



GSA Office of the Chief Financial Officer

DEC 09 2009

Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW, Room 6814
Washington, DC 20548

Dear Ms. Payne:

The General Services Administration (GSA) has reviewed the Exposure Draft, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*, dated September 3, 2009. Below please find our comments and responses to the exposure draft questions.

- Q1. Do you agree or disagree with the methodology outlined for identifying real property containing asbestos (paragraph 16)? Please provide the rationale for your answer. **As discussed in GSA's comments to the Exposure Draft *Implementation Guidance on Cleanup Costs Associated with Equipment*, please add under paragraph 16 item c, "Identify specific elements within all real property or group of real properties where asbestos removal falls under "routine" or part of normal operations, such as building maintenance, repairs, alterations or modernizations that normally occur over the life of the building, (i.e. elements such as insulation on wiring and pipes, ceiling tiles, etc.)" These are replaced periodically over time and over the life of the building. And as such, replacement is considered routine. We believe based on SFFAS 6, Paragraph 93 and SFFAS 1, these costs should not be accounted for as a liability because they are related to an on-going continuous expense. We think it would be beneficial for this Implementation Guidance to define "unique" verses "routine" in determining costs that should be included in a clean up liability and/or financial statement footnote compared to those costs that are expensed as incurred. We would like to see recognition that agencies have unique missions and operations and this determination will need to be made by each agency.**
- Q2. Do you agree or disagree with the assessment to be applied to those facilities expected to contain asbestos (paragraph 17)? Please provide the rationale for

your answer. Do you believe additional or different assessments should be applied? If so, please specify. **Suggest Paragraph 17 Section a. be reworded to read: The estimate of asbestos removal costs required at real property(ies) renovation, disposal or demolition will depend on: i. Most likely method of real property renovation or demolition (e.g., use of heavy equipment, implosion/explosion, or hand methods); and ii. Costs of standard demolition identified (e.g. asbestos surveys, sampling, removal, and non-routine materials management) based on federal, state and local regulatory requirements governing asbestos management. Also, in computing estimates, should we be discounting the estimated costs to their present value based on inflation when the time line is well into the future? It is possible that an agency may determine not to remove asbestos and therefore not have estimated asbestos removal costs. Some asbestos is part of the core building structure and could not be removed unless the building is demolished or disposed. Many buildings with historic nature will not be demolished or disposed in a time period relevant to reporting, (i.e. several decades or centuries into the future).**

- Q3. Do you agree or disagree with the list of estimating methodologies proposed to estimate the cost of removal, containment or disposal of real property or group of real properties (paragraph 18)? Please provide the rationale for your answer. Do you believe additional methodologies should be included? If so, please specify. **We agree with this list in consideration with our comments in Q1 and Q2.**
- Q4. Do you agree or disagree with the example of practice for evaluating asbestos cleanup costs associated with real property repair and renovation (Appendix B)? Please provide the rationale for your answer. **See responses to Q1 and Q2 above.**
- Q5. Do you agree or disagree with the example of practice for evaluating asbestos cleanup costs associated with real property demolition (Appendix B)? Please provide the rationale for your answer. **See responses to Q1 and Q2 above.**
- Q6. Do you believe additional technical guidance related to asbestos cleanup costs associated with facilitates and installed equipment is needed in this proposal? Please provide the rationale for your answer. **See responses to Q1 and Q2 above.**

Additional comment: In Diagram 1, suggest changing the wording in the second box on the top row to: Is facility expected to contain asbestos? Changing this wording will also require changing the resulting yes/no responses. This eliminates potential confusion with having a negative response to a negative question.

If you have any questions, please contact Jane Pritchett at (816) 213-3173 or jane.pritchett@gsa.gov.

Sincerely,

A handwritten signature in cursive script that reads "D. A. Glenn".

Douglas A. Glenn
Deputy Chief Financial Officer