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August 30, 2016

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Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable James Lankford
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The Honorable Heidi Heitkamp
Ranking Member
Subcommittee on Regulatory Affairs and Federal Management
Committee on Homeland Security and Governmental Affairs
United States Senate

Federal Real Property: Public-Private Partnerships Have a Limited Role in Disposal and Management of Unneeded Property

Federal real property management is on our High-Risk list, in part, due to long-standing challenges federal agencies face in managing federally owned real property, including disposal of excess and underutilized real property.[1] The federal government has taken some steps to better manage this property, such as the Office of Management and Budget's 2012 "Freeze the Footprint" policy, which directs agencies to restrict growth in their civilian real estate inventory. High profile projects, such as the proposed FBI headquarters consolidation and the transformation of the federal-owned Old Post Office in Washington, D.C. to a hotel, are examples of the federal government using public-private partnerships to manage its real property portfolio. For the purposes of this report, the term public-private partnership refers to an agreement between a government agency and a private entity to transfer ownership or control of a property that includes compensation other than money.[2]

You asked us to review how federal and state government agencies have used public-private partnerships to manage and dispose of excess or unneeded real property. This report discusses: (1) What is known about the extent to which federal and state agencies have used public-private partnerships in managing and disposing of unneeded real property, and (2)

[1]GAO, *High Risk Series: an Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

[2]For instance, transfer of a property from the federal government to a private entity in exchange for money and for which no compensation apart from money is included (that is, a traditional property sale) would not be considered a public-private partnership. Additionally, for the purposes of this report we have considered agreements between the federal government and other government entities, such as a county government, to be examples of public-private partnerships.

benefits and challenges, as reported by stakeholders, associated with using public-private partnerships to manage and dispose of federal or state real property.

To identify public-private partnerships by federal agencies to manage and dispose of unneeded federal real property, we conducted a systematic review of relevant literature and examined examples provided by federal and industry stakeholders such as the General Services Administration's (GSA) Public Buildings Service, the National Council for Public-Private Partnerships, and the Federal Real Property Association. Because available federal real property data do not contain the information necessary to identify examples of public-private partnerships used to manage or dispose of real property, we relied on the results of our literature search and testimonial evidence. To illustrate how partnerships are used by federal agencies, we analyzed three examples of public-private partnerships involving federal properties purposefully selected from eight partnerships identified by GSA to include a variety of property and partnership types. We did not consider examples of partnerships in which GSA was not involved. Observations reported based on these examples cannot be generalized to all federal properties or public-private partnerships. However, we believe they illustrate how public-private partnerships are used to dispose of and manage unneeded federal real property.

To identify public-private partnerships that have been used by state agencies, we conducted a systematic review of the relevant literature and solicited recommendations about which states might be using public-private partnerships for disposal and management of unneeded properties from the industry stakeholders listed above, the National Association of State Budget Officers, and The Council of State Governments, among others. We selected these professional organizations based on their potential knowledge of states' property management practices. From this review, we identified three states that possibly used public-private partnerships for disposal and management of unneeded real property: Texas, Virginia, and Washington. We spoke with officials from the Texas Facilities Commission, the Virginia Office of Public-Private Partnerships, and the Washington State Department of Enterprise Services to determine the extent to which they used public-private partnerships to manage and dispose of unneeded real property in those states. For the purposes of this report, we considered government properties that have been identified as unneeded and were previously or are currently involved in a partnership. The partnership may be between a government entity and either a private entity or a separate government entity with the following characteristics: (1) is not eligible for public benefit conveyances;[3] (2) will result in the disposal or utilization of a property previously identified as unneeded, but will not ultimately be utilized entirely by the initiating government entity (i.e., leasebacks); and (3) will not be categorized as a routine sale and may include transactions such as enhanced use leases, swap/construct agreements, and negotiated sales agreements.[4]

To describe the benefits and challenges associated with using public-private partnerships to dispose of or manage unneeded real property, we spoke to GSA and state agency officials from Texas, Virginia, and Washington, and industry stakeholders. For each partnership identified as

[3]The public benefits conveyance program is one means of disposing of surplus federal property. The program is primarily codified at 40 U.S.C. §§ 550, 553 and 554, but also includes other statutes such as the McKinney-Vento Assistance Act. The Stewart B. McKinney Homeless Assistance Act, Pub. L. No. 100-77, title V, 101 Stat. 482, 509-511 (1987), was renamed the McKinney-Vento Assistance Act in 2000. Pub. L. No. 106-400, 114 Stat. 1675 (2000). Under the program, state or local governments and certain tax exempt nonprofit organizations can obtain surplus real property for public uses such as homeless centers, educational facilities, and public parks.

[4]These terms are defined later in this report.

above, we interviewed associated GSA officials and analyzed related documents, including prior GAO reports on real property disposal and management.

We conducted this performance audit from December 2015 to August 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

Federal and state agencies have used public-private partnerships to dispose of unneeded property to a limited extent. GSA officials stated that public-private partnerships are explored on a case-by-case basis along with other options for disposing of a federal property and that partnerships are considered for fewer than ten cases each year. While partnerships can take many forms, we identified three main categories of partnerships used by GSA: enhanced use leases, swap exchanges, and negotiated sales that may include certain requirements or activities be completed as a condition of the sale. Based on our literature search and interviews with stakeholders, the use of public-private partnerships to dispose of unneeded real property at the state level appears to be limited; of the three states we identified as possibly using public-private partnerships for this purpose, none could identify any recent partnerships in their state.

Public-private partnerships can provide government agencies with additional tools for managing and disposing of unneeded real property, but may not mitigate previously identified challenges to disposing of real property. For example, according to stakeholders we interviewed, partnerships can provide a way for agencies to leverage existing assets to obtain needed improvements and facilities without procuring funding. However, partnerships may not mitigate other challenges such as the costs involved in accurately assessing the overall value and environmental remediation costs associated with a property or balancing the interests of numerous stakeholders. In addition, GSA officials acknowledged the additional challenge that negotiating successful public-private partnerships requires unique expertise and organizational experience with public-private partnerships and exchanges that GSA currently lacks, but is gaining.

Background

Federal agencies use buildings such as offices, schools, museums, hospitals, housing, and warehouses to meet a variety of mission needs. In fiscal year 2015, federal agencies reported having custody and control of more than 263,000 federally owned buildings (about 1,600 of which are under the custody and control of GSA), consisting of over 2.5-billion square feet of real property in the United States. GSA acquires, manages, and disposes of real property on behalf of other federal agencies, a function commonly referred to as the landlord role. GSA's Public Buildings Service is responsible for managing the life cycle of its federally owned assets, including eventually disposing of such properties.[5] Additionally, GSA's Office of Government-wide Policy is tasked with, among other things, identifying, evaluating, and promoting best practices to improve efficiency of management processes. In this policy role, GSA also provides oversight guidance, publishes performance measures, and maintains the Federal Real Property Profile (FRPP) database. According to this database, in fiscal year 2015, federal agencies

[5]States manage and dispose of real property according to the various laws and regulations applicable in each state.

(including civilian and defense agencies) reported over 7,000 excess or underutilized assets,[6] including dormitories/barracks, family housing units, hospitals, laboratories, offices, and warehouses.[7] GSA follows a prescribed process for the disposal of federal properties reported as excess by federal agencies. This process includes, for example, requirements that the property be screened for potential use by other federal agencies, homeless providers, and state and local governments for other public uses. However, we have previously found that this process can be challenging for federal agencies.[8] According to FRPP data, more than 5,800 buildings were disposed of through this process in fiscal year 2015.

Public-private partnerships have been used in many contexts to overcome challenges to providing or managing public services. For example, the Commonwealth of Virginia has partnered with private industry to construct and manage toll lanes along Interstate 95 to reduce traffic congestion. Similarly, the Department of Defense has engaged in public-private partnerships to complete activities including maintenance and repair of assets such as F-16 aircraft. Additionally, public-private partnerships have been used in the area of real property to, for instance, help finance construction of new facilities, or increase efficiency of existing facilities. GSA has authority to enter into public-private partnerships for federal real property, including disposing of excess or underutilized property using swap exchange agreements, enhanced use leases, and agreements that mitigate the costs of environmental cleanup.

In 2001, we conducted a study to identify the potential benefits of allowing federal agencies to enter into public-private partnerships in the real property area, though not specifically for the purpose of disposing of or managing properties that had been identified as unneeded.[9] Eight of the 10 GSA properties included in our study were identified as strong to moderate candidates for a partnership based on potential benefits for both the private sector and the government.[10]

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[6]Prior to fiscal year 2013, utilization of federal real property was defined as a percentage of occupied space; thus, for example, office space that was 75 percent occupied and 25 percent vacant had a utilization rate of 75 percent. In fiscal year 2013, the Federal Real Property Council changed the definition of utilization from a percentage value to three options—utilized, underutilized, or unutilized (excess). Assets may be reported differently depending on internal reporting standards at each agency. As such, a single building may be tracked as more than one asset if, for example, a building was built in phases or has additions.

[7]We have previously reported on limitations with the reliability of Federal Real Property Profile data. See, for example, GAO, *Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property*, GAO-12-645 (Washington, D.C.: June 20, 2012) and GAO, *Federal Real Property: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges*, GAO-16-275 (Washington, D.C.: Mar. 31, 2016). However, based on a lack of alternative data sources, we have determined that the data are sufficiently reliable for the purpose of providing contextual information on the relative scale of the problem of excess or underutilized properties.

[8]For more information on the process of disposing of federal real property and associated challenges, see GAO, *Federal Real Property: The Government Faces Challenges to Disposing of Unneeded Buildings,* GAO-11-370T (Washington, D.C.: Feb. 10, 2011).

[9]GAO, *Public-Private Partnerships: Pilot Program Needed to Demonstrate the Actual Benefits of Using Partnerships*, GAO-01-906 (Washington, D.C.: July 25, 2001). As part of this study, we contracted with Ernst & Young LLP, who, together with a subcontractor, Signet Partners, developed and analyzed hypothetical partnership scenarios for selected GSA buildings.

[10]As a result of this 2001 study, we recommended, among other things, that GSA seek, and that Congress consider providing, statutory authority to establish a pilot program to demonstrate the actual benefits that may be achieved from use of public-private partnerships. Bills were introduced to provide specific authority for public-private partnerships in 2002 and 2003, but were not passed. H.R. 3947, 107th Cong. (2002). H.R. 2573, 108th Cong. (2003). According to GSA officials, of the 10 properties identified in that report, none of the buildings have been disposed of as part of a public-private partnership. Of the 10 buildings, 6 are still held by GSA (one of which is vacant but is in the process of being reported as excess), 3 were sold via public sale, and 1 was disposed of by public benefit conveyance.

Federal and State Agencies Have Made Limited Use of Public-Private Partnerships to Dispose of or Manage Unneeded Real Property

GSA Has Used Public-Private Partnerships to Dispose of or Manage Some Unneeded Federal Properties

Public-private partnerships can take many different forms, as the specific details will depend on the types of properties involved, the business interests of both the government and the private sector partner, and the local market, among other factors. GSA officials stated that the decision to pursue a public-private partnership for a particular unneeded or underutilized property is made on a case-by-case basis after consideration of a number of factors including relevant real estate markets, condition of the property (including estimated environmental remediation and maintenance costs), historical preservation considerations, and continuing needs of the agency and community. GSA officials stated that although they do not separately track or maintain data on public-private partnerships, the types discussed in this report do not occur often, and the officials estimated that fewer than 10 might be considered each year.[11] They further stated that these types of partnerships are explored alongside other options for disposing of a property (including a traditional sale), and they may be difficult to distinguish from partnerships or disposals of other types. For example, enhanced use leases, including the example discussed below, would not result in the disposal of a property, but may be used to transfer the costs of managing and maintaining an unneeded property to the private sector for a period of time. Based on our discussions with stakeholders, we have identified three main categories of public-private partnerships used by GSA, along with illustrative examples.

Enhanced Use Lease: National Aeronautics and Space Administration's (NASA) Moffett Federal Airfield, Mountain View, California

Enhanced use leases are typically long-term agreements with public and private entities for the use of federal property in which the ownership of the property is not transferred, but a private party manages the property for a specific period of time. These agreements result in the exchange of cash and/or goods or services that result in direct cost savings to the government agency.[12] According to GSA, in May 2013, GSA issued a Request for Proposal to solicit interest for the rehabilitation and adaptive reuse of Moffett Federal Airfield and historic Hangar One and operation, management, and maintenance of the airfield. In February 2014, with the assistance of GSA, NASA used its authority under the National Historic Preservation Act to enter into a 60-year lease with three possible 12-year extensions with Planetary Ventures, LLC.[13] Over the course of the lease, Planetary Ventures will pay $1.16 billion in rent to the government, invest $200 million in rehabilitation of Hangar One and the airfield, and be responsible for necessary

[11]For example, during our review, GSA initially identified three properties for which they were exploring partnerships. However, during the course of our work, two of the three properties (a Social Security Administration (SSA) property in Baltimore, Maryland, and office buildings in Chicago, Illinois) were disposed of via traditional sale rather than public-private partnerships.

[12]For additional information on GSA's use of enhanced use leases, see GAO, *Federal Real Property: Improved Cost Reporting Would Help Decision Makers Weigh the Benefits of Enhanced Use Leasing,* GAO-13-14 (Washington, D.C.: December 19, 2012). For additional information on the Department of Defense's use of enhanced use leases, see GAO, *Defense Infrastructure: The Enhanced Use Lease Program Requires Management Attention,* GAO-11-574 (Washington, D.C.: June 30, 2011).

[13]The authority for this type of enhanced use lease, an historic outlease, is available to any federal agency. 54 U.S.C. § 306121. Authority for enhanced use leases is provided to certain agencies under specific statutory authority.

repairs and improvements to the property as well as annual maintenance and operations costs. According to GSA officials, this arrangement will save NASA an additional $6.3 million annually ($378 million over the course of the lease). Moffett Federal Airfield will remain a NASA-owned airfield and the California Air National Guard will continue to have access to the airfield.

Swap Exchange: Department of Transportation's Volpe Center, Cambridge, Massachusetts

In a swap exchange, the title of a federal property is transferred to a developer or other property recipient in exchange for the construction of a new asset or completion of other construction/renovation at a different location or on a portion of the existing property.[14] In September 2013, the Department of Transportation (DOT) and GSA entered into a memorandum of agreement to obtain a new state-of-the-art facility for the Volpe National Transportation Systems Center (Volpe) in exchange for unused property at the current site through use of GSA's authority to acquire real estate.[15] According to the memorandum of understanding between GSA and DOT, GSA and DOT believe that, based on the Volpe campus's proximity to the Massachusetts Institute of Technology and major technology companies, unneeded property on the campus would be in high demand and could be exchanged for the construction of a new facility. In June 2016, GSA issued a request for proposal, and a private partner has yet to be selected, so there is no guarantee this proposal will ultimately result in a swap exchange.

Negotiated Sale: Department of the Army's Twin Cities Army Ammunitions Plant, Arden Hills, Minnesota

In a negotiated sale, the government may include certain requirements or activities be completed as a condition of the sale. The Army's Twin Cities Ammunitions Plant was reported as excess in November 2002, but extensive environmental cleanup was needed to prepare the property for sale.[16] The property was placed on the National Priorities List under the Environmental Protection Agency's Superfund program in 1983 based on groundwater contamination including lead, copper, and polychlorinated biphenyls (PBCs).[17] In April 2013, GSA negotiated to have Ramsey County and the county's selected development partners complete the necessary cleanup prior to sale in exchange for $23 million in credits against the negotiated price of $28 million.

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[14]Swap exchanges can involve swapping property and constructed assets or construction services that are of equal value or can include cash to compensate for a difference in value between the federal property and the asset or services to be received by the government. GSA has several authorities to exchange federal property for constructed assets and for construction services. See 40 U.S.C. § 3304(a); 40 U.S.C. § 3305(a)(1); 40 U.S.C. § 3305(a)(2); 40 U.S.C. § 581(c)(1); 40 U.S.C. § 543; and Consolidated Appropriations Act, 2005, Pub. L.-No. 108-447, § 412, 118 Stat. 2809, 3259 (2004).

[15]The John A. Volpe National Transportation Systems Center (the Volpe Center) is located in Cambridge, Massachusetts, with a mission to improve transportation by anticipating and addressing emerging issues and advancing technical, operational, and institutional innovations across all modes of transportation.

[16]The federal government is not permitted, with exceptions for deferral in certain cases, to transfer the deed of a property unless it can be determined that all remedial actions necessary to protect human life and the environment have been taken. 42 U.S.C. § 9620(h)(3).

[17]The Superfund program was established by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to protect human health and the environment from the effects of hazardous substances. See Pub. L. No. 96-510, 94 Stat. 2767 (1980) (codified as amended at 42 U.S.C. §§ 9601 – 9675).

Use of Public-Private Partnerships for Real Property Disposal at the State Level Appears Limited

Through our literature search and interviews with stakeholders including the National Association of State Budget Officers, the Council on State Governments, and the National Council for Public Private Partnerships, we identified only three states that possibly used public-private partnerships for real property disposal. However, none of the state officials we spoke to was able to identify any recent examples of partnerships used for disposal of unneeded property. In 2003, the state of Washington completed a swap construct project to build a new state police facility in exchange for land and property including a light industrial facility.[18] However, state officials could not speak to the specifics of the 2003 project and were unaware of any similar projects either ongoing or in the recent past. The Commonwealth of Virginia has established an Office of Public-Private Partnerships, which is currently involved in establishing partnerships for transportation infrastructure projects. Virginia officials told us that the commonwealth would like to use public-private partnerships to dispose of unneeded real property, but has not yet done so. Virginia initiated a plan in 2014 to provide 100 acres of surplus river front property in Suffolk, Virginia, in exchange for the construction of an office building to be used as state offices. However, according to state officials, the project failed due to stakeholder concerns, including unfamiliarity with the swap exchange process, and more general concerns about changing the location of state facilities. Similarly, according to state officials, the State of Texas has not used a public-private partnership to dispose of any properties, but is currently considering whether there is a property in its inventory that could be disposed of using a public-private partnership.

Public-Private Partnerships Have Potential to Mitigate Challenges Associated with Managing and Disposing of Unneeded Property, according to Stakeholders

Use of Public-Private Partnerships May Mitigate Some Challenges Associated with Real Property Management and Disposal

Public-private partnerships may facilitate the government's efforts to dispose of or transfer the maintenance costs of unneeded real property under some circumstances. According to all of the stakeholders we spoke with, public-private partnerships may help to mitigate challenges associated with real property disposal in some cases. Our prior reports have noted that federal agencies continue to face substantial challenges to reducing underutilized space and disposing of excess property. For example, in 2012, we found that agency disposal costs can outweigh the financial benefits of property disposal and that legal requirements, such as those related to preserving historical properties and the environment, can make the property disposal process lengthy.[19] In addition, we found in 2016 that competing stakeholder interests—such as those of historic-building advocates and local communities—affect agencies' ability to dispose of real property.[20] Stakeholders reported two ways public-private partnerships could potentially mitigate these challenges:

- *Provides a way for agencies to leverage existing assets to obtain needed improvements and facilities.* We have previously found that the costs associated with readying a property for

[18]For additional information, see GSA, *Best Practices in Real Property Management in State Governments,* (Washington, D.C.: March 2003).

[19]GAO-12-645.

[20]GAO-16-275.

disposal can act as a barrier to disposal and, in some cases, the costs of environmental cleanup can exceed the costs of continuing to maintain an unneeded property.[21] In the example of the Twin Cities Ammunitions Plant, the agency was able to have the environmental cleanup completed through negotiations with the private partner without obtaining funding, according to GSA officials. We have previously found that obtaining funding for federal real property projects through the annual appropriations process can be challenging for agencies.[22] In the case of swap-exchanges, such as the Volpe Center, agencies may be able to procure needed improvements or new facilities while minimizing the impact on their operating budget or without receiving an appropriation.

- *Allows the federal government to maintain control of historically significant assets or assets that may be needed in the future, while transferring maintenance and management costs to the private sector for a defined period.* In 2012, we found that requirements of the National Historic Preservation Act can act as a barrier in property disposal.[23] In the case of Moffett Airfield, the lead GSA official stated that one challenge was concern about maintaining the historic value of the hangars, which had fallen into disrepair. According to GSA officials, under the terms of the lease, NASA is able to maintain use of the airfield for some activities as well as retain control of an historic property (because ownership is not being transferred to the private sector). Additionally, lease payments made by the private sector partner may be used by the agency for maintenance and operation of other historic properties within NASA's inventory. In a similar example, we reported in 2015 that GSA had reached agreement to transform the historic Old Post Office Building in Washington, D.C., into a 275-room hotel, scheduled to open in September of 2016, via a 60-year lease. Prior to this partnership, the building had been operating at an average annual net operating income loss of more than $2.8 million for 5 years.[24]

<u>Other Challenges of Real Property Disposal May Not Be Mitigated by Use of a Public-Private Partnership</u>

According to all the stakeholders we spoke to as well as findings in our prior work, the use of public-private partnerships may not mitigate significant challenges to real property disposal in every case. Stakeholders we spoke to described some of the challenges:

- *Attracting private sector interest:* According to GSA officials we spoke to, most excess or underutilized properties in GSA's portfolio have deferred maintenance, require extensive environmental cleanup before sale, and have been vacant for some time. In 2012, we found that the location of federal properties can also make disposal and reuse difficult as excess and underutilized properties are inaccessible to the private sector for development.[25] For example, the U.S. Department of Energy must locate buildings in remote areas with acreage that can serve as security and environmental buffer zones.

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[21]GAO-11-370T.

[22]GAO, *Capital Financing: Alternative Approaches to Budgeting for Federal Real Property,* GAO-14-239 (Washington, D.C.: Mar. 12, 2014).

[23]GAO-12-645.

[24]GAO, *Federal Real Property: GSA Needs to Determine Its Progress toward Long-term Sustainability of Its Portfolio*, GAO-15-609 (Washington, D.C., July 15, 2015).

[25]GAO-12-645.

- *Accurately assessing the value of a property:* Beyond the costs associated with necessary improvements or environmental remediation, assessing the overall value of a property or of a planned transaction may be difficult. We recently reported on GSA's exploration, from 2012 to 2015, of a swap-construct exchange involving office buildings located in Federal Triangle South in Washington, D.C.[26] GSA canceled this project in February of 2016, after evaluating proposals from investors that included valuations of the buildings that were substantially less than an independent appraisal GSA had previously obtained.

- *Accurately assessing risks associated with a property:* According to GSA officials, to negotiate a successful public-private partnership, the government and its partners must have accurate estimates of a property's value as well as the costs of environmental remediation and needed improvements, which may be difficult to assess at the outset of negotiations. In the example of the Twin Cities Ammunitions Plant, GSA officials stated that because the Army had 20 years' worth of thorough assessments and property records, including estimates of the likely environmental cleanup costs associated with the property, the county and private developers were able to better assess their risk in agreeing to clean up and purchase the property, factors that made coming to an agreement more likely. However, these types of records and assessments may not be available for every property. In 2011, we found that the process of assessing and paying for necessary environmental cleanup can require years of study, significant costs, and can present a barrier to property disposal.[27] While, as in the Twin Cities' case, public-private partnerships may alleviate the need to obtain funding to complete environmental cleanup, the need to accurately assess property value and potential costs prior to exploring a partnership means that partnerships are unlikely to completely mitigate this challenge.

- *Getting political buy-in:* As we found in 2012, balancing the interests of numerous stakeholders can create barriers to real property disposal.[28] In the case of public-private partnerships, some stakeholders may be reluctant to approve or support public-private partnerships due to either a lack of knowledge or clarity about the process or disagreement with the projected outcome of a partnership. For instance, officials from the Virginia office of Public-Private Partnerships stated that their recent swap-construct project was halted by a lack of comfort with the process of public-private partnerships among state oversight officials as well as a lack of political support from the local community for moving the location of government offices. According to the GSA project lead for the Twin Cities Ammunitions Plant project, one of the major challenges of completing that project was the many stakeholders—including the local community and local, state, and federal agencies—that had to be consulted and agree on the terms of the negotiation.

In addition to these general challenges GSA faces in managing unneeded real property, GSA officials acknowledged the additional challenge that negotiating successful public-private partnerships requires unique expertise and that GSA currently lacks, but is gaining, organizational experience with public-private partnerships and exchanges. For instance, as we

[26]GAO, Federal *Real Property: Observations on GSA's Canceled Swap Exchange Involving Buildings in the Federal Triangle South Area,* GAO-16-571R (Washington, D.C.: June 16, 2016).

[27]GAO-11-370T.

[28]GAO-12-645.

reported, GSA officials involved in the Federal Triangle South swap-exchange project stated that their experience with the canceled project would help guide future swap-exchange efforts.[29]

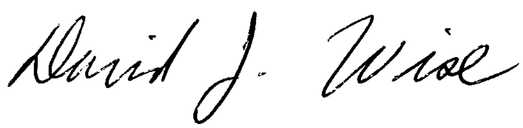
Agency Comments

We provided a draft of this report to GSA. GSA reviewed the report and did not have any comments.

We are sending copies of this report to the Administrator of GSA, appropriate congressional committees, and other interested parties. In addition, the report will be available at no charge on the GAO web site at http://www.gao.gov.

If you or your staff have any questions concerning this report, please contact me at (202) 512-2834 or wised@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Major contributors to this report were Brandon Haller (Assistant Director), Patricia Donahue, Katie Hamer, Daniel Hoy, Cheryl Peterson, and Michelle Weathers.

David J. Wise



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[29]GAO-16-571R.

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