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WASHINGTON, D.C. 20548

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Dear Mr. Snyder:

Pursuant to your request of November 18, 1971, we have examined into the circumstances relating to the alleged sale of dirt to the Louisville Urban Renewal and Community Development Agency (URCDA) from land owned by the Chairman of the Board of Commissioners of that agency, or by a corporation in which the Chairman is the principal party in interest. It was alleged that the dirt was obtained from a site for a proposed shopping center near Bashford Manor and Bardstown Roads and used in the Newburg urban renewal project in Jefferson County, Kentucky. Our review of this matter included examination of project, contract, and engineering records and discussions with Department of Housing and Urban Development (HUD) and URCDA officials.

On February 8, 1972, we met with you to discuss our findings concerning this matter. This letter report has been prepared pursuant to your request that we provide you with a written summary of the matters presented to you during the meeting.

We found that some fill dirt for the Newburg urban renewal project was obtained from Bashford Manor property--land in which the Chairman has an interest. However, the information we obtained does not indicate any impropriety in the manner in which the dirt was acquired. Information concerning the transactions in question is summarized below.

HUD and URCDA entered into a Loan and Capital Grant Contract for the Newburg urban renewal project on April 1, 1968. URCDA is the local agency responsible for administering the project. The approved grant for the project as of April 1, 1971, was \$5,111,817.

Work on the project involves preparation of about 205 acres of land for use as a predominantly residential area. The preparation of the site, which involved the construction of drainage systems, streets, and sidewalks, required the use of a substantial quantity of fill dirt. Plans for the preparation of the project site were developed by a consulting engineering firm under contract with URCDA.

The actual site preparation work was done under three separate construction contracts awarded by URCDA. The first and third of these contracts were awarded to the K.A. Barker Construction Company, Inc.,

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of Louisville, Kentucky. The second contract was awarded to the Ruby Construction Company, Inc., also of Louisville. Under the three contracts, approximately 116,000 cubic yards of fill dirt was to be obtained from locations outside of the project and brought to and used in the project. None of the dirt involved in the first two contracts was obtained from the Bashford Manor property. Under the third contract about 18,000 cubic yards of fill dirt was obtained from the Bashford Manor property.

The third contract was formally advertised by URCDA and nine responsive bids were received. The Barker Construction Company was the lowest of the nine bidders and was awarded the contract in the amount of about \$318,000--about \$37,000 lower than the engineering firm's estimate for the work involved. Under the contract, the Barker Company was to provide about 30,000 cubic yards of fill dirt for the project at \$2.25 per cubic yard. It was Barker's responsibility to obtain the required fill dirt and URCDA's consulting firm's responsibility to certify the quality and quantity of fill dirt brought to the project from locations outside of the project.

As previously mentioned, about 18,000 cubic yards of fill dirt was obtained from the Bashford Manor property. Our review of records provided to URCDA by its consulting engineering firm and discussions with URCDA officials showed that Barker obtained (1) about 10,000 of the 18,000 cubic yards of fill dirt from an architect engineering firm which was building a store at the shopping center site and (2) the remaining 8,000 cubic yards of fill dirt from a realty company in which the Chairman has an interest. The records show that the dirt which Barker obtained from the Bashford Manor property was obtained under private contracts between Barker and the above-mentioned two firms carrying on activities at the shopping center site. Because the contract between URCDA and Barker for work at the Newburg project was awarded on a formally advertised basis, we did not discuss with officials of the Barker Company its private arrangements for obtaining fill dirt.

As you were advised during our meeting on February 8, 1972, we did not discuss the above matters with the Chairman of the Board of Commissioners of the URCDA. Further, we did not obtain written comments from HUD or URCDA officials involved in this project; however, this report is based on information in their files or furnished by them, and was discussed informally with them.

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We plan to make no further distribution of this report unless copies are specifically requested, and these copies will be distributed only after your approval has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,

R.F.KELLER

Deputy Comptroller General  
of the United States

The Honorable M. Gene Snyder  
House of Representatives

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