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Mrs. Debi Meling, City Engineer
City of Billings, Public Works Engineering Division
2224 Montana Avenue
Billings, MT 59101

13 Aug 20

Re: *NWE Proposed Easement in Long Subdivision, located in Lot 5A of the Amended Lot 5, Block 1, Long Subdivision, Yellowstone County, MT*

Dear Mrs. Meling:

Pursuant to our phone conversation of 12 Aug 20, I offer the following analysis for your consideration.

Definition of the Analysis to be Performed

You have asked me to summarize my opinions regarding the proposal offered by Northwestern Energy Company (NWE) to procure a perpetual easement from the City on the north side of land it owns south of Montana Sapphire subdivision, and adjacent to Shiloh Road. The lot in question is Lot 5A of the Amended Lot 5, Block 1, Long Subdivision, situated in the NE4 and SE4 of Sec. 15, T1S, R25E, P.M.M., Yellowstone County, MT.

Background Information

NWE (a.k.a., Montana Power Co.) already has a 30 foot utility easement on the south side of what is now known as Montana Sapphire Subdivision (formerly a portion of Lot 2, Block 1 of Sharptail Subdivision). NWE acquired the easement in late August of 1997.



The photo on the left depicts the present utility line easement next to multi-family housing units on Montana Sapphire Subdivision. The land shown to the center and right in the photo is the subject land and shows ponderosa trees planted atop a berm. The trees under the power lines ostensibly belong to Montana Sapphire subdivision owners.

The easement NWE proposes to purchase is located on the east side of Lot 5A, Block 1 of Long Subdivision. Purportedly, the proposed easement would align itself with the existing 30 foot easement NWE already has, which would give NWE a total of 60 feet of easement in an area near a curve in the subdivision lot on its northeastern boundary. As I understand it, the stated purpose of the proposed easement is to upgrade the existing distribution lines by constructing another high-voltage line on single metal poles to the south of the existing power lines. This new power line would handle three different distribution lines and would be taller – 70' to 80' in height. They would hope to construct them 25'-30' south of the existing line.



The proposed easement will be located in the approximate area of the bend in the Lot on its northeast side. It appears as though two mature black cottonwood trees would be located within the easement, as well as a slough area, which is part of the Shiloh Conservation Area.



Staking was found that could be the prospective mid-point for the proposed easement. This mid-line would seem to travel just to the north side of the mature cottonwood trees.

My Opinion of Value for the Proposed Easement Acquisition

I was one of two appraisers that appraised the Knife River properties adjacent south of the City property in question in September of 2018. The purpose of those appraisals were to establish a value for the acquisition of individual lots in Long Subdivision – at the time the City wanted the lots to build a large west-end storage reservoir. My appraisals for very similar land were for \$7,500 per acre. It is commonly accepted practice for the

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Montana Department of Transportation, for example, to pay 95% of the fee value for a perpetual easement. The fee owner will typically retain a 5% interest in the land. In my opinion this is a very similar situation, with very comparable land (formerly mined-out land that is not reclaimed for another use). If one were to use my appraised values for the Knife River on this project the easement value is figured as follows:

Value per Acre in Fee:	\$7,500
Easement Pro-Rata:	$\frac{x .95}{}$
Easement Value:	\$7,125 per acre

The proposed easement is reported to be 800 feet long and 30 feet wide, and contains 24,000 sq. ft., or 0.551 acres. Accordingly, in my opinion, the payment for the proposed easement should be \$3,926.00 (rnd.) [0.551 acres x \$7,125/acre].

Other Questions that I Feel Need to be Addressed

One should address *damages to the remainder* on the parent 65.925 acre tract – once the 0.551 acre utility easement is carved out. An appraiser doesn't typically include losses to the remainder parcel that are not economic in nature. However, the Shiloh Conservation area was developed as a public park as well as a groundwater recharge area. I feel the Billings city council should be aware that if the easement is purchased and the wording of the easement is akin to past utility easements, any trees and brush that lay within the easement area are "fair game" to be trimmed as determined by the easement holder. That would almost certainly include the cottonwoods that are among the only mature trees on the whole of the development.

Should you have additional questions or concerns please do not hesitate to call me at your convenience.

Respectfully,



Steven M. Repac
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