

LDS 935

ACQUISITION, CONSTRUCTION, ALTERATION,  
MAINTENANCE, OPERATION AND PROTECTION  
OF PUBLIC BUILDINGS

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HEARINGS  
BEFORE THE  
SUBCOMMITTEE ON  
PUBLIC BUILDINGS AND GROUNDS  
OF THE  
COMMITTEE ON PUBLIC WORKS  
UNITED STATES SENATE

NINETIETH CONGRESS

SECOND SESSION

ON

**S. 3706**

TO AMEND THE PUBLIC BUILDINGS ACT OF 1959, AS  
AMENDED, TO PROVIDE FOR FINANCING THE ACQUI-  
SITION, CONSTRUCTION, ALTERATION, MAINTENANCE,  
OPERATION, AND PROTECTION OF PUBLIC BUILDINGS,  
AND FOR OTHER PURPOSES

JULY 18, 1968



Printed for the use of the Committee on Public Works

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1968

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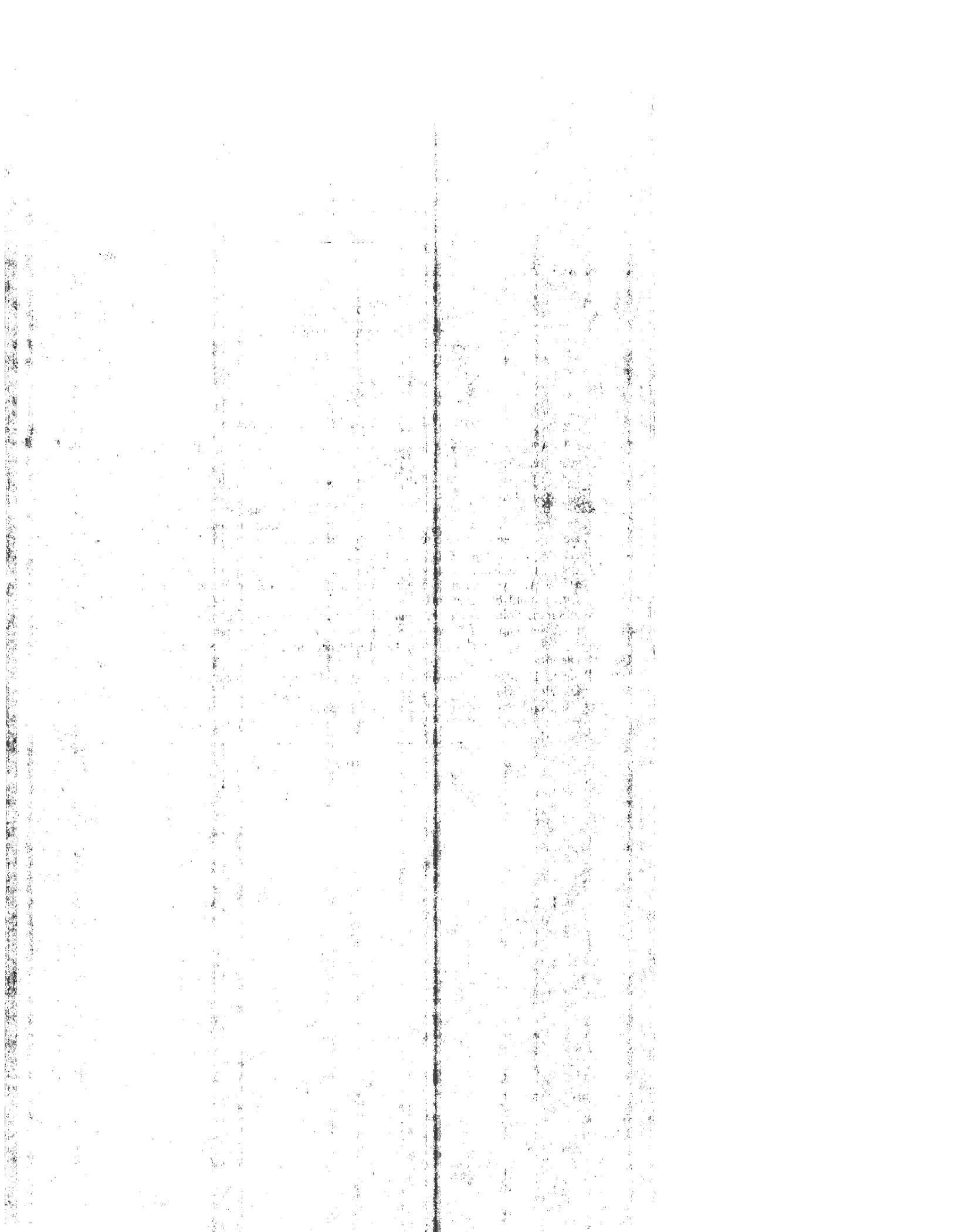
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# ACQUISITION, CONSTRUCTION, ALTERATION, MAINTENANCE, OPERATION AND PROTECTION OF PUBLIC BUILDINGS

THURSDAY, JULY 18, 1968

U.S. SENATE,  
SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS  
OF THE COMMITTEE ON PUBLIC WORKS,  
*Washington, D.C.*

The subcommittee met at 9:30 a.m., pursuant to call, in room 4200, New Senate Office Building, Senator B. Everett Jordan (chairman of the subcommittee) presiding.

Present: Senator Jordan of North Carolina.

Staff present: J. B. Huyett, Jr., professional staff member, and Bailey Guard, assistant chief clerk (minority).

Senator JORDAN of North Carolina. The subcommittee will please come to order.

Good morning, ladies—I say ladies but I see just one lady, and we are glad to have you, too—and gentlemen. This morning we are considering S. 3706, a bill to amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings, and for other purposes.

The purposes of S. 3706 are to simplify and to clarify the procedures for obtaining authorization for public buildings construction, acquisition, and repair projects; to establish authority for the General Services Administration to provide and operate parking facilities for the use of Government employees at no cost to the Federal Government; and to establish a public buildings fund which would be sustained by the respective Federal agencies in direct proportion to the space and services used, and which would finance all real property management operations, including the construction of new public buildings.

The establishment of a public buildings fund would accomplish a far-reaching change in the method of funding building operating and capital costs. However, it is believed that requiring agencies to finance the cost of the space they occupy is consistent with the performance budgetary concept under which total program costs are reflected by the program agency.

When the Public Buildings Act of 1959 was enacted it was the intent of the Congress to center the responsibility for the construction of new public buildings in the General Services Administration and to establish a means of providing Government-owned office buildings and related facilities to meet the continuing and permanent requirements of the Federal Government. However, due to fiscal conditions beyond the control of the General Services Administration, it has been unable to obtain the necessary funding to support such a construction program. In fact, we understand that the amount of space leased by

the General Services Administration to house Federal programs has increased from 36 million square feet in 1959 to 45 million square feet in 1967, or an increase in leased space of 25 percent. It is the hope of the Committee on Public Works that through these hearings it can develop legislation which will provide systematic planning for regular financing of an orderly construction program, which will assure Government-owned office and related space to meet Federal program requirements in the most economical manner possible.

At this point I will take the opportunity to place in the record a copy of S. 3706 along with the views of several agencies.

90TH CONGRESS  
2D SESSION

## S. 3706

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### IN THE SENATE OF THE UNITED STATES

JUNE 28, 1968

Mr. JORDAN of North Carolina introduced the following bill; which was read twice and referred to the Committee on Public Works

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## A BILL

To amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That this Act may be cited as the "Public Buildings Amend-  
4 ments of 1968".

5 SEC. 2. The Public Buildings Act of 1959 (73 Stat.  
6 479), as amended (40 U.S.C. 601), is amended as follows:

7 (1) Delete the figure "\$200,000" in subsection (b)  
8 of section 4 and insert the figure "\$500,000" in lieu  
9 thereof;

1 (2) Delete the figures "\$100,000" and "\$200,000"  
2 in subsection (a) of section 7, and insert in each case the  
3 figure "\$500,000" in lieu thereof;

4 (3) Delete "and such approval has not been re-  
5 scinded as provided in subsection (c) of this section" in  
6 subsection (a) of section 7;

7 (4) Delete the word "maximum" in clause (2) of  
8 subsection (a) of section 7;

9 (5) Delete in such section all of subsections (b),  
10 (c), and (d), and "(a)" following "SEC. 7";

11 (6) Delete in subsection (a) of section 12 the  
12 following: "as he determines necessary,";

13 (7) In sections 11 and 12, delete "(a)" after  
14 "Section 7";

15 (8) In paragraph (1) of section 13 redesignate  
16 clauses (x) and (xi) as (xii) and (xiii), respectively,  
17 and insert immediately after "facilities," the following:  
18 "(x) Federal parking facilities, (xi) parking areas.";  
19 and

20 (9) Insert at the end of section 13 the following:

21 "(8) the term 'Federal parking facilities'  
22 means any single, multilevel, underground, or other  
23 structure or parking lot that has been acquired or  
24 constructed pursuant to this Act for the express pur-  
25 pose of providing off-street parking for official, em-

1 employees', or visitors' vehicles, for Federal agencies,  
2 mixed ownership corporations (as defined in the  
3 Government Corporation Control Act), or the gov-  
4 ernment of the District of Columbia.

5 " (9) the term 'parking areas' means those  
6 grounds, areas, courtyards, or spaces within, ad-  
7 jacent to, around, near, or beneath buildings occu-  
8 pied either by Federal agencies, mixed ownership  
9 corporations (as defined in the Government Cor-  
10 poration Control Act), or by the government of the  
11 District of Columbia, or any site owned or leased by  
12 the Federal Government suitable for parking which  
13 is specifically identified and designated by the Ad-  
14 ministrator for use for off-street parking for official,  
15 employees', or visitors' vehicles."

16 SEC. 3. Subsection (f) of section 210 of the Federal  
17 Property and Administrative Services Act of 1949, as  
18 amended (40 U.S.C. 490 (f) ) is amended to read as follows:

19 " (f) (1) There is hereby authorized to be established  
20 by the Secretary of the Treasury, a Federal buildings fund.  
21 Such funds shall be composed of (A) the assets of the build-  
22 ings management fund (including any surplus therein),  
23 established pursuant to this subsection prior to its amendment  
24 by the Public Buildings Amendments of 1968, and the con-  
25 struction services fund, created by section 9 of the Act of

1 June 14, 1946 (60 Stat. 259), as amended, and the fund  
2 shall assume all the liabilities, obligations, and commitments  
3 of the said buildings management fund and the said construc-  
4 tion services fund; (B) any unexpended balances of funds  
5 appropriated to General Services Administration under the  
6 headings 'Operating Expenses, Public Buildings Service',  
7 'Repair and Improvement of Public Buildings', 'Construc-  
8 tion, Public Buildings Projects', 'Sites and Expenses, Public  
9 Buildings Projects', 'Payments, Public Buildings Purchase  
10 Contracts', 'Additional Court Facilities', and 'Expenses,  
11 United States Court Facilities', in the Independent Offices  
12 and Department of Housing and Urban Development Appro-  
13 priation Act, 1969, or prior year appropriations; (C) the  
14 estimated fair market value as determined by the Adminis-  
15 trator of Government-owned buildings or facilities carried in  
16 the active inventory of General Services Administration, and  
17 (D) funds described in paragraph (4) of this subsection.

18       “(2) The Federal buildings fund shall be available with-  
19 out fiscal year limitation for use by and under the direction  
20 and control of the Administrator for the performance of real  
21 property management and related activities, including per-  
22 sonal services and administrative operations, as authorized  
23 by law. The construction, acquisition, and operation of Fed-  
24 eral parking facilities and parking areas shall be financed  
25 solely from the revenues derived from such parking facilities

## 5

1 and parking areas and accounted for separately within the  
2 fund.

3 “(3) Moneys covered into the Federal building fund  
4 shall be available for the purposes of paragraph (2) of this  
5 subsection for any individual public buildings construction,  
6 acquisition, or alteration project estimated to involve an ex-  
7 penditure in excess of \$500,000 only when appropriated  
8 therefor.

9 “(4) The fund shall be credited with (1) advances,  
10 reimbursements, and payments, including payments in the  
11 nature of rental equivalents for Government-owned or leased  
12 office, storage, and related space and fees for parking, and  
13 (2) all other reimbursements, and refunds or recoveries re-  
14 sulting from operation of the fund, including the net proceeds  
15 of disposal or excess or surplus real and personal property  
16 carried as an asset of the Federal buildings fund and receipts  
17 from carriers and others for loss of, or damage to, property.”

18 SEC. 4. Section 210 of the Federal Property and Admin-  
19 istrative Services Act of 1949, as amended (40 U.S.C. 490),  
20 is amended by adding a new subsection reading as follows:

21 “(j) The Administrator is authorized--

22 (1) to charge any Federal agency, including Gen-  
23 eral Services Administration; mixed ownership corpo-  
24 ration (as defined in the Government Corporations Con-  
25 trol Act), and the government of the District of Colum-

1       bia, Federal employee, private person, or organization  
2       for which services, space, quarters, maintenance, repair,  
3       or other facilities are furnished at rates to be determined  
4       by the Administrator and revised by him whenever nec-  
5       essary. Such rates shall be provided for in regulations  
6       issued by him, including charges in the nature of rental  
7       equivalents for Government-owned or leased office, stor-  
8       age, and related space and fees for parking: *Provided,*  
9       *however,* That no individual occupant agency shall be  
10      charged a rate in excess of the approximate cost in-  
11      curred by the Administrator in furnishing it with space  
12      and related services, plus a depreciation reserve for  
13      replacement;

14           (2) to operate by lease or otherwise Federal park-  
15      ing facilities and parking areas; and to issue all needful  
16      rules and regulations in connection therewith;

17           (3) to alter Federal buildings;

18           (4) to maintain, operate, and protect public build-  
19      ings (as defined in the Public Buildings Act of 1959, as  
20      amended) and sites, and provide services related thereto,  
21      including demolition and improvement with respect to  
22      sites authorized to be leased pursuant to subsection (a)  
23      of this section, by contract or otherwise;

24           (5) to rent space in buildings in the District of

1 Columbia notwithstanding the provisions of the Act  
2 of March 3, 1877 (40 U.S.C. 34); and

3 (6) to provide such fencing, lighting, guard booths,  
4 and other facilities on private or other property not in  
5 Government ownership or control as may be appropriate  
6 to enable the United States Secret Service to perform its  
7 protective functions pursuant to section 3056 of title  
8 18, United States Code."

9 SEC. 5. This Act shall become effective upon enact-  
10 ment. The effective date of the rates to be charged for the  
11 occupation of space by Federal agencies pursuant to the  
12 regulations to be issued under subsection (j) (1) of section  
13 210 of the Federal Property and Administrative Services  
14 Act of 1949, as amended, shall be on the date of the begin-  
15 ning of the second fiscal year subsequent to enactment hereof.

#### AGENCY VIEWS

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., July 16, 1968.

HON. JENNINGS RANDOLPH,  
Chairman, Committee on Public Works,  
U.S. Senate, New Senate Office Building,  
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of July 2, 1968, for the views of the Bureau of the Budget on S. 3706, a bill "To amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings, and for other purposes."

The amendments that the bill would make to existing law fall into three general categories. First are modifications in the requirements contained in the Public Buildings Act of 1959 for obtaining authorization for public buildings construction and repair projects. These include:

Raising the minimum cost of projects requiring prospectus approval by the Public Works Committee from \$100,000 for construction projects and \$200,000 for alteration projects to \$500,000 for both types of projects;

Eliminating the maximum cost ceiling now contained in prospectuses;

Eliminating the prohibition on approval of prospectuses when there are 30 or more projects approved for more than one year for which appropriations have not been made; and

Eliminating the authority for the Public Works Committees to rescind their approval of prospectuses for which an appropriation has not been made within one year of approval.

We would have no objection to the amendments contained in S. 3706, referred to above, which would tend to simplify and make more flexible the current prospectus procedure. However, we urge that favorable consideration also be given to the revision contained in draft legislation submitted by GSA to amend the prospectus procedure.

The proposed amendment of Section 12(a) of the Act to eliminate the Administrator's discretion in sending forward prospectuses gives us concern in this connection. We believe that any change in the project approval procedures should not permit an interpretation that would impair the President's authority and responsibility for coordinating executive branch public works.

The second group of changes that S. 3706 would institute relate to a proposed Federal Buildings Fund that would finance all of GSA's real property activities. This fund would supplant a number of GSA real property appropriations, including "Operating expenses, Public Buildings Service," "Construction, public buildings projects," "Repair and improvement of public buildings," and "Sites and expenses, public buildings projects." This new fund would be capitalized by transferring to it the assets of the existing Buildings Management Fund and Construction Services Fund, the unexpended balances of appropriations to GSA for construction, repair, real property management, and related functions, and the fair market value of Government-owned facilities in GSA's active inventory. The fund would also be credited with the proceeds of surplus property disposals and with advances, reimbursements, and payments from other agencies to GSA for services provided by it. Charges to customer agencies for space occupied and other building services, in the form of rental equivalents, would cover GSA's costs for operating and maintaining space plus a depreciation reserve for replacement. The only requirement for appropriation action would be with respect to construction or alteration projects costing more than \$500,000.

One of the apparent purposes of the proposal would be to allocate the cost of building services to the budgets of the agencies to whom these services are provided, and, thereby, perhaps regularize the flow of funds for GSA real property activities. It might also permit a more complete accounting of the costs of the various agencies' programs.

The proposal would accomplish a far-reaching change in the method of funding building operating and capital costs. While the principle of having Federal agencies pay directly for their building space has much to commend it, we do not believe this specific legislation should be adopted without careful study. A number of aspects of this proposal need to be considered in some depth: (1) the procedures by which the President and the Congress would control the use of funds accruing to the Federal Buildings Fund, (2) the manner in which the rental equivalents would be established, periodically adjusted, and coordinated with the budget cycle, and (3) the effect on the ability of GSA to control space assignments and the cost of space.

We are asking the General Services Administration to provide us with detailed information on how the proposed funding method would operate in practice, showing particularly how large the fund would be, the methods of Congressional and Presidential control, the application of the rental equivalent principle, and other aspects of the proposal. We are also giving further study to the views of the agencies that would be directly affected by the bill.

The third major purpose of the bill relates to parking. The bill would amend the Public Buildings Act to include "Federal parking facilities" and "parking areas" within the definition of "public buildings" so as to clarify the authority of the Administrator in this area. It would also specifically authorize GSA to operate parking facilities directly or by contract and to charge for parking. The bill provides that parking receipts and expenditures be accounted for within the proposed Federal Buildings Fund, but separately from other transactions. It also requires that the construction, acquisition, and operation of parking facilities be financed solely from parking revenues.

Generally, we see no objection to clarifying GSA's authority to build parking facilities or to providing it with necessary authority to operate them. However,

the same reservations about the use of the proposed fund for financing real property activities apply to use of the fund to finance parking facilities. We also believe that further study needs to be given to the appropriate concept for setting parking fees.

In summary, we recommend that the Committee defer consideration of this bill until a more thorough review and analysis of the proposals contained in it can be made.

Sincerely,

PHILLIP S. HUGHES, *Deputy Director.*

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U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
*Washington, D.C., July 17, 1968.*

DEAR MR. CHAIRMAN: There is pending before your Committee S. 3706, a bill "To amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings, and for other purposes."

The bill amends the Public Buildings Act of 1959 and for the most part is of little interest to the Department of Interior. This Department, however, does have an interest in section 3, which establishes a "Federal buildings fund". This "fund" would derive its income from, among other sources, the revenues received from "net proceeds of disposal of excess or surplus real and personal property carried as an asset of the Federal buildings fund". Such property would be those Federal buildings presently on the General Services Administration's "active inventory", which would include Federal office buildings and Government-owned Post Office buildings located anywhere in the United States.

Our objection to this provision is based on the principle that revenues now derived from any disposal of surplus real property and related personal property under the Federal Property and Administrative Services Act of 1949, as amended, are currently covered into the Land and Water Conservation Fund as established under Public Law 88-578 (78 Stat. 897).

We have been informally advised by the General Services Administration that the amount of revenue received from the disposal of excess property on its "active inventory" is quite small; however, if the precedent of taking away a revenue source, no matter how small, from the Land and Water Conservation Fund in favor of another Federal program is established, this could lead to the diversion from the Land and Water Conservation Fund of other revenues now flowing into the Fund.

In light of the overwhelming support the Congress displayed in its recent passage of Public Law 90-401, which increases the annual income to the Land and Water Conservation Fund for a 5-year period, it would appear that this effort to divert funds from the Land and Water Conservation Fund would be contrary to the will of Congress. The President, in his signing statement of Public Law 90-401, stated that the Land and Water Conservation Fund would go down in history as one of the great conservation measures of all time. The diversion of funds from the Fund would cripple its effectiveness.

We therefore recommend that the bill be amended as follows:

On page 5, lines 14 through 16, delete the following words: "the net proceeds of disposal of excess or surplus real and personal property carried as an asset of the Federal buildings fund and".

On the general aspects of the bill, the Department defers to the views of the Bureau of the Budget and the General Services Administration.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

HARRY R. ANDERSON,  
*Assistant Secretary of the Interior.*

VETERANS' ADMINISTRATION,  
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,  
Washington, D.C., July 16, 1968.

HON. B. EVERETT JORDAN,  
*Chairman, Subcommittee on Public Buildings and Grounds,  
Committee on Public Works,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your letter of July 1, 1968, in which you kindly afford me or my representative the opportunity of testifying before your Subcommittee on July 16, 1968, in connection with your bill, S. 3706, 90th Congress.

Our examination of S. 3706 discloses that the measure is designed to achieve a number of purposes. It would (1) increase from \$200,000 to \$500,000 the maximum expenditures for alterations of public buildings or acquisition of land for such alterations that the Administrator of General Services may make without prior Congressional approval; (2) include within the definition of the term "public building" Federal parking facilities and parking areas, as those terms are defined in the bill, and authorize the Administrator of General Services to operate such parking facilities and areas; (3) establish a "Federal buildings fund" to consist of the assets of certain existing funds, unexpended balances of General Services Administration (GSA) appropriations, estimated fair market value of Government-owned buildings and facilities in GSA's active inventory, and funds derived from certain other sources including charges levied against Government agencies for services, space, maintenance, repair, etc., furnished by GSA. The latter would include charges in the nature of rental equivalents for office, storage, and related space furnished by GSA which would be levied against the occupant agencies and paid from their appropriations. It would appear that the provision authorizing rental equivalent charges would have the greatest impact on Government departments and agencies generally.

The principal portion of the lands and buildings utilized by the Veterans Administration in carrying out its mission consists of our 166 hospitals and 16 domiciliaries that are located throughout the United States and in the Commonwealth of Puerto Rico. Since the definition of the term "public building" in 40 USC 612 specifically excludes those buildings "on Veterans Administration installations used for hospital and domiciliary purposes", S. 3706 would have no effect on such installations. On the other hand, our 57 regional offices, located throughout the United States, and several miscellaneous installations, are located in "public buildings" and are under the jurisdiction of GSA. S. 3706, if enacted, would apply to such facilities in the same manner and to the same extent as it would to public buildings occupied by the departments and agencies of the Government generally.

We understand that the Bureau of the Budget and the General Services Administration, the agencies most directly concerned, have been asked to express their views with respect to S. 3706. The Veterans Administration, accordingly, defers to the views of those agencies with respect to the merits of the bill.

Consonant with the request in your letter, I am enclosing 50 copies of this report with the request that it be included in the record of the scheduled hearing to serve as the testimony of the Veterans Administration on the bill.

Advice has been received from the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

W. J. DRIVER, *Administrator.*

SELECTIVE SERVICE SYSTEM,  
Washington, D.C., July 17, 1968.

HON. B. EVERETT JORDAN,  
*Chairman, Subcommittee on Public Buildings and Grounds,  
Committee on Public Works, U.S. Senate.*

DEAR MR. CHAIRMAN: I appreciate your writing me on July 1, 1968, advising me that your Committee will hold public hearings, on July 16 and 18, to consider S. 3706 and affording me an opportunity to present the Selective Service position on this bill.

The only changes that S. 3706 would institute that would affect this Agency would be those relating to the financing of General Services Administration's real

property activities, changing the funding of the office space for the Selective Service System, and the provisions relating to parking.

Each of these changes would materially affect the present Selective Service operations in these areas but their extent could only be determined by a more comprehensive study. The position of the Selective Service System, insofar as these two proposed changes are concerned, is a recommendation that additional time for this study be afforded prior to final action by your Committee.

Sincerely yours,

LEWIS B. HERSHEY, *Director.*

U.S. ATOMIC ENERGY COMMISSION,  
*Washington, D.C., July 16, 1968.*

HON. B. EVERETT JORDAN,  
*Chairman, Subcommittee on Public Buildings and Grounds,  
Committee on Public Works,  
U.S. Senate,*

DEAR SENATOR JORDAN: This responds to your letter of July 1, 1968, inviting Chairman Seaborg or a representative to testify on S. 3706, a bill to amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operations, and protection of public buildings, and for other purposes.

Under existing practices and policies, the General Services Administration is responsible, within the funds appropriated to it, for providing general purpose space and the related services to meet the needs of tenant agencies. Enactment of S. 3706 would authorize the Administrator of General Services to charge tenant agencies for such services, the charges being in the nature of rental equivalents, at rates to be determined by the Administrator and provided for in regulations issued by him. The Administrator would also be authorized to charge Federal employees for use of Federal parking facilities and Federal parking areas. These revenues would go into a Federal building fund which would be available for use by the Administrator for the performance of real property management and related activities, and the construction, acquisition, and operation of Federal parking facilities and parking areas.

Except for the proposed authority to charge for use of Federal parking facilities, we defer to the views of the General Services Administration and the Bureau of the Budget as to the practices for financing building operations under GSA control and the division of responsibility for planning, programming, and budgeting for such financing.

The proposal to authorize GSA to charge employees for parking in Federal parking areas would apparently apply to parking facilities at remote locations and rural areas where there is little or no public transportation available, such as is the case at the AEC Germantown Headquarters building. Such a practice, we believe, would create a deterrent to the recruitment and retention of personnel at such locations and would therefore not be in the best interest of the Government. It would appear appropriate for the legislation to exempt specifically such parking areas.

The invitation extended in your letter of July 1, 1968, is appreciated. Since we do not have any additional comments other than as expressed in this report for presentation at the hearing scheduled for July 18, 1968, on S. 3706, we do not plan to send a representative to testify. However, if you desire that we appear, we will, of course, be glad to do so.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

E. J. BLOCH, *Acting General Manager.*

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT,  
*Washington, D.C., July 15, 1968.*

Subject: S. 3706 90th Congress (Senator Jordan of North Carolina).

HON. EVERETT JORDAN,  
*Chairman, Subcommittee on Public Buildings and Grounds,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your letter concerning the hearings which are to be held by your subcommittee on July 16 and 18, on S. 3706, a bill to amend the Public Buildings Act of 1959.

This bill would, among other provisions, effect changes in the operations of the General Services Administration with respect to the funding and accounting procedures applicable to the use of Federal buildings and grounds by Federal departments and agencies. One of these changes would establish a Federal building fund financed, in part, out of payments received from Federal departments and agencies for the use of government owned or leased office or storage space. Provision would also be made for charges with respect to government provided parking facilities.

It appears that all departments and agencies affected by this legislation would be under the same general requirements with respect to the administration of the Federal facilities which are available for their use; and that the general purpose of the legislation relates to the improvement of practices with which the General Services Administration and the Bureau of the Budget are most familiar. Accordingly, we defer to the GSA and the Bureau with respect to the practical effects of this legislation in lieu of presenting testimony on these matters.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

ROBERT C. WOOD,  
(For Robert C. Weaver).

THE POSTMASTER GENERAL,  
*Washington, D.C., July 25, 1968.*

DEAR MR. CHAIRMAN: The Department has been requested to report on S. 3706, "To amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings, and for other purposes."

The principal amendments of this bill would be to section 490 of title 40, United States Code, which governs the construction and operation of public buildings and related functions of the General Services Administration (hereinafter referred to as "GSA").

The bill appears to be designed to accomplish two major purposes, (1) to authorize the Administrator of GSA to construct, alter, maintain, operate, protect and acquire "Federal parking facilities" and "parking areas", and (2) to establish a Federal buildings fund. The major part of such fund would be composed of charges in the nature of rental equivalents for government-owned or leased office, storage, and related space and fees for parking.

The bill defines "Federal parking facilities" to mean any structure or parking lot, either underground or having one or more levels, that has been acquired or constructed for the express purpose of providing to a Federal agency off-street parking for its official, employees', or visitors' vehicles. "Parking areas" means the grounds around, near or beneath buildings occupied by Federal agencies, or any site owned or leased by the Federal Government suitable for parking which is specifically identified and designated by GSA to be used for off-street parking for official, employees' or visitors' vehicles.

GSA would be given the authority to issue regulations charging parking fees for the official, employee and visitor vehicles of any agency which has been provided with parking facilities or has parking areas. Such fees would not exceed the approximate cost incurred by GSA in providing the space, and administering and managing it, plus a depreciation reserve. These fees would be covered into the Federal buildings fund and segregated from other moneys in a separate account to be used solely for the construction, acquisition and operation of parking facilities and areas.

The Post Office Department opposes the concept of a rental charge (including a depreciation reserve) for its use of official parking facilities, and for the space necessary to accommodate visiting postal patrons. The postal establishment is not a business enterprise conducted for profit or for raising general funds (39 U.S.C. § 2301(5)). The depreciation reserve to be included in parking rates charged to government agencies for the purpose of accumulating a fund for construction of parking facilities would appear to violate this principle whenever a portion of that reserve is paid by mail users in the form of increased charges for postal services. The effect would be that part of the cost of Federal construction projects would be paid for by direct contributions from the public. Even without the profit element, however, we would oppose on policy grounds the payment of parking rent for space required by the Department.

The Post Office Department is a transportation agency for the general public. As such, the use of motor vehicles constitutes an integral part of its operations. Moreover, the operation of postal facilities is greatly dependent on motor vehicles of its contractors. In addition, such facilities cannot serve the public adequately when they do not have provision for access by motor vehicles of postal patrons. This is particularly true when patrons deliver and pick up mail in such quantities as to require use of vehicles. We do not therefore believe that those parking and maneuvering areas of postal facilities which are devoted to these purposes should be treated separately from interior space.

The majority of postal installations are in quarters leased from private individuals. This is significant for several reasons. First, they are provided by appropriations made to the Post Office Department and not GSA. Second, because Section 602(15) of the Federal Property and Administrative Services Act, as amended, (40 U.S.C. 474(15)), makes the Act inapplicable to postal leasing it appears that Section 4 of S. 3706 providing for parking charges would not apply to property leased by the Department. Thus, the bill would require treatment of employee parking differently at government-owned sites and leased sites.

With respect to the Department's contribution in the nature of rental equivalents to the proposed Federal buildings fund it is estimated in our 1959 Budget to Congress that the Department will occupy 61,200,000 square feet of interior space owned by the Government in 1968. At the "leased space" average per square foot of \$1.705, "rental equivalents" payments to the fund would add \$104,346,000 or 79% of the Department's FY 1968 rent program. In addition, while no figures are available as to the amount of exterior space used for parking, loading docks, and driveways, it is probably equal to or in excess of the interior space.

Although this legislation does not appear to interfere with the delegation of authority from GSA to the Department to acquire, design, construct, and alter buildings which are devoted primarily to postal purposes it is the opinion of the Department that no benefits would accrue to us in return for the enormous additional expenses it would necessitate.

For the above reasons the Department strongly opposes enactment of this bill.

The Bureau of the Budget has advised that there is no objection to the submission of this report to the Committee from the standpoint of the Administration's program.

Sincerely yours,

W. MARVIN WATSON.

Senator JORDAN of North Carolina. Our first witness today is Mr. Joe E. Moody, Deputy Administrator, General Services Administration. Mr. Moody, we are glad to have you. I believe you have Mr. Foster with you.

**STATEMENT OF JOE E. MOODY, DEPUTY ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION, ACCOMPANIED BY ROBERT B. FOSTER, JR., DEPUTY COMMISSIONER, PUBLIC BUILDINGS SERVICE, AND JOHN W. FRETZ, JR., ASSISTANT GENERAL COUNSEL FOR REAL PROPERTY**

Mr. MOODY. I also have Mr. Fretz, our counsel, Mr. Chairman.

Senator JORDAN of North Carolina. Fine. We are glad to have all you gentlemen with us. You may proceed as you wish. Do you have a prepared statement?

Mr. MOODY. I have a prepared statement that I would like to read into the record if I may, sir.

Senator JORDAN of North Carolina. Yes, sir, you may proceed as you wish.

Mr. MOODY. Mr. Chairman and members of the committee, it is a privilege to appear before you this morning representing Mr. Lawson

B. Knott, Jr., the Administrator of General Services, to present our views with respect to S. 3706, a bill to amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings and for other purposes.

The bill involves matters of vital importance to the responsibilities of General Services Administration and, if enacted, would significantly improve our capability to provide the broad range of real property management services for which we are responsible including, most importantly, provision of new and improved Federal office and related space, in a manner more responsive to the needs of the agencies we serve and more efficiently and at less cost than we have been able to achieve under existing law.

Fundamentally, the bill would provide an improved method of financing the construction and alteration of public buildings and related services for which GSA has statutory responsibility, as well as provide for the furnishing of sorely needed parking.

Historically, the level of GSA's public buildings construction program has suffered from increasing competition of other Federal programs for available budget dollars. GSA has experienced fluctuations of more than \$125 million between the annual levels of public buildings construction funding since enactment of the Public Buildings Act of 1959. (Attached to my statement is table I, showing annual appropriations, fiscal year 1959 through fiscal year 1969.)

(The attached tables to Mr. Moody's statement follow :)

TABLE I.—Amount appropriated annually for construction under the Public Buildings Act of 1959

| Fiscal years: | Total           |
|---------------|-----------------|
| 1959          | \$153, 000, 000 |
| 1960          | 0               |
| 1961          | 165, 000, 000   |
| 1962          | 189, 000, 000   |
| 1963          | 181, 000, 000   |
| 1964          | 158, 000, 000   |
| 1965          | 165, 000, 000   |
| 1966          | 134, 000, 000   |
| 1967          | 125, 000, 000   |
| 1968          | 64, 000, 000    |
| 1969          | 0               |

TABLE II.—AGING OF BACKLOG OF APPROVED PUBLIC BUILDING PROJECTS BY FISCAL YEAR OF PROJECT APPROVAL

| Approved (fiscal year) | Number of projects | Net assignable, square feet (millions) | Improvement costs (millions) |
|------------------------|--------------------|--|------------------------------|
| 1960                   | 1                  | 0.13                                   | \$7.0                        |
| 1961                   | 1                  | .98                                    | 44.2                         |
| 1962                   | 1                  | 1.47                                   | 40.2                         |
| 1963                   | 4                  | 2.67                                   | 91.1                         |
| 1964                   | 7                  | 3.31                                   | 107.0                        |
| 1965                   | 4                  | .47                                    | 15.8                         |
| 1966                   | 9                  | 1.64                                   | 80.0                         |
| 1967                   | 25                 | 5.37                                   | 173.0                        |
| 1968                   | 24                 | 3.70                                   | 179.6                        |
| Total                  | 76                 | 19.74                                  | 737.9                        |

TABLE III

|                    | Number of employees housed by GSA | Annual rental costs (millions) | Average net square feet (millions) |
|--------------------|-----------------------------------|--------------------------------|------------------------------------|
| June 30, 1967..... | 724, 169                          | \$139. 6                       | 45. 6                              |
| June 30, 1960..... | 509, 045                          | 70. 2                          | 36. 1                              |
| Increase.....      | 215, 124                          | 69. 4                          | 9. 5                               |
| Percent.....       | 42                                | 99                             | 26                                 |

## GENERAL SERVICES ADMINISTRATION

## PROPOSED AMENDMENT NO. 1 ON S. 3706

*Amendment:* On page 6, after word "necessary" ending on line 5 delete the period and insert "and funds available to any such Federal agency shall be available to defray such rates and charges".

*Explanation:* It is clear from the language vesting in the Administrator authority "to charge any Federal agency" in proposed new subsection (j) (1) that appropriations available to Federal agencies must be used to pay the rates and charges described therein. However, since specific authorizing language historically has been included in annual appropriation acts, it would appear desirable to remove any possibility of doubt in this connection by the addition of the proposed amendatory language.

## PROPOSED AMENDMENT NO. 2 ON S. 3706

*Amendment:* On page 6, line 13, delete the semicolon after the word "replacement" and add "and expansion".

*Explanation:* Under the bill the Federal Buildings Fund would be the sole source of funds for constructing new public buildings. New buildings will not only replace obsolete buildings, but, due to continued change and growth in Federal activities and related space requirements, additional space also will be required. Therefore, provision must be made for accumulation in the Federal Buildings Fund of capital required to finance construction of expansion space as well as replacement space.

Mr. MOODY. Such wide fluctuations in the annual funding level of a program (which has never exceeded \$189 million annually) seriously impair GSA's ability to plan and execute an orderly program for the provision of Federal office and related space needs.

Due to these wide fluctuations and the low funding levels, GSA has been unable to carry out an effective program to meet Federal office space needs through construction of Government-owned buildings.

In 1959, the Administrator of General Services, in testifying before the Public Works Committees of the Congress in support of legislation enacted as the Public Buildings Act of 1959, estimated that, by 1975, new public buildings, costing \$4.1 billion, would be needed to meet office space needs as then projected.

Since then, less than one-third of that amount, or \$1.3 billion, has been appropriated for public buildings construction, an average annual rate of less than \$135 million. Without adjusting for the growth in Federal employment or for construction cost escalation, the deficit is \$2.8 billion.

At the average annual \$135 million funding rate experienced over the last decade, more than 20 years would transpire before we would be able to accommodate current space needs, not taking into account growth in excess of that then estimated or intervening cost escalation.

As we all know, the size of Federal establishment has not remained stable; since 1960, the number of employees housed by GSA has in-

creased from 509,000 to 724,000, an increase of 42 percent. In the 9 years intervening since the Public Buildings Act of 1959 became law, building construction costs have escalated 34 percent.

Adjusting for these two factors, almost 30 years would be required, at the past annual rate of funding, to catch up with space needs as currently projected.

GSA's inability to keep abreast of growing Federal space needs through construction of new Government-owned public buildings has produced two major consequences. First, it has been necessary for us to provide needed office space and related space for Federal agencies through leasing privately owned buildings.

The total space we lease has increased from 36 million square feet in 1959 to 45 million square feet in June 1967, an increase of 26 percent. Although it is entirely clear that consolidation of individual agencies into single or contiguous buildings produces economies and improvements in agency operations and in the GSA cost of providing real property management services, we have had to rely on the commercial space market, which seldom provides space in blocks of adequate size to accommodate an entire agency in the metropolitan area of Washington or all Federal agencies in other metropolitan areas throughout the country.

Consequently, Federal activities have been proliferated rather than focalized and potential savings available from consolidations have not been realized.

A second major consequence of our inability to meet space needs through our public buildings construction program is the growing tendency of other Federal agencies to seek and obtain, through their legislative and appropriation subcommittees, independent authorization, and funds for constructing their own facilities.

By way of illustration, the fiscal year 1969 appropriation for "Construction, Public Building Projects," was \$63.8 million. In that same fiscal year, seven different appropriation subcommittees provided to 10 nonmilitary agencies \$157.7 million for construction of their own buildings.

Senator JORDAN of North Carolina. What were they?

Mr. MOODY. I have a list of them that we can supply for the record. (The information referred to follows:)

*Fiscal year 1968 new building construction programs of other agencies*

|  |             |
|--|-------------|
| Department of Agriculture.....                     | \$6,707,000 |
| Department of Commerce.....                        | 740,000     |
| Department of Health, Education, and Welfare.....  | 38,680,000  |
| Department of the Interior.....                    | 3,060,000   |
| Department of Justice.....                         | 1,760,000   |
| Post Office Department.....                        | 55,853,000  |
| Federal Home Loan Bank Board.....                  | 6,700,000   |
| National Aeronautics and Space Administration..... | 9,345,000   |
| Smithsonian Institution.....                       | 803,000     |
| Veterans' Administration.....                      | 33,967,000  |
| Total .....  | 157,615,000 |

Senator JORDAN of North Carolina. Fine.

Mr. MOODY. This tendency well might result in permanent fragmentation of responsibility for building construction which the Congress has long intended be centralized in GSA.

In keeping with the prevailing policy of curtailing Federal expenditures to the maximum extent possible, no new construction funds were requested or provided in GSA's pending fiscal year 1969 appropriation bill, notwithstanding the fact that we have 76 fully approved construction projects estimated to cost \$738 million, for which no construction funds have been provided.

Funds previously appropriated or expected to be made available in fiscal year 1969 will provide for site and design of 53 of the 76 projects. Twenty-three of the projects, estimated to cost \$279 million, therefore, remain totally unfunded. (See table II attached to this statement, p. 15.)

I have already referred to the 42 percent increase in Federal employees housed by GSA and the increase of 26 percent in the average amount of leased space. Rental costs in the same period have increased from \$70.2 million to \$139.6 million, or almost doubled. (These data are shown in table III attached, p. 16.)

Had an amount equivalent to this increased annual rental cost been expended annually for the construction of new public buildings instead of being spent for rent on leased quarters the deficit in Government-owned space needs would be significantly lower than it is today.

Section 2 of S. 3706 would simplify and clarify prospectus development and approval procedures and enable the Congress better to exercise its traditional surveillance over the public buildings program. The proposed increase of the minimum dollar criteria for submission of both new construction and alteration prospectuses to \$500,000 is a realistic acknowledgment of the increase in construction costs.

Deletion of the word "maximum" in clause (2) of subsection (a) and the deletion of subsection (b) of section 7 of the Public Buildings Act of 1959, as provided for in amendments (4) and (5) of section 2 of this bill, would properly remove from the act the concept that the estimated cost set forth in the prospectus, plus 10 percent escalation, is an absolute cost limit.

While cost estimates should be included in the prospectuses, the description of the building and the housing plan constitute a more meaningful limitation, assuring integrity of the scope and a purpose of the project.

Because the potential cost of the building for budget purposes cannot be estimated with reliable precision until well into the design stage, estimates made early enough in the preliminary planning process to be available for inclusion in the prospectuses are principally indicative of the scope and order of magnitude.

Congressional fiscal control over the cost of authorized projects should continue to be exercised by Appropriation Committees during the annual budget process.

Amendment (5) of section 2 of this bill also would repeal subsections (c) and (d) of section 7 of the Public Buildings Act of 1959, as amended. The authority prescribed in these two subsections has never been exercised by the Congress and, therefore, should be repealed as serving no useful purpose.

In any event, the authority there provided is inherent in the Congress and can be exercised by legislative enactment at any time the Congress deems it necessary.

Amendment (6) of section 2 of the bill would delete the phrase "as he deems necessary" in subsection (2) of section 12 of the Public

Buildings Act of 1959, as amended. Under existing law (subsection (a) of section 12 of the Public Buildings Act of 1959, as amended), the Administrator of General Services is directed to make continuing investigations and surveys of building needs of the Federal Government but he has discretionary authority as to whether he submits to the Congress a prospectus for a new building, even though he may have determined it to be needed.

This apparent inconsistency in the law is offset, to some extent, by another provision (subsection (b) of section 11) which authorizes either Public Works Committee, by resolution, to request the Administrator and the Postmaster General to make particular building need surveys and report the results thereof to the Congress, including all information required in section 7 prospectuses.

In order to be certain that the amendments which would be brought about by enactment of this bill do not dilute the surveillance of the Congress over the public buildings program, and, to assure, also, that the results of building need surveys directed by subsection (a) of section 12 are fully disclosed to the Congress, this amendment would repeal this discretionary aspect of this subsection.

Finally, amendments (8) and (9) of section 2 of S. 3706, would bring the provision of "parking facilities" and "parking areas" within the scope of the Public Buildings Act of 1959, as amended.

Our inability to properly deal with the vast increase in parking needs renders essential the authority provided by this amendment which will assist in relieving a crucial shortage of off-street parking in the immediate vicinity of buildings owned by the Federal Government and by the government of the District of Columbia, more nearly in conformity with existing local ordinances and building codes relating to provision of off-street parking facilities, and will significantly enhance the ability of the Federal Government to compete with the private sector in attracting and retaining capable employees.

Section 3 of S. 3706 would amend the Federal Property and Administrative Services Act of 1949, as amended, to establish a Federal buildings fund, prescribe its composition, including receipts accruing from rental rates, authorized by the related amendment which would be made by section 4, to be charged occupant agencies for all space provided by GSA, and prescribe the purposes for which the fund would be available.

The financing technique provided for in sections 3 and 4 of the bill would require all agencies to obtain appropriations necessary to reimburse GSA for all real property management services rendered by the Public Buildings Service. The transactions would be financed through the Federal buildings fund, an expansion of the buildings management fund through which some of such transactions are presently financed.

The new Federal buildings fund would be a revolving fund financing all real property management operations, and would be available for financing the acquisition of sites, the design, construction, and alteration of public buildings, rental of space in leased buildings throughout the country, acquisition and operation of Federal parking facilities and parking areas, and all other functions presently performed by the Public Buildings Service, General Services Administration, including personal services and administrative operations.

This is not a new funding concept. As the agency support role of GSA has grown over the years, there has been a trend toward requiring the agencies we serve to pay for the services rendered.

To illustrate, in fiscal year 1967, GSA gross disbursements totaled \$2.4 billion, of which only \$683 million came from funds appropriated to GSA, the major portion of which consisted of operating expenses for the Federal supply system, construction, operation, and repair of Federal buildings, and the rental of space. The remaining \$1.7 billion consisted of reimbursements and transfers from other agencies for such common services as motor pools, telecommunications, printing and duplicating, property rehabilitation, supplies and materials, and construction services.

There are numerous precedents for financing services rendered by one Federal agency to other Federal agencies and to the public through revolving funds. The general supply fund, the telecommunications fund, the reclamation fund, the land and water conservation fund, the Federal Housing Administration fund, the college housing fund and the Federal old-age and survivors trust fund are good examples.

These funds, as is provided for with respect to the Federal buildings fund, are available not only for financing the cost of the basic programs, but also for the administrative and other expenses of their conduct. Requiring all agencies to finance the cost of the space they occupy is consistent with the performance budgetary concept under which total program costs are reflected in the cost accounts of the program agency.

In addition to the assets and present income of the buildings management fund, the new fund would receive from Federal agencies, mixed ownership corporations, and the District of Columbia, the equivalent of rent for Government-owned and leased space assigned to such agencies for office, storage, or related uses, and the fees charged for parking, all at rates determined by the Administrator as necessary to recover the total cost of providing and operating such space and creating a reserve for expansion and replacement.

Appropriations to General Services Administration for "Operating Expenses, Public Buildings Service," "Repair and Improvement of Public Buildings," "Construction, Public Buildings Projects," "Sites and Expenses, Public Buildings Projects," "Payments, Public Buildings Purchase Contracts," "Additional Court Facilities," and "Expenses, U.S. Court Facilities" would be eliminated.

However, appropriations made under these hearings in the Independent Offices and Department of Housing and Urban Development Appropriation Act, prior to the effective date of the new bill, would be used for the purposes for which made.

Moneys covered into the Federal buildings fund would be available for the acquisition, construction, and alteration of public buildings involving an expenditure for any project estimated to exceed \$500,000 only when appropriated therefor, an important provision assuring congressional control over the annual funding level of the public buildings construction program.

We construe the terms "real property management and related activities" and similar terms used in the bill to include the functions of acquisition, design, construction, alteration, renting, operation,

maintenance, protection, moving, demolition and all other similar functions which GSA is authorized by law to provide for executive agencies.

Section 4 also would embody into substantive law authority for altering Federal buildings, maintaining, operating, and renting buildings, and providing facilities for the Secret Service, authorities which are now carried in the provisions of annual appropriation acts. Express authority to operate Federal parking facilities and parking areas, by lease or otherwise, also would be provided by this section.

Mr. Chairman, General Services Administration strongly supports the purposes and objectives of S. 3706. We would like to submit to the committee staff two relatively minor clarifying technical amendments which are not of sufficient importance to require attention of the committee during this hearing.

This concludes my prepared statement. Since GSA is so vitally interested in the proposed legislation, we will appreciate an opportunity to respond to any questions the committee may have. Thank you very much.

Senator JORDAN of North Carolina. Thank you very much, Mr. Moody. That is a good statement. We will be glad to consider any amendments you have and will appreciate having them.

May I ask you two or three questions? Is it cheaper for the Government to construct its buildings than to lease them?

Mr. MOODY. Generally speaking it is, sir. There may be some question involving the smaller facilities or facilities needed only for a few years.

Senator JORDAN of North Carolina. Would this legislation make it possible for GSA to construct most of the Post Office buildings and eliminate the present practice the Post Office Department has now of leasing a great many of its facilities?

Mr. MOODY. It would, sir, except for short term requirements.

Senator JORDAN of North Carolina. We determined that I think pretty well in some of our Post Office leasing hearings and we are edging back in that direction.

The Bureau of the Budget has informed the committee that it would like to study this bill further and that it has submitted a list of questions to GSA. Have you received the questions and would you comment on them?

Mr. MOODY. By letter of July 13, 1968, from the Bureau of the Budget, we received a list of 12 questions. Actually these questions were based upon a different but somewhat similar bill, H.R. 9056, introduced by Congressman Bennett of Florida. While I don't consider all of the questions precisely germane to this bill, I think, generally speaking, they are applicable to the bill.

We can answer all of these questions. I must be quite candid and say that we do not have all of the answers now. Some of them require extensive study, research, and evaluation, and possibly appraisal of our properties that we have not yet seen fit to undertake in view of the present status of the bill.

Generally speaking, I would characterize some of the questions as somewhat philosophical or subjective rather than objective questions designed to help in establishing the advantages of the proposal. For

example, the question, "Will it be difficult to get this bill through Congress if it is opposed by some of the agencies?" is not very germane to the question of whether or not this is a good bill. We will supply the Bureau of the Budget with the answers to these questions. We have been working on the problem of space cost financing for many years without much constructive cooperation; and the general tenor of these questions does not encourage us, but we will provide the answers.

Senator JORDAN of North Carolina. We don't have a copy of those questions ourselves right now. We would like to have them of course, and the committee would appreciate your giving us the answers to them as well as you can.

Mr. MOODY. We will be glad to do so, sir. However, a considerable period of time will be required to provide answers to all of the questions.<sup>1</sup>

Senator JORDAN of North Carolina. Give Mr. Knott my regards. He has been doing a mighty fine job and has a great corps of men over there, including you and Mr. Foster, as well as all the others.

Mr. MOODY. Thank you.

Senator JORDAN of North Carolina. I am chairman of the Joint Committee on the Library, which, of course, operates the Library of Congress. If I am not mistaken, right now we are paying nearly \$900,000 a year rent for buildings that are scattered around in the District.

While it is housing, it is not a satisfactory arrangement by any means, simply because the buildings that we are renting were not constructed for library purposes. To take care of the book needs a certain temperature is required and a great many other things that the ordinary office wouldn't require.

As you know, we have been trying to build the Madison Memorial and we have run into a little problem on money there but eventually we will get it because it will save the Government a great deal of money. We are sure of that.

Mr. MOODY. We have exactly that same problem, Mr. Chairman, as you know.

Senator JORDAN of North Carolina. This is part of the answer. Isn't it also true now with respect to Government buildings, here in the city of Washington as well as other places, that they are constructed entirely out of Government funds and occupied by an agency, which does not then show in its operating costs what another agency would have to show if they were renting space.

Mr. MOODY. That is exactly correct. The funds that finance the cost of that occupancy for any agency, if it is a Government-owned building, are in GSA's budget and not in the budget of the agency that occupies the building. This bill would correct that.

Senator JORDAN of North Carolina. When an agency operates out of a Government-owned building it pays no rent whatsoever and I suppose GSA has to keep it up and maintain it.

Mr. MOODY. Yes, sir. What I have tried to convey in this statement, Mr. Chairman, is that GSA has no control at all over how much space a particular agency requires. These agencies go to their own substantive committees and obtain the basic authority for their programs. We

<sup>1</sup> The information being prepared by the General Services Administration was not available for this printing.

control, pretty well, the square-foot utilization rate. But not total space needs.

The agencies go to their appropriations committees for money to fund authorized programs and then they come to us for necessary space. Under existing law it is necessary for us to go to our appropriations subcommittees to obtain money to construct space for other agencies required in connection with programs that have already been authorized by Congress.

Historically, over the life of GSA, we have never been able to keep abreast of the programs authorized by the Congress in filling agency space needs through provision of Government-owned space for about 80 percent of the requirements which we believe is about the right owned-to-leased ratio.

This bill would provide a very simple method to correct this situation because, under it, the same committee that is authorizing an agency's program and funding the program would also be required to fund that agency for the necessary space costs. We would construct the space out of this revolving fund and the program agencies would pay us for the space costs from the money they would get from the same committee that authorizes and funds the related program costs.

That would be a very simple, very satisfactory solution to the problem and it can be made to work. It would eliminate the need for leasing most of this high-cost commercial space that is not, for the reasons you outlined with respect to the Library of Congress, ideally adaptable to meeting Government requirements.

Senator JORDAN of North Carolina. In addition to that a great many times the same agency may be located in two or three different buildings.

Mr. MOODY. That is a very major part of the problem.

Senator JORDAN of North Carolina. That is quite a vexing problem; so we come here trying to find out where to go to get something done.

Mr. MOODY. For years we have tried to implement a program of centralizing agencies either in a single building, if we can get one large enough to house them, or in a contiguous group of buildings, and we can provide for this when we can select the location and construct the building ourselves, but when we are not funded to do that and the space must be acquired by lease, we simply must take it wherever it is. There are agencies that occupy as many as 50 different locations right here in the city.

Senator JORDAN of North Carolina. Thank you very much, Mr. Moody. Did any of your associates have anything to add?

Mr. FOSTER. No, sir.

Mr. FRETZ. No, sir.

Senator JORDAN of North Carolina. Thank you very much.

Mr. MOODY. Thank you very much. I will convey your regards to Mr. Knott.

Senator JORDAN of North Carolina. If you will furnish the information that the Bureau of the Budget asked for as soon as possible we will appreciate it.

Mr. MOODY. We will do so, sir, at such time as we are able to develop the answers.

Senator JORDAN of North Carolina. Thank you, sir.

Mr. MOODY. Thank you.

Senator JORDAN of North Carolina. The Honorable Elmer Staats. Good morning, Mr. Staats. We are glad to have you with us this morning and whomever you wish to bring with you. Do you have a prepared statement?

*710073*  
*per minutes*

**STATEMENT OF ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES, ACCOMPANIED BY GREGORY J. AHART, DEPUTY DIRECTOR, CIVIL DIVISION; FREDERIC H. SMITH, DEPUTY DIRECTOR, OFFICE OF POLICY AND SPECIAL STUDIES; JOHN W. MOORE, ATTORNEY, OFFICE OF GENERAL COUNSEL**

Mr. STAATS. I do have, Mr. Chairman, and with your approval I will read the statement and be prepared to answer any questions that you have.

*ca*

Senator JORDAN of North Carolina. Would you please introduce your associates ~~for~~ the record, sir.

Mr. STAATS. Yes. To my right is Mr. Gregory Ahart, who is the Deputy Director of our Civil Division; Mr. John Moore of our Office of General Counsel; and Mr. Fred Smith, Deputy Director of our Office of Policy and Special Studies.

Senator JORDAN of North Carolina. Thank you.

Mr. STAATS. Mr. Chairman and members of the subcommittee, we are pleased to appear here today at your request to present our views on S. 3706, a bill to amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation and protection of public buildings, and for other purposes.

The principal features of the proposed legislation may be summarized as follows:

It would amend section 7 of the Public Buildings Act of 1959 (40 U.S.C. 606) to require approval of the Committees on Public Works prior to the appropriation of funds for the construction, acquisition or alteration of any public building, only where such construction, acquisition, or alteration will involve an expenditure in excess of \$500,000; section 7 now requires such approval where expenditures will exceed \$100,000 for construction or acquisition or \$200,000 for alteration.

Second, it would amend section 13 of the Public Buildings Act of 1959 (40 U.S.C. 612) to define the term "public building" as including "federal parking facilities" and "parking areas" thereby granting the General Services Administration new authority to acquire or construct facilities solely for the purpose of providing parking space for official, employee, or visitor vehicles. *17*

Third, it would amend section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)), to establish a Federal Buildings Fund which would encompass all the functions now financed through the Buildings Management Fund and the Construction Services Fund or through the several appropriated funds listed in the bill.

Initially, the Federal buildings fund would be comprised of the assets of the buildings management fund and the construction services fund, the unexpended balances of the appropriated funds listed in the

bill, and the fair market value of Government-owned buildings or facilities carried in the active inventory of the General Services Administration.

Credits to the funds would consist of advances, reimbursements, and payments, including payments in the nature of rental equivalents for Government-owned or leased office, storage, and related space and fees for parking, and all other reimbursements and refunds or recoveries resulting from the operation of the fund, including the net proceeds from the sale or disposal of excess or surplus real or personal property carried as an asset of the fund.

The fund would be available without fiscal year limitation and without a ceiling on accumulations therein for use by or under the direction or control of the Administrator of General Services for substantially all, if not all, of GSA's activities in the public buildings areas, that is to say, the acquisition of real estate; the construction or alteration of public buildings; the maintenance, operation, and protection of public buildings and sites; the rental of space in privately owned buildings; and generally, all necessary operations usually related to these and other functions assigned to the Public Buildings Service of GSA.

Congressional action would be required only with respect to the approval of and the appropriation of moneys from the fund for acquisition, construction, and alteration projects involving an expenditure in excess of \$500,000.

The scope of activity which would be financed through the Federal buildings fund which would be established under the bill can be indicated by the costs of the activities it would finance. In the most recent fiscal year, 1968, program costs for these activities, which were funded through appropriations to GSA for public buildings and other activities and through advances of funds appropriated to other agencies and activities, amounted to about \$700 million.

The initial capital of the new revolving fund would be determined by the assets of the buildings management fund and the construction services fund, the unexpended balances of various appropriations for public buildings and other activities, and the estimated fair market value of Government-owned buildings or facilities carried in the active inventory of GSA.

If S. 3706 were in effect at this time, the recorded book value of assets to be assumed by the Federal buildings fund would be \$3.4 billion. Because the bill provides that buildings and facilities would be capitalized in the fund at fair market value, which can be expected to exceed their recorded book value, the size of the fund would exceed \$3.4 billion by some significant but unknown amount.

While significant, the public buildings activity of GSA which would be financed through the fund is not the major part of total Federal building activity.

Major housing, hospital, industrial, education, and research buildings and certain postal facilities are among those not controlled by GSA. The construction cost of GSA controlled Federal buildings is \$2.2 billion—the construction costs of all Federal buildings in the United States total \$26.3 billion. Now GSA controls about 39 percent of the 340 million square feet of Federal office space and about 12 percent of the 467 million square feet of Federal storage space.

We would like to address our comments principally to two sets of implications arising from the provisions of the bill—first, the implications of the bill with respect to the nature and degree of congressional review of and control over public buildings activities, and second, the implications of the provisions of the bill relating to parking facilities.

Concerning congressional review and control, we have mentioned that specific approval and appropriation action would be required only for acquisition, construction, and alteration projects involving expenditures in excess of \$500,000.

Projects estimated to cost less than this amount could be undertaken by GSA and financed from the fund without any congressional action. Whether the \$500,000 amount is the most appropriate cutoff point is a matter which this subcommittee may wish to consider.

Mr. Moody has mentioned that of course the cost of buildings has increased substantially since the existing limits were established and this of course would be taken into account.

In this regard, if experience is an indication for the future, the relaxation of congressional control would affect only a small fraction of the moneys devoted to public buildings projects. GSA records show that of a total of 533 projects with estimated costs totaling \$2.9 billion which have been approved under the Public Buildings Act, 202 projects with total costs of \$56 million were estimated to cost less than \$500,000 each.

As would be the case for acquisition, construction, and alteration projects of less than \$500,000, public buildings operations and repair and improvement activities would not be subject to congressional review and approval as such since these activities would not be financed by specific appropriations.

Under present law, moneys to be expended for operation and repair and improvement of public buildings are subject to annual congressional review and approval through the appropriation process.

S. 3706 would discontinue appropriations to GSA for operations and repair and improvements. Instead, charges to users of public buildings space would be set at a level which would be sufficient to meet these and other costs of providing space and related services.

Charges levied on Federal agencies and corporations for space occupied in public buildings would be met with funds made available to them by appropriation or otherwise. The funds required to provide space for agencies and corporations would come to the attention of Congress as part of the regular budget presentations of the agencies and corporations.

The process involved would be quite similar to that which now exists with respect to financing the procurement of common use items and the use of motor vehicles through the general supply fund operated by GSA.

The funds required to furnish space to nongovernmental organizations or individuals would, of course, not generally be included in any regular budget presentation to the Congress.

In summary, S. 3706 would permit the executive branch greater latitude in carrying on public buildings activities and would significantly affect the budgets presented to Congress.

We do not look with disfavor on these proposed changes. We emphasize that point. We believe that the association of the costs of the space

and related services with the occupying agencies and their programs and activities is desirable when the attention of Congress is being directed to the funding required to carry out such agency programs and activities.

This is the point that you referred to a moment ago, Mr. Chairman.

We further believe that the opportunity for regular congressional review of public buildings activities, as such, could be provided for through the inclusion of certain additional requirements in S. 3706.

In this regard, the subcommittee may wish to consider requiring GSA to submit a business-type budget or budget program for the revolving fund similar to that required for Government corporations under the Government Corporation Control Act. Such a budget program would contain estimates of the financial condition and operations of the fund for the current and ensuing fiscal years and the actual condition and results of operations for the last completed fiscal year. This is a well established practice, as you know, Mr. Chairman.

There are several aspects of the bill as it relates to parking facilities and areas which we think should be mentioned. First, to the extent that existing parking facilities or areas are used for official vehicles used in the conduct of agency activities or programs, the pertinent considerations are quite similar to those relating to any other official need for space and facilities. Accordingly, our comments concerning the revolving fund generally have equal application here.

Second is the question of the use of existing parking space for employee parking. At present, such space as is available for this purpose is, in general, made available to employees without charge. Depending upon the amount of parking space available in connection with the buildings in which they are housed, some agencies have very little space available for this purpose in relation to the number of their employees, while some agencies have relatively more space.

Space assignments by individual agencies generally give preference to employees at higher grade levels and to employees at other levels who can make car pool arrangements. It is safe to say that many employees who would wish to use such space if it were available, cannot secure it, and that many who do not secure it are in a relatively less favorable financial position to pay for parking in commercial facilities.

Certain agencies—or more accurately, the employee associations at some agencies—have, in the District of Columbia, devised means of alleviating the inequities of the present system to a certain extent.

They have arranged for commercial parking space to augment available Government-owned space and have established a charge or fee for using either the commercial or the Government space. Through this means, the burden of paying for the commercial space is equalized.

The provisions of S. 3706 would operate to get at the same problem by authorizing the administrator to acquire or construct parking facilities to meet parking needs, including employee parking, thus supplementing the parking areas otherwise available in connection with public buildings, and to charge fees for the use of either type of space.

In some respects the parking problem to which the provisions of the bill are directed, is a part of the larger problem of transportation needs in metropolitan areas and perhaps should be given consideration in the larger context.

There is growing concern over the general problem of facilitating daily transportation of persons living in large metropolitan areas to and from their place of employment. Here in the District of Columbia where the heavy concentration of Federal employees invites direct Federal action, there are under consideration such steps as better public transportation, including rapid transit, more parking facilities, and staggered working hours.

Questions have been raised and are as yet unanswered as to how much parking space should be provided, whether the parking needs should be met by private enterprise or by the Government, and the extent to which public transportation should supplant private transportation.

We think there is general agreement that the transportation needs of the metropolitan area should be provided on a basis of an overall plan.

In the absence of an overall plan for the District of Columbia, we are not convinced that it would be desirable to proceed at this time with the construction of Federal parking facilities.

To a lesser degree, the same considerations are undoubtedly present in other metropolitan areas where a significant amount of Federal activity is carried out.

We note also that under section 2 of the bill, the definition of "Federal parking facilities" would include facilities built for the express purpose of providing off-street parking for official, employees' or visitors' vehicles for the District of Columbia Government, and the definition of "parking areas" would include such areas within or adjacent to buildings occupied by the District of Columbia Government.

These facilities and areas, under the terms of the bill, would be classified as "public buildings" and the Administrator of General Services would be authorized to charge parking fees for their use. These provisions are apparently intended to result in common and consistent administration of parking for Federal and District of Columbia Government agencies and their employees.

District of Columbia government buildings are not now "public buildings" within the Public Buildings Act of 1959 and are not under the control of GSA. We believe that there might arise administrative and jurisdictional problems if, as the bill now provides, areas within and around such buildings are placed under the jurisdiction of GSA.

In its consideration of the bill, the subcommittee may wish to explore this matter with GSA and the District of Columbia government.

Also in this connection, the subcommittee may wish to consider the general question of the desirability of giving GSA statutory responsibility to provide this type of support for the District of Columbia government, which is a legal entity separate and distinct from the Federal Government.

It is possible that the objectives of the parking provisions of the bill as they relate to the District of Columbia government could be achieved through a separate program to be operated by and under the jurisdiction of that government. It would be an alternative.

We would like to comment briefly on the provisions of the bill which relate to the establishment of rates to be charged for space and related services in public buildings.

Section 210(j)(1) of the Federal Property and Administrative Service Act of 1949, as added by the bill, would contain the following proviso:

That no individual occupant agency shall be charged a rate in excess of the approximate cost incurred by the Administrator in furnishing it with space and related services, plus a depreciation reserve for replacement.

It may be that this language is unduly restrictive in that it would preclude the establishment of uniform rates by type of space for particular geographical areas or nationwide, which would offer simplified administration.

Also, we believe the language should distinguish between depreciation (which is a cost) and a provision for replacement. The subcommittee may wish to modify the bill by deleting the proviso at the end of section 210(j)(1) and adding in lieu thereof language simply stating that in setting rates the Administrator shall give consideration to the costs of providing space, including depreciation, and to the estimated costs of replacement.

Also, S. 3706 provides with respect to parking:

The construction, acquisition, and operation of Federal parking facilities and parking areas shall be financed solely from the revenues derived from such parking facilities and parking areas and accounted for separately within the fund.

We suggest that this requirement be deleted. Parking space is frequently provided as an integral part of public buildings and separate financing and accounting would require arbitrary and perhaps questionable allocations of buildings cost.

Mr. Chairman, this concludes my statement. If I might just add a word here, the subject before the committee today is, in our opinion, a very important one from the standpoint of effective and economical management of very large amounts of money and a very essential aspect of the administration of governmental programs.

This bill deals with a subject I have personally been involved with for several years. The parking feature here goes back to a committee that was established by President Eisenhower. I was concerned with this problem then and continued during the period of the Kennedy and Johnson administrations.

I am pleased personally that the committee has concerned itself with this problem because I think it is long overdue and I hope that there will be some successful action taken with respect to it.

In my opinion the present arrangement is not a satisfactory one. It is inequitable and discriminates against the lower income employee. Also, it is not related in any sense at all to the transportation needs of the downtown areas. I would hope that something along the lines of this bill could be worked out, giving consideration, of course, to overall transportation needs.

I believe it would result in the saving of money. I think it would result in a more effective operation for the General Services Administration.

Thank you very much.

Senator JORDAN of North Carolina. I don't suppose there is an agency in Washington that doesn't have a parking problem. We have them right here. We have many of them.

Mr. STAATS. This will not solve all of them but it will help.

Senator JORDAN of North Carolina. It will help. The visitors center which we will acquire and which you know about in the old station down here contemplates parking space for 4,000 cars. It will help tremendously in this particular area. The Government Printing Office is having a lot of problems with their people down there and they have to be solved, too, because the conditions on the streets of Washington at night are not conducive to parking where it is a little bit dark.

Well, it doesn't even have to be dark. In the daytime sometimes things happen. It is not very safe and there are some provisions we are trying to work out in that direction right now. It is a serious problem. There has been legislation introduced two or three times to set up a parking commission and it never got through the Congress. Whether it is the right method to proceed by, I don't know, but we have to find some better way of providing space for employees to park around the building and not have to park way across town and pay \$1.50 or \$2 a day. It is expensive. I know that. It is hard on fenders too. I have had a good many smashed up and nobody knew who did it. They thought I did it and I didn't remember doing it.

It is a problem we have to face and we are facing it as fast as we can. Thank you very much. You may proceed if you wish.

Mr. STAATS. The point has been made, Mr. Chairman, that I think needs to be developed and put on the record clearly. I don't see any necessary conflict between the idea of the legislation which has been considered in the Federal highway legislation or any other relating to parking in the District of Columbia and this bill. Arrangements can be made for use of any facilities developed under this legislation for private purposes when they are not needed for employee parking.

Private enterprise could have a very substantial role in the operation of these areas. I am sure that the GSA has developed this point in its thinking and I would think that there would be no issue in this regard.

Senator JORDAN of North Carolina. I agree with you thoroughly. There is no conflict between private enterprise and the Government. A great many corporations provide parking for their employees too—it is not a new thing by any means—because it is to the advantage of any employer to have his employees as close by as he can and provide safe parking space for them as reasonable as possible, if it isn't free.

Do you have anything further, Mr. Staats?

Mr. STAATS. No, except just to say that we have several people on our staff who will be available to work with the committee staff on any amendments to the bill and we would hope that we could work with the committee in perfecting the best possible bill on the subject.

Senator JORDAN of North Carolina. Thank you. We appreciate that. We appreciate you and your associates being with us.

Thank you, sir.

Mr. STAATS. Thank you.

Senator JORDAN of North Carolina. Mr. Alan Dean, Assistant Secretary for Administration, Department of Transportation. Mr. Dean, we are glad to have you with us and if you will give your name and that of your associate for the record we will appreciate it.

**STATEMENT OF ALAN DEAN, ASSISTANT SECRETARY FOR ADMINISTRATION; ACCOMPANIED BY CAPT. JAMES A. HYSLOP, DIRECTOR, OFFICE OF LOGISTICS AND PROCUREMENT POLICY, DEPARTMENT OF TRANSPORTATION**

Mr. DEAN. I will do that, Mr. Chairman. I have with me Capt. James Hyslop, who is the Director of our Office of Logistics and Procurement Policy and in the department is concerned with matters relating to facilities, buildings, and other subjects within the purview of this bill.

I have a short statement, Mr. Chairman.

I am Alan L. Dean, Assistant Secretary for Administration in the Department of Transportation. I am pleased to testify on S. 3706, a bill to amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings and for other purposes.

We support the objective of S. 3706, which is designed to make appropriate improvements in existing authority governing the purchasing and leasing of public buildings and parking facilities. The establishment of a Federal building fund with attendant transfer of the responsibility for funding space requirements to the using Federal agencies could result in presenting the cost of Federal programs on a more complete basis.

Administrative expenses in our judgment should reasonably be associated with the programs which they support and there is no reason why costs of general purpose office space should not be treated this way.

The inconsistencies in the present office space financing practices are apparent. Special purpose space as opposed to general office, storage, and related space is presently directly funded by the using agencies. Also the first year cost of new space leased or rented is funded by the agencies pending budgetary action by the General Services Administration to provide in subsequent years the necessary funds.

Thus, in the Department of Transportation most space costs are borne by the programs with which they are associated while certain other space funding appears in the budget of the General Services Administration.

We feel in principle this situation should be changed to associate the full costs of government with the programs they support. In taking this position we recognize certain risks to our department's control over how it uses the money provided by the Congress.

The General Services Administration would have the authority to determine rates based to a degree on the level of maintenance, alteration, depreciation, and replacement needs. If the agencies are not permitted to adjust their expenditures for space when confronted with reductions in funds available their operating programs may have to bear a disproportionate share of those reductions in expenditures.

But notwithstanding these risks we think the principle is a sound one and we are willing to participate actively and constructively in the system contemplated by the bill.

Another feature of the legislative proposal that we endorse relates to the provision of parking facilities and parking areas related to Federal public buildings. While the Department favors emphasis on public transportation in urban areas to reduce the traffic problems created by excessive dependence on private vehicles and to assure a means of reaching work for those lacking private transportation, even the most optimistic forecast of public transportation envisages heavy reliance on private vehicle use.

Consequently, if Government offices are to function efficiently it is essential that provision be made for parking those vehicles required for employee transportation as well as official use.

Adequate offstreet parking either in separate facilities or in parking areas or levels associated with specific buildings will serve a twofold purpose. It will reduce the need for onstreet parking, permitting more efficient use of the streets for traffic movement and reducing congestion. It will also provide improved working conditions, thus increasing the retention rate for qualified employees and reducing turnover costs.

Since the bill apparently contemplates recovery of costs in connection with the provision of space for employee parking through the collection of parking fees, the above benefits could be achieved at no additional cost to the Government.

For the above reasons the Department of Transportation supports in principle the enactment of S. 3706.

Mr. Chairman, I would like to supplement my written statement by pointing out that naturally the Department of Transportation is not as expert, and should not be, in public buildings management as the GSA. We recognize that the bill before you will receive careful consideration by the committee, that certain amendments are being considered, that there are opportunities for its technical improvement, but the principle we would like to endorse in every way.

Senator JORDAN of North Carolina. Thank you very much. We appreciate your testimony. It is a matter of trying to work out a more equitable distribution of the cost of all our Government agencies. I was just conferring here to be certain I was correct.

In three or four stories of a bank building in this city that I know about, the GSA does the trading for the space, pays the rent on that space and also maintains it. The occupying agency is not charged with the cost of the space and when they come before Congress and ask for the money the space cost is not included. That is charged to the GSA, resulting in disproportionate cost in one agency as against another. This bill seeks to work out something more equitable for all agencies.

Mr. DEAN. Mr. Chairman, we could not agree more. I asked Captain Hyslop and his staff to assemble for us some of the statistics relating to how we manage space and how that space is budgeted.

We find, for example, that we manage some 26,600,000 square feet of space and the full costs associated with that space appear in our budget and can be associated with our programs.

Then there are, however, some 5 million square feet of space which GSA provides and which after the first year in a lease case is carried, of course, in the GSA budget. This just doesn't make sense and when we try to tell the Congress what it costs to administer a given program we can distort what we present in good faith simply by the accident of how that space is being provided.

Senator JORDAN of North Carolina. That is right.

Mr. DEAN. So we agree very much with the chairman's sentiments as just expressed.

Senator JORDAN of North Carolina. Thank you very much. We appreciate both of you being with us. If there is anything that you would like to add to your testimony, the record will be kept open for about a week to receive it.

Mr. DEAN. Thank you, Mr. Chairman.

Senator JORDAN of North Carolina. Thank you very much.

Mr. William Point, Director, Real Property Management, Installations and Logistics, Office of Assistant Secretary of Defense. We are glad to have you with us as well as your associate and will you please introduce him, sir.

**STATEMENT OF WILLIAM H. POINT, DIRECTOR, REAL PROPERTY MANAGEMENT, INSTALLATIONS AND LOGISTICS, OFFICE OF ASSISTANT SECRETARY OF DEFENSE; ACCOMPANIED BY COY POWELL, DEPUTY CHIEF, REAL ESTATE DIRECTORATE, OFFICE OF SECRETARY OF DEFENSE**

Mr. POINT. Yes, Mr. Chairman. This is Mr. Coy Powell, who is the Deputy Chief of our Real Estate Directorate in the Office of the Secretary of Defense.

Senator JORDAN of North Carolina. Thank you, sir. We are glad to have you with us. You may proceed as you wish.

Mr. POINT. Thank you, sir.

Senator JORDAN of North Carolina. Did you furnish a prepared statement?

Mr. POINT. Yes, sir; we did.

Senator JORDAN of North Carolina. We do have it?

Mr. POINT. Yes, sir.

Senator JORDAN of North Carolina. Fine.

Mr. POINT. Mr. Chairman, members of the subcommittee, on behalf of the Department of Defense, I appreciate the opportunity to discuss and review with you the proposed amendments to the Public Buildings Act of 1959, as amended, and the Federal Property and Administrative Services Act of 1949, as amended, in response to your invitation to testify on S. 3706.

S. 3706 introduces wide and sweeping changes not only with respect to real property management and operations policy but also involves current financial obligations, and the impact of these changes has not as yet been fully explored.

S. 3706 would amend the Public Buildings Act of 1959, as amended (40 U.S.C. 601 et seq.), by increasing GSA authorization for stated expenses and modifying certain procedural requirements. In addition, it would introduce a statutory definition for "Federal parking facilities" and "parking areas." It would also amend section 210 of the Federal Property and Administrative Services Act, as amended (40 U.S.C. 490), by establishment of a Federal building fund and by prescribing limitations governing the use thereof.

It is recognized at the outset that the provisions of S. 3706 do not affect military installations by virtue of the exclusion provided in 40 U.S.C. 612(1), and that the Federal parking facilities and areas con-

templated by the bill pertain only to public building operations as defined in that section.

The Department of Defense, however, is assigned approximately 25 million square feet of space under GSA jurisdiction, largely used for administrative purposes. Some of this space is Government-owned and some is leased. The Department of Defense has no financial liability for cost in connection with such space except for initial rental and special construction to meet extraordinary requirements not considered a part of normal operational costs.

The Department of Defense owns approximately 35 million square feet of administrative space in addition to that assigned by GSA, much of which is obsolete and requires replacement. Current fiscal restraints and higher military priorities minimize new construction and replacement of facilities, however, and some Department of Defense operations, therefore, will indefinitely have to be conducted at other than military installations.

Section 2 of S. 3706 would appear generally to provide to the GSA a wider latitude than at present for managing space improvements incident to acquisition, alteration, and construction projects under its jurisdiction. To that extent, the Department of Defense offers no objection to the proposed amendments to the Public Buildings Act of 1959, as amended.

The amendments to section 210 of the Federal Property and Administrative Services Act, as amended, however, represent a distinct change from current practice and appear to (a) contemplate a reduction in the amount of income potentially available for the land and water conservation fund by authorizing other use of funds generated by disposal of real property, (b) permit payment of fees by Federal agencies, their employees and others, for use of space, including parking facilities and areas, (c) authorize such charges to be incurred by occupant agencies in the nature of rental equivalents for assigned facilities, not to exceed approximate costs plus a depreciation cost for reserve replacement.

Current procedural arrangements for the assignment of space controlled by the General Services Administration to Department of Defense activities contemplate the ultimate assumption of all financial obligation by that agency, whether the space is Government owned or leased. The current procedure limits the obligation of the Department of Defense by requiring a transfer of appropriations to cover expenses in leaseholds limited to the fiscal year in which the space is assigned and for the succeeding fiscal year.

We believe current arrangements are satisfactory, consistent with consolidated responsibility vested in GSA by virtue of the Federal Property and Administrative Services Act of 1949, as amended, and Reorganization Plan No. 18 (15 F.R. 3177) of July 1, 1950.

Since the Department of Defense now occupies a substantial amount of GSA-controlled space, and will doubtless continue to do so indefinitely the impact of the funding concept reflected by sections 13-5 of the bill on the recurring budgetary requirements of the Department of Defense will be tremendous.

We cannot now measure that impact precisely either upon the Department or upon its personnel. We cannot be sure what meaning, for example, is intended by the term "rental equivalents" or how extensive would be the replacement cost burden for space occupied.

Mr. Chairman, this completes my testimony. We are pleased to provide these general comments on the highlights of the bill as they appear to affect the Department of Defense. If the committee desires to consider the bill further, we would be pleased to make such further study as may be indicated.

Thank you.

Senator JORDAN of North Carolina. Thank you very much, Mr. Point. We appreciate your testimony and we may be calling on you because this is a radical departure from what is going on right now and we will probably have consultation with all the agencies before we ever bring out a bill which we can hope to pass.

I do think, and the committee thinks, that some changes can be made in our system that would be more equitable to all the other agencies and that is what we are trying to do. We appreciate your testimony and will appreciate further help from your agency.

Mr. POINT. All right, sir.

Senator JORDAN of North Carolina. Did you have something to add?

Mr. POWELL. No, sir.

Senator JORDAN of North Carolina. Thank you very much.

Mr. POINT. Thank you, sir.

Senator JORDAN of North Carolina. Mr. Thomas Moyer, Assistant Corporation Counsel, Government of the District of Columbia. Mr. Moyer, we are glad to have you, sir.

**STATEMENT OF THOMAS F. MOYER, ASSISTANT CORPORATION  
COUNSEL, GOVERNMENT OF THE DISTRICT OF COLUMBIA**

Mr. MOYER. Thank you, sir.

Senator JORDAN of North Carolina. Do you have a prepared statement?

Mr. MOYER. No, sir. I have a letter from the Deputy Mayor who signed for the Mayor, dated July 18, and I would like to briefly quote from the letter and ask that the letter that you have be made a part of the record.

Senator JORDAN of North Carolina. The letter will be included in the record in its entirety and in your remarks you can brief the letter.

Mr. MOYER. Thank you, Mr. Chairman.

Senator JORDAN of North Carolina. Thank you.

Mr. MOYER. The Deputy Mayor's letter, dated July 17, recognizes that—

S. 3706 amends the Public Buildings Act of 1959 and the Federal Property and Administrative Services Act of 1949, as amended, in a number of respects, the most important of which, from the standpoint of the Government of the District of Columbia, is the vesting of authority in the Administrator of General Services to provide federal parking facilities and parking areas for the officials and employees of, and visitors to, federal agencies, mixed ownership corporations (as defined in the Government Corporation Control Act), and the Government of the District of Columbia. The vesting of this authority in the Administrator is accomplished by including within the term "public buildings," as defined in Section 13 of the Public Buildings Act of 1959, "federal parking facilities" and "parking areas."

And the letter adds:

Further, the bill amends section 210 of the Federal Property and Administrative Services Act, so as to add thereto a new subsection (j) authorizing the Administrator to charge Federal agencies, mixed ownership corporations, and the

District Government for the use of services, space, quarters, maintenance, repair, or other facilities at rates to be determined by him. This authority would apparently extend to the Federal parking facilities and parking areas authorized by the bill to be constructed or acquired by the Administrator.

And our position on this bill is stated in the letter as follows :

Broader authority for the Administrator of General Services to provide parking facilities for employees of, and visitors to, federal agencies and the District of Columbia government would assist in meeting the severe and growing shortage of parking space for motor vehicles in the downtown areas of the District. Although such authority would be helpful in this respect, S. 3706, as it might relate to the District of Columbia, is not so general as the legislation which the District Government has sought and which has passed the Senate as S. 944.

Of course, Mr. Chairman, the context of S. 944 has also been included in the Federal Highway Act as title III as passed by the Senate.

Senator JORDAN of North Carolina. Yes, it was. Incidentally, I am on that committee also. I was told yesterday the House subcommittee passed a parking bill, through the District of Columbia Committee of the House.

Mr. MOYER. Yes, Yes, Mr. Chairman, one of my colleagues attended that hearing yesterday and it appears that the House committee is moving ahead with some kind of a local District parking bill as well.

Senator JORDAN of North Carolina. I think that is correct.

Mr. MOYER. We are saying basically that of course any kind of a bill which provides additional parking in the city, particularly the downtown area, would certainly be helpful but as to the merits of this bill we feel that we should defer to the General Services Administration as to whether it will best accomplish their purposes, and we wanted to call attention to the fact that there are these other bills which relate to comprehensive parking problems here in the District.

That is basically the position of the District.

(The letter referred to follows :)

JULY 17, 1968.

HON. JENNINGS RANDOLPH,  
*Chairman, Committee on Public Works,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR RANDOLPH : The Government of the District of Columbia has for report S. 3706, 90th Congress, a bill "To amend the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation, and protection of public buildings, and for other purposes."

S. 3706 amends the Public Buildings Act of 1959 (40 U.S.C. 601) and the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490), in a number of respects, the most important of which, from the standpoint of the Government of the District of Columbia, is the vesting of authority in the Administrator of General Services to provide Federal parking facilities and parking areas for the officials and employees of, and visitors to, Federal agencies, mixed ownership corporations (as defined in the Government Corporation Control Act), and the Government of the District of Columbia. The vesting of this authority in the Administrator is accomplished by including within the term "public building", as defined in section 13 of the Public Buildings Act of 1959, "Federal parking facilities" and "parking areas", which terms are in turn defined as follows :

"(8) the term 'Federal parking facilities' means any single, multilevel, underground, or other structure or parking lot that has been acquired or constructed pursuant to this Act for the express purpose of providing off-street parking for official, employees', or visitors' vehicles, for Federal agencies, mixed ownership corporations (as defined in the Government Corporation Control Act), or the government of the District of Columbia.

"(9) the term 'parking areas' means those grounds, areas, courtyards, or spaces within, adjacent to, around, near, or beneath buildings occupied either by Federal agencies, mixed ownership corporations (as defined in the Government Corporation Control Act), or by the government of the District of Columbia, or any site owned or leased by the Federal Government suitable for parking which is specifically identified and designated by the Administrator for use for off-street parking for official, employees', or visitors' vehicles."

The bill also amends subsection (f) of section 210 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490 (f)), so as to provide, among other things, that—

"The construction, acquisition, and operation of Federal parking facilities and parking areas shall be financed solely from the revenues derived from such parking facilities and parking areas and accounted for separately within the . . . [Federal buildings funds created by section 210(f) (1) of such Act.]" (Bracketed language supplied).

Further, the bill amends section 210 of the Federal Property and Administrative Services Act, *supra*, so as to add thereto a new subsection (j) authorizing the Administrator to charge Federal agencies, mixed ownership corporations, and the District government for the use of services, space, quarters, maintenance, repair, or other facilities at rates to be determined by him. This authority would apparently extend to the Federal parking facilities and parking areas authorized by the bill to be constructed or acquired by the Administrator.

Broader authority for the Administrator of General Services to provide parking facilities for employees of, and visitors to, Federal agencies and the District of Columbia government would assist in meeting the severe and growing shortage of parking space for motor vehicles in the downtown area of the District. Although such authority would be helpful in this respect, S. 3706, as it might relate to the District of Columbia, is not so general as the legislation which the District government has sought and which has passed the Senate as S. 944.

The Government of the District of Columbia has been advised by the Bureau of the Budget that, from the standpoint of the Administration's program, there is no objection to the submission of this report to the Congress.

Sincerely yours,

THOMAS W. FLETCHER,  
Assistant to the Commissioner,  
(For Walter E. Washington, Commissioner).

Senator JORDAN of North Carolina. Thank you very much. We appreciate it. As I have said to the other witnesses, if you have anything to add within the next week we would be glad to receive it and include it in the record.

Thank you for being with us.

Mr. MOYER. Thank you.

Senator JORDAN of North Carolina. Mr. Henderson, president of the National Federation of Professional Organizations. Mr. Henderson, will you please come forward.

**STATEMENT OF C. O. HENDERSON, PRESIDENT, NATIONAL FEDERATION OF PROFESSIONAL ORGANIZATIONS AND DAYTON S. WARD, FEDERAL EMPLOYEES FOR ACTION ON TRANSPORTATION**

Mr. HENDERSON. Thank you, sir.

Senator JORDAN of North Carolina. Do you have a prepared statement?

Mr. HENDERSON. Yes, I left a statement with the lady.

Mr. Chairman, I would like to introduce Mr. Dayton Ward.

Senator JORDAN of North Carolina. We are glad to have you also.

Mr. HENDERSON. Mr. Ward is employed in the Department of Agriculture and is associated with an organization in the Department, the concern of which is the increasing problem of parking in the Southwest

area. With your permission I would suggest that Mr. Ward present a brief statement on the local situation and then if you have the time I have a few comments to make about S. 3706.

Senator JORDAN of North Carolina. I will be glad to hear from him and you also. Thank you very much. I know something about your problem down there. Here we eventually hear of all the problems, you know, and I know you have quite a lot of problems down there with parking around the Department of Agriculture.

Mr. WARD. Yes, sir, Mr. Chairman.

Senator JORDAN of North Carolina. I am on the Agriculture Committee of the Senate and that comes up here, too.

Mr. WARD. It is quite a severe problem and, as you know, here just recently they started another building down there which didn't help matters at all.

Senator JORDAN of North Carolina. Weren't they moving at one time to take a parking lot for a heliport?

Mr. WARD. Somebody talked them out of that, sir.

Senator JORDAN of North Carolina. I knew they did. There was a movement afoot to do that.

Mr. HENDERSON. I would like to say the Senate helped us a great deal on that.

Senator JORDAN of North Carolina. I thought we did.

Mr. HENDERSON. Yes, sir, you surely did.

Senator JORDAN of North Carolina. Thank you.

Mr. WARD. Mr. Chairman, my name is Dayton S. Ward. As Mr. Henderson has indicated, I am an employee of the U.S. Department of Agriculture. I am speaking for an organization known as Federal Employees for Action on Transportation. FEAT is composed of representatives from employee organizations and union lodges in the Department of Agriculture.

These organizations are the 14th District Department of the American Federation of Government Employees; Local 2 of the National Federation of Federal Employees; Federal Professional Association; Organization of Professional Employees of the Department of Agriculture (OPEDA for short); the USDA Employee Council; and the Welfare and Recreation Association of the Department of Agriculture.

The organization was formed about 5 years ago to call attention to increasing difficulties which Agriculture employees were experiencing in getting to and from work.

Representing a cross section of the employees of the Department, it is our desire to speak to the urgent need of our fellow employees for additional parking facilities in the vicinity of the South Agriculture Building.

It is a recognized fact that public transportation to the Southwest section of the city is woefully inadequate. This inadequacy in public transportation places a greater emphasis on the need for driving to work and the need for parking space upon arrival. Many employees who find it necessary to drive, bring four or five other employees with them through carpool arrangements.

As transportation difficulties increase for Agriculture employees, it becomes more difficult for the Department to attract and retain top-level employees. It is our understanding that 35,000 people are pres-

ently employed in the Southwest area. By the end of 1968 there will be 48,000; by the end of 1969, 60,000; and by 1972, 85,000.

It can be seen that what we are talking about is actually a fairly large city located within a four-block area. This vast number of people concentrated in such small area requires a balanced transportation system consisting of a subway system, buses, and private cars.

We do not agree with those who claim that the proposed subway system is a panacea for this area's transportation problem, nor do we agree that a subway system together with a bus system is the solution. We feel that we need all three modes of transportation, including the private cars, in order to adequately service this and many other areas in the city.

We need only to look at the megalopolis extending from Boston to Richmond to realize how inadequate public transportation, whether bus or subway, or both, really is. At the present time the metropolitan area of Washington, D.C. is approaching the Baltimore area. In the other direction it is now extending to Springfield and Vienna, Va.

Indications are that this development will continue to reach even further distances away from Washington, D.C. We have seen no figures which would show that either a subway or bus system can operate at a profitable level servicing these faraway areas at the present time or within the foreseeable future.

This situation forces a vast number of people to rely on private cars for their transportation to and from their place of employment. We have heard some say that fringe area parking would solve the problem. We cannot agree. Although fringe parking will take care of a certain percentage of the people, we feel it is not adequate to solve the problem. We would also note that such fringe parking requires considerable land area in order to be at all effective and we would anticipate that there would be great difficulty in acquiring such large land areas because of the already extensive development of the metropolitan area of Washington, D.C.

We respectfully submit that the 85,000 people soon to be working in the Southwest Washington area can only be adequately served by a transportation system composed of subways, buses, and private cars.

Accordingly, the need for adequate parking of private cars is as essential to the transportation complex as either buses or subways.

We would respectfully submit to this committee that Senate bill 3706 in and of itself will not solve the parking problem. However, it is a start and may serve in the future to at least maintain the status quo as to parking.

If no start is made at this time, then each year the parking and transportation of employees to and from work will fall more and more toward chaos. We urge strongly that the committee support this bill and that it be passed by Congress.

Mr. Chairman, this concludes my statement.

Senator JORDAN of North Carolina. Thank you very much. We appreciate that fine statement. Now, Mr. Henderson, you may proceed.

Mr. HENDERSON. Mr. Chairman, you and your committee are to be congratulated on recognizing the problem which many Federal employees have in getting to and from work. I can assure you that as areas become more congested, this matter of getting employees to and from work—which too often has been taken for granted—will to an increas-

ing extent have a bearing on recruiting and maintaining a competent Federal staff.

S. 3706 contains some of the basic provisions required. However, we are concerned by its limitations.

1. Section 3(f) (2) provides that the program is to be financed "solely" from revenues derived from parking facilities. There are many locations where the lack of parking is already critical and, as pointed out here by Mr. Ward, it is very critical around the Department of Agriculture.

If GSA must wait for funds that are generated from fees, relief may come too late in these areas. For example, the Department of Agriculture has transferred employees to Rosslyn, Va., where parking is expensive and far from satisfactory.

2. Section 3(f) (3) which provides that \$500,000 is the maximum to be spent without being specifically appropriated by Congress will prevent adequate facilities from being built in some locations.

3. In view of the competition for competent employees, we believe it is unrealistic to expect employees to pay fees for parking which would cover the entire cost of building and maintaining the facilities.

I might interject a note here. We are competing with industry, Mr. Chairman, for a great many of our professional people and having a free parking place or a desirable parking place very often plays a part in whether they come to the Federal Government or to some industrial concern.

It is recommended that the provision for fringe parking under section 112, paragraph 139(b) of S. 3418, title I—Federal-Aid Highway Act of 1968 be applied to parking for employees. This provision reads: "In the event fees are charged for the use—and the underscored is supplied—of any such facility, the rate thereof shall not be in excess of that required for maintenance and operation."

You might say, Mr. Chairman, that this is the policy that GSA uses or follows in providing cafeterias in Federal buildings. The GSA furnishes the space and I understand in new buildings it furnishes some of the equipment. The lessee has to furnish the equipment.

So, Mr. Chairman, we are most appreciative of the privilege of presenting the views of the National Federation of Professional Organizations, which is composed of 13 organizations representing more than 30,000 Federal professional employees.

Senator JORDAN of North Carolina. Thank you very much, Mr. Henderson. We appreciate your testimony and, Mr. Ward, we are glad that you could be with us also and thank you for your testimony.

Mr. WARD. Thank you; it was my privilege.

Senator JORDAN of North Carolina. Thank you, sir.

As I indicated earlier, the record will be kept open for approximately a week for any statements that should be included in the record so if you should have any you may submit them during that time.

I thank you all for being with us. This concludes the subcommittee hearings.

(Whereupon, at 10:52 a.m., the subcommittee was adjourned.)