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GENERAL GOVERNMENT
DIVISION

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The Honorable Larry Winn, Jr.
House of Representatives

Dear Mr. Winn:

By letter of March 14, 1974, you asked us to consider Mr. Dale R. Meyer's letter to you concerning the acquisition of his property, tract 103, for a Kansas City Bulk Mail Center (BMC). In accordance with discussions with your office, we are providing information on the appropriateness of the land appraisal made on tract 103.

We reviewed agency records and discussed the acquisition with officials of the Postal Service and the Corps of Engineers, the realty appraiser who made the land appraisal, and the U. S. attorney involved in the legal proceedings for the final acquisition of tract 103.

The Postal Service is in the process of establishing a National Bulk Mail System consisting of 21 BMCs and 12 auxiliary service facilities across the country. One of these facilities is the Kansas City, Kansas, BMC in the Santa Fe industrial district, which includes tract 103 and five other tracts of land.

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Under agreement with the Department of the Army, the Corps of Engineers handled site acquisition and construction of these BMCs and gave the Postal Service detailed information on available sites in the Kansas City area, including cost estimates.

LAND APPRAISAL OF BMC SITE

The Corps of Engineers contracted, on December 29, 1971, with an independent appraiser to inspect and appraise the fair market value of the six tracts of land in the BMC site. His appraisal report stated that the tracts have their highest and best use for heavy industrial purposes consistent with existing zoning laws. According to the criteria developed by the Interagency Land Acquisition Conference of 1973 concerning uniform appraisal standards for Federal land acquisition which is followed by the Corps, "highest and best use" means:

"* * * either some existing use on the date of taking, or one which the evidence shows was so reasonably likely in the near future that the availability of the property for that use would

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have affected its market price on the date of taking and would have been taken into account by a purchaser under fair market conditions."

The appraiser concluded that tract 103 had a value of \$45,000 based on its highest and best use. He relied on sales of comparable industrially zoned property within the Santa Fe industrial district in determining each tract's appraised value. In his opinion the industrial land use yielded the highest appraised value for the land and another land use would not have yielded a higher value. It appears that the appraisal practices used were reasonable.

Mr. Meyer questioned whether a business establishment on tract 103 had been properly considered in the appraisal of his property. The appraiser, having experience at this location, stated in his report that the existing structure on tract 103, as well as structures on the other five tracts of land, contributed nothing to the overall value of the property. The appraiser said to properly use tract 103 and the other tracts for their highest and best use, all buildings would have to be removed.

The Corps reviewed the appraisal report and agreed with the findings. It advised Mr. Meyer by letter dated April 5, 1972, that the amount which had been established as just compensation for his property was \$22,500. In a letter dated April 14, 1972, the Corps advised Mr. Meyer that the amount established as just compensation was inadvertently shown as \$22,500, whereas it should have been \$45,000. A Corps official told us that the discrepancy between the two letters was caused by a clerical error.

Our review of the Corps records showed that the per-acre value was listed as \$22,500, or a total of \$45,000 for the 2-acre site. The first letter to Mr. Meyer listed \$22,500 as the total land value; however, the Corps realized its mistake and so informed Mr. Meyer.

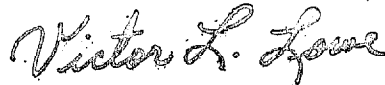
Mr. Meyer rejected the Government's offer of \$45,000 for his property. In April 1972, an offer and suggested counteroffers were made but with no agreement between the two parties. The Corps advised Mr. Meyer on May 8, 1972, that his property would be acquired by condemnation because a purchase price could not be negotiated. On July 11, 1972, a declaration of taking was filed and \$45,000 was deposited into the registry of the court. The court, on July 27, 1972, granted immediate possession of that portion of tract 103 which was not improved and possession within 60 days of the portion of land that was improved.

On February 13, 1973, the Postal Service and Mr. Meyer agreed that the just compensation for tract 103 and the estates therein was \$52,500. Corps officials stated that the filing of this agreement with the court closed the case.

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We have discussed the information in this report with Postal Service and Corps of Engineers officials and they have agreed with the accuracy of the facts presented. As requested, we are returning the enclosure from your letter.

Sincerely yours,



Victor L. Lowe
Director

Enclosure