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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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Dear Senator Proxmire:

You requested our response to statements contained in a letter dated June 9, 1971, from an anonymous General Services Administration (GSA) employee alleging possible conflict of interest and unnecessary costs incident to the leasing of a building in Bladensburg, Maryland.

GSA's justification for leasing the building was to consolidate eight locations of the contractual services branch and the central repair shops in Washington, D.C., into one central location. In response to a GSA newspaper advertisement for blocks of 60,000, 35,000, and 10,000 square feet of warehouse space in the Metropolitan Washington area, the Carey Winston Company, a realty firm in Washington which acted as agent for the owner, offered a building at 4125 46th Street, Bladensburg, for lease to GSA. This building, containing about 54,000 square feet of warehouse space, was leased by GSA effective April 1, 1971. The lease is for a 5-year period with two 5-year renewal options.

The GSA employee suggested a possible conflict of interest because the building was alleged to be owned by a nephew of either the Administrator of GSA or Senator Hugh Scott of Pennsylvania. The building is owned by Superior Millwork, Inc., a family-owned corporation of which Mr. John M. Ogburn is the principal stockholder. Mr. Ogburn informed us that he was not related to any GSA official or any member of Congress. The vice president of the Carey Winston Company, who was responsible for listing the building and for negotiating the lease, also informed us that he was not related to any GSA official or any member of Congress and that, to the best of his knowledge, no officer or employee of the Company was related to such persons.

According to the GSA employee, the rental cost of the building will be over \$350,000 a year. The negotiated-lease agreement, however, provides for an annual rental, exclusive of services or utilities, of \$64,260 for the first 5-year period, \$73,899 for the second 5-year period, and \$83,538 for the third 5-year period.

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The GSA employee stated that the relocation of the central repair shops to Bladensburg was not required at that time because buildings 74 and 191 which housed the shops were scheduled to be torn down in 3 years and that, if the shops were moved, the renovation costs to accommodate new tenants in the buildings would be well over \$50,000.

According to a GSA 1970 report on its Federal building program, none of the three buildings which house the central repair shops are scheduled for demolition until after 1976. A GSA estimate dated May 12, 1971, showed a cost of \$54,000 for the renovation of building 74 to accommodate the new tenant. We were informed by a GSA official that building 191 would be utilized without any renovations.

We did not request the formal views of GSA on the contents of this report, nor did we release copies of the report to the agency.

Sincerely yours,



Deputy Comptroller General
of the United States

The Honorable William Proxmire
United States Senate