

ROW\FORMS\ACQ\297

Revised 7-27-2017

**-APPRAISAL or WAIVER VALUATION REVISION BY R/W SUPERVISOR OR MANAGER-
(For Use up to \$5,000 Level of Authority)**

PROJECT ID.: NH 53-1(38)0
DESIGNATION: 27 St – 1st Ave to Airport
OWNERS:

PROJECT NO.: 7910-038-000
PARCEL NO.: 100

LAST APPROVED VALUATION

Appraisal Review (409) Dated 10/24/2017:

Land in fee	
4,445 SF @ \$ 11.50/SF	\$ 51,118.00
Easements	
4,324 SF @ \$ 11.50/SF	
X 0.95	\$ 47,240.00
Improvements	
	\$
Fixtures	
	\$
Permits	
	\$
Depreciation	
	\$
Cost-to-Cure	
	\$
Admin and Oversight fee	\$
Access Control	
	\$
Other	
	\$
	<u> </u>

REVISED VALUATION:

Land in fee	
4,445 SF @ \$ 11.50/SF	\$ 51,118.00
Easements	
4,324 SF @ \$ 11.50/SF	\$ 49,726.00
Improvements	
	\$
Fixtures	
	\$
Permits	
	\$
Depreciation	
	\$
Cost-to-Cure	
	\$
Admin and Oversight fee	\$
Access Control	
	\$
Other	
	\$
	<u> </u>

TOTAL COMPENSATION \$ 98,358.00
Rounded \$ 98,358.00

REVISED COMPENSATION \$ 100,844.00
TOTAL \$ 100,844.00

These revisions are based on plans dated: 10/19/2017

Reason for Revision: In adherence to The Montana R/W Appraisal Manual, Section 3-3.13.1, Page 66, "It is MDT Policy to pay 100 percent of fee value for easements over State-Owned parcels, except over Navigable Streams as described below. Note: Unlike regular parcel valuations, compensation totals on state-owned parcels are not rounded to the nearest \$ 50."

Recommended for Approval: _____
 Consultant (if applicable)

Date: _____

Approved by: *Celia B Clearwood*
 R/W Supervisor or Acquisition Manager
 Montana Department of Transportation

Date: 10/19/17



Montana Department of Transportation
PO Box 201001
Helena, MT 59620-1001

Memorandum

To: Paul Brown, Appraisal Section Supervisor

From: Ron Rausch, Review Appraiser

Date: 10/24/2017

Subject: 27th St – 1st Ave to Airport
NH 53-1 (38)0
7910-038
Parcel 100

Enclosed are the Master File and Appraisal Section copy of a revised appraisal report (#458) for the above referenced project. The Acquisition Agent copy and an additional negotiation copy of the appraisal has been forward to the R/W section in Billings.

Ron Rausch
Review Appraiser

Copy: CB Clearwood, District 5 R/W Supervisor

APPRAISAL REPORT UPDATE

Revised 5/1/13

(This report must be considered with the original appraisal report.)

PROJECT NO.: 7910-038-000
DESIGNATION: 27th Street – 1st Ave S to Airport
OWNER(S): State of Montana, Eastern Montana College

PROJECT ID.: NH 53-1(38)0
PARCEL NO.: 100

REASON(S) FOR REVISING THE APPRAISAL REPORT and JUST COMPENSATION. (ATTACH SUPPORTING INFORMATION AS NEEDED):

REMARKS: The additional easement will be required as a result of a plan change dated 19/Oct/2017.

Acquisition
Agmt Copy

Comparable Sales (Reference Sales Catalog, Project Report, or Supplement identification numbers, or attach copies of the comparable sale data forms.):

The Comprable Sales used for the appraisal revision are the same sales utilized in the original Appraisal Report (dated 13/Sep/2017).

BREAKDOWN OF ACQUISITION

MOST RECENT ESTIMATE OF VALUE:

REVISED ESTIMATE OF VALUE:

Right of Way Plans Date: 6/Sep/2017

Right of Way Plans Date: 19/Oct/2017

Land
4,445 SF @ \$11.50/SF \$51,118
\$

Land
4,445 SF @ \$11.50/SF \$51,118
\$

Improvements:
\$
\$

Improvements:
\$
\$

Fixtures & Personal Property:
\$
\$

Fixtures & Personal Property:
\$
\$

Easements:
\$
\$

Easements:
4,324 SF @ \$11.50/SF x .95 \$47,240
\$

Permits:
\$
\$

Permits:
\$
\$

Depreciation In Market Value:
Not Offset or Cured: \$
Cost to Cure: \$

Depreciation in Market Value:
Not Offset or Cured: \$
Cost to Cure: \$

Compensation \$
Rounded \$

Compensation \$98,358
Rounded \$

TOTAL COMPENSATION: \$

TOTAL COMPENSATION: \$98,358

Partial Interests: Lessor's \$
Lessee's \$

Lessor's \$
Lessee's \$

I CERTIFY THAT IN THE REVISED ESTIMATE OF VALUE...:

- ...the statements of fact contained in this report are true and correct.
- ...the appraisal has been made in conformity with state laws, the Uniform Appraisal Standards for Federal Land Acquisitions and Chapter 3 (Appraisal) of the MDT R/W Manual, as they apply to the appraisal assignment.
- ...I have personally inspected the subject property and that I have afforded the owner, or their representative, the opportunity to accompany me on the inspection. (If not explain.)
- ...I have personally inspected and verified the comparable sales relied upon in making this appraisal. (If not explain.)
- ...I have no direct or indirect present or contemplated future personal interest in the subject property or in any benefit from the acquisition of such property beyond my responsibility as an appraiser for the Montana Department of Transportation.
- ...neither my employment or compensation is contingent on an action, event or value resulting from the analyses, opinions, or conclusions in, or the use of, this appraisal report.
- ...the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions contained within this report.
- ...the value conclusion is based on my personal, unbiased professional analyses, opinions, and conclusions derived from the data collected for this appraisal.

Revised 5/1/13

...my determination has been reached independently based on appraisals and other factual data of record without collaboration or direction, except as outlined within this report.
...I understand that the value shown herein is to be used in connection with a Federal-aid highway project and that to the best of my knowledge, my determination does not contain items which are not eligible for Federal reimbursement, except as outlined within this report.
...that the property has been appraised for its market value as though owned in fee simple, or as encumbered by:
...any increase or decrease in market value of real property, prior to the date of valuation, caused by the impending public improvement or by the likelihood that property would be acquired for such an improvement, other than that due to physical deterioration within the reasonable control of the owner, was disregarded in determining the compensation for the property acquired.
...that I have not and will not reveal the findings and results of this appraisal to anyone other than proper officials of the State of Montana, Department of Transportation, or officials of the Federal Highway Administration and I will not do so until so authorized by state officials; until I am required to do by due process of law; until the appraisal enters the public record; or until I am released from the obligation by having publicly testified as to such findings.
...that any digital photographs have not been enhanced, altered or modified in any way that would mislead the user.
...that the appraisal was made and the appraisal report prepared in conformity with the Uniform Standards of Professional Appraisal Practice standards, except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions required invocation of USPAP Jurisdictional Exception Rule.

TOTAL UPDATED COMPENSATION \$ 98 358
UNECONOMIC REMNANT \$ _____
ACCESS CONTROL \$ _____
TOTAL JUST COMPENSATION \$ 98 358

Date: 24/Oct/2017
(Date of Update Report)

Signature: 
Updated By: J. Seidlitz

Review Appraiser Comments:

I CERTIFY THAT...

- ___ the statements of fact contained in this report are true and correct.
 - ___ this review has been made in conformity with state laws, the Uniform Appraisal Standards for Federal Land Acquisitions and Chapter 3 (Appraisal) of the MDT R/W Manual, as they apply to the review assignment.
 - ___ I have personally inspected the subject property. (If not explain above.)
 - ___ I have personally inspected the comparable sales applicable to this appraisal. (If not explain above.)
 - ___ I have no direct or indirect present or contemplated future personal interest in the subject property or in any benefit from the acquisition or disposition of such property beyond my responsibility as review appraiser for the Montana Department of Transportation.
 - ___ neither my employment nor compensation is contingent on an action, event or value resulting from the analyses, opinions, or conclusions in, or the use of, this review report.
 - ___ my conclusions have been reached independently based on factual data of record.
 - ___ (If reviewer is licensed) As of the date of this report, I have completed the requirements of the continuing education program of the Montana State Board of Real Estate Appraisers.
- Only the revised estimate of value is under review by the Review Appraiser with this form.

Revised Estimate of Value Approved by:  Date: 10/24/2017
Review Appraiser



Montana Department of Transportation
PO Box 201001
Helena, MT 59620-1001

Memorandum

To: Paul Brown, Appraisal Section Supervisor

From: Ron Rausch, Review Appraiser

Date: 9/14/2017

Subject: 27th St – 1st Ave to Airport
NH 53-1 (38)0
7910-038
Parcel 100

Enclosed are the Master File and Appraisal Section copy of an appraisal for the above referenced project. The Acquisition Agent copy and an additional negotiation copy of the appraisal has been forward to the R/W section in Billings.

Ron Rausch
Review Appraiser

Copy: CB Clearwood, District 5 R/W Supervisor

REVIEW APPRAISER'S REPORT AND DETERMINATION OF JUST COMPENSATION Revised 7/27/2017
FOR PARTIAL ACQUISITIONS
APPRAISAL REPORT FORMAT: Summary

Project No.: 7910-038
Project ID: NH 53-1(38)0
Designation: 27th St-1st Ave to Airport

Parcel No.: 100
Owner: State of Montana

<u>Name of Appraiser</u>	<u>Date of Appraisal</u>	<u>Revision Date(s)</u>
J. Seidlitz	Sept. 13, 2017	

Acquisition
Agent Copy

DETERMINATION OF COMPENSATION

Value of Acquisition:

Land:		
4,445 sf commercial land @ \$11.50/sf.		\$51,118
		\$
Improvements (Inclusive of site improvements):		\$
		\$
Fixtures and Personal Property (considered realty):		\$
		\$
Easements:		\$
		\$
Subtotal of Acquisition		\$51,118

Other Compensation:

Permits:		\$
		\$
Depreciation in Current Fair Market Value: (Not Offset by Special Benefits or Cured)		\$
		\$
Cost to Cure:		\$
		\$
Cost to Cure Administration and Over Sight Fee (\$50 min, \$2500 max)		\$
Subtotal of Other Compensation		\$-0-

Just Compensation as of July 10, 2017(Effective Date)..... (A) \$51,118

JUST COMPENSATION, ROUNDED..... \$51,150

Access Control..... N/A..... \$

TOTAL COMPENSATION.....\$51,150

Uneconomic Remnant:

Total Just Compensation (A + B less const. permits, easements and cost to cures no longer needed)	(B) \$
JUST COMPENSATION W/ UNECONOMIC REMNANT, ROUNDED	\$

Access Control..... \$

TOTAL COMPENSATION W/UNECONOMIC REMNANT.....\$

The compensation is based on right of way plans dated Sept. 6, 2017.

Partial Interests to be Divided as Follows:

Lessor's Interest	\$
Lessee's Interest	\$

Personal Property not considered realty in acquisition, easement or construction permit area: YES NO
If YES, please describe:

REMARKS:

Client: (MDT R/W Bureau or Other entity) The client is the Montana Department of Transportation. The intended users include authorized Department officials

Property Interest: Fee simple.

Summary of Appraisal: The subject property is utilized as a parking lot for a college softball field. The remainder of the parcel has steep topography issues as well as larger boulders that would hinder any attempt to develop it. The larger parcel is 3.7 acres and the highest and best use is commercial, parking lot. The appraisal determines \$11.50 per square foot value for the land. There are no impacted improvements nor site improvements.

Intended Use of Review: The results of the review will be used to negotiate the acquisition of the subject property.

Purpose of the Review: The purpose of the review is to develop and report an opinion of the quality of the above referenced appraisal report encompassing its completeness, adequacy, relevance, appropriateness and reasonableness.

Scope of Review: The basic authority provided for this review is developed in the Montana Department of Transportation Right of Way Manual, specifically chapter 3-6. In performing the review, the appraisal report was read in detail in order to develop opinions as to the completeness, adequacy, relevance, appropriateness and reasonableness of the data presented and analysis of the data. The data for the subject property was verified by an external field inspection and desk review. The data for the comparable sales was verified by an external field inspection and desk review. This is a summary report and as such contains summary discussions of the data, reasoning and analysis that were used to develop the appraiser's opinion of value.

Completeness, adequacy, and relevance of data and appropriateness of adjustments: The subject property is a parcel in Yellowstone County Montana in the City of Billings. The appraisal provides an adequate description of the subject property as well as comparative sales. The sales used are deemed to be reliable measure of property value for the subject parcel. Few land sales in the subject area are available as this area is well developed. The appraisal was forced to rely on sales outside the subject market area. The addendum contains adequate supporting material including appraisal history, comparable sale data sheets, Title report, transfer document, R/W plans and photo of the subject property.

Appropriateness of Appraisal Methods and Techniques: The Sales Comparison approach was utilized to determine the land value of the subject property based upon sales included within the appraisal. The Sales Comparison approach is recognized as the most appropriate and reliable method for estimating the value of land such as the subject. A market trend was not developed within the appraisal. With a lack of sales in the market area, the appraiser was not able to develop a trend based upon a paired sales analysis. The appraiser relied upon analysis developed by Real Estate professionals to estimate this trend. While this is not the preferred method, it is the best available method. The lack of area sales also required the appraiser to use three sales outside the market area of the subject. The appraisal uses a locational adjustment to account for the different market area. As with the market trend, the appraiser was not able to conduct a paired sales analysis and relied on the analysis of the local professionals. The Appraiser employed the qualitative analytical technique to determine whether the comparable sales are inferior or superior to the subject. The value analysis is adequate. The values derived in the appraisal are appropriate and reasonable given the data and analyses presented, are adequately supported and provide a reasonable basis for determination of just compensation.

I CERTIFY THAT...

- the statements of fact contained in this report are true and correct.
- this review has been made in conformity with state laws, the Uniform Appraisal Standards for Federal Land Acquisitions and Chapter 3 (Appraisal) of the MDT R/W Manual, as they apply to the review assignment.
- I have personally inspected the subject property. (If not explain above.)
- I have personally inspected the comparable sales applicable to this appraisal. (If not explain above.)
- I have no direct or indirect present or contemplated future personal interest in the subject property or in any benefit from the acquisition or disposition of such property beyond my responsibility as review appraiser for the Montana Department of Transportation.
- neither my employment nor compensation is contingent on an action, event or value resulting from the analyses, opinions, or conclusions in, or the use of, this review report.
- my conclusions have been reached independently based on factual data of record.

Reviewed by: Ron Rausch

Signature: 

Date: September 14, 2017

Approved for Compensation: Date: _____

No Remarks:

Remarks Attached:

Signature: _____

Title: _____

R/W FORM APPRAISAL REPORT
(BEFORE AND AFTER SUMMARY REPORT FOR PARTIAL ACQUISITIONS)

Revised 7/20/2017

(1) PROJECT NO.: 7910-038-000
DESIGNATION: 27th Street – 1st Ave S to Airport

PROJECT ID: NH 53-1(38)0
PARCEL NO.: P-100

(2) RECORD OWNER: State of Montana,
Eastern Montana College
ADDRESS: 1500 N. 30th Street
Billings, MT 59101-0245

Acquisition
Agent Copy

CONTRACT PURCHASER:
ADDRESS:

LESSEE OF ACQUISITION:
ADDRESS:

(3) ADDRESS AND/OR LOCATION OF THE PROPERTY: 1500 N. 30th Street
Billings, MT 59101-0245

(4) BRIEF LEGAL DESCRIPTION OF THE PROPERTY: S29, T01 N, R26 E, 547, Parcel N/A COS 547 in SESW¼ 29-1N-26 & NENW¼ 32-1N-26 (3.68 AC) Old # D-753



Date Taken: 26/Jun/2017
Taken From: The bus turnout lane off of P-97, adjacent to 27th Street.
Remarks:

Taken by: J.Seidlitz
Facing: Northwesterly

(5) 5 YEAR DELINEATION OF TITLE:
To:
From:
Date:

Recording Info. Book 1015 Page 723, 724

Consideration (last transfer): In researching the Title Commitment for this property, this property was sold to the State of Montana for the use and benefit of Eastern Montana College by Stella Foote as a Trustee of Harriett V. Mahoney (AKA Harriet E. Mahoney) in 1973. I have included the complete title commitment in the addendum.

(6) PURPOSE: The purpose of the appraisal is to estimate the Market Value, as defined in MCA 70-30-313, of all the rights of ownership of the part to be acquired, and/or to address depreciation in market value to the remainder not offset by special benefits, and/or the value of the other rights to be acquired as designated by MDT in conjunction with a highway project, subject to the assumptions and limiting conditions.

A. Intended Use(s): The use of the appraisal is for acquisition of property rights, as part of a highway project. Briefly describe the project. This project will provide a 0.20' mill and overlay on 27th Street from I-90 to the Airport through downtown Billings. This project will extend the service life of 27th Street through the corridor, while updating pedestrian facilities to meet ADA requirements, and replacing the existing signal system and lighting along this busy road.

In 2013 the Annual Average Daily Traffic (AADT) was 16,540, which is projected to increase to an AADT of 20,590 in the design year of 2035. Records indicate that there were a total of 355 crashes from January 1, 2010 to December 31, 2012. During this period, no crash clusters were identified, and there were zero fatal injury crashes along the corridor.

B. Intended User(s): Intended users are MDT Right of Way Bureau staff and contract acquisition agents. Third parties who may read the appraisal are not intended users.

Use of the appraisal and report for any other purpose, any other use, and / or any unintended users, could be misleading.

(7) PROPERTY RIGHTS BEING APPRAISED:
Fee Simple Easement Permit Other (specify) _____

(8) MARKET VALUE is to be established in terms of cash or based on terms of financial arrangements equivalent to cash for the rights being appraised.

MCA 70-30-313. Current fair market value: Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use,
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

(9) SCOPE OF THE APPRAISAL: The Montana Department of Transportation (MDT) is going to update the pedestrian facilities to meet ADA requirements as part of a mill and overlay project along the 27th Street corridor through Billings. Given that MDT must acquire property to update the sidewalks, an appraisal is required to determine an opinion of value of the subject property—thus the scope of this appraisal is to value the subject. It is evident that property along the actual corridor rarely sells, Billings area appraisers, developers, and realtors were consulted to assist in establishing value. The real estate professionals who were contacted for this project included developer Steve Coming; appraisers Dave Thomas, Charles Rutherford, and Steve Repac; realtors A.L. Koelzer, Charley Hamway, and Ron Elkin.

It should be noted that when approached, all of the real estate professionals that were contacted mentioned the same thing about 27th Street—first property the corridor rarely sells, and all immediately of these folks presented the same two comparable sales (the Larsen Dental Office, and the 7th Avenue Hospitality Hotel). Secondly, all of these folks said that you would have to go back a bit (as far as 2014) for comparable sales in the area.

MDT Staff was charged with determining value along the corridor, however the actual right-of-way acquisition will be subcontracted to a local engineering firm. To that effect, due diligence efforts for property values began by contacting local real estate professionals in November 2016. Once the project was authorized these same individuals were contacted again to confirm this information in June 2017. Given the unique improvements and size of the subject, combined with lack of turnover of property on the corridor, all large commercial sales within the greater Billings area had to be reviewed to determine the market.

This 160,301 SF (3.86 acre) parcel is one of number of parcels which have been acquired adjacent to the main campus of Montana State University Billings. This irregular shaped parcel is bound to the west by 27th, and abuts the softball complex. The property is mostly vacant with the exception of a parking lot. The subject is bisected by the "north half" of Mountain View Blvd, a one-way gravel drive that curves down the hill to provide secondary egress for the properties that are built on the hill. This property has been well incorporated into the "larger parcel" of the university.

(10) ASSUMPTIONS AND LIMITING CONDITIONS: List only those assumptions and limiting conditions applicable to this parcel;

The information contained within this report may not be applicable to the same property under different conditions nor to other properties with similar conditions. Applying information in this appraisal to another property requires careful consideration of all value influencing factors for each of the properties concerned.

1. ...it is expressly understood and emphasized that this appraiser has no present or contemplated future interest in any of the properties appraised.
2. ...legal descriptions of the subject project property, the construction plans, and right of way maps are correct as furnished by the Department of Transportation.
3. ...no responsibility is assumed for matters which are legal in nature nor is any opinion rendered on the title of the land.
4. ...the value reported is based on the premise that the property is free and clear from all encumbrances except as outlined within the report.
5. ...the information contained within the report(s) was gathered from reliable sources, but is in no sense guaranteed.
6. ...gas, oil, and/or mineral rights, if any, may not be appraised, as outlined within the report.

Revised 7/20/2017

- 7. ...the sketches used in the reports are intended as visual aids only and are not warranted to be accurate or to scale.
- 8. ...in the event the subject property goes into condemnation proceedings, it is assumed that the appraiser will be given additional time for court preparations.
- 9. ...the fractional use of any portion of this report without proper consideration being given to the entire report is prohibited.
- 10. ...valuations and depreciation items are based on the premise of one buyer before acquisition and one buyer after acquisition.
- 11. ...neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the appraiser, particularly as to valuation conclusions, prior to entry of the appraisal report into the public domain.
- 12. ...disclosure of information contained within the report is limited to: The Montana Department of Transportation (MDT) or persons specifically authorized by MDT; such third parties as may be authorized by due process of law; and a duly authorized professional peer review committee.
- 13. ...it is understood that the appraiser is not an expert in the identification of hazardous substances, contamination, or detrimental environmental conditions. The inspections of, and any inquiries pertaining to, the subject property did not develop any information that indicated that these factors were present; therefore, the value estimate in this report is predicated on the assumption that the property is not negatively affected by any hazardous substances or detrimental conditions, unless specifically stated elsewhere in this report.
- 14. ...it is understood that as of the 6/Sep/2017 27th Street Project Status Meeting, it is unknown whether or not this approach will be perpetuated in the future—thus for the purposes of this appraisal, we will assume that the approach will be perpetuated.

(11)

SUMMARY DESCRIPTION OF NEIGHBORHOOD: This project encompasses a 3.2 mile stretch of road that creates the South 27th Street Corridor—linking Montana Highway 3 to Interstate-90 through Billings. Commonly referred to as 27th this roadway has a functional classification of Principal Arterial and is used by over 16,500 motorists daily. Billings is Montana's largest municipality, with an urban population of just over 110,263 (census.gov population estimate, July 1, 2015). Billings lies in the Yellowstone Valley between the Yellowstone River and is built around the Rimrocks, a large sandstone rock formation that has come to identify the region. Since 2000, Billings has grown from an approximate area of 32.8 square miles to about 43.5 square miles in 2017. Billings has enjoyed a steady growth rate of 1.5 percent per year during that same period.

Given the topographical and geologic features of the region Billings can be further classified into three different areas—the West End, the Heights, and the “Downtown Core.” The Billings West End is the fastest growing sector of the city; this part of town has expanded along seven major streets, which run primarily east to west. The Billings Heights have developed “around” the north side of the Billings Rimrocks, and has grown along five major streets, and for the most part are aligned north to south. Finally, the “Downtown Core” of Billings links the West End to the Heights and is the oldest part of the city. This corridor is bisected by 27th and serves as the hub for the financial, health care, industrial, commercial, and local governmental sectors of Billings.

The vast majority of the properties along 27th Street have been developed for a specific commercial use—as such, land in this area do not transfer often. The corridor is split by the Montana Rail Link railway, which runs in a northeasterly direction. The tracks create a physical boundary resulting in different types of development depending in which side of the tracks the property falls.

Between I-90 and the MRL train tracks, development tends to be more industrial. Parcels range in size ≤ .1-acre retail buildings to Billings’ “Main Post Office” which is over 20 acres, to the Phillips 66 petroleum refinery which is over 170 acres. Other large developments include the Montana Women’s Prison, Montana Department of Motor Vehicles, Parkview Healthcare Community, Passages “Assessment Sanction and Revocation Center, and the Carquest Auto Parts Distribution Center.

Notable large tract development of property north of the tracks, where the subject is located, includes Billings’ two hospitals, Dehler Park, and the Subject. Other commercial developments in this area include retail, hospitality, financial, city/county offices, and two of Montana’s largest high-rise office buildings.

Refer to Project Report or
Surrounding area is: Depressed Declining Static Growing Other _____
Unusual features affecting property values:
Subject property conforms with general area: Yes No
If no, explain:

Surrounding area is: Vacant Partially Developed
Developed In Transition

Zoning in the area and / or typical size and use of tracts in the area: The subject is classified as an Exempt Property and is zoned Neighborhood Commercial according to Montana Cadastral, and is 3.86 acres (160,301 SF). The adjacent parcel, the 53.35 acre “main campus” of MSU-Billings is also exempt property, which is zoned Controlled Industrial (CI). These parcels are a much bigger than the majority of the properties along the corridor, with the exception of several hospital properties, and are zoned Community Commercial, and are typically an acre or less.

Has subject project influenced property values? Yes No
If yes, explain:

- (12) **SUMMARY DESCRIPTION OF PROPERTY BEFORE ACQUISITION:** The 3.86 acres (160,301 SF) subject is an irregular shaped parcel creates a portion of the northern boundary for the that is adjacent to the MSU Billings Athletic Complex. The subject is bound to the west by 27th Street, and the southern half of the property has been mechanically leveled and improved with a parking lot and a softball field for Division-II Women's play.

There is a significant upslope of the remaining property which terminates into the vertical sandstone cliffs known as the Billings' Rims. There is an easement for the benefit of Panoramic Heights granting the installation of a waterline and utility transmission lines across the subject. In addition, the "north half" of Mountain View Boulevard also bisects the subject. This is a single lane gravel road provides a secondary path of egress for this subdivision.

During the site inspection, Jason McGimpsey the Facilities Serviced Director of MSU-Billings informed me of this 8" water line; as well as, "an easement that Eakle [Barfield, the previous Facilities Services Director] granted to the City of Billings for the extension of Mountain View Blvd." This road easement is not reflected in the Title Commitment for this property, and the project management and design team was also unaware of the water line until I brought it to their attention (per the attached City of Billings domestic water supply map). The there was a slight redesign to this project once the designers confirmed this information.

Total Area Contiguous Ownership (Larger Parcel-may be different from area shown on plans): The subject is listed at 3.86 acres (160,301 SF).

Shape: Slightly irregular rectangle, bound by 27th Street (which curves slightly).

Dimensions: According to Montana Cadastral, the perimeter of the five-sided subject is ±1623'.

Corner Site: **Interior Site:** **Alley Access:**

Access: There are no direct approaches to access property, however the property is accessed from two places—an improved gravel road, and the parking lot is tied into the bus turnaround lane of the adjacent property. The road is marked with a do not enter sign, and has been built as an alternate method of egress for the houses which are on the upper side of Mountain View Boulevard.

Traffic count: The Annual Average Daily Traffic was 16,540 in 2013.

Property's present location in respect to grade: Below grade (27th Street)

Topography: This parcel is extremely sloped traveling from north to south. The subject is near vertical at the Rims, which with the assistance of a large rock wall transitions down to mechanically flattened land that serves as a collegiate softball field.

Drainage: Appears adequate, however the ROW acquired for this project is to add detention ponds to help control highway runoff.

Water availability: City services (a water line runs adjacent to Mountain View Blvd).

Present Use: Residential: Commercial: Industrial:
Suburban Residential: Special Purpose: Farm/Ranch:
Other: _____

Zoning: An Exempt Property which is classified as Neighborhood Commercial Zoning.

Utilities: Phone:
Power:
Sewerage:

If septic, describe location and show on site plan:

Water:

If private well, describe location and show on site plan:

Description of improvements: Improvements to this parcel include significant excavation and leveling to build a 50-space parking lot, and landscaping around the women's softball field, which the vast majority lies on the adjacent parcel.

- (13) **Fencing, Gates, Portals, Landscaping, Driveways, and/or Cattle Guards within R/W acquisition:** There have been some large sandstone boulders placed in the proposed acquisition area.
- (14) **HIGHEST AND BEST USE, BEFORE:** The larger parcel of the subject is 3.86 acres (160,301 SF), which has been developed for a specific use in conjunction with the adjacent parcels, which are also owned by the State of Montana, MSU Billings.

Legally Permissible:

The Subject is listed as Exempt Property and is zoned NC – Neighborhood Commercial according to the City of Billings Zoning Code Online. This zoning classification is outlined in Article 27-300.Zoning Districts and Official Map as:

- Neighborhood Commercial is a zone for commercial centers and limited retail activities conducted in a unified development designed to serve the surrounding neighborhood with shopping facilities consisting of convenience retail and personal service establishments which secure their principal trade by supplying the daily needs of the neighboring population. Only uses serving the above purpose without undue detriment to surrounding residences should be permitted.

Physically Possible:

The extreme topography of the north side subject limits development. The subject is bound by 27th Street to the west. The existing development of the subject required excavation and leveling, and the parcel has been developed in as part of the adjacent parcel as both belong to MSU-Billings.

Further development of the parcel is essentially eliminated as Mountain View Boulevard meanders down and bisects the property. As mentioned above, apparently MSU-Billings has granted the City of Billings a verbal easement for the road (however, nothing is filed). This City has constructed an 8" supplemental water line which runs adjacent to the gravel lane (please see the addendum for the City of Billings domestic water supply map).

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Financially Feasible:

As with the remainder of the corridor, on-campus parking comes at a premium given the limited availability of space. Additional development of the subject would probably require more excavation and leveling, thus not financially feasible given that the existing development serves a specific use.

Maximally Productive:

Given the extreme topography, lack of available real estate for expansion in the area, and development of the subject in conjunction with the adjacent parcels, I believe that this parcel is utilized in the most maximally productive manner as a parking area in close proximity to a collegiate athletic complex.

(15) LAND VALUATION, BEFORE:

Land values based on Sales Catalog/Project Report : Sale Numbers Sale 1, Sale 2, Sale 3, and Sale 4 ; or Sales attached (See Addenda).

ELEMENTS	SUBJECT	54 th & Grand Ave (Sale 1)	Tekton Investments (Sale 2)	7 th Ave Hospitality (Sale 3)	1335 Golden Valley Circle (Sale 4)
Grantor /Grantee	State of Montana – Eastern Montana College	Bishop Fox Company / Albertson's, LLC	South Billings Center, LLC / Tekton Investments, LLC	7 th Ave Hospitality	Yegen / Corning
Date of Sale	N/A	30/Mar/2017	15/Dec/2016	4/Nov/2015	8/Jan/2016
Selling Price	N/A	\$6.30/SF	\$6.64/SF	\$24.59/SF	\$12.00/SF
Demolition Adjustment	N/A	N/A	N/A	\$105,000 + 63,728 = \$1.65/SF	N/A
Location Adjustment	N/A	\$6.30/SF x 2 = \$12.60	\$6.64/SF x 2 = \$13.28	N/A	\$12.00/SF x "2x-multiplier"
Time Adjustment	N/A	N/A	N/A	\$0.052 x 20 months = \$1.04	\$0.025 x 18 months = \$0.45
Adjusted Sales Price	N/A	\$12.60/SF	\$13.28/SF	\$24.59 + \$1.65 + \$1.04 = \$27.28	\$12.45 x 2 = \$24.90
Size	±3.68 acres (160,301 SF)	8.197 acres (357,061 SF)	16.59 acres (722,660 SF)	1.463 acres (63,728 SF)	2.229 acres (97,095 SF)
Topography	Aggressively Sloped, Mechanically Leveled	Level	Level	Level	Level
City Limits	Yes	Yes	Yes	Yes	Yes
Location	"North" 27 th Street, Billings	54 th Street West & Grand Avenue, Billings	4550 King Ave. East, Billings	2611 7 th Ave. North, Billings	1335 Golden Valley Circle, Billings
Comparable	N/A	Inferior	Inferior	Superior	Comparable

54th & Grand Ave (Sale 1): This is the most recent commercial sale, which has been in the works since August 2016 according to Realtor Charlie Hamwey. It lies on the northeast corner of Grand Avenue and 54th Street, the general direction of Billings' "Westend" development. Apparently, this sale was temporarily delayed as several proposed improvements need to clear regulatory hurdles—namely the Billings City Council approving the site as grocery store complex with a drive through pharmacy on the site.

This is one of three commercial parcels that are a significant distance away from the project. However, given the low turnover of property near 27th a location adjustment needed to be employed. In speaking with area realtors and appraisers, the consensus was that property sold on the west end of Billings is worth about "two times" of what property is worth downtown. Given that Sale 1 is on Billings' Westend, the two times multiplier will be used to calculate the location adjustment.

I believe the adjusted sales price of **\$12.60/SF**, this sale price falls in line with the market given the proper location adjustment. This sale is a bit bigger than twice the size of the subject, thus I believe it is slightly inferior to the subject.

Tekton Investments (Sale 2): This is the second commercial parcel that sold, that is located well away from Downtown Billings. In addition to the location adjustment mentioned above, this parcel is much larger than the subject. As this property is located on the Southside of Billings, I will employ the two times multiplier to calculate the location adjustment. This vacant lot is a combination of nine individual parcels, that is the last undeveloped property that is part of the Miller Crossing subdivision.

Given the close proximity to the I-90 interchange at South Billings Boulevard overall subdivision could be considered "commercially underdeveloped" for many years in that the only commercial development was a Burger King. In 2007, the South Billings Urban Renewal District was created facilitate commercial growth and eliminate blight in this neighborhood. With the assistance of this taxpayer-funded special improvement district, the subdivision has been improved with a Cabela's store, Sam's Club, and most recently the "My Place Hotel."

The overall parcel is 16.59 acres; however, a gravel road connects Newman Lane and Calhoun Lane which further splits this parcel into three defined vacant lots. At nearly four times the size it is my opinion that this property is inferior to the Subject.

7th Avenue Hospitality (Sale 3): This 1.463-acre property is the most recent sale of property (larger than an acre) that was confirmed on the north side of the 27th Street corridor. Approximately 10 homes and one single-story commercial office building were demolished for the construction of a Home2 Suites by Hilton hotel, a four-story, 95-room "extended stay" hotel opened on November 2016.

This property sold for \$24.59/SF in late 2015, and using the figures provided by Charlie Hamwey, this calculation translates to \$0.62/year + 12 = \$0.052/month. As the property sold in November, 2015 the time adjustment is equivalent to \$0.052 x 20 months = \$1.04.

In addition to a market adjustment for time, a realtor who confirmed this sale indicated that this did not include an estimated \$5/SF demolish cost—which seems excessive for this parcel. To obtain an accurate adjustment for demolition, the known demolition cost from a different, confirmed sale was employed. In October 2014, a property with 27th Street frontage sold from Art Properties LLC to Larsen Properties, LLC. The site was improved with a medical office building, which was not occupied. The building was razed and a new dental practice has since been built on the site. The realtor estimated that it cost \$5/SF for demolition costs, which translates to \$105,000 (\$5 demolition costs x 21,000 SF). Taking this \$105,000 figure from the Art/Larsen sale, divided by the square footage of this parcel (63,728 SF) the adjustment for demolition works out to \$1.65/SF which increases the sales price to \$26.24.

Given the \$1.04/SF time adjustment, and \$1.65/SF demolition adjustment, the adjusted sales price for this parcel is \$27.28/SF. This parcel is close to the subject, and has similar access to 27th Street, however, I would consider this parcel superior to the subject given the adjustment for size and demolition costs.

1335 Golden Valley Circle (Sale 4): Is a 2.229-acre parcel sold in January 2016 and has since been developed with a 5000 SF City Brew/City Vineyard retail wine and coffee shop. This site was previously owned by the Yegen family who have maintained several large parcels which are working farm and ranch operations, adjacent to Grand Avenue one of the busiest east/west streets on the Westend, literally surrounded by the largest city in Montana.

This property sold for \$12.00/SF in early 2016, using the multiplier suggested by Charlie Hamwey, the time adjustment equates to \$0.30/year ÷ 12 = \$0.025/month. This parcel sold 18 months ago, so the calculation works out to \$0.025 x 18 = \$0.45.

This parcel along with the neighboring Frontier Cancer Center (an affiliate of St. Vincent's Hospital) are the only two commercial developments within this subdivision. The northern boundary of the parcel is Grand Avenue, with ±200 linear feet of frontage along the busy street. Golden Valley Circle creates the remaining boundary of the parcel. This is an interesting street in that it is an extension of 32nd Street West and Golden Boulevard, but terminates along the property line of Will James Middle School thus making a U-shaped loop. Given that the parcel is on the Westend of Billings, I believe that a 2x multiplier is appropriate in terms of a location adjustment compared to the 27th Street Corridor. Given these factors, it is my opinion that this parcel is the closest to the subject. However, since it slightly larger, a slight adjustment should be made from the sales adjusted value of \$24.90/SF.

Essentially, all of the available land to develop as part of the Subject has been leveled developed to provide parking for the athletic complex of MSU Billings. This parking area became more important when the Avitus Group Stadium was built in 2002 for the MSU Billings Women's Softball Team (according to the MSU Billings website). Given the location of the subject at the extreme north end of the corridor, the aggressively sloped topography, and the easement for the water and power lines along the north half of Mountain View Boulevard, it is my opinion that the estimated market value of the subject property is \$23.00/SF.

However, an additional adjustment must be made to take into account the extreme topography, existing easement, questionable geology, and overall lack of buildable space on the parcel. It is evident that what can be developed on the Subject, has been developed on the Subject. To try to quantify these issues, I looked at the Appraisal History for the 16 "lots" which make up the Panoramic Heights subdivision on Montana Cadastral. This provides a unique insight into the immediate neighborhood as Mountain View Boulevard splits these lots in half, but they remain parcelized on the north and south side of the road; and fortunately, a majority of these lots are owned by the same individual on each side of the road (please see addendum).

A trip up Mountain View indicated that with the exception of a couple of pockets where landowners excavated an area large enough to park a small vehicle, the parcels on the north side of Mountain View cannot be developed due to the topography and proximity to the Billings Rimrocks. This is reflected in the appraised land value on Montana Cadastral, where land values for the parcels on the north side of Mountain View are valued between 14 percent to 53 percent of the adjoining land values south of the road. Given there was such a small universe of data I took an average from all 16 "lots" which works out to 26 percent. I am not relying on the values that are provided by Montana Cadastral, however I am using their methodology to lend support to my assertion that there is little value to the actual land—outside of what has been developed as part of the Subject.

While this data indicates that the topography and location and existing easement significantly diminishes the value of the land in the immediate area, the project does impact the portion of the Subject that has been developed for "commercial" uses. To that effect I believe that this percentage of value needs to be increased to 50 percent. This translates to \$23.00 x .5 or \$11.50/SF.

Utilizing the figure of \$11.50/SF, the value of the subject is:

\$11.50/SF x 160,301 SF (3.86 Acres) = \$1,843,462

- (16) VALUE BASED ON COST APPROACH, BEFORE: If the property is improved include:
 - A. Estimated total accrued depreciation as gathered from the marketplace. **N/A**
 - or, if no market data is available in the same general location or similar locations,
 - B. Provide estimated depreciation from observation of physical deterioration, functional obsolescence, and external influences. **N/A**
 - C. Total value of depreciated improvements added to Land Value **N/A**

- (17) VALUE BASED ON SALES COMPARISON APPROACH, BEFORE:
 - 160,301 SF (3.86 acres) of Neighborhood Commercial land valued at \$11.50/SF.....\$1,843,462

- (18) VALUE BASED ON INCOME APPROACH, BEFORE: Not utilized to determine value.

- (19) RECONCILIATION AND CONCLUSION TO VALUE, BEFORE: In spite of very little turnover of property of this size throughout the corridor, the sales comparison approach was deemed the most accurate method to value this parcel. Information gathered from area realtors, appraisers, the Billings area Multiple Listing Service (MLS), and a well respected developer was analyzed to determine accurate market trends.

Given the fact that Billings has been expanding away from downtown, comprable market sales of parcels larger than an acre in the downtown corridor are vitually non existant. As a result, several realtors polled stated that commercial property in the downtown market should be valued at a rate "two times that" of the square foot price of commercial properties on the west end.

As the table in Section 15 indicates, this "multiplier" adjustment is supported by several confirmed sales. To that effect, a value of \$11.50/SF is supported by available data—thus the value of the subject is \$1,843,462.

- (20) SUMMARY DESCRIPTION OF ACQUISITION: The area of acquisition is found between the existing highway ROW and the edge of the parking lot on the west side of the subject. MDT will acquire 4,445 SF of additional ROW to build a detention pond to assist in drainage, while bringing the sidewalks and corners up into ADA compliance.

The project has been designed to minimize the impact to the parcel, and per the design team any landscaping or other site improvements impacted by the property will be replaced in-kind as part of the special provisions which will be drafted for this project (per Mark Studt e-mail, 28/Jul—see addendum).

Type and amount of land:

ROW: 4,445 SF of property that is zoned Neighborhood Commercial

Construction Permit: N/A

Easement: N/A

Description of the acquisition, easement, permit, or (other)

Type and amount of land: 4,445 SF of land that is zoned Neighborhood Commercial.

Improvements: Nothing impacted.

Fixtures and Personal Property Considered Realty: See MDT Appraisal Manual Section 3-2.22: N/A

Personal Property not considered realty in acquisition, easement or construction permit area:

YES NO If YES, please describe:

- (21) VALUE OF THE ACQUISITION AS PART OF THE WHOLE, BEFORE:

Acquisition of 4,445 SF @ \$11.50/SF \$51,118

- (22) VALUE OF THE REMAINDER, BEFORE: The value of the remainder, before is the value of the larger parcel less the value of the part to be acquired. This works out to be \$1,843,462 (160,301 SF x \$11.50/SF) - \$51,118 (the value of the acquisition) or **\$1,792,344**.

- (23) DESCRIPTION OF THE PROPERTY AFTER THE ACQUISITION: Given that this project will improve sidewalks by bringing them up to ADA Standards, there will be minimal impacts to the property once the project is completed. The proposed detention ponds on the subject, along with those built on Parcel 97 (also part of the MSU-Billings Campus) will improve drainage during flood events. The property will still be accessed through the existing approach on P-97 and the overall size of the parcel will be reduced by 4,445 SF from 160,301 down to 155,856 SF.

The "north half" of Mountain View Boulevard intersects 27th Street just north of softball complex on the MSU-Billings campus. Currently, this is an unimproved approach which runs into the pavement on 27th. As of the 6/Sep 27th Street Project Status Meeting, it is unknown whether or not this approach will be perpetuated in the future—thus for the purposes of this appraisal, we will assume that the approach is perpetuated.

Is Access reasonable for the existing use? Yes

Is Access reasonable for the highest and best use? Yes

- (24) HIGHEST AND BEST USE, AFTER: Given the minimal impact that the acquisition has to the subject as assembled, the highest and best use of this property remain the same.

- (25) COST TO CURES TOTALING LESS THAN \$1000: "Not Applicable" as landscaping and the like will be replaced in-kind as outlined in the special provisions of this project (see attached e-mail stream from Mark Studt, as well as the attached minutes from the 14/Jun/2017 27th Street 1st to Airport Status Meeting).

- (26) LAND VALUATION, AFTER:

Land values based on Sales Catalog/Project Report : Sale Numbers Sale 1, Sale 2, Sale 3, and Sale 4 ; or Sales attached (See Addenda).

The acquisition of right-of-way on this parcel will not impact access to the MSU-Billings property, and will bring their privately built approach up to ADA standards while the proposed detention ponds will address lingering drainage issues. To this effect, it is my opinion that the land value remains the same in the after—at \$11.50/SF. Thus, the value of the land in the after is **\$1,792,344**.

- (27) VALUE BASED ON COST APPROACH, AFTER: N/A

- (28) VALUE BASED ON SALES COMPARISON APPROACH, AFTER:

160,301 SF - 4,445 SF ROW = 155,856 SF x \$11.50/SF = \$1,792,344

- (29) VALUE BASED ON INCOME APPROACH, AFTER: N/A

- (30) RECONCILIATION AND CONCLUSION TO VALUE, AFTER: N/A

- (31) DEPRECIATION IN MARKET VALUE TO THE REMAINDER : None

CURABLE ITEMS AND THEIR COST: None

Value of the remainder as cured: N/A

Special Benefits: None

Remaining depreciation in market value: None

Revised 7/20/2017

(32) RECAPITULATION (Based on reconciled value(s)):	
Value of Acquisition:	
Land (include number of land size units and price per unit):	
4,445 SF @ \$11.50/SF	\$51,118
Improvements (Inclusive of site improvements):	
N/A	
Fixtures and Personal Property:	
N/A	
Permits:	
N/A	
Easements:	
N/A	
Depreciation in Market Value:	
Not Offset by Special Benefits or Cured:	
N/A	
Curable Items And Their Cost:	
N/A	
Admin. and Oversight Fee 5% of total contractor estimate(s) (\$50 min \$2,500 max)	
(33) Total Compensation: Sum of Acquisition including Easements And Permits, Cost Of Curable Items, And Remaining Depreciation To The Remainder as of <u>10/Jul/2017</u> (Effective Date)	\$51,118
Compensation, Rounded	\$51,150

TOTAL COMPENSATION

\$51,150

The compensation is based on right of way plans dated 6/Sep/2017.

IS ACCESS CONTROL BEING IMPLEMENTED ON THIS PARCEL? YES NO

METRIC CONVERSIONS:

(34) LESSEES INTEREST:
LESSORS INTEREST:

(35) I CERTIFY THAT...:

- ...the statements of fact contained in this report are true and correct.
- ...the appraisal has been made in conformity with state laws, the Uniform Appraisal Standards for Federal Land Acquisitions and Chapter 3 (Appraisal) of the MDT R/W Manual, as they apply to the appraisal assignment.
- ...I have personally inspected the subject property and that I have afforded the owner, or their representative, the opportunity to accompany me on the inspection. (If not explain.)
- ...I have personally inspected and verified the comparable sales relied upon in making this appraisal. (If not explain.)
- ...I have no direct or indirect present or contemplated future personal interest in the subject property or in any benefit from the acquisition of such property beyond my responsibility as an appraiser for the Montana Department of Transportation.
- ...neither my employment or compensation is contingent on an action, event or value resulting from the analyses, opinions, or conclusions in, or the use of, this appraisal report.
- ...the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions contained within this report.
- ...the value conclusion is based on my personal, unbiased professional analyses, opinions, and conclusions derived from the data collected for this appraisal.
- ...my determination has been reached independently based on analysis of data without collaboration or direction, except as outlined within this report.
- ...I understand that the value shown herein is to be used in connection with a Federal-aid highway project and that to the best of my knowledge, my determination does not contain items which are not eligible for Federal reimbursement, except as outlined within this report.

DATE: 13/Sep/2017
(Date of Report)

SIGNATURE: 
Appraised By: _____
If certified, Lic# and level of certification _____

(36) REQUIRED ATTACHMENTS (Also see instructions.): Sketch(s) or Map(s) Showing: Acquisition, Improvements and Site Plan (if applicable); Supplemental Photos of the Subject; Last Deed of Record between seller and purchaser; Comparable Sale information (if applicable); Appraisal History. The Title Commitment for this parcel (dated 29/Mar/2017) is available on an MDT ROW Drive at: ([\mdthq\mdtshares\Helena](#)) – Title-Commitments – DISTRICT-5-BILLINGS – 7910000.