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GSA's 'Bargain' Revisited

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IN A LETTER which appears on the opposite page today, Arthur F. Sampson, administrator of the General Services Administration, responds to our recent criticism of the deal through which the Nixon administration acquired a huge, pyramid-shaped office building at Laguna Niguel, Calif., which is about 10 miles from San Clemente. The building, valued at $20 million in 1972, was obtained from Rockwell International Corporation in exchange for two federal properties, then assessed at $19.5 million, which Rockwell has been using to perform defense contract work. As staff writer Ronald Kessler reported on Oct. 15, the deal was encouraged by aides to then-President Nixon, who wanted a convenient site for future offices and temporary storage of Mr. Nixon's presidential records.

Mr. Sampson maintains, as he has from the start, that the exchange was "a bargain for the government." His notion of what constitutes a bargain is well worth examining. For one thing, as Mr. Kessler discovered, the deal involves more than an even swap of properties. Under its contract with the Air Force, Rockwell will be able to bill the taxpayers for depreciation on the Laguna Niguel complex which the company gave up. According to Air Force sources, that bill could total $18 million over the years. Contrary to Mr. Sampson's view, the question is not whether one understands the accounting practices involved, but whether that up-to-$18-million added cost should be counted into the "bargain."

Mr. Sampson also argues that acquiring the Rockwell building was cheaper than building a new one. That would be a powerful point of view if the government really needed 750,000 net square feet of usable space at Laguna Niguel. However, as GSA's own files show, tenants have been rather hard to find. GSA's occupancy charts have changed repeatedly as one agency after another declined to sign up. GSA attributes that problem to delays in completing the deal. Another explanation might be that the site is inconvenient to both Los Angeles and San Diego and does not offer adequate public transportation or inexpensive housing for federal employees. GSA now plans to fill up about one-third of the building with its own offices, federal records, Mr. Nixon's files if ever transferred, and a few small branches of other agencies. That leaves vacant—or "in reserve," to use GSA's term—about 315,000 square feet, a space as large as the entire Willard Hotel.

That gets back to the basic question: why was the building acquired? Mr. Sampson's comments clarify little. He writes, for instance, that GSA's interest is traceable to 1970 and to "a long-time, career federal employee" in the agency's San Francisco office. This does not square with GSA's own reports to Congress, which state that negotiations were initiated by Rockwell representatives in 1971. As for the involvement of White House aides, it is disingenuous to say that the interest of presidential counsellor Robert Finch was "not persistent" and "not regarded as pressure." Mr. Finch's office did express interest at a crucial point, no matter how casually, to help persuade the Office of Management and Budget to approve the deal. Nor is it quite accurate to say that there was no objection from Congress. The fact is that one House subcommittee did object but lacked authority to stop the trade.

Overall, Mr. Sampson's explanation reinforces our view that the Laguna Niguel deal was a very bad bargain for the taxpayers. To the extent that this affair illustrates GSA's concept of public interest, it also shows how much attitudes need to be changed.