



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 2, 2006

S. 1838

Federal and District of Columbia Government Real Property Act of 2005

*As reported by the Senate Committee on Homeland Security
and Governmental Affairs on September 3, 2006*

SUMMARY

CBO estimates that enacting S. 1838 would not significantly affect the federal budget. S. 1838 would authorize the exchange of 29 parcels of land between the federal government and the District of Columbia. The transfer of federal properties would probably involve expenses to remediate environmental contamination at these sites. Although the degree of contamination present at these sites is unknown, CBO expects that the cost to correct it would not be significant because many federal properties previously transferred to the District of Columbia have required minor expenditures to correct contamination problems.

Enacting S. 1838 could result in savings to the federal government because, under the bill, the District of Columbia would release all of its current claims against the federal government regarding St. Elizabeth's Hospital. Those claims have not been adjudicated, and CBO cannot estimate the value of such savings, if any.

S. 1838 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would terminate certain claims of the District of Columbia against the United States. CBO estimates that the cost of this mandate might approach, but probably would not exceed the threshold established in UMRA (\$64 million in 2006, adjusted annually for inflation). The land exchanges authorized by this bill generally would benefit the District, and any costs it would incur to fulfill the conditions of those exchanges would be incurred voluntarily. The bill would impose no other costs on any state, local, or tribal governments. S. 1838 contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Under the bill, the District of Columbia would receive title to eight National Park Service (NPS) and two General Services Administration (GSA) properties, including 66 acres around the site of the former D.C. General Hospital, Poplar Point (approximately 100 acres on the

east side of the Anacostia River adjacent to the 11th Street Bridge), and four other small Potomac Avenue parcels (to permit development of the proposed baseball stadium in southeast Washington). The District of Columbia also would gain administrative jurisdiction (which includes administration and maintenance, but not title) over seven smaller NPS properties.

In exchange, the NPS would gain administrative jurisdiction over nine properties owned by the District of Columbia and title to two others. Also, GSA would gain title to five buildings on the west campus of St. Elizabeth's Hospital in southeast Washington. Finally, as part of the exchange, the United States would gain release from all current claims by the District regarding St. Elizabeth's Hospital, and the District would cover all costs associated with the relocation of federal facilities currently located at Poplar Point (headquarters of the National Capital Parks-East) and at the U.S. Park Police Anacostia Operations and Helicopter Facility.

CBO estimates that conveying those federal properties to the District would not affect offsetting receipts from surplus property sales because the NPS and GSA have no plans for declaring the affected properties excess to their needs and selling them. Moreover, the properties generate no significant receipts that would be lost as a result of the exchange.

Title IV would authorize the District of Columbia or a federal agency to enter into contracts for the payment of costs related to the land conveyances, including environmental cleanup or liability. This title would authorize the District—a nonfederal entity—to obligate federal funds to remediate any environmental contamination on the properties to be transferred. The federal government may be responsible for such costs under current law, but obligations for this purpose would be subject to Congressional appropriation actions. Allowing nonfederal entities to incur obligations for cleanup and restoration costs outside the federal budget process could increase or accelerate federal costs for this work.

The extent of contamination on any of the properties to be exchanged under the bill is unknown, and CBO has no basis for estimating the future cost of cleanup or restoration. Reports by the Government Accountability Office (GAO) and the Environmental Protection Agency indicate that the costs of previous environmental cleanups of federal properties in the District of Columbia have ranged widely from more than \$100 million at the Spring Valley site of a World War I era U.S. Army chemical weapons research facility, to \$30 million for environmental remediation and demolition activities at the Southeast Federal Center site, to tens of thousands of dollars for most of the formerly used defense sites located throughout the District.

Based on information from NPS, GSA, and the Office of Management and Budget, CBO expects that the federal government and the District of Columbia would each use its existing authorities to enter into contracts for the cleanup and restoration of their respective properties after transfer, subject to the appropriation of the necessary amounts.

S. 1838 also would require GAO to provide a report to Congress every two years for 10 years on the use and development of the conveyed property. CBO estimates that the report would cost less than \$500,000 annually.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1838 contains an intergovernmental mandate as defined in UMRA because it would terminate certain claims of the District of Columbia against the United States. CBO estimates that the cost of this mandate might approach, but probably would not exceed the threshold established in UMRA (\$64 million in 2006, adjusted annually for inflation). The land exchanges authorized by this bill generally would benefit the District, and any costs it would incur to fulfill the conditions of those exchanges would be incurred voluntarily. The bill would impose no other costs on any state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATES

On December 27, 2005, CBO transmitted a cost estimate for H.R. 3699, the Federal and District of Columbia Real Property Act of 2005, as ordered reported by the House Committee on Energy and Commerce on December 15, 2005. On December 12, 2005, CBO transmitted a cost estimate for H.R. 3699 as ordered reported by the House Committee on Transportation and Infrastructure on December 7, 2005. On October 12, 2005, CBO transmitted a cost estimate for H.R. 3699 as ordered reported by the House Committee on Government Reform on September 29, 2005. The three versions of the legislation are similar to S. 1838, as are the CBO cost estimates. The Senate bill contains some additional contract authorities not included in H.R. 3699. In addition, S. 1838 would require a report by GAO and would convey somewhat different parcels of land.

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