

## **EMINENT DOMAIN VALUATION**

### **Value of the Larger Parcel Before the Partial Acquisition, As Vacant**

In the Reconciliation and Opinion of Market Value, Before, section of this report, as vacant and available for its highest and best use, the subject larger parcel was estimated to have a value of \$5.00 per square foot. Applying the unit price to the area of the larger parcel indicates my opinion of market value:

ADOT's Appraisal Guidelines require that the 0.450-acre or 19,602 square foot portion of the subject encumbered by the existing roadway right-of-way easement is to be considered separately from the rest of the subject in the valuation analysis. In the Reconciliation and Opinion of Market Value, Before, section of this report, the subject's net site area (501,811 s.f. or 11.520 net ac.) was estimated to have a market value of **\$5.00** per square foot of net site area. As the 19,602 square foot area (underlying fee simple) affected by the existing improved public roadway right-of-way easement had no market use, it was estimated to have a value of **\$0.00** per square foot. Applying these unit prices to the areas of the larger parcel indicates my opinion of value:

Larger Parcel (net)	482,209 s.f. x \$5.00/s.f. =	\$2,411,045
Underlying Fee Simple	<u>19,602</u> s.f. x \$0.00/s.f. =	<u>\$ 0</u>
Value of the Larger Parcel	501,811 s.f.	<b>\$2,411,045</b>

### **Value of the Partial Acquisition As a Part of the Larger Parcel, As Vacant**

#### ***Fee Simple***

The value of the part to be acquired, 84,114 square feet, was estimated as a pro rata share of the larger parcel. In order to estimate the market value of the land within the partial acquisition, in the first step, \$5.00 per square foot is multiplied times the area unaffected by the roadway easement, and \$0.00 per square foot for the area affected by the public roadway right-of-way as follows:

Net Area Acquired	64,512 s.f. x \$5.00/s.f. =	\$322,560
Roadway Easement Area	19,602 s.f. x \$0.00/s.f. =	<u>\$ 0</u>
Value of the Partial Acquisition		<b>\$322,560</b>

## **Value of the Remainder As a Part of the Larger Parcel, As Vacant**

The value of the remainder as a part of the larger parcel is simply the value of the larger parcel less the value of the acquisition as estimated in the previous step.

Value of the Larger	\$2,411,045
Value of the Partial Acquisition	
Fee Simple	(\$ 322,560)
Value of the Remainder As a Part of the Larger	\$2,088,485

## **Site Analysis & Highest and Best Use of the Remainder, As Vacant**

In order to estimate the value of the remainder as affected by the proposed partial acquisition and project, the remainder was considered a "new" parcel different from before.

### ***Site Analysis***

The larger parcel was thoroughly described in a previous section of this report. The remainder remains much the same as before.

### ***Highest and Best Use***

The highest and best use of the remainder does not change after the proposed partial acquisition and project.

## **Market Value of the Remainder After, As Vacant**

### ***Severance Damages (Value of the Remainder After the Partial Acquisition, Before Special Benefits)***

Severance damages (before diminishment by special benefits and cost-to-cure) are indicated when the value of the remainder after the partial acquisition, before special benefits is less than the value of the remainder as a part of the larger. A difference would indicate that the partial acquisition had a detrimental effect upon the property and had lessened its marketability for any one of a number of reasons.

In this case, it was apparent that the partial acquisition and project had no detrimental influence on the remainder. Thus, my appraisal of the remainder in this step relies on the same data and analysis as before and comes to the same conclusion of market value on a unit price basis. In my opinion, the partial acquisition lessens the market value of the remainder only by the amount estimated by the analysis shown above.

Value of Remainder As a Part of the Larger	\$2,088,485
Value of Remainder After, Before Special Benefits	(\$2,088,485)
Severance Damages (preliminary)	\$ 0

As the value of the remainder after the acquisition, before special benefits, does not decrease from the value of the remainder as a part of the larger, preliminary severance damages to the marketability of the remainder were not indicated.

***Special Benefits (Value of the Remainder After the Partial Acquisition, After Special Benefits)***

Special benefits are indicated when the value of the remainder after the partial acquisition, after special benefits, is more than the value of the remainder as a part of the larger. A difference would indicate that the partial acquisition had a beneficial effect upon the property and had enhanced its marketability for any one or more reasons.

In this case, it was obvious that the partial acquisition and project had no beneficial influence on the remainder. Thus, my appraisal of the remainder in this step relies on the same data and analysis as before and comes to the same conclusion of market value on a unit price basis.

Value of Remainder After, After Special Benefits	\$2,088,485
Value of Remainder As a Part of the Larger	(\$2,088,485)
Special Benefits	\$ 0

As the value of the remainder after the acquisition, after special benefits, does not increase from the value of the remainder as a part of the larger, special benefits to the marketability of the remainder were not indicated.

**Cost-to-Cure, As Vacant**

As no severance damages were indicated to the land, no cost-to-cure needed to be estimated.

**Net Severance Damages, As Vacant**

As no preliminary severance damages to the remainder were indicated, net severance damages did not result.

**Minor Improvements and Minor Cost-to-cure**

***Minor Improvements***

Marshall Valuation Service, a respected cost source, provides estimated costs for new minor site improvements in section 66 of their handbook. Also, based upon local contractors' cost estimates, cost new was estimated. Deducting depreciation, the result was my opinion of the contributory market value of the minor site improvements within the partial acquisition that do not need to be replaced or relocated.

The partial acquisition will include the following minor improvements:

- Part of 3 concrete block material bins
- 1,008 square feet of 6 to 10-foot tall block retaining wall
- Double-sided identification sign on wood post (non-illuminated)
- 43 l.f. 6-foot tall split steel gate
- 1,085 square foot block and wood frame constructed material storage building with 100.80 l.f. of retaining wall
- 94 l.f. of 8-foot tall retaining wall with partial steel fencing
- 419 l.f. of low-cost nearly fully depreciated wire and chain link fencing

All but 20 lineal feet of low-cost chain link fencing perpendicular to the roadway at the northeast corner of the property will be replaced or relocated with a cost-to-cure or as part of the roadway improvement project. The contributory market value of the fence was estimated below:

- 20 l.f. of 6-foot low cost wire fencing (fair condition) – 20 l.f. x \$10.00 = **\$ 200**

### ***Minor Cost-to-cure***

All retaining walls will be acquired as part of the partial acquisition. They must be replaced as the proposed roadway will have a similar elevation as before. The city will build retaining walls with metal fencing on top as part of the roadway project at no cost to Block-Lite.

The two-piece steel driveway gate can be salvaged and relocated. Bids of \$840 by Cowboy General Contracting (October 30, 2017) and \$1,345 by High Caliber Construction (November 3, 2017) were submitted. Adjusting these bids for inflation to the effective date of this appraisal is necessary. Using the US Department of Labor CPI Inflation Calculator, the bids were inflated to current costs of \$866 and \$1,386. Based on these bids, a cost of **\$1,200** was estimated as a reasonable cost-to-cure to salvage and relocate the driveway gate.

The city will construct new driveway approaches into the property as part of the roadway project at no cost to Block-Lite.

The business identification sign will be acquired as part of the partial acquisition. Block-Lite obtained two bids for a new sign. Signarama submitted a bid of \$3,500 (March 15, 2017) and Northern Arizona Signs submitted a bid of \$3,080 (November 7, 2017). These bids were adjusted up with the CPI inflation calculator to the effective date of the appraisal to amounts of \$3,649 and \$3,174. Based on these bids, a cost of **\$3,500** was estimated as a reasonable cost-to-cure for a replacement sign that meets current sign standards.

The 1,085 square foot material storage building adjacent to the gate replaced as a large part of it is in the area of the partial acquisition. Bids of \$87,950 by Cowboy General Contracting (October 17, 2017) and \$120,560 including 8" thick concrete by High Caliber Construction (November 3, 2017) were obtained by Block-Lite.

Both bids were for replacement buildings of much better quality than the building acquired. Instead, I obtained a bid of \$13,795 from Metal Building Outlet Corporation for a 1,085 (31' x 35') square foot good-quality steel building which better represents equivalent substitution for the replacement of the material storage building. Although the replacement building has four walls and a door, the betterment was unavoidable. It was necessary to add the cost of a concrete floor to replace the inlaid concrete block floor and the cost of demolition of the remaining 500 square feet of the storage building remaining after the partial acquisition. According to Marshall & Swift cost estimator, the cost of a 4-inch concrete foundation is \$6.00/s.f. or \$6,510. Marshall & Swift estimates \$5.00/s.f. or \$2,500 for the cost of demolition of the remaining building. The total cost is estimated to be \$22,805. Given contingency, I estimated a reasonable cost-to-cure of **\$25,000**.

The proposed right-of-way will encroach in the area need to maneuver to and from two concrete block material storage bins and a fully-depreciated obsolete scale. The storage bins retain contributory market value. The scale does not. As such, it is necessary to replace the two material storage bins.

The partial acquisition will include part of three concrete block storage bins in the northeastern portion of the property. Cost-to-cure bids of \$160,546 by Cowboy General Contracting (October 17, 2017) and \$175,645 by High Caliber Construction (November 3, 2017) were submitted. The bids were adjusted upward for inflation to \$165,453 and \$181,009 as of the effective date of the appraisal. From these two bids, I estimated a reasonable cost-to-cure of \$175,000. But the scale adjacent to the two bins in the southwestern area of the property is in the way of relocating the bins. A bid of \$5,448 was submitted by Southwestern Scale (October 30, 2017) for removing the scale and filling and compacting the void. The bid was adjusted up for inflation to the effective date of the appraisal. Thus, the total cost-to-cure for replacing the bins was **\$180,615**.

The wire fencing from the yard driveway to the east property line in the area of the partial acquisition must be replaced to restore the security the yard had before. The city will provide new fencing at no cost to Block-Lite.

All cost-to-cure is summarized as follows:

➤ Steel driveway gate relocation	\$ 1,200
➤ New business identification sign	\$ 3,500
➤ Materials storage building	\$ 25,000
➤ 5 concrete block material bins	\$180,615
<b>Total</b>	<b>\$210,315</b>

### ***Summary***

Minor Improvements	\$ 200
Minor Cost-to-cure	<u>\$210,315</u>
<b>Total</b>	<b>\$210,515</b>

## **Value of the Temporary Construction Easement**

The client has instructed me that no value is to be estimated for the TCE as the temporary easement is for the owner's benefit with the installation of retaining walls, fencing and improved driveway access. Any site improvements affected by the TCE will be returned to their present condition once construction is completed.

## **Summary - Estimated Value of the Partial Acquisition and Its Effects on the Remainder**

Land Rights Acquired	
Fee Simple	\$322,560
Net Severance Damages	\$ 0
Minor Improvements and Minor Cost-to-cure	<u>\$210,515</u>
Value of the Partial Acquisition	<b>\$533,075</b>

My opinion of market value was subject to special limiting conditions stated on page 15.

## **EMINENT DOMAIN VALUATION SUMMARY**

The previous analysis estimated the value of the partial acquisition, preliminary severance damages, special benefits, cost-to-cure, net severance damages and minor improvements and minor cost-to-cure. These estimates are detailed below along with a final indication of value for the partial acquisition and its effects on the remainder.

Market Value of the Larger Parcel	\$2,411,045 (\$5.00/s.f.)		
Part. Acquisition As a Part of the Larger Parcel ( <u>\$ 322,560</u> )			\$322,560
Remainder As a Part of the Larger Parcel	\$2,088,485	\$2,088,485	
Remainder After the Acquisition Before Special Benefits		( <u>\$2,088,485</u> )	
Preliminary Severance Damages	\$ 0	\$ 0	
Remainder After the Acquisition After Special Benefits		\$2,088,485	
Remainder As a Part of the Larger Parcel		( <u>\$2,088,485</u> )	
Special Benefits	\$ 0	(\$ <u>0</u> )	
Preliminary Severance Damages		\$ 0	\$ 0
Cost-to-cure		(\$ 0)	\$ 0
Additional Diminishment of Preliminary Severance Damages		(\$ <u>0</u> )	
Net Severance Damages		\$ 0	\$ 0
Minor Improvements and Minor Cost-to-cure			<u>\$210,515</u>
Estimated Value of the Partial Acquisition and its Effects on the Remainder			<b>\$533,075</b>

My opinion of market value was subject to special limiting conditions stated on page 15.