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SENATE

{ REPORT
110-501

OLD POST OFFICE BUILDING REDEVELOPMENT ACT OF 2008

SEPTEMBER 24 (legislative day, SEPTEMBER 17), 2008.—Ordered to be printed

Mrs. BOXER, from the Committee on Environment and Public
Works, submitted the following

R E P O R T

[To accompany H.R. 5001]

[Including cost estimate of the Congressional Budget Office]

The Committee on Environment and Public Works, to which was referred the bill (H.R. 5001) to authorize the Administrator of General Services to provide for the redevelopment of the Old Post Office Building located in the District of Columbia, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE LEGISLATION

H.R. 5001 directs the Administrator of the General Services Administration (GSA) to proceed with redevelopment of the Old Post Office Building in Washington, DC in accordance with existing authorities and consistent with the redevelopment plan previously approved by the Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure.

GENERAL STATEMENT AND BACKGROUND

Completed in 1899, the Old Post Office served as the headquarters of the U.S. Postal Service and the main post office for our nation's capital. Over the years there have been multiple efforts to demolish the historic Romanesque building and redevelop the land on which it sits, but in 1973 the building was placed on the National Register of Historic Places. The Old Post Office is home to the Bells of Congress, which were a present from England on our Nation's Bicentennial.

The building is currently underutilized and the costs to maintain it far exceed rent payments collected each year. This legislation directs GSA to enter into a development agreement to redevelop the Old Post Office Building under terms and conditions that are beneficial to the Federal Government. The legislation also authorizes GSA to find replacement leases for the agencies currently housed in the Old Post Office Building whose relocation is necessary for redevelopment of the building.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Section 1 designates the short title of the Act as the “Old Post Office Building Redevelopment Act of 2008”.

Section 2. Old Post Office Building defined

Section 2 defines the Old Post Office Building as the land, including any improvements and including the Pavilion Annex, that is located at 1100 Pennsylvania Avenue, NW., in Washington, DC, and under the jurisdiction, custody, and control of the General Services Administration.

Section 3. Findings

Section 3 states Congressional findings for the Act. Congress finds that for almost a decade the Subcommittee on Economic Development, Public Buildings, and Emergency Management has expressed considerable concern about the waste and neglect of the valuable, historic Old Post Office Building. Congress further finds that, pursuant to P.L. 105–277, GSA was required to submit a development plan to the Committee on Transportation and Infrastructure of the House of Representatives, and the Committees on Appropriations and Environment and Public Works of the Senate. The Committee on Transportation and Infrastructure approved the plan in May 16, 2001, and the Senate Committees approved the plan on June 15, 2001. In 2004, GSA issued a Request for Expression of Interest for developing the Old Post Office Building. Congress finds that the request generated healthy, private sector interest, but GSA has failed to proceed with implementation of the approved redevelopment plan. Congress further finds that redevelopment of the Old Post Office Building will preserve the historic integrity of this unique and important asset, put it to its highest and best use, and provide a lucrative financial return to the Federal Government.

Section 4. Redevelopment of Old Post Office Building

Subsection (a) directs the Administrator of the General Services to proceed with the redevelopment of the Old Post Office Building in accordance with existing authorities available to the Administrator, and consistent with the redevelopment plan previously approved by the Committee on Transportation and Infrastructure of the House and the Committees on Appropriations and Environment and Public Works of the Senate.

Subsection (b) authorizes the Administrator to provide replacement space for the Federal agency tenants currently housed in the

Old Post Office Building, notwithstanding section 3307 of title 40, United States Code.

Section 5. Reporting requirement

Subsection (a) directs the Administrator of General Services to transmit a report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate, on any proposed redevelopment agreement related to the Old Post Office Building.

Subsection (b) provides that the report must include a summary of a cost-benefit analysis of the proposed development agreement and a description of the material provisions of the proposed agreement.

Subsection (c) provides that any proposed development agreement will not become effective until the end of a 30-day period of continuous session of Congress following the date of the transmittal of the report to Congress.

LEGISLATIVE HISTORY

In 1998, Congress passed the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (P.L. 105–277), which required GSA to submit a viable development plan for the Old Post Office Building before any Federal funds could be used to convert the space. On December 28, 2000, GSA submitted the plan for the Old Post Office, as required by P.L. 105–277.

On June 15, 2001, the Chair and Ranking Member of the Committee on Environment and Public Works, Senators Robert Smith and Harry Reid respectively, and the Chair and Ranking Member of the Senate Subcommittee on Treasury and General Government, Senators Ben Nighthorse Campbell and Byron Dorgan respectively, sent a letter to GSA giving consent for GSA to expend such funds as necessary to acquire by purchase the leasehold rights of the lease at the Old Post Office, if certain conditions were followed.

On January 16, 2008, Delegate Eleanor Holmes Norton introduced H.R. 5001, the ‘Old Post Office Building Redevelopment Act of 2008’.

On June 24, 2008, after favorable action by the House Committee on Transportation and Infrastructure and the U.S. House of Representatives, the bill was received, read twice and referred to the Senate Committee on Environment and Public Works. The Committee met on September 17, 2008, to consider the bill. H.R. 5001 was ordered to be reported favorably.

HEARINGS

The Committee did not hold hearings on H.R. 5001 during the 110th Congress.

ROLLCALL VOTES

There were no rollcall votes. The Committee on Environment and Public Works met to consider H.R. 5001 on September 17, 2008. A quorum of the Committee being present, H.R. 5001 was reported favorably without amendment by voice vote.

REGULATORY IMPACT STATEMENT

In compliance with section 11(b) of rule XXVI of the Standing Rules of the Senate, the committee finds, consistent with the findings of the Congressional Budget Office, that H.R. 5001 does not create any new private sector mandates as defined in the Unfunded Mandates Reform Act, nor will it cause any adverse impact on the personal privacy of individuals.

MANDATES ASSESSMENT

In compliance with the Unfunded Mandates Reform Act of 1995 (Public Law 104-4), the committee finds, in accordance with the findings of the Congressional Budget Office noted below, that H.R. 5001 would impose no Federal intergovernmental unfunded mandates on State, local or tribal governments, and that the bill contains no new private-sector mandates as defined in UMRA.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

SEPTEMBER 23, 2008.

Hon. BARBARA BOXER,
Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC.

DEAR MADAM CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5001, the Old Post Office Building Redevelopment Act of 2008.

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

Sincerely,

PETER R. ORSZAG.

Enclosure.

H.R. 5001—Old Post Office Building Redevelopment Act of 2008

H.R. 5001 would direct the Administrator of the General Services Administration (GSA) to reach an agreement with a private-sector entity to redevelop the Old Post Office Building (including the Pavilion Annex) located at 1100 Pennsylvania Avenue in the District of Columbia. CBO estimates that implementing H.R. 5001 would cost \$18 million over the 2009–2013 period, assuming appropriation of the necessary amounts. Enacting H.R. 5001 would have no significant net effect on direct spending and would not affect revenues.

H.R. 5001 would direct GSA to redevelop the Old Post Office Building in accordance with specific resolutions approved by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works in 2001. Those resolutions would require GSA to enter into agreements with private entities to redevelop the property through authorities granted in the National Historic Preservation Act (NHPA). That authority provides for the protection of historic properties and allows federal agencies to lease historic properties when those assets are not needed for current or future agency purposes.

Based on information from GSA, CBO anticipates that it would take about 26 months to develop and solicit proposals, analyze and rank the responses, and negotiate an agreement with a developer

for the property. Although it is unclear what type of development would take place, GSA has previously reported that a hotel is the most likely option, although other options for the location have included a museum, television studio, or office building.

According to GSA, the building is currently occupied by four federal agencies with approximately 450 employees and its main hall is occupied by about 36 private-sector entities, including retailers and food vendors. Based on information from GSA, CBO estimates that implementing H.R. 5001 would cost about \$18 million over the 2010–2011 period, assuming appropriation of the necessary amounts to relocate the federal employees currently occupying the Old Post Office.

In addition, payments by the current retailers and food court vendors (about \$500,000 annually) can be spent by GSA under the Public Buildings Cooperative Use Act without further appropriation. Future lease payments following the building's redevelopment under NHPA also could be spent by GSA under the Public Buildings Cooperative Use Act. Thus, neither the loss of receipts from the current vendors nor the collection of the new receipts from a ground lease following redevelopment would have any significant net budgetary impact.

H.R. 5001 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

On June 12, 2008, CBO transmitted a cost estimate for H.R. 5001 as ordered reported by the House Committee on Transportation and Infrastructure on May 22, 2008. Both pieces of legislation are identical as are the estimated costs.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW

Section 12 of rule XXVI of the Standing Rules of the Senate requires the committee to publish changes in existing law made by the bill as reported. Passage of this bill will make no changes to existing law.

