Mr. GRAY. So if we get a lease on the Union Station for 5-percent return, we are getting a good deal by those standards?

Mr. KNOTT. It depends again on what it encompasses.

Mr. GRAY. I am talking in generalities. If you figure 9-percent of gross and we could get a 5-percent rate on the existing facility, this would be a fair and reasonable rental?

Mr. KNOTT. Right, and our 9 percent assumes full taxation.

Mr. GRAY. I realize you cannot comment specifically. I am trying to get some general figure for the record. You usually figure 9-percent return?

Mr. KNOTT. Right. We have a statutory limitation in the Economy Act which provides that we may not exceed 15 percent, but we have never——

Mr. GRAY. Gone that high?

Mr. KNOTT. Except very unusually. That is 15 percent of the appraised fair market value. There again, fair market value you get into it. This is per annum rental. We feel that is a liberal allowance and have no difficulty in staying within that, well within that limitation.

Mr. GRAY. It is your feeling that this committee would be acting in the best interests of the Government to put a maximum in but to leave the exact figures up to negotiation between the Secretary and the owners of the Washington Terminal Co.?

Mr. KNOTT. I think so.

Mr. GRAY. We wanted to get as close as possible on estimates so we would not have another inflated proposition where we come and say we think it is going to be this, and when it is enacted and they come back to the Congress for a request for rental funds we find it is much in excess of what we told the Congress.

Mr. KNOTT. I agree it is desirable to do that wherever it is possible. But, if we were in the same position in constructing buildings, with increased building costs these days, I think we would be back before the committee almost every week with changes. So the Public Buildings Act wisely provides for a 10 percent override over the estimated cost. So there needs to be some kind of flexibility and that is all we are trying to suggest here.

Mr. GRAY. I might say that the figure we are using is $2.9 million and you suggest $3 million as a maximum so our figures are very close.

Mr. KNOTT. I just rounded it out at $3 million, that is all.

Mr. GRAY. So there is no great area of disagreement here at all?

Mr. KNOTT. No. You could use your figure as a limitation.

Mr. GRAY. Are there any questions?

Mr. ROBERTS. I would just like to compliment the gentleman for his statement and the job he is doing. This is one agency where you can call down and ask for a straight answer, and in a few minutes or a few hours they will call you back and give you the answer to your question, and I appreciate it.

Mr. GRAY. Mr. Wright?

Mr. WRIGHT. I would like to agree with the comments of Mr. Roberts. I have been impressed with the GSA's responsiveness to Members of Congress. I would like to thank GSA officials for their cooperativeness, their willingness to work with us as always. They have done a thoroughly creditable and workmanlike job in this task,