

Calendar No. 905

106TH CONGRESS }
2d Session }

SENATE

{ REPORT
106-458

SOUTHEAST FEDERAL CENTER PUBLIC-
PRIVATE DEVELOPMENT ACT OF 2000

R E P O R T

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

H.R. 3069

TO AUTHORIZE THE ADMINISTRATOR OF GENERAL SERVICES TO
PROVIDE FOR REDEVELOPMENT OF THE SOUTHEAST FEDERAL
CENTER IN THE DISTRICT OF COLUMBIA



OCTOBER 2 (legislative day, SEPTEMBER 22), 2000.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

79-010

WASHINGTON : 2000

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**SOUTHEAST FEDERAL CENTER PUBLIC-PRIVATE
DEVELOPMENT ACT OF 2000**

OCTOBER 2 (legislative day, SEPTEMBER 22), 2000.—Ordered to be printed

Mr. THOMPSON, from the Committee on Governmental Affairs,
submitted the following

REPORT

[To accompany H.R. 3069]

The Committee on Governmental Affairs, to which was referred the bill (H.R. 3069) to authorize the Administrator of General Services to provide for redevelopment of the Southeast Federal Center in the District of Columbia, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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I. PURPOSE & SUMMARY

The purpose of H.R. 3069, the Southeast Federal Center Public-Private Development Act of 2000, is to authorize the Administrator of General Services to provide for the redevelopment of the Southeast Federal Center in the District of Columbia.

II. BACKGROUND

Planning the capital city

Washington, D.C.'s design is the product of careful planning. Two plans for the city were created and followed. These plans were completed by Pierre Charles L'Enfant in the 18th Century and Senator

James McMillan of Michigan in the 20th century. Planners today refer to and interpret how L'Enfant and McMillan would have extended their plans to accommodate the current needs of D.C.

In 1791, Pierre Charles L'Enfant was selected by President George Washington to plan the Federal City known as the District of Columbia. L'Enfant, through his planning of Washington, attempted to symbolize the balance of the executive and legislative branches of the government by placing the Capitol and White House on prominent sites in the city and linking them with Pennsylvania Avenue. L'Enfant also highlighted the importance of States by creating prominent squares and circles named after State heroes and linking them with roads named for the States.

L'Enfant also envisioned the possibility of new development and planned the city such that neighborhoods were linked with one another and the Federal government. He also emphasized the importance of preserving open space, parks, and vistas. In particular he envisioned the grand stretch of open space west of the Capitol extending to the planned Washington Monument now called The Mall.

In 1901, Senator James McMillan, as Chairman of the Park Improvement Commission of the District of Columbia (McMillan Commission), began extending L'Enfant's Plan to revitalize the District of Columbia. McMillan re-emphasized the importance of open spaces and parks. He also expanded the planning of open space and parks away from The Mall, extending it throughout the city.

Since 1924, a National Capital planning agency has existed in various forms to be responsible for the comprehensive planning of the National Capital Region. The current commission is the National Capital Planning Commission (NCPC). In 1997, the NCPC released "Extending the Legacy: Planning America's Capital for the 21st Century," intended to build upon the previous planning efforts by creating a vision plan for the city. Although not a comprehensive plan, the Legacy Plan creates a "framework" for planning which provides vision for the development of the Capital in the 21st century which includes the Southeast Federal Center. The Legacy Plan also takes into account the local planning efforts begun after Home Rule in 1973, which established the current local D.C. government.

History and need for legislation

The Southeast Federal Center (Center) is a 55.3 acre site located in Washington, DC. It is bounded by the Anacostia River on the south, M Street on the north, the Navy Yard on the east, and 1st Street on the west. Other than the Navy Yard, there is only moderate industrial use in the area.

During the time of Pierre Charles L'Enfant much of the Center was under water. In 1803, President Thomas Jefferson established shipbuilding in this area of the city. Subsequently, there was a rapid development of wharves, warehouses and refineries. By the end of the 19th Century, electricity and the railroad were introduced to the site.

During World War I, the nature of development on the site shifted from shipbuilding and refineries to weapons production and most of the private development was eliminated from the site. Further changes occurred during World War II when the site was the

center for ordnance production and repair of damaged navy vessels. Following the war, however, development of missiles and electronic equipment made this production and repair obsolete.

By 1962, all production ended and the Navy Yard was split into two—a portion of the property remained with the Navy Yard and a portion was transferred to GSA. Today, the main presence in that area is the Navy Yard, which has increased its number of personnel over the years. GSA has attempted over the years to encourage other Federal agencies to relocate to this area to help revitalize it; however, they have not been successful.

In 1996, Congress appropriated funds to start environmental restoration of the Navy Yard area and demolition or restoration of unused buildings to help make the area more attractive. Even with these efforts, GSA has identified approximately 5 million square feet of potential office space which is going unused.

H.R. 3069 provides GSA with the authority to enter into various types of agreements with private entities including leases, contracts, cooperative agreements, limited partnerships, joint ventures, trusts, and limited liability corporations. Further, GSA would be authorized to sell or exchange property in that area.

The Committee concluded that special authorization for GSA was needed for several key reasons. First, previous GSA attempts to redevelop this area under the current law have failed. Second, any property transactions authorized by H.R. 3069 must be for “fair consideration,” thus ensuring the Federal government will receive appropriate compensation for any business arrangements, leases, sales, or exchanges. Third, the redevelopment fits into a larger revitalization plan for redevelopment, following the legacy of the L’Enfant and McMillan plans.

Fourth, Congress has a special responsibility to the District of Columbia as the Capital City as mandated in the United States Constitution, Article I, Section 8, Clause 17. Finally, to ensure the Federal interests are adequately protected, the bill requires GSA to report to Congress on any agreements and explicitly retains the authority of the NCPC over this site to ensure future development is consistent with the overall planning for the National Capital Region.

Local district efforts

The District of Columbia in recent years has been attempting to revitalize the city. There already has been tremendous redevelopment in the downtown area, planned redevelopment westward from the Navy Yard down M Street to South Capitol Street, and discussions about revitalizing key entry points into D.C. such as Georgia Avenue and New York Avenue. The local government has attempted to facilitate this revitalization in reasonable ways.

D.C. Mayor Anthony Williams outlined key economic development priorities in the District of Columbia Strategic Plan for Fiscal Year 2001. Among the goals of the economic development plan are increasing targeted industries, marketing the District, increasing access to the Capitol, establishing retail hubs/commercial centers in neighborhoods, and relocating District agencies to neighborhoods to spur economic growth. The redevelopment of that area is a part of the broader revitalization that will help D.C. achieve some of the local goals. In particular, the redevelopment of the Southeast Fed-

eral Center and the Navy Yard has a projected potential of creating 15,000 new jobs in D.C.

The redevelopment of the Center will also allow for better use and public access to the waterfront. Unlike many other major cities, D.C. has underutilized its waterfronts including the waterfront at the Center and Navy Yard. Currently, even pedestrian access to the waterfront in the Southeast is limited. Redevelopment is intended to open access and development of this waterfront.

Although the employment level at the Navy Yard is expected to increase by 2,000 in the near future, the lack of redevelopment of the Southeast Federal Center may slow down or adversely effect the redevelopment of the area. This is one of the reasons GSA and the District of Columbia are partnering together to coordinate the revitalization of the Southeast Federal Center. It is an important piece of the redevelopment in that area and citywide. Also, because of plans to encourage growth, create more open access to the waterfronts, and connect this area down M Street to South Capitol Street, it is a natural extension of the L'Enfant and McMillan plans as outlined in the NCPC's "Extending the Legacy: Planning America's Capital for the 21st Century."

The authority provided to GSA in H.R. 3069 is a continuation of this effort and is appropriate given the role the Federal government has with respect to D.C.

Amendment

The amendment offered by Senator Thompson provides technical changes to the bill. First, it corrects the spelling of the National Capital Planning Commission (NCPC) in section 3(f). Second, it clarifies the role of NCPC by requiring that the Administrator of GSA consult with NCPC on the interpretation of the NCPC vision plan entitled "Extending the Legacy: Planning America's Capital in the 21st Century." Third, it corrects the Senate committee to which GSA is to report from "Environment and Public Works" to "Governmental Affairs."

III. LEGISLATIVE HISTORY

H.R. 3069 was introduced in the House of Representatives by Representative Bob Franks (R-NJ) on October 13, 1999 for himself and Representatives James A. Traficant, Jr. (D-OH), Robert E. Wise, Jr. (D-WV), and Delegate Eleanor Holmes Norton (D-DC). It was referred to the House Committee on Transportation and Infrastructure and then to the House Subcommittee on Economic Development, Public Buildings, Hazardous Materials and Pipeline Transportation. On March 23, 2000, the House Committee on Transportation and Infrastructure ordered reported H.R. 3069 by voice vote. The bill was passed by voice vote under suspension of the rules in the House on May 8, 2000.

On May 9, 2000, the bill was referred to the Senate Committee on Governmental Affairs. The Senate Committee on Governmental Affairs considered H.R. 3069 with an amendment offered by Senator Thompson on September 27, 2000. The Committee voted to order the bill reported as amended by voice vote.

IV. SECTION-BY-SECTION ANALYSIS (AS AMENDED)

Section 1 entitles the Act as the “Southeast Federal Center Public-Private Development Act of 2000.”

Section 2 defines the “Southeast Federal Center” as the site in the southeast quadrant of the District of Columbia that is under GSA control and jurisdiction and extends from Issac Hull Avenue on the east to 1st Street on the west, and from M Street on the north to the Anacostia River on the south.

Section 3 authorizes the Administrator of General Services to enter into agreements (including leases, contracts, cooperative agreement, limited partnerships, joint ventures, trusts, and limited liability company agreements) with a private entity.

Subsection 3(b) sets out terms and conditions for such agreements.

Subsection 3(c) requires that an agreement entered into by GSA will be for fair consideration.

Subsection 3(d) authorizes GSA to convey any interests in real property by lease, sale, or exchange, to a private entity.

Subsection 3(e) requires any obligations payable by GSA due to use of space, goods, or services by GSA on property subject to an agreement under this section be paid by funds available, in advance, in an annual appropriations Act, to GSA from the Federal Buildings Fund.

Subsection 3(f) retains the authority of the National Capital Planning Commission with respect the Southeast Federal Center and requires GSA, to the extent practicable, to ensure any agreement will be in accordance with the NCPC vision plan entitled “Extending the Legacy: Planning America’s Capital in the 21st Century.”

Subsection 3(g) excludes GSA’s authority under this section from various federal property laws.

Section 4 requires GSA to report to Congress prior to entering into an agreement under section 3.

Section 5 requires that net proceeds from an agreement entered into under section 3 be deposited into, administered, and expended, subject to appropriations Acts, as part of the fund established by section 210 (f) of the Federal Property and Administrative Services Act of 1949.

V. ESTIMATED COST OF LEGISLATION

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 29, 2000.

Hon. FRED THOMPSON,
*Chairman, Committee on Governmental Affairs,
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3069, the Southeast Federal Center Public-Private Development Act of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is John R. Righter.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 3069—Southeast Federal Center Public-Private Development Act of 2000

H.R. 3069 would authorize the General Services Administration (GSA) to enter into an agreement with a private entity for the purposes of redeveloping the Southeast Federal Center (SEFC) in Washington, D.C. Because much uncertainty exists as to whether GSA could find a private-sector partner to redevelop the SEFC and the exact form that such an agreement might take, CBO cannot estimate the budgetary impact of H.R. 3069. Because the legislation could affect direct spending (including offsetting receipts), pay-as-you-go procedures would apply.

An agreement to develop the SEFC under H.R. 3069 could take one of many forms, including a lease, joint venture, or limited partnership between the federal government and a private entity. Through such an agreement, GSA could sell a portion or all of SEFC; lease or exchange SEFC property for space, goods, or services, including new construction or physical improvements to existing federal property; or, through a public-private partnership, construct, manage, and lease space in new facilities to federal and nonfederal entities. The legislation would prohibit GSA from providing a federal guarantee for any debt issued as part of an agreement. Any obligation for GSA to make payments under H.R. 3069 would be subject to funding being provided in advance in appropriation acts. Under the legislation, GSA could retain and spend any proceeds resulting from an agreement, the legislation would require GSA to report to the Congress on the proposed agreement.

Because much uncertainty exists as to whether GSA could find a private-sector partner to redevelop the SEFC and the form such an agreement might take, CBO cannot estimate the budgetary impact of H.R. 3069. However, depending on the type of agreement, implementing H.R. 3069 could have significant budgetary consequences. For example, a public-private partnership formed to construct an office building at SEFC for use by federal agencies would be a lease-purchase agreement. Under the Budget Enforcement Act, a lease-purchase agreement would require an up-front appropriation equal to the building's full construction cost, and outlays would be recorded during the construction period.

Alternatively, GSA could use the authority in H.R. 3069 to provide a long-term lease of the SEFC to a private entity in exchange for specific services, such as rent-free office space for federal agencies. Because it would not involve the payment of cash, that transaction would have no budgetary impact. Finally, GSA could sell some or all of the SEFC property, thus increasing offsetting receipts (a credit against direct spending) from the sale of surplus federal property.

H.R. 3069 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. The District of Columbia could benefit under this legislation because public land currently exempt from property tax would become taxable if the property is transferred to private ownership. The outcome would

depend on whether the District of Columbia would choose to grant a tax exemption based on the proposed use of the property.

On April 6, 2000, CBO transmitted a cost estimate for H.R. 3069 as ordered reported by the House Committee on Transportation and Infrastructure on March 23, 2000. The two versions of this legislation are very similar and our cost estimates are the same.

The CBO staff contacts for this estimate are John R. Righter (for federal costs) and Susan Sieg Tompkins (for the state and local impact). The estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.

VI. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill. CBO states that there are no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and no costs on state, local, or tribal governments. The legislation contains no other regulatory impact.

VII. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, there are no changes in existing law made by the bill as reported.

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