PRB

EXECUTIVE OFFICE OF THE PRESIDENT
PROPERTY REVIEW BOARD

DATE: 10/24/83

TO: Jim Cicconi

FROM: Josh Muss

Attached is the memorandum which we discussed.

Attachment

Frack - 5

PROPERTY REVIEW BOARD

17th & PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20500

October 14, 1983

MEMORANDUM FOR JOHN A. SVAHN
CHAIRMAN, PROPERTY REVIEW BOARD

FROM: JOSHUA A. MUSS [signature: Josh Muss]

SUBJECT: Forest Service Legislation

Last year, the Department of Agriculture announced that it would propose to Congress legislation for the study of six million acres of Forest Service lands which would include authority to sell lands which meet specified criteria. The proposal was a component of the President's property management initiative and developed in consultation with the Property Review Board.

The public and Congressional reception of this proposal has been cool. Several meetings were held with Senator McClure, who in general was opposed to the legislation, but reserved his decision until after an August, 1983, tour of Idaho. John Crowell has visited with the Senator and I have been in contact with his staff, and it appears that the Senator would be willing to support a bill for the study of Forest Service lands with very limited independent sales authority (small tracts of forty to eighty acres). Even with Senator McClure's support, the prospects of passage of any Forest Service legislation are not good.

John Crowell and I have discussed the alternative courses of action which we might consider which are discussed briefly in the attached paper. This is essentially a political question and Ed Harper had requested we arrange a meeting for its discussion and resolution for him with Ed Rollins and John Crowell. Even though Rollins has left the White House, I'm confident we can still get his advice. How would you like to proceed? I believe that it is important that we determine our course of action by November 1.

Enclosure

____ Arrange a meeting for me with Rollins and Crowell.

____ Arrange a meeting for me with John Crowell.

____ Other

A-752
p. 146

LEGISLATIVE OPTIONS
ASSET MANAGEMENT PROGRAM

Background

The proposal to provide authority to the Secretary of Agriculture to sell some National Forest System lands has met with considerable opposition and resistance, even from conservative Republican members of Congress. The Department of Agriculture has been requested by Senator McClure not to submit legislation to Congress that would provide general legal authority to sell National Forest lands. Senator McClure instead wants the Forest Service to study areas for sale and to develop specific recommendations for sale before legislation is proposed. The Department of Agriculture is reluctant to commit the resources that would be required to study National Forest areas for sale without some indication that tracts finally recommended will actually be sold.

Administration Options

Several options exist for Administration action:

1. Submit legislation that would grant authority to sell as much of the 6 million acre inventory of land identified for further study as ultimately proves to meet criteria specified in the legislation. Alternatively, the legislation could be limited to the portion of the 6 million acre inventory west of the Mississippi, or could include possibly Michigan, Wisconsin, and Minnesota.

PROS -- Even though the bill would have no chance of enactment, it would complete the action promised by the Administration with respect to proposals for selling some national forest land. It would generally demonstrate that the Administration's proposal is reasonable.

CONS -- It could rekindle the intense misrepresentation associated with this issue and could elicit further adverse reaction to the land sale concept from Chairman McClure.

2. Propose legislation providing authority to study lands throughout the National Forest System for sale and authorizing funding to do so.

PROS -- (a) Would be much less controversial than Option 1 and is more likely to be enacted.
(b) Even though authority to study lands for sale is not needed, it would be useful to have Congressional commitment to the process.

CONS -- (a) Studies could require significant expenditures of manpower and money without assurance of any eventual payoff in terms of lands sold.
(b) The study process would interfere with and complicate completion of National Forest land management plans.

3. Propose legislative authority to study certain National Forests or Grasslands having ownership patterns that are particularly scattered; e.g., two or three specific National Forests or Grasslands.

PROS -- (a) Would be less controversial than Option 2 and would be less expensive.
(b) It would allow people to become comfortable with the idea of study and possible land sales and could eventually lead to broader acceptance and expansion of legal authority.

CONS -- (a) It would be a severe reduction in the previous scope of the Asset Management Program and would not begin to achieve the original objectives of the program.
(b) This concept could be administratively implemented without new legislation.

4. Propose legislation authorizing sale of very small scattered and isolated tracts, e.g., tracts 40 acres and less, which are actually identified in the legislation.

PROS -- Would be much less controversial than Option 1, but probably more so than Options 2 and 3.

CONS -- (a) It would be a severe reduction in the previous scope of the Asset Management Program and would not begin to achieve the original objectives of the program.

5. Accept Chairman McClure's original conditions of performing the studies leading to recommendations for sales of specific parcels which would then be identified by the statute authorizing sale.

This would require initiating studies administratively to review lands for possible sale throughout the National Forest System (as in Option 2) or in specific areas (as in Option 3). Legislative authority to sell specific tracts would be sought as the studies generate recommendations for sale.

PROS -- (a) Initiating the studies would not require legislation. (b) Once tracts are identified for sale, legislation would be easier to get, at least from Chaiman McClure.

CONS -- (a) Would require significant commitment of funds and manpower without assurance of being able to obtain authority to sell specific tracts later proposed for sale, although this could be alleviated by doing the first studies on a small scale.
(b) Would be initiated without any Congressional endorsement or commitment to objectives.

6. In order to reduce the political opposition to land sales, legislation implementing sale authority could provide that revenues from the sale of land, rather than going to retire the national debt, could be covered into the Land and Water Conservation Fund (L&WCF) for use in paying for required properties.

PROS -- (a) Would considerably reduce opposition to land sales.
(b) Could have the indirect effect of retiring national debt since funds which otherwise would be expended from other sources for land acquisition would not be needed.
(c) Expenditures from L&WCF will require appropriation action, which could limit actual use of land sale revenues for acquisition.

CONS -- (a) Would be contrary to one of the objectives of the Asset Management Program which was to reduce deficits.
(b) Could be perceived as encouraging continued Federal acquisition of land.

7. Drop any further attempts to obtain authority to sell National Forest lands, either with or without an explanatory announcement.

THE WHITE HOUSE
WASHINGTON

Date: 10/25/83

TO: Jim Cicconi

FROM: Jack L. Courtemanche

☐ Recommended Action

☐ Review & Comment

☑ Information

☐ Other

Lets talk about this.

JB

THE WHITE HOUSE

WASHINGTON

October 25, 1983

MEMORANDUM TO: JACK COURTEMANCHE

FROM: Morton C. Blackwell

SUBJECT: Circular A-122 Update

Neil Blair of Howard Ruff's RUFF PAC and Free the Eagle tells me he will give written testimony in favor of the proposed Circular A-122.

Blair and Ruff are "hard money" conservatives with a big following. Free the Eagle has been a major opponent of the IMF bill.

MCB:jet

THE WHITE HOUSE

WASHINGTON

October 25, 1983

MEMORANDUM TO: JACK COURTEMANCHE

FROM: Morton C. Blackwell

SUBJECT: Conservative Comment on Proposed A-122 Circular

Per your request, I surveyed a number of conservative leaders to ascertain their willingness to give Congressional testimony in support of the proposed A-122 Circular.

As of now, two well-known leaders are prepared to offer supportive testimony:

1. GARY CURRAN. Curran is the legislative spokesman for American Life Lobby. He frequently gives Congressional testimony. His organization is very strongly conservative, so his testimony will be helpful in persuading other conservatives of the merits of the proposed A-122 Circular.

2. GORDON JONES. Jones is head of United Families of America. He is a longtime former staffer of Senator Jake Garn. He has excellent credentials with other conservative organizations. He is a leader of pro-family activities within the Mormon Church.

Both Curran and Jones will support the Circular A-122 proposal as a "step in the right direction." They will also point out that they would like for it to go further in stopping political use of federal grants.

Paul Weyrich is prepared to give the same reaction, when asked. Weyrich rarely gives testimony and is not prepared to do so in this case.

A number of other organizations on the conservative side will surely decide to give favorable testimony once they see the actual provisions of the proposal. They are unwilling to make a commitment to support something they have not had a chance to examine.

There will be, in all likelihood, opposition to the Circular A-122 proposal from Howard Phillips and his Conservative Caucus. They want nothing less than a prohibition on lobbying from any organization which receives federal grants. If the final regulation, however, includes the requirement to make available for public inspection all publications of organizations receiving federal grants it is possible that Phillips' opposition will be lessened.

It is likely that Richard Viguerie will follow Phillips' lead on this matter.

MCB:jet

THE WHITE HOUSE

WASHINGTON

October 24, 1983

MEMORANDUM FOR FAITH WHITTLESEY

THROUGH: JACK COURTEMANCHE JC

FROM: MARY JO JACOBI Mary Jo Jacobi

SUBJECT: A-122

Here is the latest update on business community views on A-122.

The biggest stumbling block is that apparently Joe Wright and Mike Horowitz promised a group of business representatives, in a meeting held some two months ago, that they would be able to see the actual language of the circular before it went to print. I was not involved in any meeting where that occurred.

Business has seen the draft that was leaked in August, and have been apprised of revisions since then, but they are angry because they feel that the promise of seeing the actual text has been reneged on by OMB.

Because of not having seen the language, the business groups are reluctant to say if they will testify, and if they do testify, what side they will take.

To date, I have only identified one business group which does not have a philosophical problem with A-122, the National Federation of Independent Business. However, they do have concerns as to whether this approach is the correct one to stop groups from using government money to lobby the government.

The NAM, Business Roundtable, U.S. Chamber and American Society of Association Executives have all said they would consider testimony but will not take a position pro or con until they see the actual language.

I have identified no individual companies yet who are willing to testify one way or the other.

In sum, my estimation of the situation is that those groups who are opposed will testify, those who are neutral or supportive will not.

I have not been able to track down the letter supposedly signed by 66 nonprofits that was sent to the President in opposition. Central Files is looking for it.

THE WHITE HOUSE

WASHINGTON

October 21, 1983

MEMORANDUM FOR FAITH WHITTLESEY

THROUGH: JACK COURTEMANCHE

FROM: MARY JO JACOBI Mary Jo Jacobi

SUBJECT: BUSINESS COMMUNITY VIEWS ON A-122

The following is a summary of the latest word on business reaction to OMB Circular A-122.

The NAM will not take a position until they see the language. They have a philosophical problem with the concept, however, and are likely to oppose A-122 on that basis. If asked to testify on the Hill they will do so, and as it stands today they are getting heavy pressure from their nonprofit members to oppose.

The Business Roundtable had a meeting of its task force on this issue, chaired by Jim Roland of Union Carbide. They probably will testify mildly favorably, emphasizing the discrepancies between A-122 and the DAR as problems. They are urging that the DAR be modified to conform with A-122. BRT has no nonprofit members.

The U.S. Chamber will not take a formal position until its several committees and Board of Directors has seen the actual language. This may put them behind the curve on testifying, but they feel that their internal policy process must work on this issue because of the level of controversy. Disagreements between their defense contractors and nonprofit members make this a difficult decision for the Chamber internally. The Chamber's association members are not thrilled with the concept.

The defense contracting companies view this draft of A-122 as their only opportunity to push changes in the DAR, and so they are going along with it. We will not see a wholehearted endorsement of it, but neither will we see a firestorm from them. It is unclear which of the defense contractors will testify at this writing.

The American Society of Association Executives has arranged for a briefing of some 65 of its member association executives for Wednesday, October 26, at its headquarters. Mike Horowitz will do the briefing. This session was arranged directly with OMB, with no consultation with OPL.

To date, ASAE has been the most intractable in its position. They have sent a letter to the President, dated October 7, stating that they oppose the issue on principle and that the proposed Circular should never be issued.

Assn Trends 10/14/83

66 big assns ask Reagan to kill A-122

In a flurry of activity, the Circular A-122 issue appears to be coming to a head this week, with the Office of Management and Budget trying to collect enough support to justify its issuance and opposing forces massing their firepower against its even being issued.

Some 66 major health-and-welfare organizations joined in a letter to President Reagan, urging him to kill the whole matter, while OMB General Counsel Michael Horowitz, chief proponent of a tough new A-122, held a series of sessions attempting to rally organizations behind it.

The circular, intended to curb lobbying by organizations receiving federal grants and contracts, was hastily withdrawn in its original form when it was published earlier this year, and OMB has been trying ever since to come up with language that would meet with the approval of the association community. Despite repeated meetings on the revised proposal, however, Horowitz has yet to release the new text, claiming that it is still undergoing changes.

At one meeting with OMB last week, Independent Sector, United Way, Goodwill, Campfire and other social service groups were implored to support some form of A-122. This indicated a lack of backing for the move on Capitol Hill, where a draft has been circulating for several weeks without gaining any support.

"We really need some sympathetic voices on this proposal... some form of A-122 is inevitable," Horowitz said, but Independent Sector and others said any limitation on their lawful activities is improper and if OMB feels there is a problem it should obtain legislation to correct it, not write a rule.

Horowitz said he was disappointed at the intensity of the reaction to his proposals, and decried the "not me" syndrome — "everyone wants his own pet project," he declared, "but all groups should consider equality of sacrifice.

He emphasized that complaints about what is in the new OMB proposal are premature, that nothing has been released or absolutely settled yet. He asked that response to the circular, when it is issued, should be "based on right and wrong... why should the taxpayers finance 1 side of the political debate?"

He claimed he has bent over backward to be fair to all groups. Next group he met with after the nonprofits was the New Right, whose demands for "defunding the left" initiated efforts to install a new A-122. □

NAM forming coalition to stop phone subsidy at expense of business

The National Assn of Manufacturers is activating its 100+ association members to join a coalition against a movement in Congress to subsidize telephone subscribers at the expense of American business.

The legislation, aimed at holding down phone rates after the AT&T breakup next January, would cost business and industry $2.2-Billion per year, and result in higher phone bills such as $9,000 more a month at NAM, according to Rick Norment, exec director of the NAM Associations Council.

The bill, called a "universal telephone service bill," is aimed at underwriting private phone service for all through a trust fund that would provide subsidies to rural phone companies and to the poor.

VP Jim Carty is heading the NAM effort; he is a former FCC staff member. Details: Norment, 202/626-3855. □

the PA state legislature and was brought her righthand assistant

Fired with Vipond was Lean ev secretary, who had also aided Way e when he was in the liaison office and Levy too was let go to make room for the leadership in the office.

Whittlesey called Vipond in at 4 PM Friday and gave him until 6 to clean out his (and leave. She simply sent word ev the latter was all through. Vipond was ur the impression that the termination because of disagreements he has hac Whittlesey.

In another development in the public lia office, former Rep. John Roussellot will join Reagan campaign staff Dec. 1, opening ano position in the liaison office. Rousselot has b coordinating with the business commur along with Mary Jo Jacoby, whose positic expected to be improved by the top changes.

A measure of Whittlesey's unique per of the function of the liaison office is the in the office telephone directory for a Ce American Desk" supposedly coordinating ters involving that hot part of the world. previous White House public liaison direc saw his job that way.

The changeover to Courtemanche's direct of the office was reportly accompanied "some kicking and screaming," as Whitt e objected to her change of duties.

ASAE mulls how to handle gay group


Taylor

Top leaders of the American Society of Association Executives this week discussed the move by a gay rights group to get official status in the society, and indications were that the initial ASAE position would be "wait-and-see" until the situation develops further.

ASAE Pres. R. William Taylor, CAE, told Trends he was conferring with General Counsel George D. Webster on the matter, particularly the unauthorized use of the ASAE seal on the group's preliminary 4-page memo (See Oct. 7 Trends).

"There is nothing official to be said yet," Taylor declared, noting that the size of the group has yet to be determined and ASAE, like other associations, has to prioritize its resources according to the number of members seeking them.

The "ASAE Human Rights Caucus" aims not only to establish a presence within the professional society but expand its influence by "fostering the formation of a Human Rights Caucus within each allied and/or affiliate group of ASAE" and conduct educational programs.

Main objective of the movement, sparkplugged by James O. Yeaman, CAE, of Montgomery AL, is to "destigmatize the gay or lesbian professional through the demonstration of the continued professional worth and ability of ASAE members without regard to their sexual orientation."

Yeaman's group, which held its initial meeting during the recent ASAE convention in San Francisco, plans to organize formally in conjunction with the ASAE spring convention March 17-21, 1984, in Nashville. □

Late News at Presstime

- Interior Sec. Watt resigned, done in by a dumb remark at the Assn Insiders breakfast.
- Jim Finch, deputy postmaster general, is being hailed as Bill Bolger's replacement.
- Auto mileage tax deduction for 1983 will be 20.5¢ per mile, up from 20¢ last year, IRS says.
- 28-Million jobs will be created in the next 2 decades, Natl Planning Assn estimates, with CA out in front with 30% growth.
- BizNet News Today, the hour-long weekday program from the US Chamber, is now on WTKK-TV, channel 66, in the DC area, 7 AM.
- Consolidation vote of the American Society of Photogrammetry and American Congress of Surveying & Mapping failed to get the required ⅔, and W.A. Radzinski, exec manager, has resigned effective Nov. 18. □

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ADDRESS CORRECTION REQUESTED —

10/14

rc-22
10-26

PROPERTY REVIEW BOARD

17th & PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20500

October 25, 1983

MEMORANDUM FOR JAMES CICCONI

TO ~~FROM:~~ JOSHUA A. MUSS

SUBJECT: SAN LUIS OBISPO SURVEY DISPUTE

Josh: This is fine - thanks for answering my questions! JC 10/28

Your memorandum raises the concern that future development of this Coast Guard property might eventually lead to community pressure to relocate or remove the sound signal, thus adversely impacting the Coast Guard's mission -- and that perhaps it should be retained to avoid this eventuality.

This issue was considered by our staff during the review but for several reasons was not a major consideration in the final recommendation.

First, the Coast Guard has several lighthouses and fog signals in exclusive and densely populated areas. Perhaps the most notable is the Point Pinos fog signal which is located on the 17-mile drive of the Monterey Peninsula, surrounded by exclusive homes inhabited by cantankerous retirees. The Coast Guard indicated that intermittently, depending on wind direction and other factors, they receive individual complaints about the signal from this facility from constituents and their Congressmen. However, the Coast Guard's California office could not document any instance of concerted community action, such as petitions, lawsuit threats, etc., nor could Coast Guard document this kind of community concern in any of their other facilities. It is important to remember that each of these communities also has a maritime constituency which supports the need for the fog and light signals.

Second, there is evidence that most people who live in high-noise-level areas learn over time to filter out noise that might otherwise be annoying. The best example of this is the people currently living at the San Luis Obispo site who, when queried on this issue by the GSA survey representative, said they had become so used to the noise that they didn't notice it at all.

Third, this is a non-urban, rural area. Any future development would almost certainly be low intensity.

As a result of these discussions and findings and the ability of the Coast Guard to effectively baffle the sound, our staff concluded that it was not a major consideration. Nevertheless, we probably should have included these points in the case write-up. I hope this answers your questions and eliminates your concern.

f Prop Rev Bd

PROPERTY REVIEW BOARD

17th & PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20500

September 23, 1983

MEMORANDUM FOR JAMES BAKER
EDWIN MEESE
DAVID STOCKMAN
GERALD CARMEN
WILLIAM CLARK
MARTIN FELDSTEIN

FROM: JOSHUA A. MUSS
EXECUTIVE DIRECTOR

JoMuss

SUBJECT: Survey Dispute at Atterbury Job Corps Center, Edinburg, Indiana

John A. Svahn recommends resolution of the survey dispute on the subject property by declaring the property excess.

In accordance with Board guidelines, if no member of the Property Review Board objects within five working days, Mr. Svahn's recommendation will be considered final.

Attached is his recommendation and a brief background memorandum.

Attachments

PROPERTY REVIEW BOARD

17th & PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20500

September 21, 1983

MEMORANDUM FOR THE CHAIRMAN
PROPERTY REVIEW BOARD

FROM: JOSHUA A. MUSS
EXECUTIVE DIRECTOR

SUBJECT: SURVEY DISPUTE AT ATTERBURY JOB CORPS CENTER, EDINBURG, INDIANA

DESCRIPTION

350 acres of land improved with 37 buildings.

PROPOSAL

Retain or excess 75 acres of land and six buildings.

BACKGROUND

The GSA surveyed the 350-acre Atterbury Job Corps Center in Edinburg, Indiana, on August 18, 1982.

The Atterbury Job Corps Center's purpose is to provide an education and/or job skills training to individuals between the ages of 16 and 22 who originate from lower income families. Res-Care Incorporated is the contractor operating the Atterbury Job Corps Center for the Department of Labor (DOL). DOL acquired 864.47 acres of land improved with 395 buildings through transfer when a major portion of the former Camp Atterbury was reported excess in 1967. Since then DOL reported about 515 acres of land and numerous buildings as excess. However, 75 acres of land in the far northern part of the property, north of Division Street, are not being used at all by the contractor and should be reported excess.

The Department of Labor contends that the 75-acre tract should be included in a buffer-zone easement being created to separate recreational activities conducted on adjoining lands by the Johnson County Indiana Parks' authority from the Job Corps Center, and therefore, should not be declared excess.

GSA recommends the 75-acre tract for excessing since the land is not being used for mission purposes. Any commercial use in character for the parcel will achieve the desired buffer.

DISCUSSION:

The contractor operator, Res-Care Incorporated, has absolutely no current use for this property and does not anticipate any future use for the site.

RECOMMENDATION:

Excess the 75-acre tract. I recommend that you send the attached letter to the Secretary of Labor.

Attachment: Honorable Raymond J. Donovan Letter

THE WHITE HOUSE

WASHINGTON

The Honorable Raymond J. Donovan
Secretary of Labor
200 Constitution Ave., N.W.
Washington, D.C. 20210

Dear Secretary Donovan:

The Property Review Board has reviewed the disagreement between the Department of Labor and the General Services Administration regarding disposal of property at the Atterbury Job Corps Center, Edinburg, Indiana. The Property Review Board is responsible under Executive Order 12348 for resolving such conflicts. We have reviewed the GSA survey report and the written comments provided by the Department of Labor.

The Department of Labor's position is that the 75-acre tract should be included in a buffer-zone easement being created to separate recreational activities conducted on adjoining lands by the Johnson County Indiana Parks' authority from the Job Corps Center, and therefore, should not be declared excess. Based on the information provided by your department I have concluded that an actual future need for this property has not been demonstrated. Accordingly, it is my view that the appropriate resolution of this conflict is to declare the 75 acres excess.

Please report these acres as excess to the Administrator of General Services. Thank you for your support of the President's efforts to make the highest and best use of the taxpayer's real property assets.

Sincerely,

John A. Svahn

cc: Gerald Carmen
Alfred M. Zuck

AA
Pl. make copy before sending. Put in a BI"

PROPERTY REVIEW BOARD

17th & PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20500

November 18, 1982

MEMORANDUM FOR JAMES W. CICCONI

FROM: JOSHUA A. MUSS

SUBJECT: ELLINGTON AIR FORCE BASE

Bruce Selfon has discussed with you the proposed PRB staff recommendation regarding the disposition of Ellington Air Force Base. Attached for your information is a copy of that recommendation. Ed Harper suggests that if there is no need for extended discussion on this issue, the Board adopt the recommendation by unanimous consent rather than holding a meeting. I know that Houston is not going to be happy with our recommendation, so can we get Jim Baker to sign off on it or do we need a meeting?

Attachment

To: Joshua Muss

Per JAB, there is agreement on the PRB staff recommendation.

Jim Cicconi
11/23

Agenda Item ____

Issue:

The proposed conveyance of surplus property at Ellington Air Force Base to the City of Houston for public airport purposes.

Background:

After a determination that the property was unneeded by the Air Force, the Department of Transportation reviewed competing applications from Houston and Pasadena, Texas, for the surplus property to use as a public airport. The DOT concluded tht the City of Houston application should be approved, and this was announced by the President on June 16, 1982.

The President stated that surplus property that was not needed for the airport would be sold. At issue before the Board today is whether to approve the transfer of 248 acres of property that would be revenue producing, but not essential for airport operations.

The DOT has recommended that about 200 acres of non-airfield property be transferrd at no cost to the City of Houston. The City of Houston has offered to purchase the additional 50 acres at "fair market value", not to exceed $15,000. This recommendation was endorsed by the General Services Administration with the modification that the fair market value must be determined by an independent appraisal.

Recommendation:

After review, the Board staff recommends that the 146 acres adjacent to the runways be conveyed to the City of Houston at no cost. The projected income from this acreage appears essential to a break-even operation of the airport. The Board staff recommends that the non-airfield related 102 acres be sold to Houston at fair market value. The City's feasibility report projects that revenue from this acreage is also necessary for the economic operation of the airport. It appears, however, that projected revenues have been reduced by the City's practice of subsidizing or foregoing certain user fees at its airports. This policy which Houston has adopted for reasons unrelated to efficient airport operations does not justify the Federal subsidy that would result from the proposed transfer of the 102 acres worth approximately $10 million.

The Board staff recommends that the GSA recommendation be approved, except that the City of Houston be given the first opportunity for a negotiated purchase of the 102 acres at fair market value.

DISCUSSION OF PROPOSED
DISCOUNT CONVEYANCE TO THE CITY OF HOUSTON
OF ELLINGTON AIR FORCE BASE

The FAA has submitted a proposed discount conveyance of Ellington Air Force Base to the City of Houston. In addition to those areas used for flight line, future taxi-ways, hangers, flight-line accessible leases, or retained by the Federal government, Houston has requested and the FAA has recommended that the City receive approximately 102 acres of industrial property not accessible to the airfield; 51 acres free and 51 acres at fair market value, not to exceed $15,000 per acre.

I suggest that the PRB recommend to the Administrator of GSA that the requested discount conveyance be approved, except that the City be required to pay fair market for the entire 102 acres. This recommendation is consistent with the President's June 16, 1982 statement that those portions of Ellington "not needed for the airport" would be sold.

Discussion:

The City justifies its request for conveyance of this property, which it estimates has a market value of $10 million, for $765,000 based on the revenue needs of the proposed facility. I believe the anticipated revenues are underestimated or have been foregone for reasons unrelated to airport operations, and that the requested $9.2 million subsidy is unnecessary for the economic operation of the airport.

In addition to the portions of Ellington used for flight operations and retained by Federal agencies, there are 237 acres on the Base. The FAA proposal considers these properties in four categories:

1) Approximately 55 acres currently improved with hangers and similar facilities;

2) Approximately 82.5 acres adjacent to proposed taxi-ways for future flight-line lease.

3) 51.0 acres of non-airfield property "economically required for airport"; and

4) 51.4 acres "available for purchase by City".

The FAA proposes to give the City areas 1, 2 and 3, and to sell it area 4 at fair market value, not to exceed $15,000 per acre. (The City's feasibility report estimates the property to be worth $87,000/acre. There is no statutory authority for a sale of this area at less than fair market value.)

The City of Houston projects spending $25 million in future capital improvements on Ellington. (Approximately $9.6 million of this money is anticipated to come from an FAA ADAP grant, and $2.4 million is to be borne directly by the FAA through ownership of navigational systems.)

Houston's request for conveyance of the 102 acres is based on its projections that revenues will be inadequate to cover expenses without the inclusion of these properties in the airport. The City projects total revenues in 1987 of $4,150,000 and costs of $4,000,000.

Revenues		
Federal user fees		$1,818,800
Civil fees		
Fuel-flow revenues	279,000	
Flight-line rentals	480,000	
Non-flight line rentals (102 A)	712,600	
Flight-line accessible (82 A)	857,300	2,328,900
Total Revenues:		4,147,700
Costs		
Operating and maintenance		2,616,000
Annual amortized capital		1,352,000
Total Costs:		3,968,000

The revenue estimates are too low because they fail to adequately account for:

1) Inadequate estimate of fuel-flowage fees. The estimate projected a fuel-flowage fee of 6 cents per gallon based on the 1980 charges at Houston Intercontinental (IAH) and Hobby of 5 cents per gallon. The cost of the service was estimated to be 12-16 cents per gallon. The estimate does not account for the planned increase in these fees at IAH and Hobby, nor in any way addresses the rationale for subsidizing the fees at any City-owned airport. Accordingly, the revenues should be considered understated by the amount of the subsidy, $465,000.

2) The report fails to take into account the increase in landing fees which the operation of Ellington will permit. One of the City's objectives in acquiring Ellington is to permit the diversion of general aviation traffic from Hobby to Ellington in order to make more landing slots and facilities available for commercial traffic. In order to encourage relocation, the City proposes not to charge landing fees at Ellington. Undoubtedly, they also intend to institute landing fees for general aviation at Hobby. Additionally, the increased commercial capacity at Hobby will generate more revenues than the general aviation which it replaces. Accordingly, the City has failed to include this system-wide revenue increase in its estimate.

3) The estimates for income from the 102 acres without flight-line access is based on rental of 12 cents per square foot. The feasibility study acknowledges that this rent is based on the low estimate of market rents. Thus, the 1987 rental income may be underestimated by 100%, or $712,600.

4) "To keep revenue estimates conservative", the City estimates no income during the period from a 35,000 square foot hanger building or 48,000 square foot shop building currently located on the property. As non-airport related warehouse buildings, these two properties should generate rentals of $2.00 per square foot and, therefore, the income may be underestimated by $186,000. (The feasibility report notes that the cost estimates do not include the costs of refurbishing these buildings.)