Mr. GRAY. Out of the entire complex I believe they said there were seven usable buildings for a short period of time and the rest of them are substandard, to be torn down whether or not this proposal passed.

Mr. MOODY. Yes, sir; and the property is very badly underdeveloped.

Mr. GRAY. We really did not take that into consideration, the cost of razing the buildings for the simple reason it was testified that this would be done regardless. So, we were talking about the on-going costs now of what would have to be done in order to develop the site, particularly for OSA, as it were.

Mr. MOODY. Even recognizing that the Ambassador's figures did not include demolition I would have to say to you that I am afraid it was a little on the low side.

Mr. GRAY. I did not want to again be making facetious remarks, but I have never heard of an improvement for $250,000 anywhere.

Mr. MOODY. Well, we have built a few little buildings like that, but nothing like this. Our figures based on this concept look to me a little closer to $500,000.

Mr. GRAY. $500,000?

Mr. MOODY. Yes; $500,000 for site development. I would again have to emphasize that this is based on this concept and it can change drastically. For example, there is a pedestrian bridge in this concept and this may or may not materialize. There are any number of items.

Mr. GRAY. You see what we are getting at, Mr. Moody.

Mr. MOODY. Yes.

Mr. GRAY. We want to try to put ceilings on this when the bill gets on the floor and the Members will say what is this going to cost and we can say $500,000.

Mr. MOODY. That $500,000 excludes demolition costs.

Mr. GRAY. While we are on that subject and following up the comments I made earlier, do you envision putting in your budget the cost of demolition whether this bill goes through or not, and would this be a cost now or later of the GSA and not the Department of State? Therefore, there would be no purpose of putting in demolition costs in the bill if you are going to bear the cost as the agency responsible for demolition of substandard property. This would follow a budget item of your Department, would it not?

Mr. MOODY. It might. If we would intend to use this as a site for a Federal building, for example, and I am sure you are familiar that we do not budget this way, we usually include the demolition and the cost of construction and that is the first phase of the construction, to phase it. If you sell the land, if we dispose of this property, sold the land that is unimproved we would have to allow against the value of the land, the cost of demolishing the improvements so the net return to the Government would be the same.

This plan, my understanding of this plan, would contemplate that the State Department would budget for whatever costs there are in developing the site proposed.

Mr. GRAY. So they would bear the cost of demolition.

Mr. MOODY. Yes.

Mr. GRAY. But that would be not as a line item, but in the overall cost of the new construction.

Mr. MOODY. I would think it should be.

Mr. GRAY. Which will be borne by the number of countries.