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MARIANAS V - LAND PRESENTATION

1. Public Sensitivity

- Throughout the negotiations land issue was regarded as sensitive. We can fully appreciate the public sentiment.
- Progress was made in Marianas IV but critical issue of method and price left for further discussions.
- We must recognize as we did in previous round that the land requirements for defense purposes are minimal.
- Field surveys have now established what we agreed would be retained for military purposes on Saipan, Tinian and Farallon de Medinilla.

2. Saipan

- When viewed on the basis of what we presently possess the areas to be retained are but a small fraction of the entire area and also what we presently hold.
- We will retain 197 acres of the military retention land in Tanapag Harbor releasing the remaining 443 acres.
- At Isley we will retain for possible future use 484 acres out of a total 1,189 acres of military retention lands.
- In addition to over 7,000 acres of military retention that were previously released we will release over 4,000 acres more.

3. Farallon de Medinilla

- The entire island of approximately 229 acres will be retained.

4. Tinian

- 17,475 acres of which 8,452 acres are military retention lands will be required for defense purposes. We will require a small part of the 187 acres of military retention lands that were released in 1965.

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5. Land Committee

- To work out the details for the method of acquisition and the price a land committee was organized.
- Committee considered many aspects of the land question but I will refer to:
 - A. Method of Acquisition
 - 1. Fee title or long term lease
 - 2. Payment
 - a. lump sum
 - b. instalments
 - B. Price or value
- Committee worked hard
- Chairman made reference to these men in his opening remarks
- We agree that they are qualified
- We are fortunate to have as our chief technical consultant the top civilian authority in the Department of the Navy who is a lawyer and represent the Navy before Congressional Committees on all land matters.
- This is extremely helpful since as we all know the Congress of the United States will be the ultimate approval authority for the Defense Department to retain or acquire lands for their requirements and also will appropriate funds for the approved acquisitions.
- Underlying any land acquisition by the DOD is the legal authority to acquire and pay for land endorsed by an Act of Congress.
- We must not overlook or treat too lightly the fact that the Congress of the U. S. will exercise its judgment in any arrangements that we may agree to propose for approval.

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- For this reason we look to existing policy and law and to past precedents to formulate a proposal that will be acceptable.
- This is why Mr. Markon's participation and others on Defense Department staff with Congressional experience is so valuable.
- These policies and procedures in reality are rather basic and simple.
- The U. S. like any other entity is expected to receive what it pays for.
- Congress expects the Federal Agencies in all cases to make a sincere effort to determine what is required, how much it is worth and to acquire the land at that price.
- Congressional Hearings test not only that sincerity but also all aspects of any proposed acquisition.
- Our Constitution precludes U. S. agencies from paying less than just compensation.
- Prices or compensation is determined by our experts who apply the most modern acceptable professional techniques to determine value.
- These procedures were and continue to be tested in U. S. Federal Courts to insure fairness and justice is served.
- The usual evaluation or appraisal process is analytical - using relevant data which is analyzed and interpreted into a supportable estimate of value.
- Fair market value is the objective.
- This has been defined as a price an informed owner who is willing but not obligated to sell to an informed person who desires but is not obligated to buy.

- It is only that value that is capable of being transferred from owner to buyer that is to be considered.
- The identities of the individuals are not considered nor are values predicated upon one personal projection of hypothetical future events.
- Elements that depend upon future events or combinations of events in each particular case must be reasonably probably or they must be excluded as speculative.
- Zoning, land restrictions, other public policies concerning land use must also be considered.
- The Government of the U. S. is expected to be prudent buyer just as you or me.
- Do not expect Government to pay for values its demand alone has created or for what it already possesses.
- With lack of market on Saipan our experts looked to Guam and other island areas.
- Again we are fortunate to have Navy as our expert, for other similar situations in other parts of the world were considered as additional support.
- U. S. offer was framed after thorough research by entire Navy staff.
- Consultations with other U. S. Agency appraisers were held and offer was reviewed by administrative branches of Navy and Defense.
- We believe the offer to be generous and a price that the U.S. Congress will accept.
- The offer was to purchase the land in fee with a one-time payment of the highest price that can be supported by the data and most likely to be approved.

- Will not go into detail.
- Total price was \$11,650,000 for the area previously mentioned.
- We freely debated the method and amounts with your representatives.
- Your consultant produced a figure based upon a similar approach to value - that is - the comparison and analysis of data.
- His initial presentation was received several weeks after ours.
- We did not object to Mr. Seldin's approach. It was his predictions of future events that had no support in the present day market that we could not accept.
- Our analysis of his method led us to a different conclusion.
- Using the same data and technique employed by your consultant our reports reached a different conclusion. Instead of \$34,000,000 our analysis of the data resulted in a figure of \$10,500,000. Of course there were some differences in the application of the data to the particular land in question.
- Example: Mr. Seldin predicts that every acre of Tanapag Harbor would be developed while we, on the other hand know that much of this land will not be available for sale because the people want to have a public park in this area.
- Seldin total acreages offer industrial development exceed those of Guam today by several times. This industry is not identified.
- Most important, Mr. Seldin did not take into account that the land on Saipan and much of the land on Tinian is Military Retention lands in which the Government has previously purchased rights for military purposes.

- His concept of development concerns only the acreages to be acquired as if all development were to occur on this land and no other place on Saipan. Saipan and Tinian can indeed accommodate future industrial, commercial and residential development in the areas not affected by the military requirement.
- Lastly, the estimate is predicated on an open market in which any one may buy land. Local attitudes on restraints in alienation were not reflected in his approach.
- Our critique of the Seldin presentation resulted in a price for the land that was less than our initial offer.
- A review by any other expert on those on the Congressional Committee Staffs would reach a similar result.
- We should not permit ourselves to get bogged down with speculative arguments.
- We can reach agreement. There are areas in which we can agree.
- We have no problem with the price for over 4,000 acres of the land to be acquired.
- Even though we believe that the resort potential of Tinian will merely shift to the south we recognize this important use of acreage which we will purchase and can agree as to its value.
- The inflated projections on Industrial land value, Commercial land value and Agricultural land value, cannot be supported.
- We are willing to discuss these details further. We must have more than what was given to us. All of our experts advise us that the values are speculative and cannot be supported in a presentation to the Congress.
- That is the bottom line!

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Method

- As for the method, as I have stated, we must get what we need and what we pay for
- Folly to consider that we will agree to pay for fee title and receive something less
- Finally - lump sum as opposed to instalment
- Believe we have reached accord on lump sum. The counter-offer was based upon a single payment.
- This is preferred. Congress is reluctant to commit future Congress
- Standard in our Appropriation practices.

Summary

- Touch upon the positive side
- We agree on areas
- We agree on lump sum
- We agree on some unit values
- We can narrow the major problem as to price to a relatively small area
- We urge realistic approach that will stand the test of Congressional investigations
- Urge you to reconsider our offer
- To pursue the details of your consultants speculative prognostication will engulf us in hypothetical arguments
- Must be realistic and consider the hard facts.