and I would like to compliment and commend Mr. Knott for his splendid administration of a very effective agency.

Mr. GRAY. Mr. Grover?

Mr. GROVER. I would also like to compliment Mr. Knott and say it is very unusual to find a Federal Administrator move to divest himself of authority. It is somewhat indicative of the very responsible way the gentleman has done his job.

You have suggested to amend the bill to provide the determination of fair rental value by appraisal?

Mr. KNOTT. Yes.

Mr. GROVER. Who would make that appraisal?

Mr. KNOTT. I would assume this would be made by an independent appraiser employed by the Secretary under contract. GSA could perform that service for the Secretary. We would have no difficulty in doing that.

Mr. GROVER. There was some discussion before of how that fair rental value would be determined. I suppose since this is a very unique situation, including air space and leasing and rebuilding of a new terminal, that you will not find a comparable situation.

Mr. KNOTT. Right. It is a difficult appraisal problem because it is a special-purpose facility, but to appraisers there are three techniques employed in the appraisal process and they serve as checks and balances one against the other. One is market data approach. This assumes a comparable facility. This assumes two houses alike or something of that kind. You do not have that there, but you do have land that can be valued on a square-foot basis.

Then you have a building that you can determine to what extent it contributes to the value of the land or detracts from the value of the land. Here you get into the cost-less-depreciation approach. This again would let you more closely approach the problem here. Cost less depreciation then becomes a factor of appraisal techniques that is more applicable here than market data.

The third one is the income approach, which is normally used in business enterprises where income is the principal factor of value, where the property itself may have little value but maybe the income is significantly large. This would have a bearing on that.

Mr. GROVER. One further question.

On the appraisal it would be your recommendation that the specific authority be given to the Secretary to have an independent appraiser. Would you advise whether he has that authority, or should it be in the bill?

Mr. KNOTT. I think he has that authority, and I have seen many pieces of legislation that do specifically provide that the Secretary shall determine the fair market value by independent contract appraisers, or words to that effect.

Mr. GROVER. That is all.

Mr. GRAY. Let me ask you this, would we be running some risk if we took, let's say, "comparables" as we call them, and found that instead of valuing this property at $19 million or so, they would come back and say the land is worth $30 or $40 million?

If we base the legislation solely upon estimated value and the independent appraisers come in and give us a much higher figure, would we not be subjecting ourselves to a higher rental if it is provided in the law we abide by the appraisal?