Politics Influence

8/26/73

By Douglas Watson

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The General Services Administration, the federal government's landlord, real estate broker, purchasing agent, housekeeper and recordkeeper, is also one of its least known agencies and usually remains well outside the spotlights of publicity and politics in Washington.

But GSA's considerable hidden power and political importance became more apparent than usual this month in connection with the improvements made on President Nixon's homes and with the Baltimore federal grand jury investigation of Vice President Spiro T. Agnew.

First, GSA Administrator Arthur F. Sampson held a news conference to tell how his agency spent $3.7 million on Mr. Nixon's San Clemente and Key Biscayne homes and offices.

Then came published reports that the federal prose-

GSA Leasing of Buildings

cutors in Baltimore had been told by figures in their investigation that some money collected from Maryland businessmen on Vice President Agnew's behalf, ostensibly as campaign contributions, had been used to influence the awarding of government contracts by the GSA.

A GSA spokesman called the report "irresponsible" and said "no one has brought to our attention even a hint of impropriety." It remains unclear whether the prosecutors, who have yet to interview anyone at GSA or look at its records, will uncover any corruption.

What is clear, however, is that GSA's billion-dollar leasing and purchasing business is inextricably intertwined with politics.

In an interview with The Washington Post, GSA administrator Sampson described his job as "so politically sensitive it's unbelievable," especially when it comes to awarding thousands of private businesses millions of dollars in federal contracts that are not put out to bid.

Sampson acknowledged that he has occasionally gotten recommendations from Vice President Agnew as to which architect or engineering firm to choose for a federal building project, for instance. But he quickly added that he receives "hundreds" of such recom-

See GSA, A16, Col. 1

11 Buildings Cited by GAO

Here are the 11 buildings cited by GAO:

Building	Location	Agency Using	Annual Rent	Lease Awarded	Construction Started
Security Investment Bldg. 1	Woodlawn, Md.	Social Security Admin.	$1.5 Million	Dec. '67	Jan. '68
Hoffman Bldg.	Alexandria	Defense Dept.	$906,881	March 11, '68	March 28, 68
LNT Bldg.	Alexandria	Defense Dept.	$2.2 Million	March, '71	July, '71
IRS Training Center	Hempstead, N.Y.	IRS	$239,947	March, '68	April, '68
Parklawn Bldg.	Rockville	HEW	$4.2 Million	Dec. '67	April, '68
Friendship Bldg. 3	Friendship Airport	NSA	$863,119	Sept. '67	Oct. '67
Friendship Bldg. 4	Friendship Airport	NSA	$1.8 Million	Nov. '68	Dec. '68
Computer Center Addition	Martinsburg, W.Va.	IRS	$180,924	Oct. '68	Nov. '68
Zachary Taylor Bldg.	Arlington	Defense Dept.	$1.5 Million	Feb. '70	March, '70
Nassif Bldg.	Washington	Transp'tation Dept.	$4.8 Million	April, '68	Feb. '68
Phillips Bldg.	Bethesda	AEC	$253,393	Aug. '67	June, '67

GSA, From A1

mendations from interested businessmen and their congressmen, and he sees nothing improper about them.

Many are apparently pro forma requests, blind favors by congressmen for constituents, such as one letter in GSA's files rom Sen. J. Glenn Beall (R-Md.) asking that Greiner Environmental Systems, Inc. be considered for a project. The Beall letter misspelled the name of the Greiner firm, which is one of those under investigation by the federal prosecutors in Baltimore.

When Sampson was asked what he would do if he had to choose between two equally qualified firms seeking a federal contract—and one of them was recommended by Vice President Agnew—Sampson said, "If they were equal, I would help the Vice President."

Much political pressure

on Sampson arises from the sheer volume of the lucrative business his agency does each year. GSA, with 40,000 employees, owns and operates more than 10,000 federal buildings, has a total of nearly $12 billion in assets, is working on 700 construction projects, had more than $290 million in construction money to spend last fiscal year, and bought and distributed to the rest of the government more than $2 billion worth of supplies and service last year.

Sampson, as GSA administrator, has the last word on the award of millions of dollars in federal contracts. And Sampson, apparently has not felt any necessity to insulate himself from those who would like to win his favor.

William J. Muth, a Baltimore County Public relations executive with Hurst-Rosche Engineers Inc., said in a recent interview that several years ago he attended a party in Pikesville, Md., at which Agnew, then GSA administration Robert L. Kunzig, Sampson (then a lower ranking GSA official), and many Maryland developers and engineers were present.

Muth, who said he is a friend and great admirer of Agnew, said that at the party Kunzig and Sampson gave him their telephone numbers. Muth added that in seeking contracts for his company from GSA, he and government officials have never done anything improper.

Richard O. Vawter, director of information for GSA, said Sampson recalls the Pikesville party as a "statewide Maryland Republican affair" and one of many occasions at which Sampson has mixed informally with engineers and other businessmen who may be seeking GSA contracts.

"He can't help but associate with businessmen and engineers. But so what? It's part of his job," Vawter said. He explained the many public appearances of Sampson and Kunzig when he was GSA administrator by saying, "They're both politicians."

Sampson, 46, a former General Electric executive from Erie, Pa., and state cabinet member under former Pennsylvania Gov. Raymond P. Shafer, came to Washington with President Nixon in 1969 and, after serving under Kunzig, and as acting administrator for a year, was named GSA administrator by Mr. Nixon this June.

Sen. Hugh Scott (R-Pa.), the Senate minority leader, is regarded by sources close to GSA as the main force behind Sampson's appointment and as his primary political sponsor. A Scott aide said Scott "thinks the world of Art Sampson," but his GSA appointment was pushed by the entire Pennsylvania delegation, not just by Scott.

Kunzig, Sampson's predecessor as GSA administrator before being appointed to the U.S. Court of Claims last year, is even closer to Scott, previously having been Scott's administrative assistant.

When Kunzig left GSA, the chief threat to Sampson's appointment and to ending Pennsylvania's place at GSA's helm was from former GSA deputy administrator, Rod Kreger, an ex-aide and political ally of former Sen. Karl Mundt (R-S.D.).

Mundt's retirement because of illness made it easier for Sampson, Scott's man, to win the presidential nod. Kreger, who left GSA this sunmer when he was appointed to the Postal Rate Commission, said "there was not classical fight" and he remains on good terms with Sampson.

"I would say that GSA is no more political than any other agency in the government and it is probably less political than it was in the past," said Kreger.

Construction contracts normally are awarded by GSA through competitive bid without necessarily any decisive input from Sampson, but there are other contract areas in which GSA's administrator has considerable latitude.

One involves the leasing by GSA of privately constructed buildings as offices for federal agencies, something GSA can do through negotiation without competitive bidding.

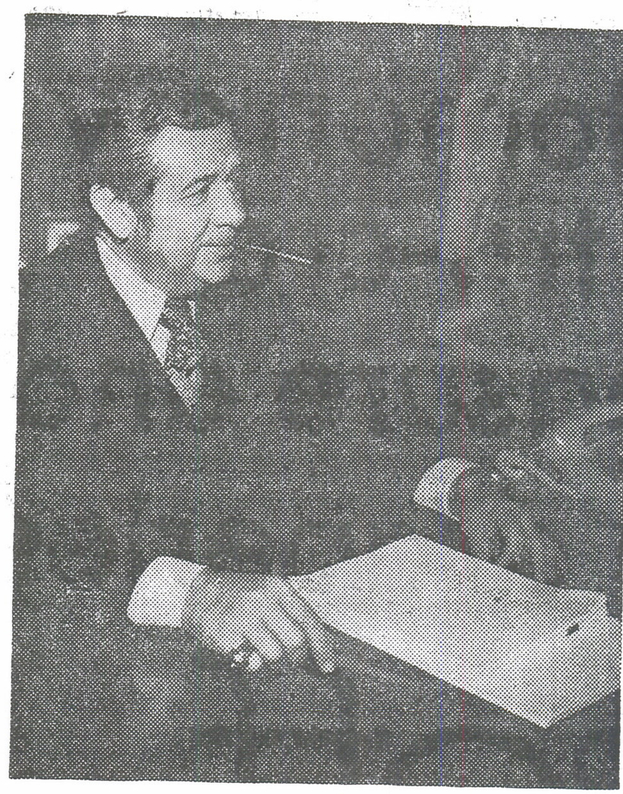
GSA presently is in the midst of a $1.5 billion program of federal construction. But the Nixon administration also has shown great interest in renting space from private landlords instead of having the government automatically build and own its own buildings.

Noncompetitive leasing by GSA has been especially common in Maryland during ecent years. GSA frequently has found it "impracticable to secure competition" among private landlords in the state willing and able to rent offices to the federal government.

Instead, GSA records show, the agency often has throughly discussed its building needs with only one or two selected building owners or developers before negotiating a long-term lease worth millions of dollars to the property owner.

The fortunate firms that have been awarded GSA leases in Maryland and elsewhere without competitive bidding often did not even have buildings to offer the government when GSA officials first alerted them to the need for federal office space in their area.

But with the prospect of a profitable 20- or 30-year government lease dangled be-



GSA administrator Arthur F. Sampson describes his job as "so politically sensitive it's unbelievable."

fore them and their financial backers, the informed property owners have frequently come up with the necessary building site (often one of the few that could meet the limited specifications set by GSA for that particular office), bank financing and architectural blueprints needed to get a GSA lease before they have a building to be leased.

For example, when in 1967 the Social Security Administration needed 400,000 more square feet of office space near its Woodlawn building just west of Baltimore, GSA said it got only two responses to a survey it made of property owners in the area. GSA determined that only one property owner, Security Investment Co., had an offer worth considering.

Among the partners in Security Investment Co. are Harry W. Rodgers III, his brother William A. Rodgers, Edward H. Dickinson and Samuel F. Heffner. Rodgers is close friend of Maryland Gov. Marvin Mandel, a Democrat, and also was chairman of the Maryland Democrats for Nixon during the 1972 election.

W. Dale Hess, another close friend of Mandel's who was active in Maryland Democrats for Nixon, has also been associated with this development group. Rodgers and Hess were two of the select guests invited to a party for President Nixon at John Connally's Texas ranch during last year's presidential campaign.

The Rodgers group has been highly successful in obtaining GSA leases. A list of GSA lease agreements in Maryland since 1969 supplied by the agency shows that the in this period the Rodgers group, under difficult corporate names with slightly varying partners, got two leases worth more than $1.5 million together in annual rental income, about 55 per cent of all the money GSA spends to lease office space in the Baltimore area.

While collecting rent on these leases to GSA and while negotiating at least one lease contract with GSA, Rodgers led a Maryland Democrats for Nixon fund-raising effort that collected more than $100,000 for the President's re-election campaign, including individual contributions from the partners in one of the Rodgers' group's ventures.

Rodgers has said there is no connection between the Maryland Democrats for Nixon campaign contributions and his group's negotiations with GSA.

In approving its 1967 lease with Security Investment for the Social Security Administration offices, GSA said, "As the requirements of the government have been complied with by this company (Security Investment) and as there is no other space available, it has been determined to be in the best interest of the government to negotiate with the Security Investment Co. to provide the space required."

At the time, there was no space available in any Security Investment building either, because the building had not yet been constructed. It was subsequently built, once Security Investment had the signed lease that assured it and its financial backers that a mortgage would be repaid with guaranteed government rent money, leaving the building's owners with a property that they, not the government, will own outright.

The same situation obtained in 1971, when the Social Security Administration sought 250,000 feet of additional office space in Woodlawn GSA again waived competitive bidding requirements, and negotiated only with Security Investment Co., which built the building after being awarded a 65A lease for $1.3 million in annual rent.

Back in 1968, when the National Security Agency sought an additional 450,000 square feet of space in the Friendship Airport area south of Baltimore, GSA said, "A canvass of the Friendship International Airport—Ft. Meade area revealed that only two buildings of this size were either under construction or proposed."

GSA decided on Building 4 in the "Baltimore-Washington Science and Industry Center" next to Friendship Airport. On Aug. 19, 1968, NSA had made its formal request for the expansion space, specifying that it wanted it in the Science and Industry Center.

On the same day Friendship Investment Co., the property owner, was assured by a bank of a $9 million loan to construct the building. GSA's subsequent lease provided for $1.8 million in annual rent.

Friendship Investment Co. had five partners at the time: four of the partners in Security Investment Co.—Harry W. Rodgers III, William A. Rodgers, Edward H. Dickinson and Samuel F. Heffner. William Martin was the fifth Friendship partner.

Another example of GSA's tendency to skip competitive bidding in awarding leases in Maryland is provided by the offices being leased by the FBI in Woodlawn.

When in 1971 the Baltimore FBI office had to move out of the federal courthouse in the center of the city, GSA sought new space. But because of what it says were FBI specifications, GSA said the 35,212 square feet had to be within two blocks of a downtown intersection or within 1½ miles of the Social Security complex in Woodlawn.

GSA decided there was "no acceptable space" in downtown Baltimore, found only one "acceptable" location in the Woodlawn area, and declared it was "impracticable to secure competition."

In this way Maryland Properties, Inc., won the GSA lease providing a $265,573 annual rent for a building not then constructed. Maryland Properties is a subsidiary of McCormick & Co., the international spice company that has its main office in Baltimore.

J. Walter Jones, a close friend of Agnew in Baltimore, and another figure in the federal investigation holds a 6.4 per cent interest in Maryland Properties and has been active in guiding its investments over the years. Jones, an Annapolis banker, was a five-state finance chairman for the Committee to Re-Elect the President last year.

GSA information director

Vawter said of the extent of GSA's noncompetitive leasing in Maryland, "The situation is not unusual. This happens all over the country."

Sampson defended GSA's inclination toward leasing rather than building by saying that leasing is "sound economically." In maintaining that owning buildings when they grow old is a liability rather than asset to the government, Sampson said, "Why do you want me to own a building if it's 20 years old?"

GSA's fairness in leasing buildings was questioned last year by the General Accounting Office, the auditing arm of Congress, which found leases involving total annual rentals of $19 million that GAO said had been awarded contrary to legal requirements and without the required congressional approval.

"Only those developers with which GSA had held prior discussions and negotiations were able to comply with the lease solicitations and were awarded the leases," GAO concluded.

GSA previously could lease buildings without congressional approval, but only if at the time of GSA's solicitation, the property owner had title to the site, the building's design was complete, construction financing was fully committed, a building permit had been issued, and construction had begun or a construction contract had been signed.

Despite these provisions of the law, GAO said, "When GSA made its market surveys and, in some cases, when the federal agencies made known their requirements directly to the developers, none of the 11 developers had a building under construction or had met the five conditions."

GAO further noted, "Eight of the 11 leases were awarded on the basis of single bids." It said that GSA "told us that no economic analysis had been made to determine whether it would have been more economical to lease or to construct the buildings prior to awarding the 11 leases."

Vawter was quick to point out that nine of the 11 leases criticized by GAO were awarded before the Nixon administration and the Kunzi-Sampson era at GSA.

GSA denied it had disregarded regulations in awarding the leases. "Building construction in the physical sense need not have begun in order to be considered as being in existence," Kreger wrote to GAO last year.

Watergate special prosecutor Archibald Cox was asked this month to investigate another questionable, controversial GSA lease—of a seven-story office building being built in New Shrewsbury, N.J., for use by the U.S. Army Electronics command.

In August, 1971, GSA agreed to lease the proposed building for 20 years at a $2.8 million annual rent from Dworman Building Corp. of New York, which is constructing the $25 million building.

Herbert E. Werner, Republican mayor of neighboring Eatontown, N.J., said in a sworn affidavit that Lester J. Dworman told him months before the profitable GSA lease was announced, "he had access to the White House and that 'Ehrlichman' would see to it that Dworman received the award for the Ft. Monmouth building."

Retired Air Force Lt. Col. Harry Luftman signed a similar affidavit, concurring with Werner that Dworman told them he "had built a number of buildings for the government: that he had stepped aside on a previous one and was assured by GSA that he would be awarded the next one—and that this was the next one."

The allegations of GSA favoritism were denied by Dworman and two GSA officials in sworn affidavits that insisted on the propriety of GSA's lease.

New Shrewsbury and Eatontown each had conveted the proposed office building, which will generate considerable local revenue. After examining GSA's awarding of the lease to Dworman Building Corp., the U.S. General Accounting Office concluded, "The conduct of negotiations did not assure that the government secured the most favorable lease arrangment available to it."

However, GAO declined to recommend cancellation of the Dwornman lease, saying it was not certain the lease was illegal. Tinton Realty Co. of New York, a loser in seeking the GSA lease, has sued GSA.

Another disputed GSA lease involves the agency's agreement in February, 1971, to rent 18 floors of a 19-story office building in West Philadelphia on which construction had not even begun, while rejecting two other bids that would have provided the federal government with existing office space at less cost.

The building at 36th and Market streets was completed this year, but a bitter court battle continues over GSA's leasing decision that guaranteed the Gateway Center Corp. 2.6 million in annual rent for at least 20 years for federal use of the new building, which GSA said had a construction cost of $11.5 million.

GSA has been asked to find space for several government departments. Advertising its needs, it got five bids, but one was withdrawn and another was found "not responsive." Of the three remaining bids, the lowest was for a building at 401 N. Broad St. in downtown Philadelphia. The next lowest was for the Curtis Building, previously occupied by the Curtis Publishing Co. on historic Independence Square.

But GSA decided to lease the yet-to-be-built building proposed by the Gateway Center Corp., which was headed by real estate developer Matthew Weinstein. Weinstein's lawyer and nephew was Herbert A. Fogel, who was then a partner in the law firm of Obermayer, Rebmann, Maxwell and Hippel. Its letterhead lists Sen. Scott as the firm's counsel. (Fogel since has been appointed a federal district judge.)

Scott strongly backed the proposed Gateway lease, which was awarded by former GSA administrator Kunzig, who had been Scott's administrative assistant before going to GSA.

Scott, Kunzig and GSA

have denied that Gateway Center Corp. got special consideration, insisting that GSA's leasing of the Gateway building is best for Philadelphia.

An aide on Friday said Scott "did not do anything that the community did not want done and when I say the community, I mean the entire educational community of the city of Philadelphia, as well as the mayor, the present governor and the former governor."

Scott's spokesman said, "The senator's involvement is as clean as a whistle . . . He doesn't even have a telephone in his car," referring to one of the services GSA provides privileged Washington officials.

Vawter said that GSA officially started its public search for federal office space in Philadelphia through newspaper ads and a market survey done in January, 1970. However, Weinstein met with Kunzig in Washington on Aug. 22, 1969, to discuss GSA leasing of his proposed building.

Richard L. Klaus, a Gateway Center Corp. officer, wrote in a letter four days later that Kunzig had described to Weinstein what the federal office needs were likely to be and that the GSA administrator and private developer had discussed the 36th and Market St. site.

The Kunzig-Weinstein meeting described by Klaus was held five months before GSA publicly solicited for the Philadelphia office space.

Judge Kunzig is on vacation and could not be reached for comment.

After conducting a review of GSA's Gateway lease, the General Accounting Office concluded the lease was "improper," though not necessarily illegal.

GAO said "the magnitude and seriousness of the problem" involved in the Gateway lease required corrective congressional action. Since GAO made its report, Congress has eliminated the exceptions under which GSA was able to lease such a big building as Gateway's without congressional approval.

In the spring of 1971, Demetrius H. Bagley, a GSA official with responsibility for leasing property for the government in the Washington area, was suspended and transferred.

GSA moved against Bagley after The Washington Post reported that he had a personal financial interest in part of the land on which a 12-story building was proposed at Pennsylvania and Potomac Avenues SE. In his official capacity, Bagley had been involved in negotiating for a GSA lease of the proposed building without disclosing his financial interest. The building was not built.

Sampson said Bagley's dismissal is evidence that GSA doesn't tolerate conflict-of-interest abuses. He said he has moved swiftly against the few such situations that have come to his attention.

Another area in which GSA awards contracts without competitive bidding involves contracts for the design of government buildings by architects and consulting engineers, who are barred by their professional rule from submitting competitive bids.

To help select architects and engineers, GSA uses panels of about four of their professional colleagues from the region. They recommend five to eight firms from as many as 40 applicants. Ten regional panels, each with a total of ten professionals who are appointed to two-year terms, take turns screening applicants and are paid only expenses.

Walter A. Meisen, assistant GSA commissioner for construction management, said GSA bureaucrats cannot add firms to the approved lists and Sampson chooses an architect-engineer from those recommended by the panel. "It really doesn't matter who he (Sampson) picks because they are qualified," Meisen said.

Created in 1949, GSA continues to do many of the unexciting but essential logistical tasks originally assigned it. But there have been changes, such as the assignment to GSA of responsibility for developing governmentwide policy to improve federal management of finances, procurement, property and computers.

GSA's four basic services are:

- Public Building Service, which Sampson previously headed. With the job of constructing, leasing, maintaining and guarding government buildings, PBS has more than half of GSA's employees and tends to be first in status among its services.
- Federal Supply Service, which makes most of the government's nonmilitary purchases of about 50,000 different items including everything from office furniture to snake bite kits to contraceptives and toothpaste.
- National Archives and Records Service, which is described as "the memory of the nation" and operates the Archives Building, six presidential libraries and 15 regional records centers.
- Automated Data and Telecommunications Service. Established last year, it operates 12 federal data processing centers and the 700,000-phone federal telephone system.

During the Nixon administration there have been plenty of changes in the agency's top personnel. Sampson said that 90 per cent of the agency's 200 most senior officials have come aboard since 1969.

With rare exception, the inner circle of GSA officials now is composed of young (many in their 30s) businessmen recruited into the government by the Republicans, not of career civil servants. Sampson said the business-oriented officials provide needed drive for the bureaucracy.

Allan G. Kaupinen, 37, the No. 3 man at GSA as assistant administrator since March, is a good example of the new breed of officials. A former Procter and Gamble Co. executive, Kaupinen was a White House staff assistant for several years before moving to the Committee for the Re-Election of the President for a year's political campaign duty.

Despite such White House ties, Sampson downplayed the extent of GSA's presidential contacts, saying, "Our need for White House intercourse is minimal."

There was, however, considerable coordination with the White House before Sampson's Aug. 6 press conference in which he told how his agency spent has spent $3.7 million on President Nixon's San Clemente and Key Biscayne homes and offices.