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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

RELEASED

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MAR 17 1972

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Dear Mr. Vanik:

In accordance with your request of September 15, 1971, and subsequent discussions with your office, we obtained information on the Cuyahoga County Justice Center to be constructed in Cleveland, Ohio. We sought answers to three questions.

- Was the purchase price of \$1.85 million for the Penton Building reasonable? We believe that it was.
- What amount of Federal grants was awarded for the Center? As of January 1, 1972, \$1.3 million was awarded.
- What use is being made of these Federal funds? The funds are being used for planning the Center and will be used for its initial construction. No Federal funds have been used to purchase land.

Details on our review follow.

JUSTICE CENTER

The Justice Center--a planned three-building complex containing law enforcement and court facilities--is a joint effort of the city of Cleveland and Cuyahoga County. The county has estimated the cost of the Center to be about \$80 million and has stated that its construction will be financed partly by a \$61 million bond issue approved by the voters. Completion of the Center is scheduled for 1975.

The Center will be located in downtown Cleveland in an area bounded by Lakeside Avenue, West Third Street, Saint Clair Avenue, and Ontario Street. Cuyahoga County began acquiring the land in 1971, and 18 of the 19 parcels of property in this area had been purchased by January 1972. These parcels are being purchased with funds from the bond issue.

The county commissioners' office hired six appraisers to value properties to be purchased for the Center. Two appraisers were assigned to each property, and each made an appraisal independent of the other. The commissioners' policy is to purchase each property at the higher of the two appraisals, if the property owner agrees to sell without time-consuming condemnation proceedings and if the difference

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between the two appraisals does not exceed 10 percent. The difference between the two appraisals for the 18 parcels acquired ranged from 0.7 to 9.1 percent.

PENTON BUILDING

The Penton Building, located on the corner of West Third Street and Lakeside Avenue, was purchased by the county on October 1, 1971, for \$1,850,000. The two appraisals made in 1971 valued the property at \$1,765,000 and \$1,850,000, respectively. The 1970 tax appraisal valued this property at \$905,100.

We discussed the 1970 tax appraisal of the Penton property with representatives of Cole-Layer-Trumble Company, the firm that had made the appraisal. The employee who had made the appraisal and the supervisor who had reviewed it both agreed that the value assigned to the property for tax purposes was conservative and could not be considered a yardstick in determining the fair market value of the property. They explained that the difference between the tax appraisal and the two 1971 appraisals was due primarily to the following facts.

- The land mistakenly had been undervalued in the tax appraisal at \$8 a square foot; \$12 should have been used.
- The 1970 tax appraisals were based on 1962 building replacement costs, as required by the Ohio Board of Tax Appeals. For buildings comparable to the Penton Building, replacement costs increased about 55 percent between 1962 and 1971.
- The Penton Publishing Company had made improvements to the building totaling \$423,500 after the tax appraisal.

Using this information, the adjusted tax appraisal of the Penton property, as shown in the enclosure, is \$1,819,416. The purchase price of \$1,850,000 is reasonable compared with the adjusted tax appraisal.

FEDERAL GRANTS

2 By January 1972 the Law Enforcement Assistance Administration (LEAA), Department of Justice, had granted \$5.2 million for planning and implementing law enforcement and 107

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criminal justice programs in Cuyahoga County. These grants were made under the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3701).

Of this amount, \$1.3 million was awarded specifically for the planning and initial construction of the Center. As of January 1972 the county had received only \$71,160, as shown in the following table.

<u>Grant number</u>	<u>Date of award</u>	<u>Amount</u>	
		<u>Awarded</u>	<u>Received by county</u>
122-04-E-70	8-31-70	\$ 71,160	\$71,160
1082-04-A8-71	10-22-71	37,280	-
1279-04-A8-71	10-22-71	<u>1,200,000</u>	<u>-</u>
		<u>\$1,308,440</u>	<u>\$71,160</u>

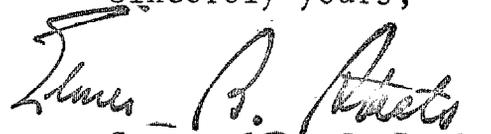
In addition, the county has applied to LEAA for a grant of \$150,000, which it expects to be awarded in the near future.

County records showed that \$60,000 had been spent as of January 1, 1972. The funds were used to pay for staff services, a traffic and parking study, and a space requirements study. We found that all expenses had been properly authorized and adequately documented.

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We did not obtain written comments from any of the parties involved in the matters discussed in this report. We plan to make no distribution of this report unless copies are specifically requested, and then we shall make distribution only after your approval has been obtained or public announcement has been made by you concerning the contents of this report.

Sincerely yours,


Comptroller General
of the United States

Enclosure

The Honorable Charles A. Vanik
House of Representatives

ENCLOSURE

PENTON BUILDING 1970 TAX APPRAISAL

ADJUSTED TO JULY 1971

LAND:

Valued at \$8 a square foot in tax appraisal	\$139,392	
Adjustment of value to \$12 a square foot	<u>69,696</u>	
Adjusted land value		\$ 209,088

BUILDING:

Value in tax appraisal	\$765,710	
Increase in building costs between January 1962 and July 1971 (55 percent of tax appraisal value)	421,141	
Capital improvements made subsequent to tax appraisal	<u>423,477</u>	
Adjusted building value		<u>1,610,328</u>
Total adjusted value		<u>\$1,819,416</u>