

THE WHITE HOUSE

WASHINGTON

February 28, 1975

MEMORANDUM TO: JACK MARSH

FROM: RUSS ROURKE *R*

This sounds like a lousy idea. It would be false stimulus to the automobile industry. I doubt that the cost/benefit rates would be very satisfactory. Following Art Sampson's theory, a little further, it would be even more helpful if the federal government purchased 800,000 vehicles and put 9/10 of them in mothballs.

Instead of violating the President's pledge against new appropriations, I would rather see GSA come up with a tighter and more comprehensive program of cost cutting in connection with its 80,000 vehicle fleet, e.g., more emphasis on government vehicle car pools, less frequent use of existing vehicles and greater economy of management all the way around.

My own car is a nine-year old Ford, has 150,000 miles on the original engine, and is still very serviceable. This was due to a dedicated program of preventive maintenance. I would suggest the same guidance to GSA.

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THE WHITE HOUSE
WASHINGTON

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Your comments

John



UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
WASHINGTON, D. C. 20405

By JD NARA, Date 3/7/H

ADMINISTRATOR

~~CONFIDENTIAL~~

February 26, 1975

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I have been doing some preliminary work in order to submit an idea for your consideration. This idea should have immediate impact upon the economy.

GSA manages the fleet of approximately 80,000 vehicles, most of which are automobiles, stationwagons and small trucks. This fleet of cars is approximately five to six years old and very expensive to operate and maintain. I am suggesting to you that we replace the entire fleet of vehicles with a single purchase. This would have the following benefits:

1. It would give the automobile industry a quick, significant boost with an order for 80,000 at an approximate sales volume of \$280 million.
2. The announcement alone of such a procurement would help to stimulate the automobile market.
3. A significant number of automobile employees would be put back to work reducing the unemployment in that industry (we do not know at the present time how many employees would be affected for how long but we would make that determination should you decide to go along with this proposal).
4. A new fleet of vehicles in the appropriate sizes would save almost six million gallons of gas per year. (Our present fleet is old and of high horsepower and uses a great deal of gas.)
5. We would realize substantial savings in the maintenance costs of our vehicles (because of the age of our vehicles and the sizes, we are spending a great deal of money in repairs and maintenance).

To make this idea work we would have to do the following:

1. We would have to request an appropriation from Congress of \$280 million.
2. Ask the Congress to waive certain restrictions and present laws relating to methods of procurement and limitations on prices of automobiles.
3. Negotiate acceptable prices with the automobile manufacturers.
4. Negotiate with the major manufacturers their individual shares of the total procurement (our intention is to spread the \$280 million among all of the major American vehicle manufacturers).

The idea of purchasing a large number of vehicles is now being discussed by some Members of Congress.

Should you determine that this proposal has merit we need to develop more substantive statistics to support our purchase. We have already done a great deal of analyzing and would be prepared for you to announce such a program within 48 hours after you make a decision. I assure you that the concept is sound both from the standpoint of stimulating the automobile industry and resulting in significant economic advantages for the taxpayer.

I think you should know that within the last 24 hours I have had inquiries from Congressmen suggesting that this type of proposal or a modification thereof be implemented very soon.

Please let me know if you want me to proceed any further in this regard.

Respectfully,



Arthur F. Sampson
Administrator

cc: The Vice President
Honorable James Lynn
Honorable John O. Marsh ✓

OCT 29 1975

RED TAG

THE WHITE HOUSE

WASHINGTON

October 28, 1975

MEMORANDUM FOR: JACK MARSH

THROUGH: MAX FRIEDERSDORF *M.F.*
VERN LOEN *VL*

FROM: CHARLES LEPPERT, JR. *CLJ.*

SUBJECT: GSA Acquisition of Property
at Laguna Niguel, California

This is in response to your request for information on the House Government Operations Committee investigation and hearings on the above stated subject.

In March, 1973 the GSA sent a 30-day review proposal to Congress to exchange two defense plants in Southern California, appraised at a value of \$20 million, for property owned by the North American Rockwell Corporation consisting of a large office building and acreage appraised at a value of \$19.5 million. The defense plants were declared excess to the needs of the Federal government.

The Minority Staff advises that this in-kind exchange did not require congressional approval, but it was rumored that the property to be acquired involved Nixon people and possibly would be used as the Nixon Presidential Library. Rep. Jack Brooks, then Chairman of the Subcommittee on Government Activities and Transportation, advised GSA Administrator Sampson that he had some questions concerning this proposed exchange and placed a hold on the exchange. Sampson agreed to hold the exchange and both Brooks and Sampson corresponded for 7 to 8 months on the subject.

In February, 1974 Rep. Brooks wrote Sampson, objecting to the proposed exchange of property and requested GSA to cancel the proposal or come to the Congress for approval. Shortly thereafter, Rep. John Blatnik, Chairman of the House Public Works Committee, approved the in-kind exchange of the defense plants for the North American Rockwell property.

In March, 1974 GSA began leasing space in the former North American Rockwell office building. GSA began leasing to other Federal agencies and the Internal Revenue Service and the Department of the Interior leased space for the storage of records. GSA also leased space for itself in the building. At this point it is reported that Rep. Brooks became enraged and indicated he wanted to hold hearings on the exchange prior to Sampson's reported departure from GSA. These hearings did not take place.

In September, 1974 the House Committee on Government Operations sent staff investigators to the Laguna Niguel site and the two defense plants. The staff investigation concluded that GSA had only a 21% occupancy of the office building, the office building was not ideally located because it was equidistant from Los Angeles and San Diego involving a 1-1/2 hour drive one way for employees and there was not adequate housing in the area of the office building site.

On October 7, 1975, the Subcommittee on Government Activities and Transportation held hearings on the exchange of property. The hearings were reported to be non-productive and merely gave Rep. Brooks the opportunity to roast Sampson. Sampson took the position that the exchange of property was a good exchange for the Federal government and pointed out in the hearings that despite his correspondence with the Congress on this matter that no committee or sub-committee of the Congress held hearings to disapprove the proposed exchange prior to its consumation.

It is also reported that Rep. Brooks does not consider the exchange to be a fair exchange, that GSA will not be able to attract tenants to increase the percentage of occupancy because of the location, travel time for employees and lack of adequate housing in the area. Staff advises that Rep. Brooks considers the exchange to be a bail-out of the North American Rockwell Corporation, but that without further evidence he will probably drop the matter.

cc: Tom Loeffler

October 9, 1975

MEMORANDUM FOR: MAX FRIEDERSDORF

FROM: JACK MARSH

Could one of your people discreetly develop some information for me on a proposal before the Committee on Government Operations in reference to the acquisition of property at Laguna Niguel, Calif.

As a matter of interest, this is a rather controversial subject and, therefore, I would like to have a little background concerning what happened in the hearing.

JOM/dl





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

December 24, 1975

MEMORANDUM FOR: JAMES T. LYNN
FROM: CALVIN J. COLLIER
SUBJECT: GSA Public Buildings

We need a final decision on the Public Buildings matter right away.

The decision to go ahead with full funding of all pending prospectuses poses serious problems because:

- It requires a request for \$318 million in budget authority (with about \$79 million in FY 1977 outlays) as set forth in detail in Tab A;
- But the Federal Building Fund (FBF) will only have \$50 million available in FY 1977.

The reduced size of the FBF next year results from our earlier decision to cut GSA's requested SLUC rates. That decision cannot be reversed at this time.

There are several options:

OPTION 1: Approve all prospectuses and provide for full funding through legislation that would authorize appropriations to the FBF coupled with a request for appropriations of \$268 million (\$318 million minus \$50 million).

Advantages:

- Would implement full funding decision.

Disadvantages:

- The Hempstead building should probably be scaled down in scope.
- The Phoenix prospectus has not yet been analyzed.
- None of the new buildings are cost-effective.

- Alternative analysis to support the new buildings on other grounds (e.g., downtown renewal, jobs, public convenience through consolidation) cannot be completed in time to meet budget deadlines.
- Legislation to provide appropriations to the FBF is inconsistent with the FBF concept and, in view of dissatisfaction with the SLUC system, could very well result in Congress abolishing FBF, SLUC, and the user charge principle these systems stand for.

OPTION 2. Unlink prospectus approval from funding. Request funds for already approved prospectuses (specifically, those which have been approved by Congress, plus the Madison Courthouse) totalling \$22.5 million. Proceed with further analysis looking toward prospectus approval for Springfield, Providence, Witchita, some version of Hempstead, and maybe Phoenix. Do not request funds for these new buildings on the grounds that the FBF is depleted.

Advantages:

- Allows further prospectus analysis that might provide a better basis for affirmative decisions.
- Provides convincing explanation for declining to fund new buildings.
- Prospectus approval will provide some satisfaction to those who want these buildings, even without immediate funding.
- Will permit further work on prospectuses to scale down Hempstead, digest Phoenix, and perhaps reduce Witchita or Providence.
- Does not risk tampering with or destruction of FBF and SLUC systems.

Disadvantages:

- Implies spending of \$22.5 million in budget authority and \$7.5 million in outlays in FY 1977 against the \$395 ceiling.

- Implies approval of prospectuses that are cost-ineffective.

OPTION 3. Same as Option 2 except no commitment to approve prospectuses for Springfield, Providence, Witchita, Hempstead, or Phoenix.

OPTION 4. No funding for new construction in FY 1977 and no commitment on new prospectuses. This represents the OMB recommendation and is consistent with previous guidance.

Advantages:

- Programmatically justified in tight budget year.
- Will make prospectus disapproval more explainable to interested persons.
- Avoids programmatic anomaly of extremely tight budget for GSA repairs and alterations (which is a better use of funds) in favor of lower priority new construction.

Disadvantages:

- Will be unpopular.
- May be reversed by Congress.

DECISION

OPTION 1 _____
 OPTION 2 _____
 OPTION 3 _____
 OPTION 4 _____
 See me _____

Attachment

<u>Project</u>	<u>BA</u> <u>(millions)</u>	<u>Outlays (millions)</u> ^{1/}			<u>Present value cost per square foot</u>	
		<u>FY77</u>	<u>FY78</u>	<u>FY79</u>	<u>Existing Space</u>	<u>Proposed building</u>
<u>Approved by OMB and Congress.</u>						
Augusta, Georgia - building conversion.....	.8					
Atlanta, Georgia - building conversion.....	1.8					
Blaine, Washington - border station.....	3.1					
East St. Louis, Illinois - new building.....	5.4					
Los Angeles, California - parking facility.....	5.6					
Subtotal.....	16.7	4.2	8.3	4.2		
<u>Approved by OMB - awaiting Congress.</u>						
Madison, Wisconsin - courthouse.....	5.8					
Washington, D. C. - Penn. Ave. annex.....	88.2					
West Los Angeles - parking facility.....	9.3					
Subtotal.....	103.3	25.8	51.7	25.8		

^{1/} Outlay distribution assumes a spendout of 25% in the first year, 50% in the second year and 25% in the third year, based on historic experience.

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<u>Project</u>	BA (millions)	Outlays (millions) ^{1/}			Present value cost per square foot	
		<u>FY77</u>	<u>FY78</u>	<u>FY79</u>	<u>Existing space</u>	<u>Proposed building</u>
<u>Pending at OMB - recommend denial</u>						
Springfield, Massachusetts new building.....	14.7				\$110	\$208
Witchita, Kansas - new building	28.2				80	200
Providence, Rhode Island - new building.....	31.9				90	235
Hempstead, New York - new building.....	84.0				96	280
Subtotal.....	158.8	39.6	79.1	39.6		
<u>Pending at OMB - not yet analyzed</u>						
Phoenix, Arizona - new building.....	40.3	10.1	20.1	10.1		
Grand Total.....	318.6	79.1	159.2	79.1		

^{1/} Outlay distribution assumes a spendout of 25% in the first year, 50% in the second year and 25% in the third year, based on historic experience.