

STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS
OF THE
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES

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Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before you today to present the views of the Department of Transportation on S.1192, a bill providing for the rehabilitation and redevelopment of Union Station in Washington, D.C.

This bill would provide for the transfer of responsibility for Union Station from the Department of the Interior to the Department of Transportation. It would require Interior to finish approximately \$8 million of roof repairs and would provide that the parking facility and ramps north of the old building be completed by the District of Columbia as an Interstate highway project. The Department of Transportation would be directed to rehabilitate and redevelop the Union Station complex as a transportation terminal and commercial center, preserving the historic structure and restoring appropriate rail passenger handling facilities to it. In the

next twelve months, DOT would be required to carry out a comprehensive engineering survey of the main building and a formal planning and market feasibility study, using \$1 million of already-appropriated Northeast Corridor Improvement Project (NECIP) funds.

Based on this survey and study, the Department would be authorized to select a private developer to take over and commercially redevelop the Union Station complex. At the end of the twelve months, DOT would be required to report to Congress what level of Federal funding is necessary to enable the rehabilitation and improvement of Union Station, and DOT would be required to commit funding for the project from previously authorized funds. The bill also contains authority for the Government to purchase the property, which is now leased at a cost of over \$3.4 million a year.

On July 20, 1981, I testified on Union Station before the Senate Committee on Environment and Public Works. Although I voiced at that time my support for legislation turning Union Station over to DOT and authorizing its redevelopment by the private sector, I took strong issue with the earliest version of S.1192, both because it would have committed a large amount

of Federal funds before DOT had obtained adequate information about the costs of rehabilitation and the prospects for commercial development, and because it would have required those funds to be taken from the tightly-constrained NECIP budget and from the Interstate highway program.

The version of S.1192 recently passed by the Senate addresses many of the points I made in July. Nevertheless, the Department continues to have reservations about the bill as it now stands.

Our most important concern is that the private development for the Union Station complex be successful. In our view commercial development is the project. It provides the basis for anything else positive happening at Union Station--not just the improvement of rail facilities, but also the very preservation of the building itself. Only if the private sector can take over and make money at the Union Station complex, enabling it to be economically self-sustaining for years to come, can the transportation functions of Union Station be restored and maintained without endless Federal subsidies.

In order not to jeopardize the success of a private-sector solution to Union Station, two provisions need to be added to this legislation.

First, the Department should be authorized to turn the Union Station property completely over to a private developer by selling it outright at some future time. This is not a radical suggestion; Union Station is privately owned now and always has been. The Government needs authority to buy the property only because the present owners have evinced no desire to develop it themselves, and S.1192 provides such authority. But the Government should not be locked into perpetual ownership. Authority to sell the property should be added to this bill. Naturally, any conveyance of the property would be subject to appropriate legal protections to protect the public interest.

Second, and more important, the Department is concerned that the property adjacent to and immediately to the east of Union Station be developed consistently with the development of the Union Station complex itself. This parcel was until recently part of the Washington Terminal Company's property, but this year was conveyed to the CSX Corporation as part of a transaction to enable Amtrak's construction of rail improvements in Ivy City yard. (In addition to this parcel,

CSX received from Amtrak other developable properties and approximately \$14 million in cash, most of it Federal funds.)

Based on our preliminary discussions with potential developers, we believe this parcel may well be a candidate for joint development with the rest of the Union Station complex. The amount of property at Union Station now under Government control may be too small to enable successful development, given the large portion of the property necessarily devoted to transportation purposes and its location relatively far from any established commercial district. We are afraid that development of this adjacent parcel independently of and inconsistent with the redevelopment of Union Station could so adversely affect development prospects for the Union Station complex itself that DOT may find it impossible to attract a responsible, capable developer to undertake a Union Station redevelopment project.

Therefore, this legislation should be amended to grant to DOT the authority to review and approve any independent development of this adjacent parcel to make sure any such development is consistent with the goals of this bill. A joint venture development proposal that included CSX would appear to meet our objectives.

In addition to our concerns that this legislation enable successful development, we are concerned that S.1192 would not give the Department sufficient flexibility to determine the source or sources of funding for the rehabilitation of Union Station. At present the bill not only requires DOT to draw any such necessary funding from already-authorized programs, it also stipulates that no more than \$29 million can be drawn from the Northeast Corridor Project or other rail programs without incurring the possibility of a one-committee legislative veto. (As you know, the Attorney General has determined that such legislative vetoes are an unconstitutional infringement on the authority of the President and a violation of the separation of powers.)

As I said in July, we do not know the level of funding required to complete this project, let alone where the funding should come from. Over the coming year, the engineering survey and market feasibility study called for in S.1192, together with a continuing flow of information from the development community, would help us answer these questions. The Department's budget should not be thought of as a bank for funding the costs of a Union Station project. I think this bill is misleading to the extent it may be perceived as promising that existing DOT programs can absorb the costs of rehabilitating and improving Union Station.

As I requested in July, this bill should authorize "such sums as may be necessary" for the rehabilitation of Union Station, to allow the Department maximum flexibility in funding this project.

In conclusion, I think S.1192 is a good bill, but one that falls short in the three areas I have discussed. I propose to have my staff work with this Subcommittee to fashion suitable amendments to the bill incorporating these three points, in order that a Union Station bill can be passed that I can recommend for the President's approval.

I would be happy to answer any questions you may have.

