

**REVIEW APPRAISER'S REPORT AND DETERMINATION OF JUST COMPENSATION
 FOR PARTIAL ACQUISITIONS
 APPRAISAL REPORT FORMAT: Summary**

Revised 3/25/15

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

Parcel No.: 97
 Owner: State of Montana

ACB
 AUG 10 2017

| <u>Name of Appraiser</u> | <u>Date of Appraisal</u> | <u>Revision Date(s)</u> |
|--------------------------|--------------------------|-------------------------|
| J. Seidlitz | August 9, 2017 | |

DETERMINATION OF COMPENSATION

| | | |
|---|-----|-----------------|
| Value of Acquisition: | | |
| Land: | | |
| 1,133 SF commercial land @ \$20.50/sf | | \$23,227 |
| | | \$ |
| Improvements (Inclusive of site improvements): | | \$ |
| | | \$ |
| Fixtures and Personal Property (considered realty): | | \$ |
| | | \$ |
| Easements: | | |
| 131 SF commercial land @ \$20.50/sf X .95 | | \$ 2,552 |
| Subtotal of Acquisition | | \$25,779 |
| Other Compensation: | | |
| Permits: | | \$ |
| | | \$ |
| Depreciation in Current Fair Market Value: (Not Offset by Special Benefits or Cured) | | \$ |
| | | \$ |
| Cost to Cure: | | \$ |
| | | \$ |
| Administration an Over sight Fee | | \$ |
| Subtotal of Other Compensation | | \$-0- |
| Just Compensation as of July 10, 2017(Effective Date)..... | (A) | \$25,779 |
| JUST COMPENSATION, ROUNDED | | \$25,800 |
| Access Control..... N/A..... | | \$ |
| TOTAL COMPENSATION | | \$25,800 |

| | | |
|---|--|--------------|
| Uneconomic Remnant: | | (B) \$ _____ |
| Total Just Compensation (A + B less const. permits, easements and cost to cures no longer needed) | | \$ |
| JUST COMPENSATION W/ UNECONOMIC REMNANT, ROUNDED | | \$ |
| Access Control..... | | \$ |
| TOTAL COMPENSATION W/UNECONOMIC REMNANT | | \$ |

The compensation is based on right of way plans dated 8/3/2017.

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:

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

Revised 3/25/15

- (1) PROJECT NO.: 7910-038-000
DESIGNATION: 27th Street – 1 ST Ave S to Airport
- (2) RECORD OWNER: State of Montana, Eastern Montana College
ADDRESS: 1500 N. 30th Street
Billings, MT 59101-0245
- 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: S32, T01 N, R26 E, Frac in N½NW¼ & 30' X 1350' of Vacated
Rimrock Rd

ACQUISITION
Agent Copy

Date Taken: 27/June/2017
Taken From: The subject

Taken by: J. Seidlitz
Facing: North

Remarks: A photo of the subject taken from the bus turnout on the property.

(5) 5 YEAR DELINEATION OF TITLE:

To: Recording Info.

From: Recording Info.

Date: Recording Info.

Consideration (last transfer): According to the Title Commitment for this property, the original deed was signed back in 1927., however, per the MSU Billings website, the McMullan Hall, the central building of the subject and the campus was not built in 1935.

(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 scope of this appraisal is to determine the market value of property along the 27th Street corridor through Billings. 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 roadway. As 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 Corning; 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 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.

The subject is part of the 50.350 acre "main campus" of Montana State University Billings—however, for the purpose of the appraisal, this parcel has been defined as the ±7.28 acre (317,117 SF) tract which lies east of 27th Street. The college was established as the Eastern Montana State Normal School in 1927, and changed its name to Eastern Montana College (Eastern) in 1965. In 1995, the Montana University System reorganized, and Eastern became known as Montana State University Billings (MSUB). According to their website, MSU Billings has 16 buildings spread over 98 acres, and is the fourth largest employer in Yellowstone County with an annual payroll of more than \$18 million for over 900 employees.

Montana Cadastral classifies this parcel as an Exempt Property, which is zoned Controlled Industrial (CI). With the assistance of the satellite view courtesy of Google earth, it is easy to see that this property has been developed as one would expect for a small university campus. Specifically, a central structure serving as the main hub surrounded by numerous buildings, large sections of green space, and parking lots. Given that most of the buildings on the campus are taller than four stories, this property has been developed to maximize the available space.

- (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.
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.

(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 s .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: The view of the Billings Rimrocks.

Subject property conforms with general area: Yes No

If no, explain:

Surrounding area is: Vacant Developed Partially 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 Controlled Industrial (CI) according to Montana Cadastral. The majority of the neighboring properties along the corridor are zoned Community Commercial (CC) and are typically smaller than an acre—far smaller than the ±.28 acres of this property as appraised.

Has subject project influenced property values? Yes No

If yes, explain:

(12) **SUMMARY DESCRIPTION OF PROPERTY BEFORE ACQUISITION:** The subject is ±7.28 acres and is irregular in terms of shape. The western boundary of the subject is bound by 27th street which creates a physical barrier between the main campus and the athletic complex. Students can access athletic facilities using a pedestrian tunnel which runs under 27th street just north of Mountain View Boulevard. To the north of the subject lie the Billings Rimrocks, and Pryor Avenue is the final boundary to the east.

In addition to Mountain View Boulevard, the Billings Bench Water Association Canal (BBWA) creates a physical boundary that separates from the campus adjacent properties. The canal actually runs tangent through the entire campus, flowing in a northeasterly direction. To maximize available space along the BBWA canal the university has been mitigated by building a pedestrian bridge, building a two-way automobile bridge along University Drive, and building a parking garage which is actually built over the canal.

With the exception of the BBWA Canal to the south, the properties on the remaining three sides of the subject are owned by the State of Montana, with Eastern Montana College as an Additional Legal Owners. MSU Billings is a prominent development and given two multi-level residence halls, the campus is one of the first things the traveling public sees when driving down from the Airport towards I-90.

Total Area Contiguous Ownership (Larger Parcel-may be different from area shown on plans): The subject as appraised is ±7.28.

Shape: The subject is irregular.

Dimensions: According to Montana Cadastral, the perimeter of the six-sided subject is ±2330'.

Corner Site: Interior Site: Alley Access:
Access: The subject has two approaches off of 27th, a small parking lot with two approaches off of Mountain View Boulevard, and an approach which accesses a parking lot on the east side of the building off of Pryor Avenue.

Traffic count:

Property's present location in respect to grade: Slightly above grade (27th Street), however there has been significant landscaping to make the site suitable for development.

Topography:

Given the location of the subject in reference to the Billings Rimrocks, significant difference in elevation the further one travels south. The site serves as the athletic complex for the campus, and has been leveled, and developed with a softball field, two different gymnasiums, and large swimming pool. The use of ramps, stairs, and berms mitigates the rolling topography, while maximizing the available usable space for the university. and berms mitigate the rolling topography, while maximizing the available usable space for the university.

Drainage:

Appears adequate, however the ROW acquired for this project is to add detention ponds for additional runoff.

Water availability: City services

Residential:

Suburban Residential:

Other: _____

Commercial:

Special Purpose:

Industrial:

Farm/Ranch:

Zoning:

The Subject is considered an Exempt Property which is classified as Controlled Industrial Zoning. Unfortunately, throughout the entire 27th Street corridor nearly all of the property has been developed for a specific purpose, which does not conform to any general sort of zoning or other common land use. In addition, parcels through the corridor range in size from less than an acre to over 170 acres

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: The subject has been improved to serve as an athletic complex of a smaller university campus. The northern section of the property has been mechanically leveled to serve as a softball field. A tremendous amount of excavation had to be done in the outfield to mitigate the extremely steep slope. Two extremely large retaining walls were constructed to maximize the space on the northern edge of the property. The following is a summary taken from the MSU Billings web page pertaining to the PE Building and Alterowitz Gym:

Completed in the fall of 1961, the Physical Education Building features a 4,000-seat basketball arena, official collegiate-size swimming pool, an indoor track, racquetball courts and weight room facilities. Alterowitz Gymnasium also houses the Health and Human Performance department of the College of Allied Health Professions.

As 27th Street separates the PE complex from the majority of the main campus, students can access the athletic facilities via a tunnel under the roadway.

(13) Fencing, Gates, Portals, Landscaping, Driveways, and/or Cattle Guards within RAW acquisition: There are two approaches which will be rebuilt as part of the project.

(14) HIGHEST AND BEST USE, BEFORE: The subject has been developed for a specific purpose. Given the physical "separation" created by 27th Street, the ±7.28 acres will be valued as a stand-alone, vacant property for the purposes of this appraisal.

Legally Permissible:

The Subject as listed as exempt property that is zoned Controlled Industrial – CI according to the City of Billings Zoning Code Online. This zoning classification is outlined in Article 27-300 Zoning Districts and Official Map as:

- The controlled industrial zone is intended to accommodate a variety of business, warehouse and light industrial uses related to wholesale plus other business and light industries not compatible with other commercial zones, but which need not be restricted in industrial or general commercial zones, and to provide locations directly accessible to arterial and other transportation systems where they can conveniently serve the business and industrial centers of the city and county.

Physically Possible:

The subject is bound on three sides by physical barriers—a very large upslope to the north, a major roadway to the west, a city street and irrigation ditch to the south, residential housing creates the easterly boundary. Secondly, the topography of the site would require significant landscaping prior to development. However, the site is a bit larger than 7 acres, thus there is space for future development.

Financially Feasible:

The site is large at more than seven acres, and boasts ±766' of frontage along 27th Street. Given that the corridor has been nearly developed to capacity, a large vacant lot with this much frontage would be attractive to developers. Additional amenities to the site include accesses and views of the Billings Rimrocks, and proximity to the Billings Logan International Airport.

Maximally Productive:

The subject is large with physical barriers on three sides. The western edge of the subject has significant frontage along 27th Street, additional access to the parcel is along Mountain View Boulevard. Given the size, access, view of the Billings Rims, and proximity to the Billings Medical Corridor, commercial development on this site would provide the most maximally productive use of the subject.

(15) LAND VALUATION, BEFORE:
Land values based on Sales Catalog/Project Report
following sales attached (See Addenda).

: Sale Numbers Sale 1, Sale 2, Sale 3, and Sale 4; please see the

| 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 | \$105,000 + 63,728 = \$1.65/SF | N/A | | | | | | |
| Location Adjustment | | \$6.30/SF x 2 = \$12.60 | \$6.64/SF x 2 = \$13.28 | N/A | \$12.00/SF x "2x-multiplier" | | | | | | |
| Adjustment | | \$12.60/SF | N/A | \$0.052 x 20 months = \$1.04 | \$0.025 x 18 months = \$0.45 | | | | | | |
| Adjusted Sales Price | | | \$13.28/SF | \$24.59 + \$1.65 + \$1.04 = \$27.28 | \$12.45 x 2 = \$24.90 | | | | | | |
| Size | ±7.28 acres (317,117 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 | 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 | Superior | | | | | | |

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 similar in size as well as frontage along major roadways. Given these factors, it is my opinion that Sale 1 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. Adjusting for the location of the property, combined with the larger size I would classify this property as 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 slightly superior to the subject—considering that it is a bit smaller—the adjusted value of **\$24.90/SF**.

For the purposes of this appraisal, in separating the Subject from the main campus, and treating it as a large, vacant lot this property would be attractive to developers. It is my opinion that the estimated market value of the subject property is **\$20.50/SF**. I have taken the following variables into consideration:

- Land rarely sells along the 27th Street Corridor.
- Property in downtown Billings is worth two-times that of property on the west end.
- Direct access and frontage on 27th Street.
- Limited sales data indicate that market trends are in line, if sales are adequately adjusted for size.

Utilizing the figure of \$20.50/SF, the value of the subject is:

\$20.50/SF x 317,117 SF = \$6,500,899

(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:

317,117 SF of land which is zoned Controlled Industrial at \$20.50/SF.....\$6,500,899

(18) VALUE BASED ON INCOME APPROACH, BEFORE: N/A

(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, comparable 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 to three 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 \$20.50/SF is supported by available data—thus the value of the subject is \$6,500,899.

(20) SUMMARY DESCRIPTION OF ACQUISITION: The area of acquisition is found between the existing highway ROW and the edge of the long driveway along the west side of the subject. MDT will acquire 1,133 SF (0.026 AC) of additional ROW to build a detention pond to assist with drainage along the project.

In addition to the ROW required for the detention ponds, the project will require a 131 SF (0.003 AC) easement to maintain two luminaires which were added as part of the Rimrock Road Project. 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: 1,133 SF of property that is zoned Controlled Industrial
- Construction Permit: N/A
- Easement: 131 SF of property that is zoned Controlled Industrial

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

Type and amount of land: 1,133 SF of land which lies on the northwestern edge of the driveway of the subject. between the existing sidewalk and a developed parking lot, additional work will be done within 131 SF construction permit. Improvements: This property has been improved with landscaping to provide a buffer between the parking area and sidewalk.

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

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:

Type and amount of land:
 ROW: 1,133 SF @ \$20.50/SF = \$23,227
 Construction Permit: N/A =
 Easement: 131 SF @ \$20.50/SF x .95 = \$ 2,552
 Total = \$25,779

(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 \$6,500,899 (317,117 SF x \$20.50/SF) - \$25,779 (the value of the acquisition in fee and easement) or **\$6,475,120**.

(23) DESCRIPTION OF THE PROPERTY AFTER THE ACQUISITION: Given that thrust of the project is to improve sidewalks by bring them up to ADA Standards, there will be minimal impacts to the property once the project is completed. The proposed detention pond on the subject, along with Parcel 100 (also part of the MSU-Billings Campus) will improve drainage during flood events. The functionality of the existing approach will not be impacted as part of this project.

Is Access reasonable for the existing use? Yes
 Is Access reasonable for the highest and best use? Yes

(24) HIGHEST AND BEST USE, AFTER: The project will not impact the functionality of the approach to the MSU-Billings Athletic Complex.

(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/June/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 will not impact access to the MSU-Billings property, and will bring their privately built approach up to ADA standards while addressing drainage issues. To this effect, it is my opinion that the land value remains the same in the after—at \$20.50/SF. Thus, the value of the land in the after is **\$6,475,120**.

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

(28) VALUE BASED ON SALES COMPARISON APPROACH, AFTER: As the project only requires a minimum amount of additional Right-of-Way to bring the sidewalk and corners up to ADA Compliance, the value established in Section 15 of \$20.50/SF remains the same in the after as in the before.

(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

(32) RECAPITULATION (Based on reconciled value(s)):

| | |
|--|----------|
| Value of Acquisition: | \$23,227 |
| Land (include number of land size units and price per unit): | |
| 1,133 SF @ \$20.50/SF | |
| Improvements (Inclusive of site improvements): | |
| N/A | |
| Fixtures and Personal Property: | |
| N/A | |
| Permits: | |
| N/A | |
| Easements: | \$ 2,552 |
| 131 SF @ \$20.50/SF x .95 | |
| 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 \$25,000 max)
 419 x .05 = \$21, \$50 minimum applied

(33) Total Compensation: Sum of Acquisition including Easements And Permits, Cost Of Curable Items, And Remaining Depreciation To The Remainder as of 10/Jul/2017 (Effective Date)

\$25,779
 \$25,800

Compensation, Rounded

TOTAL COMPENSATION

The compensation is based on right of way plans dated 3/Aug/2017.

IS ACCESS CONTROL BEING IMPLEMENTED ON THIS PARCEL? YES NO

\$25,800

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 RAW 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: 9/Aug/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 28/Mar/2017) is available on an MDT ROW Drive at: ([\mdt\g\mdt\shares\Helena](#)) – Title-Commitments – DISTRICT-5-BILLINGS – 7910000.