OVERSIGHT OF FEDERAL REAL PROPERTY POLICY

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY

OF THE

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

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OVERSIGHT OF FEDERAL REAL PROPERTY POLICY

MONDAY, MAY 4, 1998

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:03 a.m., in room 2154, Rayburn House Office Building, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn and Kucinich.

Staff present: J. Russell George, staff director and chief counsel; Mark Brasher, senior policy director; Matthew Ebert, clerk; and Faith Weiss, minority counsel.

Mr. HORN. A quorum being present, the Subcommittee on Government Management, Information, and Technology will come to order, and our hearing will begin.

Mr. Pombo is a little late, and he will come after the Administrator, since I believe in starting on time, and I apologize for being 3 minutes late.

According to its first consolidated financial audit, the Federal Government owns or leases $302 billion in real property. The bulk of this amount—$171.9 billion—is held by the Department of Defense. That is a remarkable amount of property in each of the 50 States. The Federal Government, in how efficiently it uses this property, can dramatically change the face of a local community.

For example, in my own district the Long Beach Naval Shipyard was recently closed. That resulted in the loss of good jobs in heavy industry that are difficult to replace. Fortunately, the facility can be used to expand the Port of Long Beach, which will enhance the flow of goods into and out of the United States with America's first place port. There was a great deal at stake in that change, for ill and for good.

By its nature we tend to look at property in the isolated chunks in which it comes to us. Let us take several recent high-profile cases—Governor's Island and Ellis Island. Both are in New York Harbor, and they are largely vacant, not housing any Federal or civilian function. The Coast Guard was at Governor's Island. It has now moved to Staten Island.

Part of Governor's Island is a very historic treasure, under the jurisdiction of the rules of the city of New York, in terms of preservation. Since property tends to deteriorate very quickly when no-

body is living in it, it is imperative to give historic properties to civilian control.

Although Governor's Island is in relatively good condition, one possibility in store for the island is hinted by the current condition of Ellis Island. Part of the island is occupied by a very fine visitor's center which portrays the history of immigration from 1892 to 1954. On the unutilized part, some buildings are in danger of outright collapse.

To quote the National Trust for Historic Preservation,

> Every year millions visit the magnificently restored main hall and grounds of Ellis Island National Monument, a unit of the national park system. They come to touch history and to be inspired by the story of the 12 million immigrants,

including my father in 1903,

> who passed through America's main port of entry from 1892 to 1954. But the story is incomplete. Chain-link barriers keep visitors away from other buildings, where decay and lack of maintenance threaten the future of dozens of important historic buildings, including sprawling hospital wards, located on the island's south side, where thousands of immigrants were confined for medical treatment or quarantine on the very threshold of entering the New World. If the buildings of the "dark side" of Ellis island are allowed to crumble, the dramatic story of this powerful symbol of the American dream will remain only half told.

These two historical treasures, the dilapidated buildings on Ellis Island and the deteriorating property on Governor's Island, can be saved if Federal agencies and local communities step forward and take responsibility.

We are also faced with additional examples of Federal property. Today we will hear from two local communities, one in California and one in Maryland, about Federal property that could be used to promote economic growth. This points to an unrecognized cost of Federal property, what economists call opportunity costs. When property is vacant, it deteriorates, and prevents local communities from getting the full benefit of property located in the community but owned by the Federal Government. We need to make agencies more aware of this cost.

The General Services Administration, created by Congress after a recommendation of the first Hoover Commission back in the late 1940's, is charged with developing policy for property disposal and management for the Federal Government. The Administrator of General Services will discuss some of his agency's initiatives to improve property management by the Executive Branch of the Federal Government.

We have before us many knowledgeable witnesses to discuss these problems, policies, procedures, and opportunities that surround the management and disposal of Federal real estate. This is an important issue that affects hundreds of communities, and we look forward to hearing from each of our witnesses.

[The prepared statement of Hon. Stephen Horn follows:]

HORN

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ONE HUNDRED FIFTH CONGRESS

Congress of the United States

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BERNARD SANDERS, VERMONT
INDEPENDENT

"Oversight Hearing on the Federal Property and Administrative Services Act and the General Services Administration's Management of Federal Property"

May 4, 1998

OPENING STATEMENT
REPRESENTATIVE STEPHEN HORN (R-CA)

Chairman, Subcommittee on Government Management, Information, and Technology

Today the Subcommittee on Government Management, Information and Technology will examine ways to improve the management of Federal property resources.

According to its first consolidated financial audit, the Federal Government owns or leases $302 billion in real property. The bulk of this amount -- $171.9 billion -- is held by the Department of Defense. That is a remarkable amount of property, in each of the fifty states. The Federal Government, and how efficiently it uses this property, can dramatically change the face of a local community.

For example, in my own district, the Long Beach Naval Shipyard was recently closed. That resulted in the loss of good jobs in heavy industry that are difficult to replace. Fortunately, the facility can be used to expand the Port of Long Beach which will enhance the flow of goods into and out of the United States. There was a great deal at stake in that change -- for ill and good.

By its nature, we tend to look at property in the isolated chunks in which it comes to us. Let's take several recent high-profile cases -- Governor's Island and Ellis Island. Both are in New York Harbor and are vacant, not housing any Federal or civilian function. Since property tends to deteriorate very quickly when nobody is living in it, it is imperative to get historic

properties to civilian control.

Although Governor's Island is in relatively good condition, one possibility in store for the island is hinted at in the current condition of Ellis Island. Part of the island is occupied by the very fine visitor's center which portrays the history of immigration from 1892 to 1954. On the unutilized part, some buildings are in danger of outright collapse.

To quote the National Trust for Historic Preservation: "Every year millions visit the magnificently restored Main Hall and grounds of Ellis Island National Monument, a unit of the national park system. They come to touch history and to be inspired by the story of the 12,000,000 immigrants who passed through America's main port of entry from 1892 to 1954. But the story is incomplete. Chain-link barriers keep visitors away from other buildings, where decay and lack of maintenance threaten the future of dozens of important historic buildings, including sprawling hospital wards, located on the islands south side, where thousands of immigrants were confined for medical treatments or quarantine on the very threshold of the New World. If the buildings of the "dark side" of Ellis Island are allowed to crumble, the dramatic story of this powerful symbol of the American Dream will remain only half told."

These two historical treasures, the dilapidated buildings on Ellis Island, and the deteriorating property on Governor's Island, can be saved if Federal agencies and local communities step forward and take responsibility.

We are also faced with additional examples of Federal property. Today, we will hear from two local communities -- one in California and one in Maryland -- about Federal property that could be used to promote economic growth. This points to an unrecognized cost of Federal property -- what economists call opportunity costs. When property is vacant it deteriorates, and prevents local communities from getting the full benefit of property located in the community but owned by the Federal Government. We need to make agencies more aware of this cost.

The General Services Administration, created by Congress after a recommendation of the first Hoover Commission, is charged with developing policy for property disposal and management for the Federal Government. The Administrator of General Services will discuss some of his agency's initiatives to improve property management by the Federal Government.

We have before us many knowledgeable witnesses to discuss these problems, policies, and procedures surrounding the management and disposal of Federal real estate. This is an important issue that affects hundreds of communities. We look forward to hearing from each of the witnesses.

Mr. HORN. I am now delighted to yield to my colleague from Ohio, the ranking Democrat on the Subcommittee on Government Management, Information, and Technology, Mr. Kucinich.

Mr. KUCINICH. Thank you very much, Mr. Chairman. I would like to thank the chairman for his leadership in Federal management issues.

I welcome the Members of Congress who will be testifying this morning. In addition, we look forward to speaking with Administrator Barram and the other representatives of the GSA. We are privileged to have several State and local government officials and community leaders from California and Maryland here as well.

The Federal Government owns a substantial amount of valuable real estate in this country. The governmentwide consolidated financial statements indicate that the U.S. Government owns over $240 billion in real estate and improvements. This includes land, office buildings, warehouses, commercial and industrial facilities, airfields, former post offices, farms, and single and multifamily residences owned by the Government.

When the Federal Government no longer needs the real estate it owns, it declares the property "surplus" and transfers it to other private or public entities. The transfer of surplus Federal real estate is governed by the Federal Property Services and Administration Act of 1949. This law has worked fairly well since 1949, and as a result has not been substantially changed or modified in almost 50 years.

I understand that the GSA strives to dispose of Federal property quickly and efficiently under the mandate of this law. This hearing is going to give us a chance to assess how well the current Federal property laws are working and determine whether they need to be improved.

Mr. Chairman, I would like to submit my entire statement for the record.

Mr. HORN. Without objection, that will be put in the record as read.

[The prepared statement of Hon. Dennis J. Kucinich follows:]

Opening Statement for the Honorable Dennis J. Kucinich
GMIT Hearing: "Federal Real Property Policy"
May 4, 1998

I would like to thank the Chairman for his leadership in federal management issues.

I welcome the Members of Congress who will be testifying this morning. In addition, we look forward to speaking with Administrator Barram and the other representatives of the General Services Administration. We also are privileged to have several State and local government officials and community leaders from California and Maryland here as well.

The Federal government owns a substantial amount of valuable real estate in this country. The government-wide consolidated financial statements indicate that the U.S. government owns over $240 billion in real estate and improvements. This includes land, office buildings, warehouses, commercial and industrial facilities, airfields, former Post Offices, farms, and single- and multi-family residences owned by the government.

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declares the property "surplus" and transfers it to other public or private entities. The transfer of surplus Federal real estate is governed by the Federal Property Services and Administration Act of 1949. This law has worked fairly well since 1949, and as a result has not been substantially changed or modified in almost 50 years.

Once a property is determined to be surplus, it can be sold at fair market value or at a discount. Discounts are available for certain public purposes approved by the Federal property act. Often, Federal property is transferred free of charge to State and local officials or nonprofit organizations for parks, hospitals, prisons, schools, airports or other public purposes.

The GSA strives to dispose of Federal property quickly and efficiently under the mandate of this law. Surplus Federal property is generally transferred to new public or private owners within one year. The GSA has dramatically re-engineered its property disposal process to expedite property transfers.

At the same time, the GSA must maximize value to American taxpayers when transferring surplus property. It is also charged with assuring that certain societal goals are addressed first, such as whether the property should be used for the homeless, parks and recreation, education or public health, ports or airports, prisons, or wildlife conservation. Today, we will look at the GSA's policies and procedures for disposing of surplus federal property.

Before property is considered surplus to the Federal government, the GSA screens it for other Federal needs. If it can be used by another Federal agency, it is not surplus. We will consider two different cases today involving property that is not surplus.

Quality management of Federal real property is a goal that we all share. However, managing the disposal of Federal property involves a number of significant factors, which must be balanced in an objective and even-handed manner.

Federal property law involves more than simply disposing of surplus Federal property. That conception of its purpose is far too restrictive; it would be a grave disservice to our country to view Federal property transfers in that way. Current Federal property law achieves many valuable goals, including the full utilization of government-wide real property, the implementation of valuable social initiatives, and the assurance of equitable and objective decision-making for property transfers. Moreover, the government must maximize the value of the property it manages and transfers.

This hearing will provide us with an opportunity to assess how well the current Federal property laws are working and to determine whether they need to be improved.

Mr. HORN. I see the gentleman from California, Mr. Pombo, is here. If the Administrator does not mind, he has a brief statement, and then he has a few other things to do in town. We have a lot of very fine public officials coming after the Administrator.

But, Mr. Pombo, we are delighted to have you here. You are welcome to sit with us here and read it, or you are welcome to read it there, either place.

STATEMENT OF HON. RICHARD W. POMBO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. POMBO. Thank you, Mr. Chairman. Thank you very much for holding this hearing. I appreciate the opportunity to come in and speak to you about this particular land conveyance that involves the city of Tracy, Delta College, and the Tracy School District.

What we are dealing with is a site that was a former FAA site, located just outside of the city of Tracy, that has been vacant for a number of years. It has not been used since 1981. It was declared surplus and transferred in 1986, and has basically sat there unused all of these years.

I did bring a map of the city of Tracy that I would like to share with my colleagues. This particular map lays out the city of Tracy, which is in this area here, and the growth that we are experiencing at the current time. The site that we are discussing would be right in this area right here.

All of this area is residential area that is either currently being developed or has been developed, and there are people living in those sites. This area in here is zoned as an industrial area for the future of Tracy. There is currently commercial and industrial development in this area, so you can see that the site that we are talking about is definitely in the path of growth for the city of Tracy. It is definitely in an area that is heavily populated, and there will be people living in that particular area, if there are not now, in the very near future.

The idea came about to transfer this land. Over the last several years, particularly, we have been in desperate need of a new school site in the area. Delta College has been looking at building a satellite facility for a number of years in the Tracy area. The city of Tracy has looked at this site for possible recreational possibilities. The Tracy School District, which has grown tremendously over the past several years, has actively looked at this site as a possible site of a new high school for the city of Tracy.

It became apparent that we could put all of these different pieces together and do something that I believe will be great for the city of Tracy and will be great for northern California, because they came up with an idea of building a high-technology school that will take off on bringing in businesses into the area and training people for the jobs that they need to fill in those particular instances. It is a great plan.

The folks from Tracy that are here and from Delta College that are here will go into that in great detail so that you can understand exactly what plan they have for this particular site. But it is something that everybody is very excited about in Tracy, and in my home county everybody is very excited about it, because it is something that they have been trying to put together for a number

of years. This site is ideal for that. It is an unused site, and has been unused for a number of years.

I think that the best thing we could possibly do with this particular piece of property would be to transfer that to the city of Tracy and to the school district, to be used for a school for the kids in that particular area, and for job training as well.

I would like to ask unanimous consent that my entire statement be included in the record.

Again, I thank the chairman for holding the hearing, and I look forward to hearing the testimony of the people from back home.

Thank you.

Mr. HORN. Without objection, the gentleman's statement will be put in the record as read.

[The prepared statement of Hon. Richard W. Pombo follows:]

Pombo

Statement
by
The Honorable Richard W. Pombo
before the
Subcommittee on Government Management, Information, and Technology
on
May 4, 1998

Thank you Mr. Chairman, and members of this subcommittee for conducting this hearing today and for allowing members to express their support for federal land conveyances. I appreciate the opportunity to share with you my support for the conveyance of a parcel of federal land to the City of Tracy. The City of Tracy has identified this land as an ideal location to build a joint high tech secondary and post secondary school.

The enormous amount of expansion in the computer industry from the Silicon Valley and the high cost of housing in the San Francisco Bay Area has compelled many families to move to bedroom communities in the Central Valley such as the City of Tracy. Consequently, the City of Tracy has seen an explosion of population. Further, the growth of the computer industry through out the Silicon Valley has led to a shortage of technically skilled computer workers.

These two factors forge an enormous demand to not only provide solid education for all the new families living in Tracy but also to produce a technically skilled workforce that will meet the advancing needs of the computer industry. To meet these demands, the City of Tracy along with the Tracy Unified School District and Delta College have been developing a plan that will carry the workforce well into the 21st century. Today, we are very fortunate to have the local officials here. These local officials have worked tirelessly to ensure the success of this proposal.

In a evaluating all the options of where to locate the multi-complex school, a determination was made that a federal parcel of land that has been left vacant would be an ideal location.

Over the years, several federal agencies have looked at the parcel of land. Currently, the Federal Bureau of Prisons has control over the land. Recently, the Immigration and Naturalization Service has been evaluating the land for a detention facility. The people of Tracy have been quite outspoken in their opposition to a detention facility at this location. For that matter, I am also opposed to a detention facility near neighborhoods and in a housing growth area.

The federal government has an obligation to the taxpayers to effectively manage the real property it owns. I think we can all agree that the goal for federal land must be to use it in a manner to achieve maximum utilization. For approximately two decades this land has been vacant. We want to change that. We have a plan that the community supports. We have a plan that builds a foundation for the future. We have a plan that will that helps produce a better economy.

I believe the most important gift we can provided to our children is a solid education. Right now we have an opportunity to make decision that will have a profound impact on the future generations that grow-up in Tracy. The creation of a highly trained workforce coupled with a growing computer industry is sure to produce strong economic growth. But, these dreams may not come true without this site location.

Again, thank you for this opportunity. I look forward to working with the Subcommittee as it considers this request. I am available to discuss or answer questions that any member may have in regard to my testimony.

Mr. HORN. Let me just say, since I grew up on a ranch which I still have about 80 miles south of you, you are absolutely correct in what is happening in that East Bay area. The same thing is happening in Los Angeles. As people have larger families, they cannot buy a home in Palo Alto, CA, or Atherton or Redwood City or Mountain View or Los Gatos, and they go over the hill to Tracy, where you can get more affordable housing and you can get a two- or three-bedroom home which you simply couldn't buy for less than a half a million dollars, practically, in Palo Alto. So there is a great need there.

What you are talking about in the vocational school at the high school level and the community college, Delta has a very fine reputation. When I was a university president we had a lot of Delta students go south to Long Beach, CA, to get their college education, so I know the quality of the school. I also know what the community colleges do to help industry.

In our own area, Cerritos has a major program in teaching students how to deal with composites, which are used in the B–2 and which are used increasingly in civilian applications. The Saturn car is one example and there are a whole series of others. So what you are doing there is providing the type of educational opportunity that will mean Tracy will also be part of Silicon Valley, as people go there to be closer to the work force.

I am just curious, on the Bureau of Prisons, where do we stand on that? What is their thinking?

Mr. POMBO. The Bureau of Prisons had looked at the site, I believe it was in 1992, as a possible site of a prison. There was a large amount of community opposition. As the chairman is aware, Tracy already has one prison, and there are several of them within the county. There was a large amount of opposition within the community for this particular site being a prison, particularly, as I showed on the map, in that it is in the path of growth for the city of Tracy and people live in this area now. It is a highly populated area.

Within the past couple of years, there has been a proposal that was brought out to bring an INS detention facility, and they looked at the site as well, but they have made the statement, both in public hearings and to me personally, that if there were community opposition to building the facility on that particular site, they would not do it. It would not be rated as high.

The other site they are looking at for that INS facility is in Stockton. As of now there is no community opposition. In fact, the mayor of Stockton is a big supporter of building that facility in Stockton. It would appear that, for a number of different reasons, that that would be a better site than this one currently is.

Mr. HORN. What was the history of this particular land? Did the city of Tracy or the county give it to the Federal Government for the usual $1 at the time of war, or how long has that been Federal property?

Mr. POMBO. I have not been able to find out exactly how long it has been Federal property and how they acquired it initially. I do know that it was developed as an FAA site several years ago, several decades ago, and that facility was transferred, so it has been sitting unused ever since then.

Mr. HORN. The reason I ask that is all over America, at the time of the Second World War, many cities, in a sweep of patriotism, which is a major mistake sometimes, gave land, hundreds and thousands of acres, to the Federal Government for $1. Some of them had sense enough to put in a reversion clause: when that is not to be used anymore, it reverts to the city or the county or whatever it is.

That is why I am curious, because you have called for 50 acres to be transferred for educational purposes. I believe it is 50, is it not?

Mr. BARRAM. Mr. Chairman, that property was acquired by condemnation in 1961.

Mr. HORN. 1961. So the Federal Government paid something for it, presumably. At fair market value at that time?

Mr. BARRAM. It might have been $1. I don't know.

Mr. HORN. There is 100 acres for a park, right?

Mr. POMBO. Yes.

Mr. HORN. Fifty acres for economic development. As I understand it, and the Administrator is right here, on top of these things there are existing public benefits discounts for education in the park portions, and traditionally disposals for economic development have been subject to sales, as such property produces revenue and the taxpayer needs a return, also.

What would be your reaction to the sale of the economic development portion of the property?

Mr. POMBO. The reason that this was structured the way it was, was that they wanted to be able to use the 50 acres for economic development as a site for on-campus activities, for commercial companies to come in. The city and the schools have already been in discussions with several different high-techology companies about the ability for them to come in and help develop the curriculum and the school facilities that exist. So it would be a partnership between the city of Tracy and the school districts. That is why it was structured the way it was.

Mr. HORN. I think that is excellent. We happen to be doing just that in Long Beach, CA. When the Cabrillo housing was declared surplus, it was part of the naval station that was declared surplus in 1991, a year before I arrived here, we now have the College of Engineering at California State University at Long Beach, and I believe it is about 30 acres, where industry will come in, be working with the students in engineering. We have, on one-third of the parcel, the West Side Vocational-Technical High School, just as you are talking about, and we have on the other side one of the four Federal Job Corps sites in the country.

So it is, again, relating to industry, to economic development, to people that have not had the chance in the case of Job Corps, and to people that we want to have a good secondary education in the sciences and technology, as well as the university: the masters of science, and they also offer the doctorate in engineering and so forth, to bring industry right there. I think that makes sense.

I believe that land was conveyed for $1. I had forgotten what we got it back for. But the city gave it to them at the time of the Second World War, or earlier, when it was the headquarters of the Pacific Fleet.

Are there any questions any of my colleagues have?

The gentleman from Ohio, Mr. Kucinich.

Mr. KUCINICH. Good morning, Mr. Pombo.

Mr. POMBO. Good morning.

Mr. KUCINICH. Approximately how many people live in the city of Tracy?

Mr. POMBO. Currently it is about 45,000.

Mr. KUCINICH. What was the population let's say 20 years ago?

Mr. POMBO. When I was in high school we were about 12,000. Twenty years ago we were probably right around 18,000 to 20,000.

Mr. KUCINICH. When did the Federal Bureau of Prisons take title to that land?

Mr. POMBO. I believe it was 1992.

Mr. KUCINICH. They had plans to build a prison there? I can't think of any other reason——

Mr. POMBO. They were looking at it as a possible site, yes.

Mr. KUCINICH. Did they announce plans? How many people were they talking about putting there?

Mr. POMBO. I don't know how many different cells they were talking about. They had one scoping session in the city of Tracy, and they did meet with the city council when they were proposing to build a prison on that site. There was a lot of community opposition, so they dropped it.

Mr. HORN. I think we should make note, if the gentleman will yield for 10 seconds, there is a Federal prison right over the hill west of Tracy that is in Alameda County.

Mr. POMBO. Correct.

Mr. HORN. The chairman of the National Institute of Corrections and I visited that prison. It is a very progressive prison, as you would expect with the Federal Bureau.

Mr. KUCINICH. Thank you, Mr. Chairman.

Could you show me on your map there the residential area, again, of the city of Tracy, and where it is expanding to currently?

Mr. POMBO. This is all of the residential area in here.

Mr. KUCINICH. The yellow?

Mr. POMBO. Yes. This particular site would be right here. So it would be right across the street from the residential area. Currently they are building in this area in here.

Mr. KUCINICH. Is that contiguous? The land area, is it divided by a valley, a freeway? Geographically, tell me about it.

Mr. POMBO. No. This currently is all farmland. This is a road going through here. This is the valley, so it is all flat. It has all been leveled many years ago. It would just be right across the two-lane street.

Mr. KUCINICH. The population of the city, is it dispersed pretty evenly, or is it further, let's say, west of that site?

Mr. POMBO. Currently most of the population is in this area right in here.

Mr. KUCINICH. The Immigration and Naturalization Service, in a sense they have revived the same issue of a prison, because a detention facility is a prison by another name.

Mr. POMBO. I made that argument but they didn't want to take it.

Mr. KUCINICH. How big of a detention facility are they talking about?

Mr. POMBO. I could have one of the people from Tracy answer that question for you. I don't know exactly how big it is.

Mr. KUCINICH. The point is——

Mr. POMBO. It would be a major facility, yes.

Mr. KUCINICH. Were there hearings in your community about this?

Mr. POMBO. Yes, there were.

Mr. KUCINICH. People came forward?

Mr. POMBO. Several hundred people showed up to voice their opposition to the facility being there.

Mr. KUCINICH. Have you talked to INS about this?

Mr. POMBO. Yes.

Mr. KUCINICH. What did they say?

Mr. POMBO. Their response to me, they were looking at two different sites in my county, this site and another one in Stockton. Their response to me was that if there was immense community opposition to them locating in Tracy, that that would not be the preferred site for them to locate.

They had another hearing in Stockton over the proposal to put the facility in Stockton, and I was told there were less than 20 people that showed up at that particular hearing.

Mr. KUCINICH. Why would you need a bill in order to convey this? Couldn't you just work that out through GSA and get them to do it?

Mr. POMBO. There are a couple of different reasons. The major reason is that going through the normal GSA process would take a very long period of time, and the testimony that you will hear later, this particular project is on a fast track. They would like to have students on this site in 4 years. They would like to have the ability, particularly Delta College, which has been looking at locating on the site in Tracy for a number of years, would like to have the ability to have students on the site by 2002, 2003.

Mr. KUCINICH. Since 50 acres of this would be used for economic development——

Mr. POMBO. Yes.

Mr. KUCINICH [continuing]. Is this going to be—would there be some kind of compensation going to the government for that portion of the land? I understand part of it would be for schools, part would be for a park.

Mr. POMBO. The way the legislation is written, no, there would not be, because it would—part of the way that this project would be put together is they would use that to help fund, to help finance the rest of the project.

Mr. KUCINICH. The sale of the land would help to—go to various private interests?

Mr. POMBO. The lease, or—I would look at it being a long-term lease. But the idea would be that that would help fund part of the other project, bringing in a technology company into that area.

Mr. KUCINICH. I am sure all those fine points would probably be gone over in another committee hearing at some point, rather than this one, because that legislation is not actually before us right now. Am I correct?

Mr. POMBO. Yes.

Mr. KUCINICH. I can just say, Mr. Chairman, as a matter of principle, it is my belief that when a Member first of all opposes the building of a facility such as you are talking about in his or her district, I don't think there should be anything else to talk about, frankly. I am a firm believer in the concept of local control. I think that is like an absolute. For that same reason, I oppose the siting of a radioactive waste dump in the State of Ohio.

Local control is local control. People don't want it, they shouldn't have it. So inasmuch as Congressman Pombo is representing his community on this particular issue, I just want you to know that from my standpoint, that I would support your concerns that you be able to have the rights of your community upheld here.

What I don't know about is the legislative process, and how—why that would be needed to be used, in effect bypassing what I think might be a GSA process. That could—there might be a precedent set here that could be a little bit risky. It seems to me that if GSA had a dialog with the Member about the concerns here, and if they understood that the INS plan isn't going to pass muster with the community, I think maybe you could work something out and the bill would not be necessary.

I just want to say, though, that I don't think that the Federal Government at any time ought to be imposing its will on a local community. I just don't think it should happen. If you can't get people to cooperate and they don't want it, I think it undermines support for the Government when you try to press the issue. I really do believe that.

I am here in support of the administration, but I am just letting you know that I have concerns about this process that I am hearing. I just want to share that with you. When we get to the legislation, that is another issue. We can talk about that. But generally speaking, this idea of the Federal Government trying to declare how land should be used over the opposition of people in the community, I don't buy it. I just want to share that thought with you, Congressman.

Mr. POMBO. If the gentleman will yield just briefly, in terms of precedent-setting, I do know that on the Committee on Resources and Agriculture Committee we have had several pieces of legislation very similar to this one, where Park Service land or BLM or Forest Service land was transferred to a school district or to a city because that was a much quicker way of doing it.

This particular one is in this committee because of the current structure of ownership of the land. But I do know that on my two committees we have done it fairly frequently.

Mr. KUCINICH. If I may, and then we will conclude this, the only thing that concerns me—there are two things that concern me about this. One is the bypassing of GSA, because I think that the property management laws for the most part seem to have worked. Again, I am a newer Member of Congress, so I am not as familiar as you may be with some of the ways that may have expeditiously cleared needed legislation.

The other matter that I am concerned about is a portion—I think it is commendable that a portion would go for parks, for schools. When you get into private sector involvement in what was public

land, and it is going to be used for economic development, I think it is great to have economic development, but that land then becomes prime development land, and then the market value of that land is something that I think really does need to be looked at.

From my days as a city councilman in Cleveland years ago, I asked questions about the value of the land, what the market value is, fair market value, and make sure that the rights of the Federal Government with respect to the value of that land and the Federal taxpayers are protected. Those are some of the other issues I see at work here. But in principle, though, I support your concern that your community or your district not be run over by a mandate from any Federal agency. I will support you all the way on that.

Mr. HORN. I thank the gentleman. Can the gentleman from California stay?

Mr. POMBO. Yes.

Mr. HORN. We will now swear in the Administrator and his other top officials.

[Witnesses sworn.]

Mr. HORN. Since all three witnesses have affirmed, let me say I am glad to see Administrator David Barram here. He has a distinguished career. I was glad to be at his swearing in. He is a person that is very knowledgeable in this area, where he served as Deputy Administrator for several years. Before that he was Deputy Secretary and Chief Operating Officer of the Department of Commerce, and even before that he left that giant known as Hewlett Packard after 13 years in finance and marketing, and in 1985 he joined Silicon Graphics as Chief Financial Officer, and later Apple as vice president for Finance. So he has had extensive experience in the private sector, and we are glad to welcome him here.

I am going to leave it to the gentleman whether he wants to respond to some of what he has heard, which might help us all and help my colleague from Ohio in terms of the GSA process versus the legislative process. Let's see where we are, and then go ahead with your formal statement, or however you would like to do it.

STATEMENT OF DAVID BARRAM, ADMINISTRATOR, GENERAL SERVICES, ACCOMPANIED BY BOB PECK, COMMISSIONER, PUBLIC BUILDINGS SERVICE, AND DAVID BIBB, DEPUTY ASSOCIATE ADMINISTRATOR FOR REAL PROPERTY, OFFICE OF GOVERNMENTWIDE POLICY, GENERAL SERVICES ADMINISTRATION

Mr. BARRAM. Maybe I can make a short statement, and then we can respond to that, if that is all right.

Mr. HORN. Yes.

Mr. BARRAM. You have a copy of the statement I submitted, so I will spare all of us by not reading it.

Mr. HORN. Your statement will be put in the record as if read.

Mr. BARRAM. Yes, please.

I do want to emphasize a couple of points that were in the statement. Before I start, though, let me say that with me today are Bob Peck, Commissioner of the Public Buildings Service, PBS; and David Bibb, the Deputy Associate Administrator for Real Property, Office of Governmentwide Policy. Before he had this job he was

Deputy Commissioner at PBS. So these are people who know this subject very well.

The first point I want to make is that the management of Federal property has been evolving a lot over the years. We are approaching the 50th anniversary of the Federal Property Administrative Services Act, called the Property Act. The Property Act was a great step forward in 1949, and it has worked well.

Then in 1972 Congress passed the amendments to the Property Act and created the Federal buildings fund. That important step also authorized GSA to charge commercially equivalent rents, and helped Congress and the executive branch clearly identify each agency's cost of space and services. The world keeps changing.

The second point I would like to make is what those changes mean for us today. The 1949 Property Act saw the Government real estate world in black and white terms. Property in law is a bundle of rights, including air rights, mineral rights, easements, et cetera. The act said we should either keep all these rights intact for a piece of government property, or dispose of it all. Also, the act saw land as either public or private, but not mixed.

Today we are in the beginnings of a much more market-like activity. We want to operate government with as much market orientation and businesslike behavior as we can. That is what the American people expect, not no government but efficient and sensible government. We should also look at land financially, not just physically. We should see it as an asset with embedded equity.

We used to have to fix the land for Government reuse or dispose of it. We need more flexibility, more flexibility in how we fix a property. If we had more flexibility, we would not always have to decide if it was surplus. We could create public-private partnerships, for example, and develop innovative projects that went for both the Federal Government and a particular private partner. We need more flexibility and incentives for agencies to make good disposal decisions. Clearly, being able to retain proceeds from disposal is an incentive to dispose of unneeded property.

In closing, let me say we would like to work with you to recognize in the Property Act that changes around us, from public-private partnerships, something in which we have developed a new appreciation and new ability, and some decent success at, to our developing skill at managing government assets more like our commercial counterparts.

Let us talk together about taking the Property Act to the next level, established in 1949, amended in 1972, and maybe improved in 1991. That would be great.

Thank you, Mr. Chairman. Bob, David, and I would be pleased to answer questions. If you want to have us start by talking about Tracy, we can do that.

[The prepared statement of Mr. Barram follows:]

Barram

Mr. Chairman and Members of the Committee:

I am Dave Barram, Administrator of General Services, and I am pleased to appear before you today to discuss Federal property management and the Federal Property and Administrative Services Act (Property Act) as it approaches its 50th anniversary. I brought with me today Mr. Bob Peck, Commissioner, Public Buildings Service (PBS) and Mr. David Bibb, Deputy Associate Administrator for Real Property, Office of Governmentwide Policy (OGP).

Next year, the Federal Property and Administrative Services Act will have been in existence for 50 years and so will the General Services Administration (GSA). When the Property Act was enacted in 1949, it was the intent of Congress to provide an economical and efficient system for procurement and supply of personal property and non personal services, for the use of personal and real property, and for the disposal of surplus property. After 50 years of experience, we believe the Property Act is fulfilling this intent. Based on the authority outlined in the Property Act, it is GSA's mission to be the Government's central management agency for administrative services. It was also the intent of Congress for GSA to be the

centralized management policy and oversight agency and to be a mandatory source of products and services when this would lead to greater efficiency and economy.

Even though there have been numerous amendments since its enactment in 1949, the real property policies and methods outlined by the Property Act have generally remained unchanged and have proven effective. However, our Government is reinventing itself and I am proud to say -- so is GSA. GSA has undergone quite an evolution over the last decade. First, GSA's Federal telecommunication and supply services became more competitive. Mandatory use of these services gave way to providing choice to our customers. This meant that GSA had to compete with private industry and had to become more business-like, flexible and competitive.

The enactment of the Public Buildings Amendments of 1972 was also the impetus to a new way of thinking in the Federal real estate market. The 1972 Amendments to the Property Act enabled GSA to begin operating in a more business-like manner, by establishing the Federal Buildings Fund and by authorizing and directing GSA to charge commercially equivalent user charges (Rent) for the space and services it was furnishing. This particular statutory change was intended to ensure that Congress and the Executive

Branch could clearly identify the costs of government space and services being used by each agency and to make these agencies accountable for these costs as part of the administrative costs of their operations. We view this as a significant step towards GSA's conducting itself in a more business-like manner.

The next step in GSA's evolution was brought on by the National Performance Review (NPR) in the early 1990's. GSA again found itself in the middle of an important debate about becoming a provider of choice instead of being the single mandatory provider of real estate services for the Federal government. Our client agencies had long been asking for more flexibility, greater customer focus and better service. With the help of our Committees, our customers and our dedicated employees, the agency has once again answered the challenge of change and is committed to thrilling our customers with innovative operating and policy solutions to meet their needs.

While becoming more customer focused in our real estate services, we also saw the need to separate our policy-making and operational functions. In 1995, GSA created the Office of Governmentwide Policy to consolidate within one office all of GSA's property and procurement-related

governmentwide policy-making activities. Even in the area of policy and guidance, GSA is moving from a rigid regulation-driven organization toward working in a collaborative, inclusive manner, building alliances and getting buy-in from other Federal agencies up front. Examples of such collaboration include OGP-sponsored forums, which provide a platform for private industry and Federal agencies to work together to identify, address and resolve concerns surrounding Federal administrative functions.

As a result of this ongoing evolution and continual process improvement, GSA has become a more flexible, service oriented, and cost effective organization. At the same time, we have significantly streamlined our organization. Budgeted fiscal year 1999 employment of 14,000 full-time equivalents (FTE) is almost 31 percent below fiscal year 1993 levels, and is 25,000 FTE below our peak workforce of the early 1970's. We are, in fact, doing more - and doing better - with less. Much of our work today is accomplished through an increased use of private sector commercial contractors.

As you can see, Federal property management has changed dramatically since the inception of the General Services Administration and will continue to evolve. Innovative changes in the Public Buildings Service, policy

development by the Office of Governmentwide Policy through interagency collaboration and progressive changes in the Property Act will continue this evolution towards an even more streamlined, competitive GSA.

I would like to talk in more detail about the accomplishments of the Public Buildings Service, the largest Service within GSA and the largest provider of office space to Federal agencies.

Public Buildings Service (PBS)

As I mentioned before, the Public Buildings Service has made significant changes in its real property management role, its operations and processes. Some of the major initiatives that resulted in PBS becoming more competitive include: "Can't Beat GSA Leasing", "Can't Beat GSA Space Alterations", performance measurement and management, a new rent pricing policy and an internal organizational streamlining.

Can't Beat GSA Leasing

As a result of numerous business process reviews prompted by the National Performance Review, GSA simplified its leasing practices, dramatically reducing the time it takes to move into space, while simultaneously increasing savings to taxpayers. "Can't Beat GSA Leasing" offers customer

agencies the opportunity to use us as their provider of choice, or to lease space on their own.

In addition, "Can't Beat GSA Leasing" is making government leasing more compatible with private sector leasing practices. We now partner with our customers to ensure that their needs are met and they remain our customers. Wherever feasible, standard forms have been eliminated from the process in order to tailor projects to the specific requirements needs of individual clients. Customers have the opportunity to define their project expectations up front and to stay involved in the process from beginning to end. Whenever possible, we use the Internet to share information with the real estate market as well as our customers.

To ensure that we can continue to meet our customer's expectations GSA for the first time, in fiscal year 1997, contracted with private real estate firms to provide leasing services for Federal Agencies. These contracts will help the Government lease property and deliver a broad range of real estate services.

Through the second quarter fiscal year 1998, 73 task orders were issued under the contract: 44 for full lease acquisition services and 28 for a menu of services, with a total dollar value of $1,082,249. We have been generally

satisfied with the work of the contractors and we expect to continue utilizing this contract in the future.

Since GSA offered a choice to our client agencies, I am pleased to report that we only granted 14 lease delegations since the beginning of this program. But, not only are we keeping old customers, we're gaining new ones. Since the start of "Can't Beat GSA Leasing" 20 new customers have asked us to lease a total of approximately 400,000 square feet of space for them.

"Can't Beat GSA Space Alterations"

Motivated by the success of the new leasing practices, GSA instituted another initiative called "Can't Beat GSA Space Alterations." Again we aimed at greater flexibility, streamlined procedures and improved customer service. GSA has been able to reduce the time it takes to perform space alterations by as much as 60% for jobs under $100,000 and we offer our Federal agency customers a 5% refund if the work is not completed on time. In the "Can't Beat GSA Space Alterations" program, we have likewise become a preferred, rather than a mandatory, provider of remodeling services to our customer agencies. We are winning their business through

process improvements that have improved the speed and reduced the cost of their space alteration projects.

We are using multiple award Indefinite Delivery Indefinite Quantity (IDIQ) contracts to get a competitive price from already "on-the-shelf" contractors. When our New England Region tested the IDIQ procurement process against the old process on two similar projects, we found that the IDIQ process took only 53 days versus 218 days for the old process. Other regions have had similar experiences. Our Topeka, Kansas, office turned around a space renovation project for a new U.S. District Court Clerk in just 10 days, including phone service and computers. And by accepting government credit card payments, we have also reduced paperwork for ourselves and for our customers.

Initial reports show that our on-time performance on guaranteed jobs is 93 percent.

Performance Measures

As I noted earlier, PBS is a businesslike organization. We carry out thousands of transactions each year, from lease negotiations to performing reimbursable space alterations for our building tenants, to disposing of

surplus real estate. In each of our many activities, we can define the performance measures that tell us and you whether we are performing well. There are many private- and public-sector organizations doing the same kinds of things we do and we can compare measures and benchmarks with them. It provides us an opportunity to set goals, evaluate our effectiveness and gauge our efficiency. Over the past few years we have developed and are refining our performance measures in conformance with the Government Performance and Results Act (GPRA). We have not completely transitioned to GPRA management, but we are making good progress.

As part of the overall GSA Performance Plan, which you are familiar with, PBS selected 13 key measures to help manage PBS on the national level. These measures include customer satisfaction, cycle time for leases, leasing costs, space alterations (guarantee discounts), and property disposal. In addition, we are developing financial measures, such as overhead costs, to ensure that we are not only doing our job well, but doing it cost effectively. For instance, in the area of repair and alterations we are using a "return of investment" (ROI) measure to determine the financial impact of each repair

and alterations project. This use of ROI is similar to the way capital real estate investment decisions are screened in the private sector.

New Rent Pricing Policy

Another major change GSA recently introduced is a pilot project for leased space pricing.

The proposed system is more flexible, dynamic and more customer friendly. It adopts a number of practices from private industry, while retaining the benefit that GSA provides to federal agencies as a result of our market leverage:

- We have reduced the number of space classifications from 16 to 4 and most buildings will have only 2 such classifications.
- Agencies and GSA sign an Occupancy Agreement which clearly set out Rent rates, and other terms and conditions.
- Rents in buildings we lease will be set simply at the rent we pay the owner plus an administrative fee to cover GSA's costs.
- In lieu of prescriptive regulations, there will be a budget schedule for tenant improvements.
- Bills will be clearer, less complicated and will allow a more meaningful comparison with market rates.

In addition, we believe that this new system will enable us to provide better rent revenue forecasts and more accurate budget estimates for our tenants. In GSA's future budgets we will consider similar improvements in pricing for our own space.

Organizational Streamlining

While GSA is changing its business processes to operate in a more business- like manner, we also streamlined our internal organization. As you know, we consolidated the Governmentwide property utilization and disposal responsibilities of the former Federal Property Resources Service (FPRS) into the Public Buildings Service and we reorganized PBS to better provide services to our customers. Each of our 11 regions created an organizational structure best suited to their geographic considerations and customer base. In 1997, PBS reorganized its central office operations in Washington. The new National Office is designed to ensure a focus on performance measures, on importing best practices from the private sector and sharing best practices among our regions, on the fiscal bottom line and on value-added activities that headquarters can provide with customers, the Office of Management and Budget (OMB), the Congress, and other outside interests.

In the private sector today, firms are turning to the use of "corporate knowledge centers" to provide faster, better, and more cost-effective service to customers. Our reorganization provided us with the opportunity to implement this concept in PBS. We established Centers of Expertise where, in a time of limited resources, PBS employees lend their support and expertise in specialized areas throughout the country. For example we have a Center of Expertise for Energy efficiency matters in Kansas City and a Center of Expertise for Child Care issues in New York. One of our largest Centers of Expertise, with which this Committee is particularly familiar, is the Center for Property Disposal.

Property Disposal

Property utilization and disposal are important phases of asset management and the Property Act recognizes this fact by providing the Administrator with the authority to promote effective and efficient use of real property by Federal executive agencies and to function as the centralized disposal agent for Federal surplus property.

Essentially, property utilization recycles excess real property to minimize an executive agency's expenditure for property. To ensure the most beneficial

use of property, GSA, directed by a Presidential Executive Order, regularly canvasses Federal real property assets governmentwide.

In furtherance of this role we sponsored an innovative Partnership Survey Program that empowers executive agencies to review agency portfolios for potential release of unneeded property. Significant byproducts of the property utilization program are the identification of candidate relocation properties and candidate Federal properties to participate in the Administration's National Brownfields Partnership which I will further discuss later.

The other asset management role given to GSA under the Property Act is property disposal. Disposals generally consist of either a public benefit discount conveyance or a sale of the property. A public benefit conveyance is one that deeds the property for public use such as for public education, public health or port authority use. A sale could either be a negotiated sale to a public body or a public competitive sale; both of which serve an important role in recovering embedded equity to the benefit of the U.S. Treasury.

As was the case with other parts of GSA, over the past several years, we reengineered the disposal process cutting cycle time and adapting private

real estate practices. When enacting the Property Act, Congress recognized the value of a coordinated and systematic process for screening and disposing of all types of surplus Federal property. Within the scope of the Property Act's disposal authority, the range and types of surplus property are considerable. On a Governmentwide basis, GSA is involved in disposal actions ranging from releases of small easements, to conveyances of large, historically-significant properties like Governors Island in New York. And except for some special, legislated conveyances outside of the Property Act, the process is basically the same for all property types.

As mentioned earlier, the Property Disposal Center of Expertise is also involved in the Administration's National Brownfields Partnership, instituted for public and private sector organizations to jointly assist communities with environmental clean up and a coordinated approach to redevelopment. Brownfields are abandoned or underutilized parcels of land in urban areas that may have environmental issues associated with prior industrial or commercial use. While many brownfields do not pose a threat to public health and have potential for new development, they are often overlooked. The goal of the partnership is to empower communities to rapidly assess, safely remediate and reuse brownfields. Under this

Brownfields Redevelopment Initiate, GSA is reviewing and identifying under-utilized Federal property. I am very proud of the contributions GSA has made in this effort.

Office of Governmentwide Policy (OGP)

In our policy role for Federal real property asset management, GSA tries to maximize the effective and efficient performance of the real property assets in the Federal inventory.

As I mentioned at the beginning of my testimony, GSA made the important decision to separate the policy-making and operational functions. In doing so, we created the Office of Governmentwide Policy.

OGP develops policies and guidance for real property acquisition, development, management and disposal throughout the Federal Government. OGP's objective is to assist other Federal agencies in ensuring that they acquire, manage and use Federal real property assets to meet their needs economically and efficiently. OGP serves in a collaborative role as an advocate for best practices and fosters Governmentwide dialogue and information exchange regarding key issues and challenges in Federal real estate and Federal workplace environments including teleworking. Using collaboration, partnering and customer

involvement, OGP works with Federal agencies to provide them policies, best practice techniques, and management systems to promote good asset management. OGP consults with other national governments, State and local governments, the private real estate industry, professional associations, and the academic community to ensure that the best practices of each are considered in the Federal activities.

The OGP, as one of its early initiatives, developed the first set of goals and principles for the management of the Federal real property portfolio. Issued in October 1996, the Federal Real Property Asset Management Principles serve as a guide and a frame of reference for making sound real property decisions. Covering the real property "life cycle," from asset acquisition to disposal, the principles promote lower costs, incentives to improve property management, and improved efficiency and performance of real property.

In addition, OGP is using the same collaborative approach it used to issue the Asset Management Principles in developing standards, best practices and guidance to implement these principles. For example, OGP recently completed a review of Governmentwide real property disposal policy. The review indicated that most policies are sound, have the proper focus and are consistent in light of Federal government downsizing, resource constraints

and reinvented Government. However, the report did indicate that Federal agencies lack incentives to improve real property asset management. In this regard, we are in the process of identifying business-like incentives to promote agency release of unneeded property and improved management of their remaining assets.

OGP is also studying and developing a means of sharing real property information among Federal agencies to optimize the use of real property assets. The pilot Government Real Property Information Sharing (GRPIS) Report conducted in the Seattle area is complete and two additional pilot studies will be conducted to assist in further determining how the GRPIS concept can successfully be employed in other geographic areas. Some of the benefits realized from interagency collaboration in the sharing of real property information include: better asset management decisions, improved agency programmatic decisions, and exchanging solutions to common problems and partnering to advance common needs.

Federal Property and Administrative Services Act (Property Act)

Finally, I would like to address the Federal Property and Administrative Services Act. As I stated in the beginning, the Act is nearly 50 years young, has evolved over time, and has generally proven to be quite effective. But

in light of the changes within the Federal Government and within GSA -- namely the move from a mandatory source to a cost effective, preferred provider of goods and services -- the Act may need some changes as well. GSA is currently reviewing the Act as it relates to GSA's operations and our vision for the future.

Closing

In conclusion, I would like to say that I am proud of GSA's accomplishments over the past 5 decades. Our principal goals are to promote responsible asset management, to compete effectively in the Federal market, to excel at customer service and to anticipate future workplace needs. As we broker change, GSA is a changed place, too. I often say, "This is not your father's GSA," and it is not. This is a different age, and we are functioning more like a private sector competitor, rather than a Government bureaucracy. I am committed to continuing the progress we have made in Federal real property management and I look forward to working with the Committee on this effort.

Mr. Chairman, this concludes my formal statement, and we would be glad to answer any questions.

Mr. HORN. Please, if you would.

Mr. BARRAM. You mentioned the Bureau of Prisons earlier, Mr. Chairman. I think they started planning for this prison setup in 1989. There was something like 38,000 beds that they were interested in building for around the country, so I don't know how many were in their minds targeted for Tracy; not that many, I am presuming, not all of them in one place. But it turns out they have not done that.

In 1993 we recommended that that property be excessed, and then we would be able to dispose of it. We do a lot of pushing and recommending, but we are not in the business of forcing agencies to do something. The incentive systems are not real good for that now, but we do talk with them. As best I know, they still have not made a decision to excess that property. So to the extent it is a good thing to do, we recommended it in 1993, and we ought to all be reminding them of what we think is the right thing to do there.

Mr. HORN. What would be the process if they were willing to excess it?

Mr. BARRAM. Once they are willing to excess it, then we have a process that we go through.

Do you want to speak to that?

Mr. PECK. Yes. As you know, we would then see if there were other agency interests, as the general excessing process. If we determined there were none, we would declare this surplus and go through a procedure which includes homeless screening and an offering to the locality for public benefit conveyance for certain purposes, a couple of which Congressman Pombo's proposal would fall under.

Otherwise, we have the authority, for example, on economic development uses to conduct a—negotiate the sale with a community. But as the ranking member noted, in that case we would, for that portion of the property, be looking toward a market value.

Mr. HORN. Would you take into effect what the original market value was and just adjust for inflation, or what?

Mr. PECK. Normally our process is to conduct a market appraisal and figure out what the fair market value of the property is. We don't usually look back to the Government in what we did or didn't get—pay out, rather—initially for the property. Because what we are doing is trying to regard this property, as the Administrator said, as an asset on the books of the American people that we ought to get some value for. If it doesn't qualify for something Congress has said we should convey for no compensation.

Mr. HORN. So the park and the educational land could be conveyed at no cost because of the public benefit conveyance?

Mr. PECK. Yes, sir.

Mr. HORN. It is simply the economic development portion that you would try to get fair market value, or what? What is the criterion, then?

Mr. PECK. For economic development, it is, again, a negotiation with the community about what the appropriate uses are, and then we try to ascertain what is the appropriate value on those kinds of uses. So we do allow—in essence, it is not an auction, so we can go to a community and they can determine the use to which they want it put, and then we can put a value on that.

Mr. HORN. Does the gentleman from California have any questions he would like to ask?

Mr. POMBO. Yes, I do, Mr. Chairman.

Would it not—if the economic development portion of the property were instrumental in the rest of it working, the school part and the recreational part, would that not all, as a package, be seen as a public benefit?

Mr. PECK. A quick check, Congressman, says that—I think what you are talking about is probably the economic development portion helping to finance the other uses; in essence, an internal subsidy on that. I don't think that our authorities allow us to take that into account, but I will check and get back to you on that.

Mr. POMBO. I do know that there are other public benefit sites that have commercial uses, as well, that help pay for the facility. We were just trying to be honest and up front with this one and say that this is how we are going to do it.

Mr. PECK. I have to say, as the Administrator noted, we recognize that, both for the Federal Government and for localities, it makes sense not always to make this dividing line between the public benefit uses and the other uses, and that they are all bound up together.

Again, we may need some more flexibility to be able to do this on a routine basis. But I will get you an answer on whether our existing authorities could do that as well.

Mr. POMBO. But in terms of this particular legislation, it doesn't appear that there is any huge opposition to being able to do this. You might not be able to do it under the current law, or you are not sure yet, but in terms of having the flexibility to do this, it appears that is something you would be in favor of?

Mr. PECK. I guess we should say this. Your legislation would certainly do the job. Whether or not the administration in the end will support a conveyance of the whole property for no compensation, we can't say right now. We have not cleared it through the administration.

Mr. POMBO. Thank you, Mr. Chairman.

Mr. HORN. We thank you, and we are going to be hearing from various witnesses, after the Administrator, from the San Joaquin County-Tracy area, so we appreciate all of them coming here. We will begin with them soon.

Let me just ask you a few questions before the Administrator and staff leave, just in general, on the property situation.

As I understand it, there have been—there has been a recent GSA report recommending changing the McKinney Homeless Assistance Act to prevent abuse in that regard. Could you sort of describe what that report's recommendations were and where GSA would be moving in that direction? Or have the decisions been made, and what are the policy options before the General Services Administration?

Mr. BARRAM. Maybe David can start on that answer.

Mr. BIBB. Yes, Mr. Chairman. I am from the Office of Governmentwide Policy, which has been in existence for about 2 years.

One of the areas we looked at first when we set up the office, even before I arrived from the Public Buildings Service, was to look at the various disposal authorities and laws and Executive orders

that applied to the various agencies. We did that with an idea of trying to look in the vast spectrum of laws, and there are some 80, many of which are special purpose that apply to a specific agency, to determine which ones make sense and which ones might need some modification.

We looked at, of course, things like incentives. We did take a look at the McKinney Act. Your question was phrased from the area of preventing abuses. That was not our concern, so much as to try to streamline procedures.

The agencies told us two things over and over again: We lack incentives to dispose of property, and there are some roadblocks or things that simply slow the process down.

So in the case of McKinney, we looked at a couple of things: No. 1, perhaps to give the agencies a little more latitude in making some up-front decisions as to whether a property is or isn't suitable for homeless use. Right now it is kind of one-size-fits-all, and everything goes to HUD and is published in the Federal Register. Another thing we looked at is perhaps some authority similar to what DOD has, where you can develop an economic development plan for an entire location and perhaps indicate which part of the property might be suitable for homeless use.

Those are suggestions. We have not moved them forward. We are looking at a number of potential changes to the Property Act, and will be in dialog with OMB about that, so there has been no official administration position. At this point I can't even say we will move that one forward. There are other areas that we think are probably more ripe for immediate payback, but as I said, I wouldn't style it as a prevention of abuses, but more an effort to speed things up and streamline.

Mr. HORN. Has that document been circulated among other Cabinet officers?

Mr. BIBB. Other agencies have seen that, and we have general agreement on the report itself. We have not, as I said, officially submitted it as a legislative proposal.

Mr. HORN. Is there some thinking that there might be a legislative proposal down the line? If so, what are we talking about in timing?

Mr. BIBB. I would say that there is—right now, in conjunction with OMB, we are looking at a number of potential changes to the Property Act. That would be under consideration. I would tell you that personally that one would not be at the top of my list, but it will be considered.

Mr. HORN. What would be at the top of the list?

Mr. BIBB. I think the Administrator alluded to a number of things: incentives, the Property Act. I am fairly new to this game, but of course, I dealt with disposals in my job in the Public Buildings Service. The act is very oriented to the end of the process, to the disposal end.

I believe from an asset management standpoint that there are all kinds of opportunities to do other things with property much earlier in the life cycle. There is value in property. It has exchange value we ought to be looking at. There are incentives that agencies ought to be able to take advantage of, and that sort of thing. Those carry a higher priority with me right now.

Mr. HORN. On that point, the recent report, "Governmentwide Review of Real Property Disposal Policy," recommended that agencies need incentives to improve disposal of unneeded Federal property. That is what you are noting.

According to statistics supplied by GSA in March to the subcommittee, there are $15.1 million—with an M, where usually we are talking about B's in here—$15.1 million in property was sold by GSA under the Federal Property Act in fiscal year 1997. Spread out over the entire Government, $15.1 million is a pretty small incentive to do anything.

Is keeping the proceeds of disposal an adequate incentive? What do you think on that?

Mr. BARRAM. It is pretty hard to argue with that, but everything helps. It is important for us to have agencies be partners in sensible, not just disposal, but as David said, thinking about this asset and the embedded equity end on a long period of time.

My guess is that if we had a little different conversation with FAA or the Bureau of Prisons on the Tracy property, my guess is if we had a little different set of incentives, I am not going to tell you it is going to change the face of America overnight, but it is helpful.

Mr. HORN. One of the concerns that we and other committees have had is the slowness of the environmental reporting that is needed prior to the disposal of any Federal property, but particularly military surplus property.

The military services currently retain the proceeds of sales to perform the environmental remediation on closed military bases, but in several instances reviewed by the subcommittee staff the Air Force has rejected unsolicited offers for properties, proposed to sell them for substantially less than these offers.

If the incentive is relatively weak in the Department of Defense, why should the civilian agencies fare any differently?

Mr. BARRAM. I don't know why the Air Force did that. Do either of you?

Mr. BIBB. I don't know the details, no, Mr. Chairman.

Mr. PECK. Me, neither.

Mr. HORN. Let us furnish you the details, and we will keep a space open in the record at this point for your reply, if that is amenable to you.

Without objection, that will be done.

One of the primary complaints, and you and I all know this, we have discussed it, in some cases one of the primary complaints that local communities have in property disposal is that Federal agencies are slow to dispose of Federal properties.

Now, we are told that vacated military housing is often subject to having the refrigerators and the air conditioners stolen, paint peels, and water damage occurs. Property generally deteriorates, as I noted in my opening statement, when the land is vacant. I cited the Governor's Island situation.

How can we speed up the transfer to civilian use, so we diminish the cost to the taxpayers and the local community, and whoever has to go in and try to make something out of what is left when the maintenance money has not been put up by Congress?

That is sort of our situation at Governor's Island. The Coast Guard left for Staten Island, as I noted, and we just aren't having the type of maintenance, given the weather that occurs in New York. We were pretty lucky in California, we thought, until some recent floods and other things. So we are all sort of affected in that area to some degree.

What do you think of how we could improve that situation?

Mr. BARRAM. There are a couple of parts to your question. Let me try to take them, and then Bob will, I am sure, have some comments to make. Right, Bob?

Mr. PECK. Yes.

Mr. BARRAM. Obviously, the environmental assessments are important to do. We all know that they can be a tool for delay, if people want to have some delay.

We have just recently, with Public Law 104–201, allowed for the deferral of the Required Comprehensive Environmental Response Compensation Liability Act, environmental deed warranties. We now do not have to let these properties sit idling while remediation—until it gets started, until it is finally remediated. That allows us to do some of these things concurrently. That is helpful.

So getting rid of that delay or the potential of getting rid of that delay is good. Working harder with the local communities to talk about these things, so that people are not surprised, and there isn't the opportunity to use it as a delaying tool rather than a really valuable governmental tool, is good.

On Governor's Island, as you know, we take over responsibility in October for that, but we will also do that with the staff of the Coast Guard that are remaining there, I believe. We were lucky that we had a decent winter, but it takes careful building inspections and it takes the right amount of funding, which I believe we were able to get together.

So Governor's Island is important. What is real important, obviously, with Governor's Island is that we get a good disposition with it, as we have talked about.

Do you want to add to this?

Mr. PECK. I will just make three points. One is, particularly on your environmental point, we do have authority in Public Law 104–201 which allows us to defer our environmental deed warranties, which in essence allows us to speed up disposing of some properties that would sit idle for a while waiting for all the remediation to take place.

But there is an earlier point. David Bibb and the Administrator have both made this point. It is interesting, in the private sector when you do real estate, which I have done, you have a piece of property sitting on your books. It is a wasting asset, and there are certain accounting imperatives that make you want to get them off your books.

In the case of Governor's Island, the only incentive there for getting rid of the property is, for example, ours on Governor's Island, which is that we have to take that money out of our hide, in essence, or get appropriations to keep it up. We know there is a higher and better use to it.

There are a couple of things that need to be done, I believe. One is, we do need incentives. If the Federal agencies saw some pro-

ceeds, some kinds of benefit from giving up property, that would help. We could probably get some of them moved quicker.

The other is that we probably need to figure out some way—in some cases there are conflicting local desires, and that in itself can hold up some public benefit conveyances. Sometimes the community, it seems, as in Tracy, knows what it wants to do, and in other cases there are different jurisdictions involved and they cannot quite decide, and we may need to figure out some kind of a way of bringing everybody to the table. We do that on relatively large projects, but even then it is difficult.

As you know from the Presidio, you can take a long time to get everybody to decide what to do with a prime property. But again, we are hopeful that we can, working with you, get some other things in the Property Act that will make this system work faster.

Mr. HORN. On your maintenance funds that are available, as you said, you have to take some of this out of your hide. Is there a separate account that you can put money in from some of these surplus sales, so you can deal with other property? What is your authority in that regard?

Mr. PECK. Although, when we do finally sell a property, we can withhold our costs of the actual sale, maintenance costs have to be appropriated to our property disposal program out of general appropriations.

As this committee knows, nearly all proceeds, at least from sales of GSA properties, are directed to either the Land and Water Conservation Fund or the general treasury, and then there is a clear Government—it is above my pay grade—rationale for doing all of this. But we then have to go back and try to get the funds made available to us to maintain properties that are awaiting disposal.

Mr. HORN. It seems to me that we should amend the law and give you a percent of what you—that would be an incentive to you to get property moving, and you would get some money in for maintaining other properties as they come on. Doesn't that make sense to you? It might not——

Mr. PECK. Because I want to keep my job——

Mr. HORN. I know we are not on the Appropriations Committee——

Mr. PECK. Let me put it this way, because this is a matter of some discussion inside the administration. In the private sector it is certainly true, when you are managing real estate assets, you expect to get income from them when they are really working for you, and you expect to see some profit when you dispose of them, or some proceeds, at least.

Mr. HORN. I think we should take a look at that and see if we can't develop something with you that makes some sense, because you shouldn't have to go in, I don't think, to get a separate appropriation on that. If you had a trust fund or something that you were able to put in 1 percent or whatever it is over time, that would amount to a lot. Maybe you could then maintain some of these properties so they would be in better shape than they are. It is sort of an investment for sale, if you would.

Now, on the Governor's Island situation, as I remember, the Committee on Transportation and Infrastructure on which I serve put a $500 million price tag on that, presumably if that land would

go to auction. When I held a hearing up there with Mrs. Maloney, who is from New York, it made no sense to us that there would be $500 million, especially since the city of New York has a lot of that island tied up in historical preservation.

Is there any rethinking, or was that number an administration number, $500 million? I sort of laughed when I saw it coming through our Committee on Transportation and Infrastructure as their contribution to balancing the budget. I thought, that will never see the light of day. But educate me if I am wrong.

Mr. BARRAM. Yes. What is the next question?

Mr. HORN. So you don't think it is worth $500 million?

Mr. BARRAM. The marketplace will tell us that. So far there hasn't been anybody willing to pay $500 million.

Mr. HORN. Mr. Trump hasn't written you?

Mr. BARRAM. He hasn't. And even in the casino option, which is certainly not liked by a lot of people, I don't think anybody came forward with that kind of money in that either.

Mr. PECK. Among the budget committee, CBO and OMB, no one will claim authorship of that number anymore, I can tell you, but it is there. It was plugged into the budget at some point.

Mr. BARRAM. Something I find amazing in Washington.

Mr. HORN. Do you know how much damage occurred to the property in the last year? Has anybody got those figures? Mr. Peck.

Mr. PECK. We actually think, again because we had a relatively mild winter, and this year the island has remained under Coast Guard maintenance, we think we are doing relatively well. We don't have a—but the short answer is we don't have an assessment of any damage that may have been done.

One point I should note is that the Coast Guard has just recently moved out, within—totally within the past year, and in the short term we can maintain an adequate level. We are quite worried about existing funding levels. If the Government winds up holding on and nothing happens to the island over several years, then we will see, I am afraid, some deterioration.

Mr. HORN. Let me ask you, later witnesses today will testify in support of the public-private partnership using existing Federal resources to construct a new Food and Drug Administration facility in Maryland. Three weeks ago the subcommittee requested a copy of the business plan prepared for this project.

Well, we didn't receive that copy. Apparently they think we will leak it or something. I never leaked anything in my life. I just want to have it reviewed by us and my ranking colleague here so we can see if this is a good idea and maybe we should apply it in a few more places.

Mr. BARRAM. Part of the problem here is that we, as you know, we have a consultant working on it. The plan that came back is not one that we and the FDA all feel is the product, that we can use the consultant to get to us one that we ought to be talking about, and so we are asking them to work on it. We can certainly come and talk with you about it and would be happy to do that.

But we expect by the end of May to have this, which is this month, have the report done. It might take another 2 weeks to print it in production quantities, but we should be able to talk with you about it very soon.

Mr. HORN. As we understand it, the business plan proposes to use the existing Food and Drug Administration property assets to fund the construction of the new headquarters in Maryland. And we are curious, how would this work with the normal processes for disposing of surplus real estate under the Federal Property Act?

Mr. PECK. Mr. Chairman, that is precisely part of our problem with the draft that we received earlier, that it would not—what—let me say first, we are enthusiastic about public-private partnership, as the Administrator testified, and we would like to see one work at White Oak. But as you know, I mean, some of the suggestions of reuse of properties simply would not provide us with proceeds.

I should also note that there is some question on the part of FDA whether some of the properties identified as properties that would be available for disposal are not properties that they actually need to operate. So we are working those things out.

Mr. HORN. Well, as I understand it, if the property would be disposed of, it is technically surplus under the terms of the Property Act. In another sense, the property is not surplussed, in that it is needed to fund the Federal Drug Administration headquarters.

Mr. PECK. That is correct also. But if it did become surplussed and we were to sell, we wouldn't see—we would not see the money for this project, at least under existing legislative authorities.

Mr. HORN. Do you think there is a need to change the law in any way to make that deal go through?

Mr. PECK. I have to say under almost any scenario we have been talking about, to make that deal go through we will need additional legislative authorities, yes, sir.

Mr. HORN. Which you might get in the appropriations process or the authorization, I take it?

Mr. PECK. Yes, sir.

Mr. HORN. And just waive the rules that you can't legislate in an appropriations bill, which we do all the time. OK. We waive the rules all the time.

Now, in terms of the overall property picture for GSA, I am just—is that in your annual report? I haven't had a chance to look at that, frankly. I meant to. But do we keep track of what is under the jurisdiction of GSA? Or are they all parceled out to the Bureau of Public Lands and Interior and all the rest, whether you keep sort of an inventory, and does that mean most of those are up for possible disposal?

Mr. BIBB. Mr. Chairman, we annually produce a worldwide inventory of Government-owned and leased space. It is not a value of space, it is an amount of space kind of reporting, and you can see which agency owns or leases *X* amount of space. GSA, for example, in its inventory has only about one-tenth of the Government's portfolio of over 3 billion square feet.

As far as whether that is going to lead to more disposals, disposal activity has been up a little bit. But I just might mention one thing that our office is very interested in doing and has taken some action in doing. We are trying to get the Federal agencies to plan more together and talk more together at an earlier stage.

We have done a pilot project in the Seattle area which leads us to believe there are some real benefits simply in communicating

better than we do now. And I would be glad to talk with the staff or you later, or even today if you want to, about that.

Mr. HORN. What I am interested in, Mr. Bibb—and I appreciate all your work on Governmentwide policy, and you have got a good background on real property—I am interested in sort of separating out the real property that is turned over to you from the leased property.

I don't want to bore you again with this example. But in my own case, when I was elected to Congress, I took a look at what my predecessor, Mr. Anderson, who chaired the Public Works Committee, had in the Glenn Anderson Federal Building—brand-new building, beautiful building. He was paying $80,000 a year, and my instincts said that was crazy.

And I went checking the Clerk of the House report, and I don't think anybody else was paying $80,000 a year. They were generally paying $30,000 or $40,000. They were located in an old post office or something. We went out on the private market, had four to five different firms search for us.

We have the most beautiful space you can imagine, right in the center of the district. We pay $30,000 a year. So overnight we saved the taxpayers $50,000. Now, are GSA rates a little too high in some of these newly built Federal buildings?

I realize you are probably doing a fair amortization, and it just costs a lot more. But why should anybody move into a Federal building where, by the way, there was only one parking space, and guess who it was for? The Member of Congress. We have a dozen people coming in every day. We have 600 cases active at any point in time where people need to come into the office. And we have free parking where we are, also. We don't have to pay. The Federal building in Long Beach never had a decent parking structure.

Mr. BIBB. I will pass this to Mr. Peck. He is the rate guy.

Mr. HORN. I figured as much. How about it, Mr. Peck? You have heard that story before, too?

Mr. PECK. Let me explain to you. One is, I could not be happier having this job in the Government, because we do at least get to charge rent and we make most of our expenses out of the revenues that we charge. We are obligated under the law to charge a commercially equivalent rate.

Here are two problems that I see in the way we charge rent, and one is—which we have already changed—we do property appraisals to try to figure out whether we are charging rent in a Federal building that is equivalent to the local market. We have in the past run those appraisals and then maintained the same rental rate for 5 years. The market meanwhile can go up or down. You may have looked for space at a time when we were charging a rent based at—that was based on the top of the real estate boom of the late 1980's and not adjusted for what happened when the market fell in the beginning of 1988, 1989, 1990, depending on where you were. So sometimes our rates are out of kilter. We know that our operating expenses are a little bit below what the private sector spends in comparable billing, so we are in pretty good shape there.

The only other thing I can note, which is a serious concern on both cost and functional grounds, is this: In Federal buildings we are now spending a lot more money on security. We are taking

parking out of a lot of buildings, because of the concern of our tenants and the public that parking generates all kinds of threats. So we have to try to deal with that.

As a real estate person, I am always concerned when I hear a story like yours because it means we lost a tenant. And I would like to find out more about the deal, Mr. Chairman.

Mr. HORN. Well, it would be interesting. Obviously, the FBI moved in. We had the Coast Guard on the top floor, and they were obviously involved in very delicate work of intercepting these Chinese gangs that were floating people over here on ships, and they have now moved to Alameda. So the FBI took their space, and it makes sense for an FBI/Coast Guard office to be in a very well-secured Federal building, without question. And maybe it is worth that cost.

All I know is, compared to the private market it wasn't even in the ball park on the cost. So you might want to take a look at some of your recent Federal buildings and just see what the private property is. The staff from here comes out there and drools when they look at our space. We are a little cramped here.

Mr. PECK. We have changed the way we do our rent pricing system. We are now doing appraisals almost every year, and we will charge—we used to charge the same amount of rent in a Federal building, no matter when an agency moved in. We are actually signing rental agreements with agencies. It makes it more businesslike and makes us more cost sensitive, which is more to your point, and agencies can challenge right at the point they go in, knowing what we are charging. But it is more important for our internal folks to be more market conscious, and we are doing a lot of things to try to make that the case.

Mr. HORN. The other——

Mr. BARRAM. They're all drooling because it is California.

Mr. HORN. That helps. That helps, although we had more California weather here and more Washington weather there over the last year than we have had in a long time.

Now, the other night I was at one of the first dinners in what is described and will be dedicated tomorrow as the Ronald Reagan Building downtown, filling out the Federal Triangle. I believe that was one of the largest construction projects ever undertaken by the Federal Government. I am sort of bemused that "Mr. Economizer" has his name on a building that is, as I am told, $400 million over budget.

Is that correct?

Mr. PECK. No, sir. It is——

Mr. HORN. $399 million over budget?

Mr. PECK. No, sir. Let me tell you. There was a—this is always a problem in the Government.

In very good faith, Congress was provided an estimate in the mid-80's on what it might cost to build a building on the site. Congress 2 years later passed a law saying what kind of a building would be built, and said the building should be monumental in keeping with the Federal Triangle, and should include a cultural and trade center in this building, open to the public. All purposes—which are wonderful, by the way—which we have now, but for the cultural portion, have now built in the building.

The first time we had a budget that we believe is reliable and is true in real estate was when we actually had a design and construction drawings that you could take to bid. The Government in 1990 established a budget for the building, a maximum borrowing authority from the Federal Financing Bank of $738 million, and that is the construction cost that we have now brought the building in under.

And I have to say that is—it is a lot of money per square foot; however, it is 3 million square feet. Per square foot, it is higher than a class A office building, but frankly not that much higher, considering a lot of the spaces are not typical revenue producing spaces.

And I will note this, for the managers both in Pennsylvania Avenue Development Corporation and GSA who worked on this, in 1992 we changed the program on part of the building and redesigned while we were under construction. As I always say, this is not the ideal way to build a structure. You are better off planning a building, and then, as President Reagan said, staying the course and doing it the way you originally intended.

However, it is amazing that we actually brought it in on the budget that was estimated 7 or 8 years before. The building, I will say now, just speaks for itself. It is a building for the ages.

Mr. HORN. Who was the architect for that, do you remember?

Mr. PECK. James Ingo Freed, who was also the architect for the Holocaust Museum in Washington. He is from the firm of Pei Cobb Freed.

Mr. HORN. Very distinguished firm. That is very interesting, and I enjoyed being down there and seeing it, and I might well get to the dedication tomorrow. I take it that is when you are going to turn it over to somebody else or have GSA inventory——

Mr. BARRAM. We are going to celebrate. It is a magnificent building, as you know.

Mr. HORN. So I think.

Mr. BARRAM. Mrs. Reagan will be there.

Mr. HORN. I am glad you are saying it was within some budget that was picked out somewhere.

Mr. PECK. That is a fair way to put it, Mr. Chairman.

Mr. HORN. All right. Let's see. What I would like, just for the record, is the data on real versus surplus property that is under GSA jurisdiction. If you could give us a feeling for the type of plan you have for the real property there, on which no buildings are really there, they are just available, and are you going to auction it or are you going to turn it over to communities? What are your plans?

That is what I would be interested in. Maybe you can come up, give us a briefing. We don't have to have a general hearing on all of this, but I think the ranking member would be as interested as I am to see what our strategy is and what we plan to do.

Mr. KUCINICH. Absolutely.

Mr. HORN. Because a lot of those assets should be put to productive use, which is what we are talking about, and we are interested in what is being done to really get that property on the market.

Now, one other thing that has nothing to do with property, but as long as I have GSA here, as you know, this committee has taken

the lead in alerting the executive branch, and as best we can, others, on the year 2000 problem. The way we left it about 2 years ago, GSA was going to assure that the software and the hardware was 2000-compliant if agencies were buying through your various lists.

Has that been carried out, do we know? Because I am told, you know, we had a few real terrible experiences where the Agency for International Development said, "oh, we got this, we are buying new hardware and software." Then they bought it and it wasn't 2000-compliant.

Mr. BARRAM. I believe the answer is absolutely yes. And if it isn't, I will tell you tomorrow, because I believe that it is. It would be horrible to imagine something different than yes.

Mr. HORN. Well, what we have to do, and what AID failed to, we went from our A rank to F rank on reporting. What they have to run is a program on this to make sure that it is compliant. They can't just take the vendor's word for it, is what my concern is.

Mr. PECK. Mr. Chairman, I note on building systems we have done things, for example, with elevator vendors and security systems vendors, we actually made them run the clock forward to prove to us that the systems will work. We have—you know, you don't want to say that you know everything, but we are actually ahead of the industry. We went to industry and said "What are you doing?" about a year ago, and they said, "What are you doing?"

So we have worked pretty hard. We have not found anything that looks like a critical component in things that we are worried about, the transportation system, security and life safety alarm systems and all of those sorts of things. We are still working pretty hard.

Obviously in leased buildings we have a different issue, too, where we have to make sure that the landlords from whom we rent are doing the same kinds of things. And that is a little more difficult, but we have a program to do that as well.

Mr. HORN. Do you have any estimated amount of the embedded chips with which you have to deal? The Pentagon has 600,000. I am just curious what GSA has.

Mr. PECK. I will get you that information from the folks.

Mr. HORN. The question is, I am not so interested in you wasting your time on a report, but I am delighted you are on top of it with the manufacturer and you have got people checking this on the elevators and security doors, since chips are telling them what to do and if they happen to be two-digit chips, in a year, in 2000, we are in deep trouble.

Mr. BARRAM. Let me just say, I was very passionate and very quick, I have thought about it a second. When you are talking about software, particularly software that runs a financial system and other things like that, I think we have got to be a little careful how much prechecking we do of something that a vendor says is year 2000 compatible, particularly if it is not, quote, mission critical, and, you know, in some sort of an operational security sense.

Mr. HORN. Sure.

Mr. BARRAM. We are also working very closely with John Koskinen on the Year 2000 Council. And we have a responsibility different than some other agencies, in that we are trying to do

some coordinating, and we are working very well with him. But it is a—we are going to be a lot better in this country than we are around the world, and that is another big issue we have to tackle together.

Mr. HORN. I now yield to the gentleman from Ohio for any questions that he has.

Mr. KUCINICH. Thank you very much, Mr. Chairman.

Again I want to welcome the witnesses and thank you for the important work which you do for the people of the United States. I have a number of questions here, and something occurs to me in listening to the discussion about surplus property. Would you explain again how it is that something is declared surplus? I take it, is this done department by department?

Mr. PECK. There are two levels in surplus property. One is excess. An agency which has custody and control of a property which is owned by the United States says, "We don't think we need it any more." They report it to GSA. It is our responsibility to check around the Government to see if any other agency could find a use for it before we declared that it is surplus to the needs of the Government.

Mr. KUCINICH. Let's take the Department of Defense, for example. We had a hearing here a few weeks ago where the inspector general reported, I believe it was the inspector general reported that there was—they were having difficulty finding various types of military equipment and planes and missiles and things like that.

Do you have regular lists of equipment, supplies, et cetera, that come to you from the Department of Defense for disposal?

Mr. BARRAM. Our personal property disposal activity takes place in another part of GSA. I don't know that we have too much DOD responsibility. Let me check. Personal property, no. Which is—thanks.

Mr. KUCINICH. But you just deal with the real property aspect?

Mr. BARRAM. We are talking today about real property. We also have a part of our organization that deals with personal property disposal, but not for DOD; for other civilian agencies in the Government, but not for DOD.

Mr. KUCINICH. Does GSA have anything to do with disposal of personal property of DOD?

Mr. BARRAM. The answer is probably something, but I think it is very small, if anything.

You said personal property.

Mr. KUCINICH. The staff has informed me you have a policy role.

Mr. BARRAM. I'm sorry, yes, we do.

Mr. KUCINICH. I will get to the question. Here it is. In your work in GSA, have you ever seen an instance where personal or real property which came under your responsibility for disposal constituted goods that in effect were never used by the Federal Government?

Mr. BIBB. Real property, certainly there have been sites acquired for future construction and the construction for one reason or another never took place. Yes, that happens. I would say through nobody's fault, but it does happen on occasion.

Mr. KUCINICH. Let's talk about that for a moment. I am particularly interested whether the Federal Government, with the tax-

payers' money, acquires property of any kind and it is not used and then it is subsequently sold surplus, auction or whatever. I am interested in that. Now, do you keep lists of categories, property that, let's say, have never been used where they are required by the Government, never been used and then are subsequently—they are either in your inventory or sold?

Mr. PECK. Mr. Kucinich, I think the short answer is we probably don't need that as a category. But it doesn't happen that often, but I will give you the hypothetical that we are talking about.

It is conceivable that the Congress could authorize us to build a building for a particular Federal agency or a courthouse someplace, and everybody thinks we are going to go ahead and do it. Subsequently, the agency reorganizes, no longer needs the site, or the court decides it is not going to sit in that location for whatever reason, and you could be in a situation where you say we are going to turn that back or sell it off. I just don't think——

Mr. KUCINICH. I would be interested if you would, sir, if you have a list of properties that the Federal Government has acquired and then—particularly, you know, substantial transactions where you may have acquired a large tract of land from a private company and then later on found out you couldn't use it. I am very interested in that.

Mr. BARRAM. We will get you the answer on the real property. On the personal property, if it is different than that, we will also tell you. But if we would dispose of other agencies' personal property, I doubt if we would have a list of it before they gave it to us for disposal. And in our case, of course, we never would buy anything that we wouldn't use.

Mr. KUCINICH. I believe that. Now, you know, but you may be assisting us in our work, if you could. Is it fair to say, do you ever ask, hey, the agency that is asking you to dispose of something, do you ever ask them, "Have you ever used this?" I mean, are there ever any inquiries made?

Mr. BARRAM. Well, you know, I am going to say something, and then we will check it for sure, but I imagine when they come to us with a piece of property or a personal property that we are going to dispose of like—I could think of some examples, but we might, in trying to determine how much we can sell it for or dispose of it, we would like to know its history, so we find out if it was used that way. I don't know if we have a specific question that says, "Have you ever used it?" We will find out.

Mr. KUCINICH. I think you know where I am coming from, obviously. And that is, let's say the Federal Government pays hypothetically $1 million for a piece of property, buys it from, you know, corporation X, and then finds out you can't sell it, or it is not used and then you can't sell it. Subsequently it goes into a market that results in the Federal Government getting less back than it pays for it. I am just—I am interested in that.

Mr. BARRAM. If we could, if we could respond to you in writing, we would be happy to do that. It is an interesting question. I don't know that we asked it recently, not in my time, anyway.

Mr. KUCINICH. It just comes from my local government experience. I just thought since I am here I would just ask you, by the way. OK. I just have a couple of other questions here.

When you do put land up for sale, do you generally put it out competitively? Is that the way you work, put it out at auction? How do you do that? The answer is yes, all of the above?

Mr. PECK. Yes, sir, when it goes all the way through, where there is no public benefit conveyance, no local government has claimed it for some purpose, it does then just generally go to a bid opening. We sold a building in New York City last October. This can be a good thing. The real estate market was hot, we thought. Our appraisal was for $15 million. This is a building that the Veterans Administration had used for some 40 years, I believe, and we sold it for $42 million. So it was—but that is essentially the process we go through. I will also note we make——

Mr. BARRAM. Forty-two million dollars for the wildlife.

Mr. PECK. It went to the Water, Land, and Conservation Fund. We make extensive use of the Internet. We use sales brochures. I mean we do this—our people who do this are very entrepreneurial and do a good job trying to drum up as much interest in the property as we can.

Mr. KUCINICH. Have we had any Federal park land that has been declared surplus? Has that ever happened?

Mr. PECK. I am advised—that is a good question, too. I am advised that they have their own authority to dispose of land. It does not come through the property——

Mr. KUCINICH. Interior?

Mr. PECK. Yes, Interior, national park lands.

Mr. KUCINICH. Do you have any—in your rental and lease of property, do you have any circumstances where rental agreements or lease agreements have not been faithfully fulfilled by the renter or the lessor, where they are directly contracting with you and they haven't paid their bills?

Mr. BARRAM. Our customer, you mean the Federal agency customer, not paying rent?

Mr. KUCINICH. Yes.

Mr. BARRAM. You can answer that, Bob. Sometimes Congress doesn't give them enough money to pay their rent.

Mr. PECK. Yes, sir, that is true.

Mr. KUCINICH. Tell me about that.

Mr. PECK. There have been a number of instances in which agencies have rent caps imposed on them, which is a form of rent control, in essence. For example, most of them—and in fiscal year 1999 all of them, by the way, will be resolved. We made a concerted effort within the administration but for some years, until recently, the Department of Agriculture on its headquarters building here was ordered by its Appropriations Committees not to pay rent above a certain amount.

The Agency for International Development, which has just moved into the Reagan building, is under a rent cap on the Reagan building itself for several years, and we have been ordered not to collect more rent from them than they were paying in the quarters out of which they moved and consolidated.

Mr. HORN. It would be 3rd Street and the State Department building?

Mr. PECK. And some locations in northern Virginia where they were also located. The Department of Transportation was capped

at one point, and the Food and Drug Administration for the past several years has not paid full rent. In fact, we were directed in the past 2 years by the House—by the full Congress, I believe, in fiscal year 1999, and report language, I believe the year before that—not to provide additional services to agencies that weren't paying us full rent.

Mr. KUCINICH. When full rent isn't paid, does that affect the payment of the costs of building—of the building itself?

Mr. PECK. In essence what it means is that other Federal agencies that pay into the fund are subsidizing the agency that is not paying its full share, because we do—for example, we are either in a leased building where we have a contractual obligation——

Mr. KUCINICH. So you raise the rent for someone else?

Mr. PECK. That's right. We spread it over the cost of the entire program somehow; although, again, within the limitation that we can't ever in a market charge more than the commercial equivalent rent. I will tell you what it really does is it squeezes us in the following important way, because we run this program like a business. If our revenues are artificially held low—expenses are expenses—it is our net income that gets hurt.

And in this case net income is not a profit. Our net income, revenue minus expenses, is what we use to renovate our buildings, keep them up, and it has been a problem for us in years past because we have a large historic aging building inventory which we just barely get enough money to renovate.

Mr. KUCINICH. So the point is any time the budget of a department gets cut, which affects their rent or the rents capped, in the end what it means is that you have less money to fix up the buildings?

Mr. BARRAM. That's right.

Mr. PECK. That's right.

Mr. BARRAM. That is a very good point, and a question, important question, because we cannot both rehabilitate our existing assets and build new buildings out of the net income that Bob talked about. So we are emphasizing, trying to emphasize rehabbing of our existing asset base that—which is incredibly substantial and important to this country.

Mr. KUCINICH. I guess the next question is, with your existing asset base, are you able to—are there any circumstances in which needed repairs are not being made because of this practice of capping rents, which inevitably reduces your revenue that would be available overall to make improvement?

Mr. BARRAM. I don't think it is a direct correlation. It is part of the reason why the total rental is lower than it should be, which means that the gap, the amount we would like to use to rehab is not as great. And we, you know, we—there are some buildings that are not in as good shape as any of us would like to see, and it is taking us a little longer, in part because of that. That's contributing to why it takes us a little longer to get the rehabs.

Mr. PECK. I can give you a sense of the scale. We did one of these numbers last year. Since the beginning of the fund we have collected something, in rent, something over a little over $50 billion from Federal agencies. Rent caps have been to the tune of about $3 billion.

I will note another important thing that we sometimes call a rent cap—it is probably not fair—is that there is some legislative language suggesting that the Social Security fund should only pay its actual costs in space and not full market value. And that is, in fact, all we charge them, is operating costs and their space. They are a very large tenant, so that is a significant amount of money to us.

Mr. HORN. Excuse me a minute. Is that the Baltimore headquarters or all Social Security facilities throughout the country?

Mr. PECK. All Social Security facilities.

Mr. KUCINICH. OK, I thank the gentleman. Thank you very much, Mr. Chairman. I am all set.

Mr. HORN. I thank the gentleman from Ohio. He always asks good questions.

Let me just ask in concluding, Mr. Administrator, I want to praise GSA for celebrating its 50th anniversary this year. And at least one employee, I understand, present today was with GSA for the entire 50 years. That is an impressive achievement of longevity by a career civilian servant, and I would like to recognize Nancy Potter for her half century of national service.

Ms. POTTER. Thank you very much.

Mr. BARRAM. We must have hired underage.

Mr. HORN. That's right. Nancy, when are your memoirs going to be published?

Ms. POTTER. I will be very pleased to give it to you.

Mr. HORN. Thank you. We know firsthand there are a number of fine employees throughout GSA, and we cannot recognize each high performing employee, but we do want to recognize outstanding performance when we know about it. To that end, I want to identify several GSA employees who deserve special mention.

The first is Ann Hosslebach. A Member of Congress contacted me about the cost of his airfare for the route back to Kansas. Within 1 week Ms. Hosslebach had in place a rate 50 percent below what the Kansas Member had been paying under the very fine "city pair" program. And Ms. Hosslebach's attention to the needs of customers, we think, is first rate. We are sure you have hundreds of others like that.

The second GSA employee is Rebecca Coshus. Ms. Coshus worked 85 hours a week in the run-up to the contract award for the Federal Government's credit card. This contract promises increased accountability and controls over the agencies' spending and improved financial management. Ms. Hosslebach and Ms. Coshus deserve special commendations for their hard work and their diligence to serving the taxpayers.

I want to thank you, Administrator, for your fine presentation, and both of your colleagues. And thank you very much for coming, we appreciate it.

Mr. BARRAM. Thank you very much, Mr. Chairman. We always appreciate working with you. It is a—you ask good questions and you understand our business, and we can have good conversations with you. We really appreciate it.

Mr. HORN. Thank you.

Mr. BARRAM. Thank you for those nice words about our people. Nancy can tell you this is not your father's GSA, because she saw

a few fathers along the way, and the people that you mentioned are examples of why it isn't.

Mr. HORN. Thank you. And thank all of those backing you up. And again, Ms. Potter, thank you.

OK. We will now have panel three, and I'll ask my colleague from California to introduce the first witness, the Honorable Dan Bilbrey, mayor of the city of Tracy. We will go in the order in which they are on the agenda for the hearing.

The first witness will be Mr. Bilbrey.

Mr. POMBO. Thank you, Mr. Chairman.

We have joining us the first witness, Mr. Dan Bilbrey, who is the current mayor of Tracy. Dan and I have been personal friends for a number of years. In fact, we were elected to the city council in Tracy together in 1990 and have worked together on this particular project, along with a number of others.

But thank you, Mr. Chairman.

Mr. HORN. And then we also—let's see—Ms. Tucker.

Mr. POMBO. We also have Ms. Suzanne Tucker, who is a member of the Tracy Unified School District board of trustees, has been a very active member of our community, very interested in schools and education, and has put a great deal of time and effort into this particular issue.

Mr. HORN. And then we have Mr. Phil Laughlin, vice president of San Joaquin Delta College.

Mr. POMBO. And as you mentioned, Mr. Chairman—in your statement Delta College has been held up as an example nationwide for the good work that they do. Mr. Laughlin has been a big part of that over the years.

Mr. HORN. And then I believe that's it on the Tracy or, is Ms. Bretz—that is White Oak. We are going to then go Mr. Bilbrey, Ms. Tucker, Mr. Laughlin, and then we will move to the Maryland situation where we have Senator Ruben and Betsy Bretz, the member of the local redevelopment agency.

So we will start with Mr. Bilbrey, then, and I am going to have to swear you all in because this is an investigative committee.

[Witnesses sworn.]

Mr. HORN. All witnesses have affirmed, the clerk will note, and we will begin with Mr. Bilbrey.

STATEMENTS OF DAN BILBREY, MAYOR, CITY OF TRACY, CA; SUZANNE TUCKER, MEMBER, TRACY UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES; PHILLIP LAUGHLIN, VICE PRESIDENT, SAN JOAQUIN DELTA COLLEGE; IDA G. RUBEN, STATE SENATOR, STATE OF MARYLAND; AND BETSY L. BRETZ, CHAIRPERSON, LABQUEST

Mr. BILBREY. Good morning, Mr. Chairman and Members. My name is Dan Bilbrey. I am the mayor of the city of Tracy. And I am a nervous wreck. So thank you.

Mr. HORN. We never upset constituents, let me tell you that. We upset everybody else, but not constituents.

Mr. BILBREY. Thank you for this opportunity this morning. Let me start and share the vision of the Tracy Learning Center, why it is important to our community. I think you made a comment this

morning or maybe the GSA made the comment that Tracy knows what it wants to do, and that is why we are here today.

The city of Tracy has experienced dynamic population growth over the past several years, and it is currently projecting continued population expansion. In fact, Tracy's growth is approximately four times that of the State average. This rapid population growth is being fueled by the affordable housing, and you commented about that this morning, lower cost of living, and improved quality of life in comparison to the bay area.

Despite the attraction of new residents to our community, other critical growth factors are not keeping up with the demand. Employment, job growth, is the primary concern for local officials, as we have not been able to keep up with the population increase. The unemployment rate in San Joaquin County over the past 7 years has nearly doubled that of the State average and even greater than the national average. Tracy has also historically had higher unemployment rates than the State average, the national average, and the three counties located to the west. Those are Alameda County, Contra Costa, and Santa Clara Counties.

As a result, the existing population/employment imbalance Tracy has experienced—excuse me, Tracy's population growth has an average of 4.58 over the past 7 years. And in comparison, Tracy's employment rate has averaged just three-fourths of 1 percent for that same period, a significant difference.

What this is doing is creating significant commuter traffic impacts on our local freeway systems. Some 68,000-plus vehicles travel from Tracy into the bay area on a daily basis. It should be noted that other San Joaquin communities are also experiencing this job population imbalance and contribute significantly to the traffic congestion leading to the San Francisco Bay area.

The city of Tracy and the county of San Joaquin are actively working to reverse this trend through various economic development efforts. The city of Tracy Economic Development Department and the San Joaquin Partnership, a not-for-profit regional economic development organization, are aggressively promoting and recruiting businesses to the Tracy area.

Because of the excellent freeway access, lower development/land costs, and a relatively lower pool of skilled labor, Tracy has been the hub for low paying, low skill businesses, primarily in warehouse distribution and manufacturing. However, recent economic development efforts are targeting manufacturing, distribution, and research and development industries in the Silicon Valley and surrounding bay area. With many Silicon Valley employees already living in the Tracy area, relatively lower development costs, and the proximity to the bay area markets, our economic development efforts at relocating some of these businesses have been making progress.

This is the most important part, Mr. Chairman. However, one primary objection against locating to the Tracy area, as cited by the Silicon Valley Bay area businesses, is the lack of a skilled labor force or the local opportunity to train the work force with skills necessary to carry out the functions of high tech related jobs. These businesses are—I'm sorry. These businesses are referring to institutions of higher learning or high tech related educational pro-

grams. This joint use educational project will greatly enhance the marketing of Tracy in attracting the types of jobs that our community, our growing community, will demand in the future.

That is my statement, and I would be happy to answer questions and have dialog as it relates to some of the activities in our community.

[The prepared statement of Mr. Bilbrey follows:]

Bilbrey

INTRODUCTION

Sub Committee on Management, Information and Technology
Tracy Learning Center
***Chairman:* Steven Horn**
HR 2508
May 4, 1998

Good Morning Mr. Chairman and members. My name is Dan Bilbrey, and I am the Mayor of Tracy, CA. Thank you for the opportunity to speak with you here today.

The City of Tracy, has experienced dynamic population growth over the past several years and is currently projecting continued extensive population expansion. In fact, Tracy's population growth rate is approximately four times that of the State average (see Population Growth Rates: Section 4). This rapid population growth is being fueled by the affordable housing, lower cost of living, and improved quality of life in comparison with the San Francisco Bay Area. A recent community survey supported this postulation in that an estimated 40 percent of our new residents are relocating out of the San Francisco Bay Area. Despite the attraction of new residents to our community, other critical growth factors are not keeping up with demand.

Employment / job growth is a primary concern for local officials as they have not been able to keep up with the population increase. Specifically, the unemployment rate in San Joaquin County over the past seven years has been nearly double that of the State average and an even greater disparity existed between the National unemployment average (see Historical Unemployment Rates: Section 4). Tracy also has had historically higher unemployment rates than the State average, National average, and the three counties located immediately west of our community: Alameda, Contra Costa, and Santa Clara (See Historical Unemployment Rates: Section 4). As a result there exists an employment / population growth imbalance. To be more specific, Tracy's population growth rate has averaged 4.58 percent over the last seven years. In comparison, Tracy's employment growth rate over the same period has averaged just ¾ of one percent (See Employment vs. Population Growth Rates: Section 4). The most profound result of this imbalance is the regional traffic impact of commuters on our local highways.

As detailed above, the communities to our west have enjoyed healthy job gains and unemployment rates well below the State and National average, while Tracy has become the quintessential "Bedroom" community offering affordable housing for those Bay Area employees. As a result, Highway 580 and connector route I-205, the only highway system accessing the San Francisco Bay Area from the San Joaquin Valley, has reached critical capacity and virtually comes to a stand-still as 68,000 + cars travel this route daily (See Traffic Information: Section 4). It should be noted that other San Joaquin Valley communities are also experiencing this job / population imbalance and contribute significantly to the traffic congestion leading to the San Francisco Bay Area. The City of Tracy and the County of San Joaquin are actively working to reverse this trend through various economic development efforts.

The City of Tracy's Economic Development Department and the San Joaquin Partnership, a not-for-profit regional economic development organization, are aggressively promoting and recruiting businesses to the Tracy area. Because of excellent freeway access, lower development / land costs, and a relatively lower pool of skilled labor, Tracy has long been a hub for low paying, low skill businesses primarily in the warehouse, distribution and manufacturing industries. However, recent economic development efforts are targeting manufacturing, distribution and research and development industries in the Silicon Valley and surrounding Bay Area. With many Silicon Valley employees already living in the Tracy area, relatively lower development costs, and the proximity to Bay Area markets, our economic development efforts at relocating some of these businesses have been making progress. However, one primary objection against relocating to the Tracy area, as cited by several Silicon Valley / Bay Area businesses is the lack of a skilled labor force and / or the local opportunity to train the workforce with the skills necessary to carry out the functions of the "high tech" related jobs. Specifically, these businesses are referring to any institutions of higher learning or "high tech" related educational programs. This joint use educational project will greatly enhance the marketing of Tracy in attracting the types of jobs that our growing community will demand in the future.

Mr. HORN. Thank you very much for that statement. And we will now go to Betsy Bretz, is it, or Suzanne Tucker? OK, sorry. It isn't marked on here as to which case we have. Suzanne Tucker is a member of the Tracy Unified School District board of trustees.

Ms. Tucker.

Ms. TUCKER. Good morning, Mr. Chairman, members of the committee. My name is Suzanne Tucker, and I am a member of the Tracy Unified School District board of trustees. Thank you for the opportunity to speak with you today.

The walls of government and community between—the walls between government and community, between schools and business, and between local governments at all agencies and all levels are slowly coming down. They must. In America today, we are in the midst of defining the future of how we live and learn and work and how we serve each other more efficiently and more successfully than ever before.

The Tracy Learning Center is taking bold steps to move into the future with determination and vision. Our kindergarten through high school district, Delta Community College and the city of Tracy are moving forward with the plan that will redefine how we come together to promote the key relationships between lifelong learning and economic health while meeting the needs of the community.

Research tells us that job growth in our community will be very high in the service and high tech industries. From teachers to cashiers, from registered nurses to correctional officers, and from cooks to medical assistants, the ability of employees to use ever-changing technology will be key to the individual success and community economic health.

Furthermore, our community's ability to attract high technology businesses will be fundamental to enabling our current and future residents to live and work in the same community rather than commuting long hours to the Silicon Valley, as is so predominant today.

The beauty of the Tracy Learning Center is that this will provide the training and retraining necessary as new jobs continue to emerge in our rapidly changing economy. It very well—it will be the vital community link, maintaining a continually educated work force and sustaining a thriving local economy.

It would be very easy to continue with our individual efforts. In the case of our school district, we are achieving great success for our students. We are blessed by people and programs committed to serving the educational needs of those who attend our schools. That success, however, almost begs us to take the next steps, the steps to create the Tracy Learning Center.

As the city of Tracy continues to grow—our enrollment is projected to grow from 12,000 today to some 50,000 students in the next 15 to 20 years—we can't wait until then to decide what to do. We are acting now to anticipate the educational needs of those students and the world they find themselves in.

Of course, a collaboration of the type we are pursuing can be threatening to those who strive to maintain the status quo. There are rules, regulations, and laws that exist to govern what is, not what will be. But from our vantage point, these are simply hurdles to jump. Our future depends on it.

We have a sound plan. We have strong community support. We have the spirit of people who seek the future today, a future where there is an intrinsic connection between education, business, and research. The Tracy Learning Center will become a model for other communities throughout this country. We aren't simply modifying what is, but creating from the ground up what needs to be.

We urge you to support H.R. 2508, which will provide the land on which this innovative center will be built. The conveyance of this land to the parties of this collaboration will open the door to a future that will serve business, research, and students of all ages for the years to come.

Again, on behalf of the citizens of Tracy, thank you for this time and your consideration in this matter.

[The prepared statement of Ms. Tucker follows:]

Tucker

Tucker

GOOD MORNING MR. CHAIRMAN AND MEMBERS. MY NAME IS SUZANNE [redacted], AND I AM A MEMBER OF THE TRACY UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES. THANK YOU FOR THE OPPORTUNITY TO SPEAK WITH YOU HERE TODAY.

THE WALLS BETWEEN GOVERNMENT AND COMMUNITY, BETWEEN SCHOOLS AND BUSINESS, AND BETWEEN LOCAL AGENCIES AT ALL LEVELS ARE SLOWLY COMING DOWN. THEY MUST. IN AMERICA TODAY WE ARE IN THE MIDST OF DEFINING THE FUTURE OF HOW WE LIVE, LEARN AND WORK...AND OF HOW WE SERVE EACH OTHER MORE EFFICIENTLY AND MORE SUCCESSFULLY THAN EVER BEFORE.

THE TRACY LEARNING CENTER IS TAKING BOLD STEPS TO MOVE INTO THAT FUTURE WITH DETERMINIATION AND VISION. OUR KINDERGARTERN THROUGH HIGH SCHOOL DISTRICT, DELTA COMMUNITY COLLEGE AND THE CITY OF TRACY ARE MOVING FORWARD WITH A PLAN THAT WILL REDEFINE HOW WE COME TOGETHER TO PROMOTE THE KEY RELATIONSHIP BETWEEN LIFELONG EDUCATION AND ECONOMIC HEALTH.

RESEARCH TELLS US THAT JOB GROWTH IN OUR COMMUNITY WILL BE VERY HIGH IN THE SERVICE AND HIGH-TECH INDUSTRIES. FROM TEACHERS TO CASHIERS, FROM REGISTERED NURSES TO CORRECTIONAL OFFICERS, AND FROM COOKS TO MEDICAL ASSISTANTS, THE ABILITY OF EMPLOYEES TO USE EVER-CHANGING TECHNOLOGY WILL BE KEY TO INDIVIDUAL SUCCESS AND COMMUNITY ECONOMIC HEALTH.

FURTHERMORE, OUR COMMUNITY'S ABILITY TO ATTRACT HIGH TECH BUSINESSES WILL BE FUNDAMENTAL TO ENABLING OUR EXISITNG AND FUTURE RESIDENTS TO LIVE AND WORK IN THE SAME COMMUNITY, RATHER THAN COMMUTE LONG HOURS TO THE SILICON VALLEY, AS IS SO PREDOMINANT TODAY.

AND THE BEAUTY OF THE TRACY LEARNING CENTER IS THAT IT WILL PROVIDE THE TRAINING AND RETRAINING NECESSARY AS NEW JOBS CONTINUE TO EMERGE IN OUR RAPIDLY CHANGING ECONOMY. IT WILL BE THE VITAL COMMUNITY LINK, MAINTAINING A CONTINUALLY EDUCATED WORKFORCE AND SUSTAINING A THRIVING LOCAL ECONOMY

IT WOULD BE VERY EASY TO CONTINUE WITH OUR INDIVIDUAL EFFORTS. IN THE CASE OF OUR SCHOOL DISTIRCT, WE ARE ACHIEVING GREAT SUCCESSES FOR OUT STUDENTS. WE ARE BLESSED BY PEOPLE AND PROGRAMS COMMITTED TO SERVING THE EDUCATIONAL NEEDS OF THOSE WHO ATTEND OUR SCHOOLS. THAT SUCCESS, HOWEVER, ALMOST BEGS US TO TAKE THE NEXT STEPS: THE STEPS TO CREATE THE TRACY LEARNING CENTER.

FOR AS THE CITY OF TRACY GROWS BETWEEN NOW AND 20__, OUR ENROLLMENT IS PROJECTED TO GROW BY SOME 60,000 STUDENTS. WE CAN'T WAIT UNTIL THEN TO DECIDE WHAT TO DO. WE ARE ACTING NOW TO ANTICIPATE THE EDUCATIONAL NEEDS OF THOSE SUTDENTS AND THE WORLD THEY WILL FIND THEMSELVES IN.

OF COURSE, COLLABORATION OF THE TYPE WE ARE PURSUING CAN BE THREATENING TO THOSE WHO FEAR THE UNKNOWN. THERE ARE RULES, REGULATIONS AND LAWS THAT EXIST TO GOVERN WHAT IS...NOT WHAT WILL BE. BUT FROM OUR VANTAGEPOINT, THESE ARE SIMPLY HURDLES TO JUMP. AND JUMP WE WILL.

OUR FUTURE DEPENDS ON IT.

WE HAVE A SOUND PLAN. WE HAVE COMMUNITY SUPPORT. WE HAVE THE SPIRIT OF PEOPLE WHO SEEK THE FUTURE TODAY: A FUTURE WHERE

THERE IS AN INEXTRICABLE CONNECTION BETWEEN EDUCATION, BUSINESS AND RESEARCH.

TRACY LEARNING CENTER WILL BECOME A MODEL FOR OTHER COMMUNITIES THROUHGOUT THIS COUNTRY. WE AREN'T SIMPLY MODIFYING WHAT IS, BUT CREATING FROM THE GROUND UP WHAT NEEDS TO BE.

WE URGE YOU TO SUPPORT _____, WHICH WILL PROVIDE THE LAND UPON WHICH THIS INNOVATIVE CENTER WILL SERVE BUSINESS, RESEARCH AND STUDENTS OF ALL AGES FOR YEARS TO COME.

Mr. HORN. We thank you.

And the last on the Tracy portion of the panel is Mr. Phil Laughlin, the vice president for San Joaquin Delta College.

Mr. LAUGHLIN. Mr. Chairman and members of the committee, I provided written copies of my statement and I ask it be included in the record, and I'll speak to those.

Mr. HORN. It is automatically included, each statement.

Mr. LAUGHLIN. Thank you. As you stated, I am the assistant superintendent/vice president of San Joaquin Delta Community College in Stockton. I am accompanied here today by Robert Yribarren, our vice president of business services, and Wayne Casley, who is serving as a special consultant to the district in this matter.

I think you are familiar with Stockton. It is located in the northern part of the San Joaquin Valley. Our college has grown from about 3,000 to 22,000 students since 1960 through 1996. The explosive growth in the Tracy area has caused us to begin looking for and to continue to look for a site for an educational center in Tracy. The campus in Stockton unfortunately is about 35 miles away from Tracy and will not accommodate the expected growth of Tracy area. Our plan is to build an educational center that will initially serve approximately 2,000 students, have a full campus build-out over 25 years that would serve up to 20,000 students.

As part of the planning for development of the college site in Tracy, we work very closely with the city of Tracy and the Tracy School District to discuss and develop the college's plans to develop an educational center in the area. As a result of our many meetings and discussions, we have developed a collaborative that proposes new and innovative approaches to education which use and couple the resources of education, city government, and private industry to serve the students and citizens of the Tracy area.

Delta College has a somewhat unique history, in that we were founded in the middle 1930's as the lower division of a private university, the University of the Pacific. And we think that our innovative beginnings can be replicated in this particular instance, dealing in this case with a public partnership. The intent of our collaborative is to develop a learning center, including a college center, advanced elementary, middle school, perhaps even association with California State University-Stanislaus, which is in our area.

Delta College has a very long and supportive relationship with the California State University-Stanislaus. We have been collaborating with them in the Stockton area for close to 15 years. We hope to share physical education and public facilities, including libraries. And we hope that business and industry will become part of this cooperative.

Delta College is very experienced in developing strategic partnerships. We have developed associations with Nissan, with Caterpillar, with Apple, and with Park Place. We have won national awards for the development of our technological software. We were the first community college in the United States to implement an electron microscopy program. There currently is only one other.

We are asking here for your support for H.R. 2508, to convey the 20-acre federally owned Antenna Farm for development of the col-

laborative learning and education center. We have looked at a number of sites, but we think this is the best one.

The Delta College programs are focused in three basic areas: first, basic skills training and entry-level job training for welfare recipients entering the job market. San Joaquin County will have 19,000 individuals moving into employment from welfare. It is important that we provide a mechanism to expedite that transition.

Our second goal is high technology training and education for high level employment in the San Francisco Bay area computer industries. As the mayor mentioned, it is our hope that we will lure some of those industries into San Joaquin County by virtue of developing that trained and competitive work force. Our third goal is college education for students entering universities, with the emphasis on information technology systems, where we have been a leader.

The conveyance of this property will allow the college to join the city of Tracy, Tracy schools, and private industry to develop this collaborative for education in a timely and affordable manner.

Thank you for your consideration and your attention.

[The prepared statement of Mr. Laughlin follows:]

Laughlin

Subcommittee on Management, Information and Technology
Chairman Steve Horn

HR 2508 Tracy Learning Center May 4, 1998

Washington Statement

Good morning. My name is Phillip Laughlin. I am the Assistant Superintendent/Vice President of San Joaquin Delta Community College in Stockton, California. With me today is Robert Yribarren, Vice President of Business Services. Stockton is located approximately 90 miles east of San Francisco and 40 miles south of Sacramento in the San Joaquin Valley. San Joaquin Delta Community College is a single campus district which serves all of San Joaquin County and parts of four other counties. The current annual enrollment of the College is approximately 22,000 students. The explosive growth in the college's district Tracy area, which is the southern portion of the district, requires that an educational center be developed to serve the growing demand for educational services in that area.

The south San Joaquin County area has been experiencing explosive and long term population growth. The population in the Tracy area is expected to more than double to about 170,000 persons over the next twelve years. This growth is already substantiated by housing development projects that have been approved; approximately 20,000 homes are scheduled for completion by 2010. If the average household size of 3.0 persons per household is continued, this development will provide an additional 60,000 to 75,000 people to those currently in the Tracy area. Population growth in the Tracy area is mainly the result of escalating costs of living and housing in the adjacent San Francisco Bay and Silicon Valley areas. Currently there is no permanent presence of higher education in this area to meet the increasing demands for college-level training and education.

The current campus in Stockton is approximately 35 miles away and will not accommodate the expected growth in the Tracy area. The plan is to build an educational center that would initially serve approximately 2,000 students with a full campus build out over the next 25 years that would serve up to 20,000 students.

As part of the planning for development of a college site in the Tracy area we have worked very closely with the City of Tracy and the Tracy School District to discuss and develop the college's plans to develop an educational center in the area. As a result of many meetings and

discussions we have developed a collaborative that proposes new and innovative approaches to education which use and couple the resources of education, city government, and private industry to serve the students and citizens of the Tracy area.

The intent of the collaborative is to develop a learning center, including a college center and an advanced elementary, middle, and high school, which share common facilities such as joint-use library, computer center, combined student services and administrative center, science laboratories, and physical fitness fields and a gymnasium that will be open for public school and community college students as well as residents of the City and surrounding area. Moreover it is anticipated that private industry and business will become active and integral partners in the project providing funds, equipment and on-site job skills training opportunities for students.

We are here to ask your support of HR 2508 to convey the 200 acre federally owned Antenna Farm in the Tracy area to the City of Tracy for development of this collaborative training and education center. This conveyance will provide up to 100 acres for the development of a full college campus combined with 50 acres for an advanced high technology high school and 50 acres for an industrial economic development business complex to serve the entire region. Ten sites were investigated by the collaborative and the presently undeveloped Antenna Farm property was selected as the best site for the Center.

Delta College programs will be focused in three major directions; 1) basic skills training and entry-level job training for welfare recipients entering the job market; 2) high technology training and education for high level employment in San Francisco Bay Area computer industries; 3) college education for students entering universities with emphasis on information technology systems. Essentially the presently undeveloped Antenna Farm property will give us a clean slate on which to draw an exciting, new innovative education plan that will encourage and bring seamless educational opportunities close to the low income minority populations in the Tracy and central valley areas which as recently reported by the California State Controller have a very low participation rate in higher education and a high unemployment rate.

The conveyance of the federally owned Antenna Farm would allow the College to join with the City of Tracy, Tracy schools and private industry to develop this collaborative for education in an affordable and timely manner.

Thank you for your consideration and attention.

Mr. HORN. I think you probably underestimated the number of people you'll have. I think most projections I have seen in California have always been wrong. The university that I headed was founded in 1949 and the State Department of Finance, which is the statistical, sort of our equivalent of OMB for the Governor of California, said, "Well, maybe you'll have 5,000 students by the year 2000." We had 5,000 students in about 3 years. We had 26,000 to 30,000 when its 25th anniversary was there, and when I left in 1988, we had 35,000 students. And it could have gone to 50,000.

So I suspect Delta will have the same growth when you look at the projections for the San Joaquin Valley. It is going to be largely houses, even more than agriculture. Where agriculture is going to go next, Richard, I don't know. But it is gone from Orange County to Porterville, and as long as we have got water, we can grow it.

But thank you for that testimony. I am going to suggest that at this point we concentrate on the Tracy witnesses here, and then move to the Maryland situation.

I guess the first question I would ask, have any of you had discussions with the Bureau of Prisons regarding the property? Mayor, what is the city's situation on that?

Mr. BILBREY. There have been no ongoing discussions. As Congressman Pombo indicated, he had conversations with them. And, of course, the public hearing in our community some months ago, where there was an outpouring of people at this public hearing requesting that the INS facility, who is the most current group that we are dealing with, asking that they chose the Stockton site or alternative site to the Tracy site.

I share that with you. As the map indicates, this is moving. The location is right in the path of our growth to the south and west of the current community.

Mr. HORN. Does anybody want to comment on that? Have any of you had any conversations, in Delta or anyone else?

Mr. LAUGHLIN. At Delta we have had brief conversations with the Office of the Mayor in Stockton. And he has indicated to us, as has the city manager, that there appears to be no organized opposition to the location of that facility in Stockton.

Mr. HORN. In Stockton. What is the population of Stockton now, roughly?

Mr. LAUGHLIN. Rate of population I believe is about 250,000.

Mr. HORN. It is a rapidly growing community, and that whole area, as I flew over it between Stockton and Sacramento, is almost all houses now. There aren't too many vacant lots left.

Does the gentleman from California have any questions he would like to get into the record?

Mr. POMBO. Yes, Mr. Chairman.

Mr. Laughlin, you have an ambitious schedule to begin this facility in the city of Tracy. If this site were not available, what would happen to that schedule?

Mr. LAUGHLIN. It would experience some delay. We hope with our very ambitious schedule to be offering classes onsite in our first phase of the buildings in 2002 or 2003. This requires a very aggressive schedule, working with our coordinating bodies in the State, including our chancellor's office, a part of State government. And we are later this month going to file our first plan of action, and

that will require us to provide the second phase of that by October or November of this year.

In doing that, we may be able to begin construction in 2001. In the meantime, if the site were to be conveyed, we could place portable facilities on it and begin utilizing at least part of the site, probably within 18 months.

Mr. POMBO. Thank you.

Ms. Tucker, what is the projected need for a new school facility in Tracy at this time, high school facility?

Ms. TUCKER. Oh, a high school facility? Well, with the rapid growth, and that is going in the westwardly direction, we are going to need another site in that general vicinity to accommodate the high school students.

And in addition to the—what is it, southwest of there, there is a new community that is going in and they are asking us in the interim to accommodate—they don't really—they are a one-room or—a one-school district, and they are asking us to accommodate their high school students until such time as they have enough students to establish a high school. So they are—we will be doing that over at one of our other sites, which will make that site overcrowded. So we really, you know, we are going to need to expand here too soon, as well.

Mr. POMBO. Thank you.

Mr. Bilbrey, the city has played the role of putting this whole thing together, in bringing Delta College and the school district together as well as the city, and there have been some questions about the economic development portion of the conveyance. Would you share with the committee the importance of that particular part of the conveyance in making the high school and the school district, as well as the Delta College portion, work?

Mr. BILBREY. Yes, I would be happy to, Mr. Pombo.

The city sees its role as bringing the partnership together with the high technology players from Silicon Valley. As I indicated, the city is working very closely with the San Joaquin Partnership, which is a private-public economic development group that works almost on a weekly basis in Silicon Valley. They are looking for a reason to come to Tracy. And we think that this 50-acre platform will help create that partnership.

We see these high technology providers coming in, as in this partnership, to help develop curriculum for the school in the high technology piece. We think that is extremely important. That is the city's role in assuring that the placement of these high technology companies are next to this educational facility.

The city would retain—there was some question earlier about the sales or market value of this property. I would assure this committee that that property would be retained under city control, and we would make the best use to support educational opportunity with that.

Mr. POMBO. Mr. Bilbrey, also the proposal of building a prison or an INS detention facility on that particular site—I know you are a lifelong resident of the area—what, in our current general plan in Tracy, what would be the conflict of building some type of a detention facility with the current plan of growth in that particular area?

Mr. BILBREY. Well, just a quick overview, if I may. Currently, the city limits is about 18 square miles. Our sphere of influence is now 117 square miles. The population, Richard, is 48,000. We have increased a bit since your last trip home, so we are about 48,000. We are projecting 80,000 in the early 2000's. We are projecting 120,000 by 2025.

As you can see by our urban management plan map and the distribution of land use colors, south and west is the direction at which our community is growing. We have a number of urban centers in that general area: The South Shulte, the North Shulte, and the Tracy Hills project, which comprise some 20,000 homes to be built in that area.

A detention facility—and I heard it called a prison today, so I am going to call it a prison—a prison in the middle of our community is not appropriate. I think the citizens in our small city have shared that with INS, and we hope that they take that to heart.

Mr. POMBO. Mr. Chairman, just for the record, I would also like to say that I was on the city council when the decision was made that we would grow south and west, and the major reason that that decision was made was that it was away from the most productive agriculture lands, the most environmentally sensitive lands. It was away from the flood plain. The decision was made at that time that it would be more viable for the city to grow in the direction that we are growing.

Maintaining agriculture in the central valley I think is as important as bringing high technology in. At least in my opinion it is. We made a very conscious decision to protect the agricultural lands of the Delta. I thought it would be important, for the record, that a real effort was made in the city of Tracy to protect agricultural lands, to protect environmentally sensitive lands, to grow into the areas that were less productive, and that was the path we took on.

It was after those decisions were made that the decision was made by the Bureau of Prisons and INS to look at this as a potential site. But as I'm sure you have heard from the testimony of the people from San Joaquin County and from Tracy, it is in an ideal site for a school. It is obvious that they have a plan in place that is very progressive and very visionary, and I, as well as the people I represent, would greatly appreciate you looking favorably on this legislation.

Mr. HORN. Thank you.

The gentleman from Ohio, Mr. Kucinich.

Mr. KUCINICH. Thank you, Mr. Chairman.

I think the panel heard my comments at the beginning of this meeting, after I talked to Mr. Pombo. I am very supportive of your concerns about protecting the integrity of your community. As a former city councilman and former mayor, I know how important local control is on these issues, and I think that you ought to have input, and really I think you ought to have your say about what happens to this land. The fact that it is owned by the Federal Government makes it even more important that you have some input, because you are also Federal taxpayers.

The other thing is, and I want this submitted in the record, because a proportion of this proposed use would involve a private interest for the purposes of economic development, I think it is ex-

tremely important that we always protect, again, the interests of the Federal taxpayers in assuring that portion of land which would be put up for lease, let's say, would be done so by either having it bid competitively or at fair market value, which is one of the reasons why I am still very interested in what the GSA's role would be in this. But that is something I think we could work out. I don't think that will be too difficult to work out.

The first thing that you should know is that you do have support on this side of the aisle. I commend your Congressman for standing up for his community. That is why we are here. That is really why we are here, to protect people we represent. I commend you, Congressman Pombo, for your work on this, and for your concern about the recreation, the education, and the economic development of your community.

Thank you, Mr. Chairman.

Mr. HORN. Thank you.

I want to thank you, and you should know, as was suggested by my colleague from Ohio, that your representative, where you trained him in his infant years on the city council, does a fine job representing not only the interests of his constituency but the interests of the State of California and the country. So you have somebody that will stick with this and get the job done.

As you can see, we are in agreement here that we need to satisfy the needs of your community. We appreciate you coming here to share with us the testimony and where you are on this situation. We wish you well, and we hope we can move this legislation in a fairly rapid manner.

Thank you for coming East and sharing your views with us, Mr. Laughlin and Ms. Tucker and Mayor Bilbrey. Thank you very much.

I thank the gentleman from California.

We are going to excuse the Tracy panel now and we are going to focus in on the Maryland situation. We thank you for coming, and we hope you have a safe trip home. If you had GSA rates, you would fly a lot cheaper than you did to come here.

Now we will move ahead with our friends here from the State of Maryland. We will start with State Senator Ruben, and please proceed.

Ms. RUBEN. Thank you, Mr. Chairman and members of the committee. It is an honor that I am allowed to appear before you this morning to discuss an aspect of Federal property management which is of vital importance to our country and to the citizens of Montgomery and Prince George's Counties, MD. I refer to the plan to consolidate the widely scattered offices and laboratories of the Food and Drug Administration at the recently closed Naval Surface Warfare Center at White Oak.

I speak about White Oak as a 36-year-long neighbor and an elected official, actively engaged in economic development issues for the State of Maryland, and most importantly, as a taxpayer. Additionally, I have served for the past 3 years as a member of the LABQUEST Community Partnership. This local community organization has worked diligently under the leadership of my good friend, Betsy Bretz, to assure that White Oak becomes the Nation's

·emier Federal research center. You will be hearing more about ABQUEST's activities from Betsy in just a moment.

As you know, the Federal establishment generally, and the Dense Department in particular, has been consolidating and ›wnsizing at a staggering rate. Our base at White Oak was a RAC 1995 closure, and it did not take long for the Navy to pack › and leave. I believe you referred to some of those vacancies, Mr. hairman, during your discussion with GSA. The Navy left behind ı extremely valuable piece of property in excellent condition, eally situated near the center of both county governments and ıe huge academic, scientific, and corporate complex in the region.

Respectfully, if I may, the logical conclusion is for the Federal overnment to make use of this base, which was bought and paid r long ago, if it has need for it. It is quite clear that it does. Sucssive administrations and Congresses have repeatedly decreed ıat FDA should be consolidated in one location in the local area. et, year after year, this goal has not been achieved.

Everyone recognizes that you can't run a large, complex Federal ;ency efficiently and cost-effectively if it is spread over a wide ·ea, in mostly leased space, using antiquated laboratory facilities. successful business would never operate this way. Why the con›lidation has not taken place is still a mystery to me and to oth·s.

But I think we must look to the immediate future for this valu›le piece of property and the vital project which is under consider›ion. We are here this morning to make clear to this subcommittee ıat all the pieces are in place for the Federal Government to :hieve its goal in consolidation of the Food and Drug Administra›n in one central location, in a world class facility and, most im›rtantly, on government-owned property. There should be no rea›n for any further delay.

The General Services Administration now owns the White Oak ·operty. Extensive planning has been accomplished by both the ederal and Maryland governments. Governor Glendening has edged to support the FDA consolidation at White Oak on a scale atching the State support of the recent consolidation of the Naval ir Systems Command at Patuxent River. County executives Doug uncan and Wayne Curry have been working tirelessly to assure ll local cooperation and coordination, and of course the local comunity couldn't be more helpful and happy.

But we all know that the key ingredient necessary to make the ·oject happen is money. We also know that in these constrained ıdgetary times, innovative solutions must be found to involve the ·ivate sector in helping to finance Federal projects.

At Congress' direction, GSA has retained the services of a public·ivate partnership team, LaSalle Partners, and Moore & Associes, to develop a business plan to do just that. The White Oak ısiness plan took 9 months to develop and is currently being reewed by GSA and FDA. The two agencies will revise it prior to ; completion. It will then be submitted to the Office of Manageent and Budget for review and approval and ultimately to Con·ess for final approval. While we have not seen it, we understand ıe business plan proposes numerous approaches for fully financing .e project with private funds.

I am here to urge the subcommittee to support the public-private partnership approach to developing the FDA complex at White Oak. It is clearly the most logical solution to achieving Congress' oft-reaffirmed goal of FDA consolidation. It will save the taxpayers, according to GSA, over $30 million each year now paid in commercial leases, and achieve a total savings of close to $1 billion over the next three decades. For this reason alone, this project should be looked upon favorably. Most importantly, it will create for the FDA the kinds of 21st century facilities needed to accomplish its crucial mission of assuring safe food and drugs for all of our citizens.

We recognize that the administration and Congress are disinclined to appropriate funds for such a large project at this time because of the overriding need to balance the Federal budget. However, if this continues to be the case, the only feasible solution is the public-private partnership approach which GSA is currently pursuing. If Congress rejects this approach for any reason, then it should appropriate the necessary funds to build the Federal Research Center at White Oak. It should do so before many millions of additional taxpayer dollars are wasted in lease payments for privately owned FDA facilities.

I am very grateful for the opportunity to present my views to you on this subject which is so important to all of us. I know you will review any public-private partnership proposal you receive from GSA, as always, with an open mind and fairness. We in the Maryland State Government stand ready to assist you in every way we can.

In conclusion, if I may, Mr. Chairman, I would tell you that your comments and questions to GSA were very uplifting, and I am hoping that we have a very special deal for you that you won't want to refuse. If you let us, we will be very happy to assist you in carrying out this difficult task of examining and streamlining the Federal property administration system. Thank you.

[The prepared statement of Ms. Ruben follows:]

Mr. HORN. The reason I ask that is all over America, at the time of the Second World War, many cities, in a sweep of patriotism, which is a major mistake sometimes, gave land, hundreds and thousands of acres, to the Federal Government for $1. Some of them had sense enough to put in a reversion clause: when that is not to be used anymore, it reverts to the city or the county or whatever it is.

That is why I am curious, because you have called for 50 acres to be transferred for educational purposes. I believe it is 50, is it not?

Mr. BARRAM. Mr. Chairman, that property was acquired by condemnation in 1961.

Mr. HORN. 1961. So the Federal Government paid something for it, presumably. At fair market value at that time?

Mr. BARRAM. It might have been $1. I don't know.

Mr. HORN. There is 100 acres for a park, right?

Mr. POMBO. Yes.

Mr. HORN. Fifty acres for economic development. As I understand it, and the Administrator is right here, on top of these things there are existing public benefits discounts for education in the park portions, and traditionally disposals for economic development have been subject to sales, as such property produces revenue and the taxpayer needs a return, also.

What would be your reaction to the sale of the economic development portion of the property?

Mr. POMBO. The reason that this was structured the way it was, was that they wanted to be able to use the 50 acres for economic development as a site for on-campus activities, for commercial companies to come in. The city and the schools have already been in discussions with several different high-techology companies about the ability for them to come in and help develop the curriculum and the school facilities that exist. So it would be a partnership between the city of Tracy and the school districts. That is why it was structured the way it was.

Mr. HORN. I think that is excellent. We happen to be doing just that in Long Beach, CA. When the Cabrillo housing was declared surplus, it was part of the naval station that was declared surplus in 1991, a year before I arrived here, we now have the College of Engineering at California State University at Long Beach, and I believe it is about 30 acres, where industry will come in, be working with the students in engineering. We have, on one-third of the parcel, the West Side Vocational-Technical High School, just as you are talking about, and we have on the other side one of the four Federal Job Corps sites in the country.

So it is, again, relating to industry, to economic development, to people that have not had the chance in the case of Job Corps, and to people that we want to have a good secondary education in the sciences and technology, as well as the university: the masters of science, and they also offer the doctorate in engineering and so forth, to bring industry right there. I think that makes sense.

I believe that land was conveyed for $1. I had forgotten what we got it back for. But the city gave it to them at the time of the Second World War, or earlier, when it was the headquarters of the Pacific Fleet.

Respectfully, the logical conclusion is for the Federal Government to make use of this base which was bought and paid for long ago, if it has a need for it. It quite clearly does. Successive administrations and congresses have repeatedly decreed that FDA should be consolidated in one location in the local area. Yet year after year this goal has not been achieved. Everyone recognizes that you can't run a large, complex federal agency efficiently and cost-effectively if it is spread over a wide area, in mostly leased space, using antiquated laboratory facilities. A successful business would not operate that way.

Why the consolidation has not taken place is still a mystery to me. But we must look to the immediate future of this valuable piece of property and the vital project which is under consideration. We are here this morning to make clear to this Subcommittee that all of the pieces are in place for the Federal Government to achieve its goal of consolidating the FDA in one central location, in world class facilities and, most importantly, on government-owned property. There should be no reason for further delay.

The General Services Administration (GSA) now owns the White Oak property. Extensive planning has been accomplished by both the federal and Maryland governments. Governor Glendening has pledged to support the FDA consolidation at White Oak on a scale matching the state's support of the recent consolidation of the Naval Air Systems Command at Patuxent River. County executives Doug Duncan and Wayne Curry have been working tirelessly to assure full local cooperation and coordination. And, of course, the local community couldn't be more helpful.

But we all know that the key ingredient necessary to make the project happen is money. We also know that in these constrained budgetary times, innovative solutions must be found to involve the private sector in helping to finance federal projects.

At Congress' direction, GSA has retained the services of a public-private partnership team -- LaSalle Partners and Moore & Associates -- to develop a business plan to do just that. The White Oak business plan took nine months to develop and is currently being reviewed by GSA and FDA. The two agencies will revise it prior to its completion. It will then be submitted to the Office of Management and Budget (OMB) for review and approval and, ultimately, to Congress for final approval. While we have not yet seen it, we understand the business plan proposes numerous approaches for fully financing the project with private funds.

I am here to urge this Subcommittee to support the public/private partnership approach to developing the FDA complex at White Oak. It is clearly the most logical solution to achieving Congress' oft-reaffirmed goal of FDA consolidation. It will save the taxpayers, according to GSA, over $30 million each year now paid in commercial leases and achieve a total savings of close to a billion dollars over the next three decades. For this reason alone, this project should be looked upon favorably. Most importantly, it will create for FDA the kinds of 21st century facilities needed to accomplish its crucial mission of assuring safe food and drugs for all of our citizens.

We recognize that the Administration and Congress are disinclined to appropriate funds

for such a large project at this time because of the overriding need to balance the federal budget. However, if this continues to be the case, the only feasible solution is the public/private partnership approach which GSA is currently pursuing. If Congress rejects this approach for any reason, then it should appropriate the necessary funds to build the Federal Research Center at White Oak. It should do so before many millions of additional taxpayer dollars are wasted in lease payments for privately-owned FDA facilities.

I am grateful for the opportunity to present my views to you on this subject, which is so important to all of us. I know you will review any public/private partnership proposal you receive from GSA, as always, with an open mind and fairness. We in the Maryland state government stand ready to assist you in every way we can. In conclusion, let me wish you well as you carry out the difficult task of examining and streamlining the federal property management system.

Thank you.

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Mr. HORN. Thank you for that very full statement. We appreciate all your work over the years in economic development.

Our next witness is Betsy Bretz, the chairperson of the LABQUEST Community Partnership, and a member of the White Oak Local Redevelopment Authority and a member of the restoration advisory board.

Please proceed.

Ms. BRETZ. Hi. Good day, Congressman Horn. I am Betsy Bretz, and I think I can answer some of the questions that you and Mr. Kucinich have brought up as we go along, in dealing with the Department of Defense and dealing with all of these other issues that you brought up.

As you said, I do chair the LABQUEST Community Partnership. I am a member of the local redevelopment authority. I am on the committee that deals with surplus property, which was one of your questions. I also am the community outreach chairperson, so I have had a lot of experience in dealing with this. We also deal with the restoration advisory board, of which I am a member. That is to clean up the base. I have submitted my statement for the record, and what I will do is just highlight a few things from it.

We have a wonderful property here. It is 730 acres, which was the Naval Surface Warfare Center. It belonged to the Department of Defense. We as the community became very aware and very involved, and what we did was, we decided as a community you can either be a victim or you can be proactive, and I can assure you we are very proactive.

We had this beautiful site in what initially the Department of Defense, under the BRAC, Base Realignment and Closure Commission, decided that they were going to move 4,100 people from Crystal City in rented space over to our base, so we were very pleased and we answered their questions. We went on with that for a while, but then in 1995—we were actually designing buildings—in 1995, all of a sudden we were back on the BRAC list. This time it was not to receive 4,100 new people and jobs, but this time they wanted to close the whole place. We went and organized, and we had lots of volunteers. We fought a good fight. We lost by one vote, and we decided that, well, the Navy does have to close bases, and we are obviously one, and we have to get on with it.

We had a party at my house to thank our volunteers, and we had busloads of them. We decided, well, we had better get our act together here. Everyone had an idea, just like in your districts. Everyone has an idea of what they are going to do with that property, from every nut idea in the world, to an extension of Arlington Cemetery, to jails, you name it, they were going to put it there.

Within 2 weeks of this party we got a list, as the community, and we decided we were going to become LABQUEST. We made a list of everybody who had ever visited the base, ever inquired about the base, and we started interviewing them. We threw out a lot of them. We didn't want this beautiful place for warehouses and all that stuff, so we threw out a lot of them. Within 2 weeks, in my living room, we interviewed GSA and FDA.

Let me tell you, they were pretty good. They had a great sales pitch. We kind of made a commitment that night, right on the spot. We didn't even interview anyone else. We really liked them. We

knew it was a go, because their goals were very compatible with the community. We were a perfect fit. FDA was in 40 different buildings in 18 locations in the Washington area, and they sure needed help. Obviously, we had the ideal site.

We recruited people. Anybody that we thought would help our project, we recruited them. In our LABQUEST group, which meets in my house once a month, we have dinner together, we have a meeting, and we have people that are volunteers from all over. Some of the people are like people that are—we have one person who is a military officer that cleaned up and closed military bases. We have people from the academic world. We have all kinds of neat people. We collect them. If they are good, we keep them. So we are very organized.

What we did was, we have county government, State government, and we have everybody. We are really good. The two county executives, they did what they are supposed to do. They formed a redevelopment authority. That is back to the Department of Defense. They require that. We also did the restoration advisory board, to clean up the base, because that is a requirement, so we are trying to be ourselves. It was not always easy, I have to tell you that.

October 12, 1996, we celebrated our 50th anniversary of the base. We closed the base. We had a great ceremony. It was very nice for all the alumni who had ever worked there. Then we had to go make our plan a reality. We had to work together, and we do.

On Saturday, October 18, 1997, we had a wonderful welcoming ceremony and Octoberfest, which is what the community did. I have this flyer from that activity. We set all kinds of records, in answer to your concerns. We have set about every record the Department of Defense has. We were the fastest closing of any military installation in the Nation. Our base is called the Federal Research Center, which Senator Ruben referred to.

I would like now to get to the focus of this meeting. I have kind of told you where we are and how organized we are. No. 1, Government agencies can successfully partner with local communities. I guess we are a good example of that. Government agencies can successfully partner with the private sector. In this project, GSA has teamed with LaSalle Partners and Moore & Associates.

LaSalle Partners developed such projects as Union Station, Trump Towers, O'Hare Airport, Sears Tower, and they are now redeveloping Grand Central Station. Let me tell you, they are very impressive. Moore & Associates is a very successful Maryland developer and actually had a project in our community, so we knew them. We have met with the partners, and everybody that has anything to do with this project, we have met with them a million times, and we are really rolling here.

A third thing we would like to share with you is that our public-private partners have developed a business plan which was presented to GSA on April 7. It currently is under GSA review. We have not seen it to comment on it, much to our dismay. Although we have not seen the business plan, we understand the plan identifies assets which could be used to pay for the project. We would like to see the business plan, and hope you do, too. We have seen a development plan from the partners, and the development plan

really is in harmony with the local community. It is going to be a fantastic asset to our community, and will greatly enhance the value of the base and the property.

I would like to tell you what this is. This is the public-private partnership solicitation that went out, and that is how we found LaSalle Partners and Moore & Associates. We had, I think, 180 developers from all over the world compete for this, and LaSalle and Moore & Associates won.

On the bottom of this solicitation document, I would like to read something to you that we took very seriously. It says, "We can no longer afford to pay more for and get less from our government. It is time to radically change the way government operates, to shift from the top-down bureaucracy to entrepreneurial government that empowers citizens and communities to change our country from the bottom up." That is Bill Clinton and Al Gore "Putting People First." We believe that, so that is why we have been doing all this. We are volunteers, to even add to that.

No. 4, now we are told by GSA that this plan must fit into some kind of a scoring box with OMB, or our plan will be turned down. I want to know, I guess from you, and maybe that is the same question you asked GSA earlier, is there any flexibility in this scoring box?

According to the solicitation, the partners were supposed to come up with new and innovative ways for the government to work with the private sector. Now everybody is saying, oh, no, it has to fit in the OMB scoring box. So I don't know the answer. We proceeded in good faith, and we intend to see our project built.

No. 5, we have researched public-private partners. We believe they are the wave of the future. We feel the Federal Government can no longer fund and build facilities without private sector financing.

No. 6, and that is something that you all alluded to earlier, we know that our ideas are much bigger than the Federal Research Center at White Oak. We have been called by many communities, and we have sure met with a lot of them throughout the country. They want to ask questions of us, like "How in the world did you ever get all these agencies to work together? How did you get this done in record time? How are you getting the base cleaned up? How are you dealing with these public-private partners? Where is the money coming from?"

We have a list that you will not believe of the questions and the concerns people have, and we are trying to meet with them and answer them. I think what this is what we believe is that this project—we are asking that it be flexible. We can save money. We can have a better project if we do it this way.

We may be a little different, and I know it is hard for maybe GSA and other agencies to accept the difference, but this will make a difference in our country. This is a difference in the community, because it comes from the community. It didn't come from GSA. It came from the community. They came to us. So we are saying maybe there is a way to do this and do a quality product.

I would like to say, in conclusion, the Food and Drug Administration is a regulatory agency and therefore nobody's darling, I guess. We sure can read and listen to all of these people that say all these

things about FDA and their approval time. I would like to say to you that we realize they have some problems, but it is a critical agency. It is important to the Nation's health. I want to tell you that I think the public and I think we deserve to have the efficiency that the consolidation at White Oak offers, because they will be more efficient on our property.

I will tell you that I think this is very important for our children and our grandchildren, to have the drugs—for us to have the drugs and devices and biologics, whatever that is, that we need for the future of our country. We don't need a lot of criticism of FDA, we need to help them. That is what we are all about. We are just the community, and this is a project that will go forward. The FDA creates value, and our public-private partnership will work, we are convinced.

Thank you. We would love to have you come visit, if you could.

[The prepared statement of Ms. Bretz follows:]

Bretz

STATEMENT OF BETSY L. BRETZ, CHAIRPERSON OF THE LABQUEST COMMUNITY PARTNERSHIP, MEMBER OF THE WHITE OAK LOCAL REDEVELOPMENT AUTHORITY AND MEMBER OF THE RESTORATION ADVISORY BOARD (RAB) May 4, 1998

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Good Day...Chairman Horn and subcommittee members:

We have a great story to tell and a dynamite plan to share with you today AND it is most appropriate that we are here as we approach the 50th anniversary of the Federal Property and Administrative Services Act.

I am Betsy Bretz, the Chairperson of Labquest Community Partnership, a member of the Local Redevelopment Authority and the Restoration Advisory Board to name a few.... The former Naval Surface Warfare Center-White Oak, Maryland is 730 beautiful mostly wooded acres with streams, brown trout, loads of wildlife...just outside of the Beltway and adjacent to Interstate 95 in Silver Spring, and Adelphi, Md. (about 10 miles from here).

Our organization was formed under the name SEAQUEST to welcome and support the BRAC 93 approved transfer of 4,100 NAVSEA personnel to the Navy base in our community. We worked with the Navy to design facilities that would be compatible with and complimentary to our residential community. Unfortunately, in 1995, our base was back on the BRAC list again...this time to close for good. We tried to "Save Our Base" but lost by one vote.

We had a party at my house in June 1995 to thank our many supporters... and we had bus loads. We fought a good fight but the Navy must close bases and ours was one... We decided that evening that communities have a choice....either be a victim or be proactive. And proactive we are...

We moved quickly to obtain a list of organizations and agencies that had looked at or expressed an interest in the property....everything from an extension of Arlington Cemetery, jails, warehouses, high rises, schools and the ideas went on and on. Within two weeks of the party we interviewed GSA and FDA- for the consolidation of the Food & Drug Administration on our base. We were a" perfect FIT". We were impressed with their "sales pitch" to us and quite frankly we decided on the spot....that this was an ideal partnership...Congress mandated that FDA consolidate...and goodness knows they needed to since they are in 40 buildings in 18 locations in the Washington area....and we have THE ideal site.

Obviously, we learned early on...it was better to operate from the inside instead of from the outside looking in....We recruited skilled volunteers for our newly named Labquest Community Partnership...Our talents range from military officers who have opened, closed & cleaned up bases, business leaders, community organizers and civic activists ,college professors (we are two miles from University of Md.) clergy, Montgomery County, Prince George's County and State of Maryland officials also Navy, GSA, FDA and local zoning, planning, and parks people, plus many who worked on our Navy base for their whole career. Everyone wanted to help.

The two county executives appointed a Local Redevelopment Authority which they co-chaired. The Restoration Advisory Board (RAB)was established to oversee/advise on the clean up of the base by the NAVY. Was this process easy???? No...but it was certainly eventful. The base was never deemed to be surplus and not redeveloped through the Federal Redevelopment process because we had a plan. We had a road map to get to our goal. We had hurdles to jump and we've jumped and we have a few more hurdles to get to our goal!

October 12th-1996...we celebrated the 50th anniversary of the Navy establishment at White Oak and had a ceremony to closed our base. Over 8,000 people came including current and retired employees who had worked for the Navy. Plans for the transfer of the base to GSA and consolidation of FDA were announced and the Community responded with a grand OKTOBERFEST celebration. In addition, the base alumni hosted all day reunions. The celebration ended with a brilliant fireworks display sponsored by Montgomery County.

Everyone has worked hard to make "OUR PLAN" a reality. There were many bumps and bruises along the way. It was not easy getting agencies together, getting the right people with decision making authority to agree to things and to do so in a timely manner. The Labquest Community Partnership meets each month in my living room for dinner including pies baked by the Maryland State Fair's pie champion. Her name is Sarah Crooke and she lives in our community. We have enjoyed her lemon meringue, fresh strawberry and Maryland berry pies. We feel if we meet and eat together each month we'll work well together. It has worked but we've all gained a few pounds.

The good news is that on Saturday, October 18th,1997 we had a wonderful welcoming ceremony and Oktoberfest. The property was officially transferred to GSA and FDA would be consolidating as our prime/anchor tenant/agency. We were told we set all kinds of records for reuse and redevelopment for a BRAC 95 base. We understand that we were the fastest closing of any military installation in the nation. Now our base has been designated "The Federal Research Center". This is why we need you and your help in getting to our goal.

I'd like to now address the focus of this hearing and the business of this committee. I'd like to share a few thoughts with you on what we've learned and what we still need to do in this process.

#1-Government agencies can successfully partner with local communities. White Oak is a very good example.

#2-Government agencies can successfully partner with the private sector. In this project GSA has teamed with LaSalle Partners/Moore & Associates. LaSalle Partners has redeveloped such projects as Union Station, Trump Towers, O'Hare Airport, Sears Tower and they are now redeveloping Grand Central Terminal. Moore & Associates a very successful Maryland developer. We have met with the partners, with GSA and FDA, project architects HOK, land planners, transportation planners, Navy, EPA, clean up/environmental contractors and every one else it takes to make this project happen.

#3- Our Public Private Partners have developed a business plan which was presented to GSA on April 2nd and currently is under GSA review. We have not seen it to comment on it....much to our dismay. Although we have not seen the business plan, we understand that the plan identifies assets which could be used to pay for the project. We would like to see the business plan and we think you should see it too. But, we do know that LaSalle /Moore has created a "development plan" for White Oak which creates significant value in the property and is in harmony with the local community.
On the cover of the solicitation for the" Business Plan" is this quote. It says it all..."We can no longer afford to pay more for---and get less from---our government. It is time to radically change the way government operates---to shift from top-down bureaucracy to entrepreneurial government that empowers citizens and communities to change our country from the bottom up.
Bill Clinton and Al Gore Putting People First

#4-We are now told by GSA that "this plan" must fit into the scoring box of OMB.....or our plan will be turned down by OMB. Is there any flexibility in this process for new and innovative ways to finance projects?

#5-We've researched Public Private Partnerships. We believe they are the wave of the future. We believe that the Federal Government no longer will fund and build major facilities without private sector financing.

#6-We know our ideas are much bigger than the Federal Research Center at White Oak. We have been called by many communities and met with a number of them. They have asked how we ever got all the agencies to work together? They have asked us many questions about the Public Private Partnership, the business plan, development, funding and other Public Private Partnership success stories.

#7-We know that each of you will need courthouses and other Federal buildings in your districts for important governmental activities in the future. Where will the funding come from? From what I have read...it is unlikely that sufficient money will be available in the federal budget... Therefore, why not be flexible....save money....get a better product...use some of our federal assets to finance important projects in the future. Don't burden our children with additional debt and taxes...Help pave the way for this project and similar projects in your districts too....

In conclusion, the Food & Drug Administration (FDA) is a regulatory agency and therefore no one's darling. Criticism of FDA seems to be a favorite topic of some. We feel that FDA, while it may have some problems, is a critical agency...important to the nations health. The public deserves the efficiency that consolidation at White Oak would provide. This project will have up to date laboratories with adjacent office space so that FDA employees can have the tools to test and approve drugs, devices and biologics which can help us, our children and our grand children. We would like your assistance to assure that this project moves along as quickly as possible. Thank you!

Mr. HORN. Thank you for the invitation, and we thank you for your testimony.

In a book I wrote on Senate appropriations many years ago, I noted that a Senator had said about Carl Hayden, who was here from 1912 to 1969, that no one had smiled more money through the U.S. Senate than Carl Hayden, and I guess we can say that Ms. Bretz has smiled a lot of money through the Adelphi area and this White Oak project and the House of Representatives, so keep smiling.

Ms. BRETZ. Thank you, sir.

Mr. HORN. That is what counts. I commend you for the people you have been able to pull together, working in this coalition. Who are the Members of Congress that are deeply involved with this? I think Senator Mikulski is on the Senate side.

Ms. BRETZ. At our welcoming ceremony, I will give you an example of the people that really have helped us. We sort of called Senator Sarbanes the father of the base, of the project, and then Senator Mikulski, she is great. They have been very helpful. This project is in two congressional districts. Most of it is in Congressman Albert Wynn's district, and a little bit of it, but just enough, is in Congressman Hoyer's district. They have been great.

It is not like we are having a community that says, "Don't do anything in our backyard." This is our project. GSA may think it is theirs, but it is really ours, and we know how to get it done. But now we are told we have to fit in this mold that we were never told about before, and that is kind of hard for us.

Mr. HORN. Have you been told by GSA when they might make a decision on this?

Ms. BRETZ. I understand—no, not directly. I understand that they are going to talk to us. I am hoping it will be by the end of this month. But I do feel that what their review process will do will be to try to make our project fit into these little boxes and requirements that you have, and not be as creative as we have in mind. So I am not sure that the product that has been written and the product that we will see will be the same.

Ms. RUBEN. If I may interject, please, Mr. Chairman, you made some comments before and asked some questions, and I guess I was referring to those when I made my comments, as to whether or not there is flexibility, whether or not there is some legislation that would be necessary to ensure that this project were to be able to be built, and in addition, if not, perhaps in the appropriation bill it could be targeted for flexibility.

I know that you have done that many times, and in this instance, if it is necessary, we would urge you to please do that. I don't think that this is something that can be let go. This is the most valuable piece of property down county, either in Prince Georges or Montgomery. It is something that should not go idle. It is one of the areas that you addressed, as I said, where you don't want it to go down the tubes by being vandalized and underutilized.

We would hope that you would take all that into consideration and address it through either legislation or through the appropriations bill. We would very much appreciate that.

Mr. HORN. Have you talked to Senator Mikulski about putting it in the appropriations bill on the Senate side?

Ms. BRETZ. Yes, we have.

Mr. HORN. It seems to me we should wait and see what GSA can do under their own authority, and then see if there is some sort of sweeping up that needs to be done to give additional authority on this project.

Ms. BRETZ. The staff people from each of our four—I guess our congressional delegation, they are part of our LABQUEST group. The congressional people come to our meetings and to significant events. They have been very cooperative. But I guess we have worked so hard and are kind of at a frustrating point, I guess, now. We are trying to have a project—it is a project that came from the community, and I guess we just need help.

Mr. HORN. Yes. Well, this committee will certainly give you help on that. I think we need to consolidate all we can in the Food and Drug Administration area.

How close to College Park is that site?

Ms. RUBEN. Ten minutes, if that much, depending upon the traffic.

Ms. BRETZ. Yes.

Mr. HORN. That would be another good reason for putting it there, which is that the University of Maryland is a fine institution and they obviously have a lot of scientific programs at Maryland, and that would be worthwhile, having Food and Drug very close to them.

Ms. BRETZ. Yes.

Ms. RUBEN. Let me say, if I may, Mr. Chairman, this is an ideal spot for FDA. It can have its conferences there. My understanding is that at the present time when they have a conference, they expend about $10 million per year on conferences. That could be dealt with immediately on this site. It is huge.

There are other expenditures, for instance, the leasing. I know on the State level we don't have the same job you have, thank goodness, but we do look at things like you do, and how we can save money for the taxpayers. In this particular instance I think you could set standards that other people will follow because we will not be utilizing taxpayers' dollars. We will be working with the private enterprises that will provide us with the alternatives that we have been looking for.

I think this committee could really set the goals and the standards for that particular type of venture.

Ms. BRETZ. Also, furthering what Ida said, I think this is the kind of thing that each of you are going to be facing in your own districts. If you help us get through, then we will help you. I guess that is the best way to say it.

Mr. HORN. Ours has languished longer than yours.

Ms. BRETZ. That is what is so good about us, that we are really good and we have found good people.

Mr. HORN. I commend you for that, but we have to have a process that works for everybody at the same length of time.

As far as FDA, the only gripe I know is it seems to take them 11 years to do anything. I would hope that this consolidation would

be an excuse for not keeping things sitting on somebody's in box for 11 years. Maybe it could be 5 or whatever.

Ms. RUBEN. I think that you have hit the nail on the head. I think the fact that they are spread all over makes it impossible to really be efficient, and if you have the laboratories adjacent to where they are working on their paperwork and if you have everyone together, time can be saved.

As you well know, time is money. We have worked with the State and with the local government to ensure that traffic patterns are properly designated. We are doing everything we can to ensure that the FDA will have a fine working condition.

Mr. HORN. I notice in your testimony, Senator, that GSA estimates consolidation of FDA will save $30 million.

Ms. RUBEN. Correct.

Mr. HORN. Where does GSA's estimate come from? Is that on the record somewhere?

Ms. RUBEN. I believe it is. I don't have that information handy. I wouldn't want to project, but I have asked them questions. Part of it is the rent they pay. I believe part of it is the conferences they need to have with scientists.

Mr. HORN. If you could, get us the source, for the record.

Ms. RUBEN. Thank you. I will be glad to.

Mr. HORN. As you know, I have asked them for their business plan for the development of White Oak, but we didn't receive it.

Have you seen the plan?

Ms. RUBEN. No, I haven't, sir. Nobody has. Apparently it is under wraps and it is not completed. I believe there were some areas of differences, and the private partnership was asked to go back and regroup and review, along with GSA, some approaches. I believe that is why they are not releasing it. I can't say for sure, and I am under oath, so I don't want to say anything I don't know.

I do believe it can be worked out. However, I don't know that it will fit within this box that is being referred to. Sometimes, and I know we have done that, there is flexibility that you need to have in order to ensure that a good project is moved forward. I know that you all are able to do that and have the wherewithal to do it.

Mr. HORN. I am particularly interested in your project. As the saying goes, I listened to your testimony, I read your testimony, and it is sort of déjà vu. The Long Beach Naval Shipyard, like your facility, and the Long Beach Naval Station, where they were headquarters of the Pacific Fleet in the 1930's, they were closed in 1991, but the shipyard escaped closure in 1993. It is the most efficient shipyard in the country. But then for politics in the New Hampshire primary, they were closed in 1995.

The community in our district rallied around the base. They moved quickly to seek a viable reuse. I guess I would have to ask, since it is a little slow on the transfer in the case of Long Beach, have Federal agencies such as the Navy been responsive to your concerns?

Ms. RUBEN. The Navy is supposed to be cleaning up the base right now. It has not been cleaned as quickly as we would like. I believe EPA has put them under an order to—a court order, I believe, I don't want to say for sure, to clean it up faster. They have cooperated quite a bit. As Betsy said, you have never seen such co-

operation with the community from the Defense Department, the Navy, GSA, and FDA.

There have been some concerns, as Betsy just expressed. We sort of were taken aback when we were told that it had to fit into a box. We were under the impression that if we presented a decent project and program, that it would be accepted. Then you start counting points, and we realized that we had some concerns.

That is why we are asking you if you could please look into what could be done to ensure that this, what we feel is a great project, will not be turned away because of maybe one point that has to fit into a box. I don't know that any project that we have in the country can fit into a box.

Mr. HORN. We are very anxious to see that the military turns this property over to civilian use, and I would think Secretary Cohen would have similar feelings. I know Secretary Perry was concerned. Part of the problem is their own bureaucracy, and the question is, who is going to have the guts to shape up their bureaucracy?

Ms. RUBEN. You have it, sir. Use it.

Mr. HORN. It takes more than me. The Secretary should be doing it. We have to just prod them a little.

Ms. RUBEN. That is why I said in my testimony, if we cannot do it this way, we should do it another way. I prefer this way. It is going to save the government a lot of money.

Mr. HORN. This should be just a process that works regularly and systematically, and you shouldn't have to have Members of Congress prodding them all the time. It is just a matter of good government, good governance.

Ms. RUBEN. You can be a trailblazer, sir. I think you can set that pace.

Ms. BRETZ. Sir, for your district I would like to recommend a couple of things. I am not an expert on your district.

Let me tell you what I did. The Navy sent me to a school to learn how to do this. I did go to the Department of Defense school to learn, and I learned a lot. What I did there was, we have a law firm that the two counties and the State of Maryland, hired. They were there with us.

I said, when they had all these Department of Defense people up there, I said, "Hey, Steve, who is the most important person up there to our project?" Well, I figured out who it was, and he sent me on my way. And I tell you what, that is what you do, you target people in the Department of Defense, we know who they are, who care and will be responsive. They came even to our LABQUEST meeting and had dinner.

One of the things we do is that the person that won the Maryland State fair, we have her pies at our meetings, and he loved her pies. I will tell you, they even came in person to our base transfer. I can send Sarah out to your place to bake some pies for you, or we will be glad to tell you who the people are.

Mr. HORN. Staff has suggested that that might be bribery. But that is OK.

Ms. BRETZ. What I tell you, it works.

Mr. HORN. Tell us who is making the pies and who is working for the Navy.

With this, we are going to thank you for your testimony. I would like to thank the people on both sides of the aisle who set up this hearing: J. Russell George, the staff director and chief counsel for the subcommittee, to my immediate left here; to your right, Mark Brasher, the senior policy director for the subcommittee; Matthew Ebert, the clerk; Mason Alinger, the staff assistant; and on the Democratic side, Faith Weiss, counsel; Earley Green, staff assistant; and Julie Moses, professional staff for Mr. Kucinich. And our court reporters are Leanne Dotson and Cindy Sebo. Thank you very much.

With that, this hearing is adjourned.

[Whereupon, at 1:30 p.m., the subcommittee was adjourned.]

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