEW headquarters officials later told us that on 3/30/78, HEW approved a change in use to include school bus storage and maintenance; and in Feb. 1978, the grantee remitted \$1,350 representing fair market rental for unauthorized leasing.
5	Aquatic research and study--lab and dock facilities	No	Construction or other development of this property had not occurred. Property is now being reverted to the Federal Government. HEW headquarters officials later told us that a reverter notice was mailed on June 7, 1978.
6	Elementary school	Yes	No development of this property which was conveyed under a deferred use agreement providing for annual payments to the Federal Government for a period of 8 yrs. At the end of this period, a 100-percent allowance would be granted on the unpaid balance of the acquisition value subject to compliance by the grantee with the terms for development and use of the property. The grantee failed to comply within the time frames and in July 1977 submitted an amendment to HEW to use the property as a neighborhood play area and for ecological studies. HEW approved the amended use plan with development scheduled to be implemented in the spring of 1978. HEW officials later told us that the transferor paid \$25,506, about 65% of fair market value of the property, at the time of transfer.
7	Instruction and support facilities	Yes	Property had not been fully developed or used. In Oct. 1974 33 acres were returned to the Federal Government. In addition, the grantee had leased about 26 acres to the U.S. Army. Federal restrictions will end on this property in 1986.
8	Relocation of Nebraska Technical Institute	No	The property has not been developed, as proposed. Grantee is planning to return the property to the Federal Government. HEW officials stated that a notice of reverter was filed by HEW on May 10, 1978, and the report of excess was delivered to GSA on May 15, 1978.
9	Teaching clinic and hospital; supplemental research and library facilities	No	Property had not been developed as proposed. In Oct. 1968 grantee reverted 62 acres to the Federal Government and HEW authorized a release and abrogation of deed restrictions on an additional 6 acres. Grantee had not prepared new utilization plans for the remaining 18 acres. Federal restrictions on the property will end in 1983. According to HEW, a utilization survey is scheduled for late summer.
10	Elementary and junior high schools, athletic facilities	No	Grantee constructed an elementary school and was utilizing about 20 acres. Grantee had no firm plans for use of the remaining estimated 26 acres. Federal restrictions on the property will end in 1986.
11	Storage facilities and jr. high athletic facilities	No	Property was not being used as proposed and grantee wanted to return property to the Federal Government.

Proposed development or use			Comments on development and use of property at 12-31-77
Case no.	Description	Time frame established?	
12	Educational and instructional area and golf course	Yes	Property partly developed. However, most of the property had been rented or leased to private parties for agricultural purposes without HEW authorization.
13	Police and fire academies with training facilities	Yes	Grantee had used only about 20 acres for development of a regional police academy. The fire academy, as well as the full range of planned training facilities for the police academy, however, had not been provided as proposed. HEW has permitted the grantee to retain the unused property, consisting of about 74 acres, even though the approved development and use was no longer planned for the property. Grantee wanted to use the property for expansion of adjacent golf course.
14	Education demonstration; agriculture research and extension	Yes	Grantee was leasing about 1,280 acres to private party for cattle grazing without HEW authorization. Federal restrictions on this property are for 20 years.
15	Educational service center for handicapped	Yes	No development of this property, which was conveyed under a deferred use agreement, has occurred. In Jan. 1977 HEW approved an amended utilization program which changed the proposed use from an educational service center for handicapped to use for an outdoor education program.
16	Sewage treatment facilities	Yes	The City of Roseburg was using slightly over 1 acre of this property for its golf course at the time this property was conveyed. In 1972 HEW concluded that such use did not hurt the grantee's utilization program and that the encroachment over a minor portion of the property did not constitute a noncompliance situation. The city has also deeded adjacent land to the grantee for its sewage treatment plant site as a replacement for the land being used for the golf course. HEW had interposed no objections as long as the formal exchange of land occurs after the Federal restrictions imposed by the quit claim deed expire in May 1987.
17	College recreational facilities	Yes	Property had not been fully developed or used as proposed. Although the approved utilization plan cites development cost of \$75,000, the grantee anticipates a total cost of about \$1.5 million. Funds, however, were not currently budgeted nor have time frames been revised since funding was not available.
18	Special ed. facilities--physical and mentally handicapped	Yes	Property had not been fully developed due to a change in plans for placement of these students near other schools, rather than at isolated schools as proposed with this property utilization.
19	Elementary school and high school	Yes	Approximately half of the property conveyed had not been developed and put into educational use. No definite plans existed for the undeveloped area.
20	More classrooms for existing elementary school and expansion of adjacent high school facilities for physical ed. and athletic program	Yes	In 1967 10 of the 17 acres were transferred to another grantee for vocational training facilities. The remaining 7 acres, however, were never developed or used as proposed. The property was being used as a maintenance and storage area and was enclosed by a chain-link fence topped with barbed wire. Although the grantee had no definite plans for the use of this property at the time of our Oct. 1977 visit, an amendment for the prevailing use was submitted and approved by HEW in December 1977. Federal restrictions on this property will end in 1986.

SELECTED PROPERTIES REVIEWED THAT WERE
CONVEYED FOR PARK AND RECREATION PURPOSES

Case no.	Grantee	Property location	Property conveyed			Years property in hands of grantee at 12-31-77
			Date (mo./yr.)	Acreage	Value	
1	City of Milan, Michigan	Milan, Mich.	4/72	139	\$ 100,000	6
2	City of Highwood, Illinois	Highwood, Ill.	11/73	1	60,000	4
3	State of Wisconsin	Fort McCoy, Monroe Co., Wis.	11/72	161	15,000	5
4	Village of Elwood, Illinois	Elwood, Ill.	8/74	125	280,000	3
5	City of Chillicothe, Ohio	Chillicothe, Ohio	1/75	5	8,000	3
6	Clinton Township, Mt. Clemens, Mich.	McComb County, Mich.	2/73	19	123,000	5
7	Johnson Co. Park & Recreation District	DeSoto, Kans.	5/74	68	75,000	4
8	Johnson Co. Park & Recreation District	Olathe, Kans.	8/74	172	440,000	3
9	City of Kansas City, Missouri	Kansas City, Mo.	11/72	28	134,000	5
10	City of Springfield, Missouri	Springfield, Mo.	3/75	59	122,000	3
11	City of Kansas City, Missouri	Kansas City, Mo.	4/74	8	213,000	4
12	City of Pocatello, Idaho	Pocatello, Idaho	4/60	42	57,000	18
13	State of Oregon	Rosburg, Oreg.	12/56	16	9,000	21
14	State of Washington	Bainbridge Island Kitsap Co., Wash.	(4/60 3/62	58 79	167,000 152,000	18
15	King County, Washington	Vashon Island, Wash.	6/60	11	18,000	18
16	City of Bremerton, Washington	Bremerton, Wash.	3/68	15	27,000	10
17	State of Washington	Kitsap Co., Wash.	9/70	111	500,000	7
18	State of Washington	Whidbey Island, Island Co., Wash.	(11/65 7/74	204 20	115,000 250,000	12
19	King County, Washington	Renton, Wash.	10/72	5	17,000	5
20	King County, Washington	Cougar Mountain, Wash.	12/61	39	70,000	10
21	City of Everett, Washington	Everett, Wash.	8/72	60	450,000	5
22	Kitsap County, Washington	Hansville, Wash.	6/69	12	28,000	6
23	Snohomish County, Washington	Darrington, Wash.	11/72	40	36,000	5
24	City of Bremerton, Washington	Bremerton, Wash.	6/68	27	57,000	10
25	County of Merced, California	Merced, Calif.	(7/73 10/73	25 15	30,000 16,000	5
26	Co. of San Luis Obispo, California	San Luis Obispo, Calif.	4/72	720	1,052,000	6
Total--19 grantees				<u>2,284</u>	<u>\$4,621,000</u>	

Case no.	Proposed development or use Description	Time Frame established?	Comments on development and use of property at 12-31-77
1	Rec. area; tree nursery; trail system; golf course study	Yes	Property had not been fully developed. Land set aside for a golf course, about 100 acres, had been leased for crop farming on an annual basis which was not always authorized by BOR. A contracted study on the feasibility of constructing a golf course on this property concluded in June 1977 that such development was not economically feasible.
2	Landscape and park benches	Yes	Property had been cleaned up but not developed as proposed. The grantee was planning no further development for this property which has no direct access to any residential area and is situated in an area of commercially zoned properties. A sign was not erected, as required by the deed of conveyance, to show that the property is a park or recreation area which is or will be made available for such use by the general public.
3	System of trails with supporting facilities for snowmobiles, motorcycles, and hikers; parking lots, utilities, picnic areas	Yes	Property had not been developed as proposed. Subsequent to acquisition, the grantee proposed that the property be used as a public hunting area with no formal development for outdoor recreational purposes. The grantee further offered to return the property to the Federal Government should the proposed use conflict with the Federal program guidelines. BOR approved the change in the program of utilization even though they had earlier informed the grantee that such use is not an acceptable recreational use and tends to be too restrictive. Since the property is used strictly for hunting and wildlife conservation, the grantee has not encouraged use of the property for other recreational purposes. The required sign indicating the availability of this property to the general public as a park or recreation area, likewise, had not been erected by the grantee. The grantee has realized revenue from the sale of timber from this property. BOR was not aware of the tree harvesting.
4	Major recreational area and complex including museum, library, swimming pool, and related facilities	Yes	Property had been partly developed and opened to the public for the first time in the summer of 1977. Considerable slippage has occurred in the performance and development of this property as proposed. The approved utilization program represents a very ambitious undertaking for the grantee whose only source of funding for development of the recreation complex was unauthorized leasing of the property for farming purposes.
5	Roadside park; picnic area; shelter; utilities; and related facilities	Yes	A sign had been erected on this property indicating it was a city park. However, there had been no development of the park as proposed. The property was fenced and there was no public access. The estimated cost for development of the property, located outside the city limits, was considerably understated since there was no provision for water and sewers which are required.
6	General recreation and picnic area with related facilities	Yes	Property had not been developed as proposed. At Nov. 1977, property was in the process of being cleared.
7	Park; picnic area; athletics field and related facilities; reforestation	Yes	Property had no development or use. Property was fenced and a sign: "U.S. Government Property--No Trespassing" was posted.
8	Park and related facilities; feasibility study on use of indoor gym and swimming pool	Yes	Approximately 50 of the 172 acres had been developed and placed in use. The grantee had leased, without BOR approval, about half of the developed area for construction of a motorcycle course which is controlled by the lessee on a fee basis.
9	Nature study area and neighborhood park	Yes	Property had not been fully developed as proposed. Part of property was used as a trash dump.
10	Recreation and park area with related facilities	Yes	Development of this property had not started. Existing property fence is a perimeter security fence for a penitentiary which must be relocated before use as a park and recreation area.
11	Open space and neighborhood park	Yes	No development had occurred, as proposed, on this property--the front yard of a Veterans Administration hospital.
12	General park and recreation area with related facilities, including swimming pool	No	About half of the property conveyed, or about 20 acres, had not been developed or used for park purposes as proposed. Federal restrictions on the use of this property are scheduled to end in 1980, at which time the grantee will have unrestricted control over the use and/or disposal of the property.
13	Day use park with utilities and related facilities	No	Property had not been developed in accordance with original utilization program. The plan was revised about 17 years after transfer of the property; however, there has been slippage in the development, and most of the property has not been used.

Case No.	Proposed development or use Description	Time frame established?	Comments on development and use of property at 12-31-77
14	General park purpose, including residence for ranger, roads, facilities, and 100 campsites	No	Property was open to public but had not been developed as proposed. Federal restrictions end in 1980 on the 58 acres and in 1982, on the 79 acres.
15	General park area, recreational facilities, and beach area	No	Property had nominal development. Federal restrictions on this property end in 1980.
16	Nature trail system, picnic area, facilities, and utilities	Yes	Property had no development.
17	State Park, including picnic, swimming, camping areas	Yes	Property had no development and was closed to the public. There are no signs at the entrance to the property. A water-front sign, however, identified the property as being held for future development but forbidding access.
18	State Park with picnicking and overnight camping areas	No	Property closed to the public and had not been developed.
19	Picnic, tot-lot, benches, and related facilities	No	Property had no development. It was enclosed with a chain-link fence and was being used for grazing of horses under a 5-year lease which was to have ended in Oct. 1975. The grazing continued, however, and in Oct. 1977 BOR notified the grantee to remove the livestock.
20	Day-use park area including utilities	Yes	Property had not been developed and the general public was not allowed on the property.
21	Outdoor activities, including trails and campsites	Yes	No development undertaken on this property.
22	Park and recreation area, roads, parking, and picnic areas	Yes	Property had been poorly maintained with minimal public use.
23	Ski and toboggan runs	Yes	Property had not been developed as proposed. BOR approved a revised timetable for development in 1975. The grantee had not yet erected the required sign indicating availability of this property to the general public as a park or recreation area.
24	Day-use park with trails, picnic areas, and related facilities	Yes	Property had not been developed as proposed and there was no evidence of use of the property indicated.
25	Primitive outdoor recreational area for camping, hiking, and nature study	Yes	Property had not been developed and was closed to the public. The property has a locked gate and cyclone fence, topped with barbed wire. It is heavily weeded and there was no sign, as required, denoting the site as a public park.
26	Regional park including roads, utilities, camping, wildlife, arboretum, amphitheater, and golf course	Yes	Property had not been fully developed as proposed and the grantee was permitting part of the property to be used for cattle grazing without approval by BOR.

SELECTED PROPERTIES REVIEWED THAT WERE CONVEYED FOR
PUBLIC AIRPORT PURPOSES

Case no.	Grantee and location of property	Date (mo./yr.)	Property conveyed		Years property hands of grantee at 12-31-77	Latest FAA visit
			Acreage	Facilities		
1	City of Hornorsville, Mo.	5/48	625	Beacon Tower, 3,000' turf runway, 2,640' asphalt runway	30	1973
2	City of Campbell, Mo.	8/48	807	3,000' asphalt runway	29	1973
3	City of Jetmore, Kans.	10/48	1,180	7 asphalt-concrete runways or taxiways	29	1976
4	City of Oxford, Kans.	5/48	540	2 turf runways, 3,000' each	30	1976
5	City of Inqall, Kans.	5/48	640	2,000' concrete runways, est. 100-acre concrete slab	30	1976
6	City of Edna, Kans.	3/48	640	5 runways	30	1973
7	City of Corvallis, Oreg.	1/48, 8/48	1,000	40 buildings and facili- ties, taxiways, and run- ways	30	1975
8	City of Turlock, Calif.	7/47	621	5 buildings and asphalt pads covering about 58 acres	30	1970
9	City of Tracy, Calif.-- New Jerusalem Airport	6/48	396	2 runways, parking area, and fencing	30	1970
10	City of Sacramento, Calif.	7/47	641	5 buildings, 4 asphalt runways, and 3 taxiways	31	1969
11	City of Galveston, Ind.	10/47	272	paved pad covering about 50 acres	30	1976
12	City of Converse, Ind.	10/47	250	paved pad covering 58 acres	30	1971
13	City of Columbus, Ind. Municipal Airport	1/48	817	2 buildings, 2 runways (4,500' each), taxiways	30	1970
14	City of Columbus, Ind. Bakalar Airport	3/72	1,991	144 buildings, 2 runways (5,000' each)	6	1976
15	City of Seymour, Ind.	11/48	2,234	132 buildings, 4 runways (5,000' each), taxiways, and beacons	29	1976

Case
no.Comments on development and use of airport property
at 12-31-77

- 9 This property was conveyed for use as a public airport and is one of two airports owned and operated by the City of Tracy. There were no aircraft based at the New Jerusalem airports, there were no aeronautical activities. Currently there are "No Trespassing" signs on the property which, since conveyance in 1948, has been leased almost exclusively for agricultural purposes. In addition two natural gas wells have been drilled and were in operation on the airport property. One of the gas wells is adjacent to the single runway currently considered "open."
- Grantee financial records combine funds of the Tracy, New Jerusalem, and the municipal airports and do not provide separate accounting details on receipts and disbursements. In a 1970 memorandum, however, the grantee stated the following:
- "The City of Tracy has done no maintenance on the runway surfaces themselves since it was acquired from the Federal government in 1948. The mineral rights on this property have been retained by the previous owner, the Tracy Land and Development Company, and the P. G. & E. (Pacific Gas and Electric) Company has drilled several gas wells on the property and they are now pumping from these wells. This revenue from the mineral rights does not come to the City of Tracy."
- Accordingly, the only revenue from the airport property has been from the agricultural leases which, since 1948, have been executed with the same party. Initially, the entire airport property, including the landing strips, were leased for a 15-year period on a no rental basis for agricultural purposes. After 5 years this lease, however, was amended to provide a rental fee of \$350 which was less than \$1 per acre for the conveyed property. Starting in 1963 subsequent renewals of the lease, which currently extends through 1979, provided modifications which excluded the runway areas and added a fixed percentage of crop receipts to the base rental fee of \$350. Revenues derived from the agricultural lease currently ranged from \$35,000 to \$60,000, annually, or from about \$95 to \$163 per acre. Funds were being diverted from the Tracy airport to municipal airport with FAA approval.
- 10 In 1959 FAA authorized the release and sale of 144 acres of the airport property to the county for a jail. The remaining 497 acres were retained as a relief airport for the Sacramento Executive Airport. Almost all of this property is farmed by the county sheriff's department on a nocharge basis. Prisoners farm the property with all revenue going to the sheriff's department. No written lease exists for this use. In 1967 a 35-year agreement with the Amekapo Petroleum Corporation for drilling oil and gas on the airport ended with no drilling taking place.
- Aircraft owners started using this airport for their base of operation around 1975. Total operations were estimated to number between 45,000 and 60,000, annually, at the time of review. However, no fees were being charged to the airport users.
- 11 No maintenance or development of this property for a public airport occurred since conveyance. There has been very little aeronautical use. In 1964 the airport was closed due to high growth of weeds in landing strips and has been officially closed since 1971. About 200 acres have been leased annually for farming purposes since the property was conveyed in 1947. Net revenues, which in 1976 amounted to about \$98 per acre, have been diverted to other city uses without FAA approval.
- 12 This airport has had nominal aeronautical use. About 160 acres have been leased for farming which in 1974 generated income of about \$62 per acre for the grantee. Part of the revenue, however, has been used for nonaviation purposes with FAA approval. The grantee has also constructed a hangar, without FAA approval as required, which may be a safety hazard due to the close proximity of the structure to the designated landing strip.
- 13 This surplus property is one of two conveyed to the grantee. It has not been a public airport since 1972 when it was replaced by the conveyance of another surplus airport property which is now the Bakalar Airport. (See case no. 14.) The entire property has been released from designation and used as an airport and leased for farming, industrial use, and vehicle-testing grounds. In 1975 revenue totaled about \$62,000. FAA approved a release of deed restrictions in June 1972 with revenue to be applied to the other surplus airport conveyed to the grantee (see case no. 14). Also, the use of this airport as a revenue-generating source for another airport is not in agreement with FAA regulations since the properties are not physically connected.
- 14 This surplus property is the second airport conveyance to the grantee. (See case no. 13.) Revenue sources included farm and industrial leases. In 1976 a total of \$278,000 was received from these nonaeronautical sources. In addition, the grantee received \$45,000 from aeronautical uses. The grantee diverted funds for remodeling leased facilities at the airport without FAA approval and has leased facilities at less than fair market value for educational and other community needs. Rent-free use of facilities is also provided to the National Guard.

Case no.	Comments on development and use of airport property <u>at 12-31-77</u>
15	<p>The grantee has emphasized the industrial development of the surplus property conveyed because of the important revenue-generating potential. About 1,400 acres have been leased for farming since the property was acquired. FAA authorized the release of deed restrictions on about 278 acres for development of an industrial park by the grantee; 120 acres of which were sold. In 1962 156 acres, which the Federal Government recaptured from the initial conveyance in 1948 for a contract-operated research facility, was reconveyed to the grantee for nonaeronautical revenue-generating purposes. In 1976 the grantee received about \$237,000 from the various nonaeronautical revenue sources.</p> <p>FAA had not reviewed and approved the extensive rentals, leases, or utility rates involved in the use of this property. Grantee executed leases at less than fair value, including rent-free use of facilities by the city and an industrial lease for \$20 per acre per year for 50 years without any escalator clause on rental rates. Also, industrial park residents were provided utilities at less than direct cost.</p> <p>Grantee has used revenue for nonairport purposes without FAA approval as required. Significant amounts have been spent on industrial developments including rail spur, water systems, and streets. Priority airport needs were not met even though considerable surplus revenues had accumulated. Grantee also requested and FAA has approved, since 1972, Federal financial assistance grants for airport development under the Airport Development Aid Program as well as additional releases on the maintenance of airport runways and taxiways.</p>

SELECTED PROPERTIES REVIEWED THAT WERE
CONVEYED FOR WILDLIFE CONSERVATION

<u>Case no.</u>	<u>Grantee</u>	<u>Property location</u>	<u>Date of conveyance</u>	<u>Property conveyed</u> <u>Acres</u>	<u>Value</u>	<u>Years property in hands of grantee at</u> <u>12-31-77</u>
1	State of Wisconsin	Bong Recreation Area, Kansasville, Wisc.	7-6-66	1,986	\$198,000	12

Proposed development and use

Wildlife refuge for waterfowl such as mallards, minks, and geese, and upland game such as pheasants, rabbits, and squirrels.

Comments on development and use of property at 12-31-77

The property has been partly developed. However, some of existing and planned development and use is unauthorized and not in accordance with the approved program.

This property conveyed for wildlife conservation has been combined and consolidated with other State-owned property for development of a major recreational area comprised of about 4,500 acres. Property has been used or is planned for recreational uses incompatible with wildlife conservation. Grantee's planned substitution of other land for wildlife conservation may be unacceptable under the terms and conditions of the deed.