

Congress of the United States
House of Representatives
Washington, DC 20515-0520

January 11, 2022

Acting Director Shalanda Young
The Office of Management and Budget
725 17th Street NW,
Washington, DC 20503

CC:

The Public Buildings Reform Board
1800 F Street NW
Washington, DC 20405

Administrator Robin Carnahan
U.S. General Services Administration
1800 F Street NW
Washington, DC 20405

Director Rick Spinrad
NOAA
1401 Constitution Ave. NW
Washington, DC 20230

The Honorable Gina Raimondo
Secretary
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, DC 20230

Dear Acting Director Young:

I am writing to ask OMB to stop the U.S. General Services Administration's (GSA) auction to transfer ownership of the federal government property located at 1352 Lighthouse Avenue in the City of Pacific Grove. This property sits in my district on the central coast of California and is referred to by the GSA as "Azul Bay". I wrote GSA in June 2021, objecting to this property being identified by the Public Buildings Reform Board (PBRB) for inclusion in the Federal Assets Sale of Transfer Act (FASTA) High Value Asset (HVA) round. That HVA round was approved by the Office of Management and Budget (OMB) on January 24, 2020 despite being previously denied by OMB in 2019 for lack of clear screening objectives. Despite my objections I now see that GSA plans to open the auction process for transferring the title of this property on January 31, 2022. Considering this fast-approaching sale, and an unsatisfactory response from GSA following my prior objections, I feel compelled to elevate concerns from my constituents who have been long requesting a different approach. Furthermore, new information has surfaced that raises serious concerns about the designation of this property as HVA in the first place.

A new report¹ by the Public Buildings Reform Board (PBRB) released on December 27, 2021, has determined that the “Azul Bay” property, previously included in the HVA round of the FASTA process, does not meet the minimum requirement of that designation by the PBRB’s own criteria. In my June 2021 letter to GSA, I mentioned the many overlay restrictions that severely limit the universe of reuse options for this coastal property. For those of us who know the region, and the property, it is not surprising to find out that this facility does not meet the PBRB’s minimum requirements to be considered an HVA (see pages 103 and 104 of the referenced report). This report calls into question why this property initially made the HVA round. Despite this new information, this property remains on the GSA auction site.

Since embarking on the FASTA process, the PBRB and GSA have stated their goals in transferring the Lighthouse Avenue property as reducing the federal government’s expenses and liabilities associated with owning and maintaining the property. While I can appreciate the federal government’s desire to maximize the financial return on the sale for the benefit of the taxpayer, I question whether this objective can be met with the Lighthouse Avenue property and whether such a sale should supersede the interests of the local community. The residents of Pacific Grove have made clear their opposition to the sale of the property for nearly a decade. In 2012, the Pacific Grove City Council passed a resolution requesting a public benefit conveyance for this property. A similar resolution was put forward and passed in 2021, and a petition echoing this sentiment was signed by over 1,650 individuals with the backing of the Pacific Grove Mayor and Chamber of Commerce. The federal government has continued to ignore the local community’s desire to see the property transferred in a manner consistent with retaining public benefit.

Equally concerning to me is the GSA’s unwillingness to prominently identify on its auction site the strict local land-use planning restrictions associated with the property. While the GSA has, on paper, recognized the California Coastal Commission’s (CCC’s) requirements for the property, the agency has not firmly committed to ensuring the environmental, historical, and cultural value of the building are preserved as part of a sale. In a letter to GSA leadership, the CCC references Pacific Grove’s Local Coastal Program and a specific provision that limits the use of this site to “coastal-dependent marine research and educational activities, aquaculture, and coastal-dependent recreation and public recreational access that is compatible with maintenance of coastal-dependent scientific and educational uses.” Additionally, the Local Coastal Program requires that “development at the National Oceanic and Atmospheric Administration (NOAA) site on Lighthouse Avenue shall [must be] be required to maximize restoration and preservation of dune habitat, including through reductions in site coverage and removal of fencing.”

Given the PBRB’s own admission this property would not qualify as HVA and, considering these additional concerns, I formally request OMB to stop the auction of this property. I also request that OMB work with my office to explore the PBRB authority to recommend to OMB the conveyance of the property below fair market value and for unrestricted use. Reference to this authority is found in the December 27, 2021 PBRB report noted above. While I am aware that GSA asserts that this authority only reference Round One properties, these newly referenced criterion reinforces the authority of OMB and GSA to alter the conveyance of this property

¹ [“First Round” Submission – Public Buildings Reform Board \(pbrb.gov\)](https://pbrb.gov/first-round-submission)

moving forward. Reference to this authority is found in the PBRB's December 27, 2021, report on page eight:

“Local Use: Pursuant to FASTA, when a state or local government expresses interest in acquiring all or a portion of certain federally owned property at or below fair market value, PBRB has the authority to recommend to OMB the conveyance of such property below fair market value and for an unrestricted use of the property. PBRB’s authority to recommend is not subject to certain conditions, provisions, and restrictions of other laws or regulations identified in FASTA Section 14(e). Similarly, GSA has the authority to implement the PBRB recommendation approved by OMB, pursuant to FASTA Section 14(d). Based on written requests from some local governments, acquiring property through FASTA may be preferable compared to obtaining the property through the standard Public Benefit Conveyance at no cost with use restrictions.”

This process has been flawed from the start. There were many inconsistencies in the HVA determination round as evidenced by the OMB's original denial of the HVA process initially presented to them by the PBRB. OMB's November 27, 2019 denial letter to the PBRB does not approve the HVA submission due to the lack of clear, objective criteria (the OMB did sign off on the HVA round in January 2020, but only after applying a more rigorous test of value). The overarching concern about a lack of objective criteria used in the HVA round is restated in a January 2021 Government Accountability Office (GAO) report.²

I support the Local Coastal Program restrictions to the property's development. Given these requirements I am not confident that any private buyer will be able to uphold all these provisions. I believe the most successful and practical future for this property resides with an organization committed to marine research, education, and recreation. I request OMB stop the auction of this property and work with my staff and the local community to facilitate a more appropriate conveyance mechanism. A transfer to a nonprofit organization or consortium of marine/education organizations dedicated to upholding the CCC's requirements and the Local Coastal Program objectives will better meet the community interests and the needs of our region.

I appreciate your attention to this matter and look forward to your timely response. Please let my office know if we can provide any additional information regarding this request.

Sincerely,

A handwritten signature in blue ink, appearing to be 'J. P. [unclear]', written in a cursive style.

² <https://www.gao.gov/products/gao-21-233>

Jimmy Panetta
Member of Congress