

EXPLANATORY STATEMENT  
OF PROPOSED NEGOTIATED SALE  
OF SURPLUS REAL PROPERTY

Plancor 2386 (R-NY-97)  
Utica Drop Forge and Tool Corporation  
Utica, New York

Submitted pursuant to section 203(e) of the Federal Property  
and Administrative Services Act of 1949, as amended.

Location: Utica, New York.

Reported surplus by: Reconstruction Finance Corporation.

Description: The real property consists of 0.636 acre of land on  
which is a one-story Forging Mill and a one-story  
Ammonia Storage Building, with 16,036 sq.ft. of floor  
space and 3,152 sq.ft. of mezzanine space. The prop-  
erty is surrounded on three sides by buildings and  
property owned by the Utica Drop Forge and Tool  
Corporation (see attached photograph).

Acquisition Cost: \$622,138.

Fair Market Value: The Central Appraisal Staff has evaluated the property  
as of May 31, 1955, the date of lease termination.  
The value established for use in place is \$434,000.  
Because it is believed that the scrambled nature of  
the property with lessee's property would make opera-  
tion for designed use in place probable only by the  
lessee, an alternate fair market value to others  
than the lessee has been established at \$322,000.  
This latter value contemplates a use other than the  
designed use, with the machinery and equipment being  
removed for offsite use by the purchaser.

Statement:

The property was declared surplus by RFC to War Assets Admin-  
istration on September 20, 1946. It was advertised for sale in April  
1946 on the basis of a preliminary declaration of surplus. At the bid  
opening on May 27, 1946 the only bid received was an offer from Utica  
Drop Forge and Tool Corp. to lease the property for five years. The  
lease was formally executed December 11, 1946 for a term from June 1,  
1946 to May 31, 1951.

In 1951 the lessee requested an extension of its lease.  
After a period of negotiation, and on certification of the Munitions  
Board that the Air Force had a requirement for the forgings produced  
by the lessee, the lease was extended from June 1, 1951 to May 31, 1954  
at a rental of \$69,865 per annum.

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Early in 1954 the lessee was asked whether the purchase of the plant was desired. While purchase negotiations were proceeding, the lease was extended for one year to May 31, 1955 at the previous rental of \$69,865 per annum, plus an additional rental in an amount equivalent to payment of real estate taxes. The total rent derived from the Plancor through May 31, 1955 will be \$437,901.59.

After many conferences, a meeting was held in the New York Regional Office February 11, 1955, at which time the President of the Utica Drop Forge and Tool Corp. revised his original purchase offer of \$251,000 made October 5, 1954 to an offer of \$325,000 payable 20% down at time of closing, and the balance in ten equal annual installments, with interest at 5% on the unpaid balance. The Corporation's previous offer had been predicated on a private appraisal made for it by The American Appraisal Company. This appraisal was reviewed by our Central Office Appraisal Staff and rejected as being too lacking in detail for comparison with their appraisal.

The Regional Director in New York has recommended the negotiated disposal of Plancor 2386 to the lessee for \$325,000, with terms as requested, based on the following factors:

1. The Plancor is badly scrambled both in real estate improvements and in personalty.
2. It is noted that the value of the Plancor to others than the lessee can only be for use other than its designed use. Such use assumes removal of the machinery and equipment for offsite use.
3. Because of the scrambled utilities it would be rather costly to bring the necessary separate utilities to the Plancor, or acquire easements from Utica Drop Forge and Tool Corporation.
4. The Plancor is not a self-sufficient operating unit, but is dependent on equipment owned by both the lessee and the Department of the Air Force.
5. A portion of the Government owned building encroaches on property owned by the lessee.
6. Utica Drop Forge and Tool Corporation utilizes the Plancor in the fulfillment of defense contracts.

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The facilities were originally constructed by the Government during World War II for operation by Utica Drop Forge and Tool Corporation in expanding their own facilities for production of war goods. The Corporation has been the lessee since the war, when disposal advertising did not produce any purchase offers. The Plancor is now operated as a going concern, in conjunction with lessee owned facilities surrounding it on three sides, and provides employment for many wage earners. The sale will return the Plancor to private ownership and restore it to local tax rolls.

Conclusion:

In view of the foregoing facts, this office concurs in the disposal recommendation of the Regional Director. Therefore, it is my opinion that the public interest will be best served by giving authority to the Regional Director, Region 2, New York, N. Y., to negotiate the sale of Plancor 2386 (R-NY-97), Utica, N. Y., to the Utica Drop Forge and Tool Corporation for \$325,000 at the usual terms offered to purchasers.

1s/ Thomas L. Peyton  
Director  
Real Property Disposal Division  
Public Buildings Service, GSA

Date: 4-18-55  
Washington, D. C.

APPROVED:

(Signed) P. A. Strobel

Commissioner of Public Buildings

Date: APR 10 1955  
Washington, D. C.

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