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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

2.25.14

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Dear Mr. White:

Your letter of November 15, 1971, requested that we undertake a review of the preliminary negotiations between the General Services Administration (GSA) and other parties concerning the disposition of the Castner Range area before its transfer to the jurisdiction of GSA. The Castner Range, adjacent to the city of El Paso, Texas, and now a part of Fort Bliss, consists of about 8,300 acres.

At the meeting held in your office on December 16, 1971, our representatives presented the results of our review of the GSA files and of our discussions with GSA and other Federal agency officials. We pointed out that (1) GSA had not made a formal appraisal of the land, (2) GSA had not entered into formal arrangements with other parties relating to the disposition of the Castner Range, and (3) the Forest Service, Department of Agriculture, had not made a prior formal arrangement for the sale of the land.

By Executive Order No. 11508 dated February 12, 1970, the Administrator of General Services was directed to institute, and conduct on a continuing basis, a survey of the real property holdings of all executive agencies for the purpose of identifying properties that "are not utilized, are underutilized, or are not being put to their optimum use." According to a GSA survey report dated July 10, 1970, the greater part of the Castner Range land, estimated to be worth about \$10 million, was not being used. GSA recommended that the Castner Range, except for three small areas, be reported as excess property. A GSA official told us that the \$10 million estimate of value was a guess, intended to give the survey report reader some idea of the value of the land.

GSA procedures provide that an appraisal be made by an independent contract appraiser to determine the fair market value of Government-owned property to be disposed of by GSA through sale, transfer, donation, or exchange. At the time of our review in December 1971, an appraisal of the Castner Range had not been made.

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On May 28, 1971, the Corps of Engineers informed the Senate and House Committees on Armed Services that it proposed to report to GSA that the major part of the Castner Range was excess property. At the time of our review, the Committees had not approved the transfer of the property to GSA.

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As a result of a preliminary screening of Federal agencies by GSA, the United States Postal Service and the Forest Service indicated a need for the Castner Range property. GSA told the Postal Service that, on the basis of an agreement between the Postal Service and GSA, the Postal Service would have to pay the fair market value for any property transferred to it.

In a letter dated July 8, 1971, to GSA, the Forest Service stated its desire to use the Castner Range property for exchange by GSA for the 480,000-acre Vermejo Ranch in New Mexico for incorporation as part of the national forests. The asking price for the Vermejo Ranch was \$26.5 million. By letters dated August 18 and November 8, 1971, GSA told the Forest Service that it would give the exchange proposal careful consideration but that it could not assure the Forest Service of the availability of the property for exchange purposes.

According to GSA and Forest Service records, the trustees of the W. J. Gourley estate would be willing to sell the Vermejo Ranch to the Government. The records indicated that it would be impractical for the Forest Service to obtain funds for the acquisition of the property. A real estate agent in Albuquerque, New Mexico, had informed GSA and the Forest Service that he had clients who would purchase the Vermejo Ranch if it could be exchanged for about 3,800 acres of the Castner Range and the 39-acre Fort Mason property in San Francisco, California, which had been declared as excess property.

The Mayor of the city of El Paso also had indicated an interest in obtaining the Castner Range for use as a wilderness area and for residential housing, shopping centers, and schools. On several occasions the Mayor and city officials had discussed with GSA representatives the city's plans for use of the property. The Mayor told GSA that the city had no funds to purchase any of the Castner Range property or to develop it.

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Under existing legislation the city can acquire property needed for recreational purposes at discounts up to 100 percent of market values. For other purposes, such as housing and shopping centers, GSA has the authority by law to negotiate a sale with the city at a price not less than the appraised fair market value of the property.

We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,



Comptroller General
of the United States

The Honorable Richard C. White
House of Representatives