

**DOUGLAS C. NELSON, MAI**

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February 28, 2005

Mr. Dave Donovan  
Scott County Facility and Support Services  
426 Western Avenue  
Davenport, IA 52801-1004

Reference: County Shed  
NW corner of Kimberly & Wisconsin  
Davenport, Iowa

Dear Dave:

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As requested, I have prepared an appraisal of the machine shed and land cited above. The property was inspected in February with Mr. & Mrs. Arnold Norman, tenants. The results of my study are communicated in this summary report. It is assumed the reader is familiar with the property and its environs.

**Client/User**

The client and user is Scott County.

**Purpose and Function of the Appraisal**

The appraisal develops an opinion of the market value of the property. The value conclusion will assist Scott County dispose of this surplus asset.

**Scope of the Appraisal Assignment**

The property was inspected with the tenants. The Norman's have rented the property for about ten years. Market data was researched for sales and leases of similar sheds. No sales were discovered. Without sales, there is no sales comparison method. Rents at several storage facilities were researched. At two facilities, there are units similar in size to subject. Using their rents and subject's actual rent, an income approach to value is developed. A cost approach is also developed.

### Definition of Market Value

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and both acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1)</sup>

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### Exposure and Marketing Time

Exposure time is the amount of time required *before* the date of value to achieve the estimated value. Marketing time is the time required *after* the date of value to achieve the estimated value. A depressed market may result in long marketing periods. A changing market results in different time periods for each.

There are likely to be several interested buyers for this property. Exposure and marketing time is estimated at three to six months.

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<sup>1)</sup> Office of the Comptroller of the Currency under 12CFR, Part 34, Subpart C - Appraisals, 34.42 Definitions [f].

### **Assumptions and Limiting Conditions**

The estimates and conclusions in this report are subject to certain assumptions concerning the accuracy and necessity of data, reliability of the sources of that data, and the uses to which this report is put. These assumptions are as follows:

1. The legal description is assumed to be correct.
2. I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is presumed to be fee simple and merchantable.
3. I believe that the information included in this report that was furnished me by others is correct and from reliable sources, but I assume no responsibility for its accuracy.
4. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the appraiser without the previous written consent of the appraiser and, in any event, only with proper qualifications.
5. I am not required to give testimony or attendance in court by reason of this appraisal with reference to the property under appraisement unless arrangements have been previously made.
- ~~6. 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 author, particularly as to the valuation conclusions, the identity of the appraiser, or any reference to the Appraisal Institute.~~
7. Any distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Separate valuation for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
8. Your appraiser is not an environmental expert. While no obvious signs of environmental hazards were observed, the building housed road maintenance equipment. It is possible that leaks occurred from the equipment. There may also have been fuel tanks here (above or below ground). A review of county records concerning this site is strongly recommended along with a review by an environmental expert.
9. Your appraiser is not an expert about the Americans with Disabilities Act (ADA). It may be that this property is not in compliance. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.
10. This is a Summary Appraisal Report as described in the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

### **History and Identification of the Property**

The county acquired this property 1948 and built the shed shortly thereafter. For many years it held county road maintenance equipment. For about the last ten years it's been rented to the Normans at \$50 per month with the Normans maintaining the building and site and paying for a general property liability policy.

There is no street address. It is located at the northwest corner of Kimberly Road and Wisconsin in the city limits of Davenport. At the Addendum is a copy of the legal description.

### **Neighborhood Description**

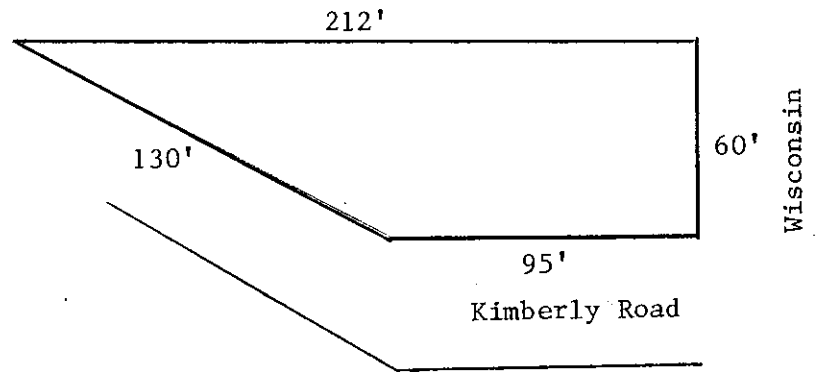
This is an agricultural district of Northwest Davenport. Along this part of Kimberly Road, there are occasional commercial uses and a nursing home. There are also residential acreage's along both Kimberly and Wisconsin. Topography is gently rolling. Public water and sewer are not available. Natural gas is. Zoning is primarily residential east of Wisconsin and agricultural west of Wisconsin.

Wal Mart has a new store one mile east on Kimberly. This has been a positive development for the general area. Subject's immediate location is likely to remain undeveloped in the near term even with this recent development.

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### Site Discussion

An approximate site sketch is seen here with photographs on following pages.



The calculated land area is 9,210 square feet or 0.21 acre. This estimate uses scaled dimensions from the sketch. Kimberly Road is a two-lane, concrete highway with gravel shoulders. Wisconsin is a seal-coat street. Stop signs are on Wisconsin. The 2002 daily traffic counts are 6,400 on Kimberly and 720 on Wisconsin. These figures are before Wal Mart.

Access to the site is from Wisconsin. Access directly onto Kimberly is unlikely to be permitted. Topography is gently terraced with a 2' to 6' high embankment across the north lot line. Utility easement parallels Kimberly. These were not researched. They do not affect the current use of the shed.

Zoning is "R-1," Single Family. "R-1" zoning limits the site to low-density, single-family use. Site requirements include a minimum lot size of 20,000 square feet, 30' front yard, and 100' lot width. The site does not meet these minimums. The existing shed is a nonconforming use. Chapter 17.46 of Davenport's zoning code permits continued use of the shed but does not permit structural alterations. The property is owned by Scott County and it is not assessed or taxed.

## Photographs



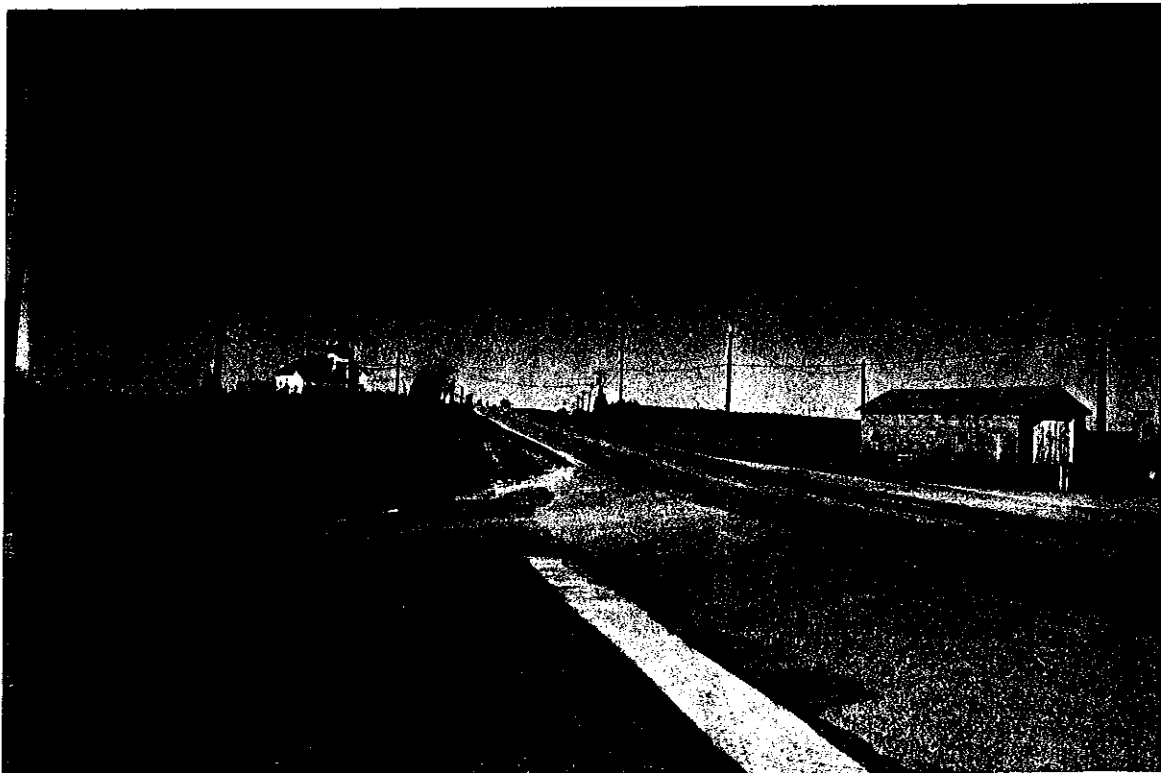
Looking Northwest from South Side of Intersection



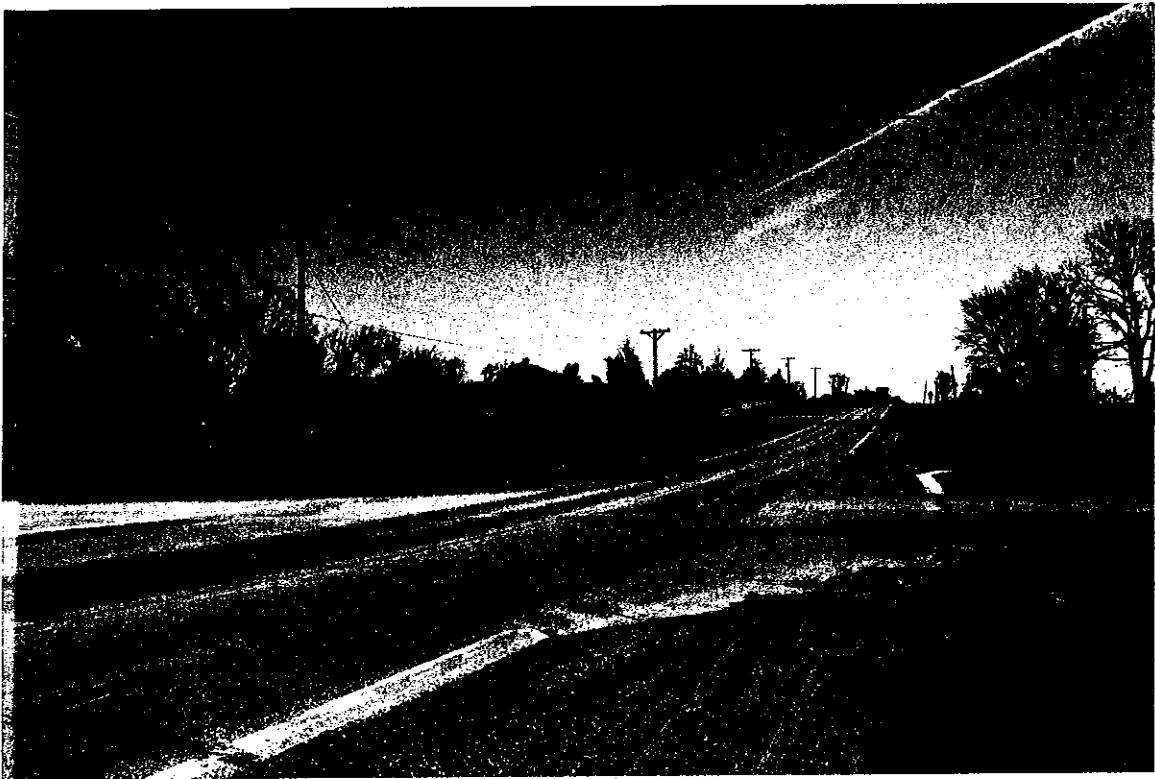
Front Detail of Building



Rear Detail of Building



Street Scene Looking West on Kimberly



Street Scene Looking East on Kimberly, Subject to Left of Photographer



### Improvement Description

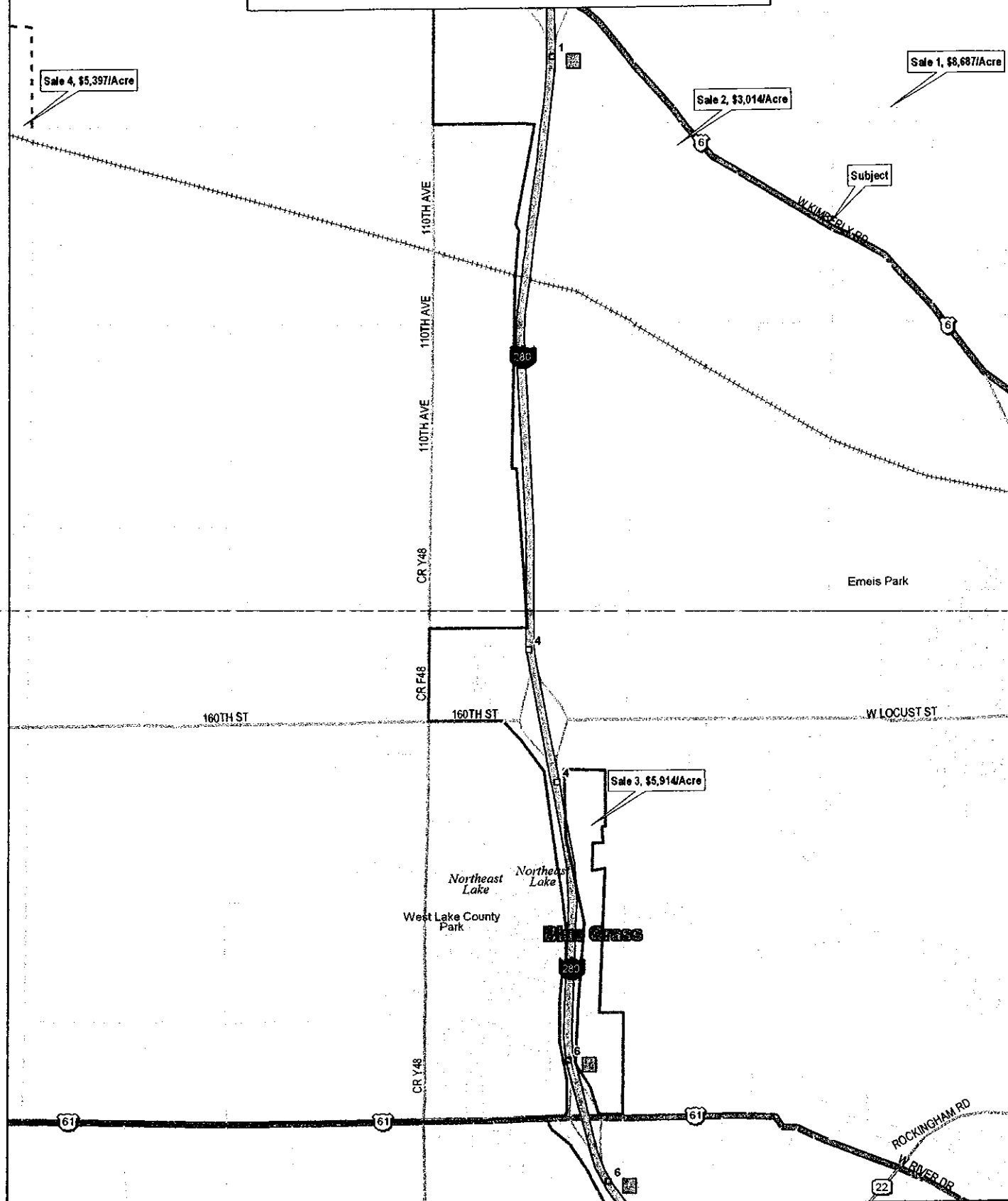
On preceding pages are photographs of the building. It is 24' x 42' for a building area of 1,008 square feet.

Actual Age	Estimated at 57 years
Remaining Economic Life	About 10 years
Foundation	Poured concrete footings, gravel and dirt floor
Framing	Wood
Roof System	Wood rafters with wood deck and asphalt shingles
Exterior	Corrugated metal siding
Windows	Metal sash now covered with wood
Utilities	Only utility is electric
Access	16' wide x 11½' tall, single-piece overhead door 1 man door
Interior Finish	Unfinished, one wall has wood liner
Condition	Roof: older, some evidence of minor leaks Siding: old, has some holes and loose pieces Wood trim/doors: need paint Overhead door: original, hard to operate

## Sales Location Map

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# Residential Acreage Sales



Data use subject to license.

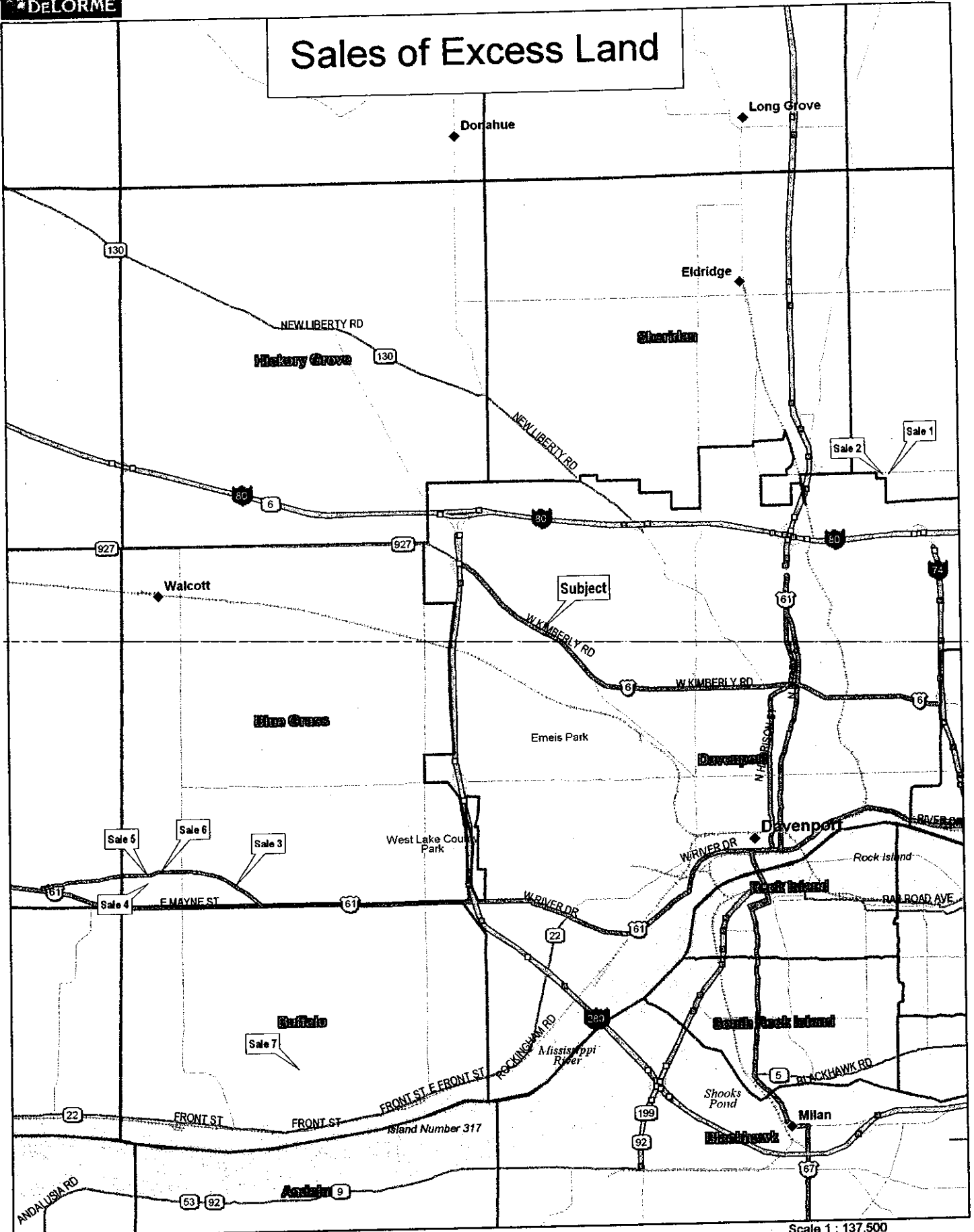
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## Sales Location Map



# Sales of Excess Land



**Sales Summary Chart**



## Residential Acreage Land Sales

<u>#</u>	<u>Location</u>	<u>Date</u>	<u>Price</u>	<u>Acre Size</u>	<u>Price/ Acre</u>
1	4620 W. 60th Street	3/01	\$43,000	4.95	\$8,687
2	6000 W. Kimberly Road	12/01	15,645	5.19	3,014
3	11th Street West of Utah	2/03	92,500	15.64	5,914
4	190th Street West of 90th Avenue	9/03	55,000	10.19	5,397

## Sales Summary Chart





## Sales of Excess ROW

<u>#</u>	<u>Location</u>	<u>Date</u>	<u>Price</u>	<u>Acre Size</u>	<u>Price/ Acre</u>
1	SE Corner of Jersey Ridge Rd. and Mt. Joy Road (County Rte F55)	9/04	\$ 3,100	0.618	\$ 5,016
2	SW Corner of Jersey Ridge Rd. and Mt. Joy Road (County Rte F55)	9/04	3,176	0.376	8,447
3	NW Quadrant of US 61 and E. Blue Grass Exit	9/04	1,000	1.89	529
4	SW Quadrant of US 61 and W. Blue Grass Exit	12/03	30,000	5.56	5,396
5	NW Quadrant of US 61 and W. Blue Grass Exit	7/03	4,600	0.35	13,143
6	NE Quadrant of US 61 and W. Blue Grass Exit	8/04	15,000	2.88	5,208
7	Adjacent 11426 Coon Hunters Road	9/02	4,200	0.492	8,537

### Highest and Best Use As If Vacant

Assemblage with the adjacent property.

### Highest and Best Use As Improved

Continued use as a storage shed. When this area becomes urbanized, the value of the site for assemblage with the rest of the corner land will exceed the value of the shed.

### Estimate of Land Value

On the opposite pages are two sets of sales, excess right-of-way and nearby residential acreage land sales. Also on opposite pages are location maps for both types of sales. The unit of comparison at both is price per acre. The excess land sales have one unusually low and one unusually high sale. The other five are grouped between \$5,000 and \$8,500 per acre. The nearby residential land sales show a value range of \$5,400 to \$8,700 per acre. (Acreage 3 is a landlocked parcel in a swale. It is listed only because of proximity.)

Based upon subject's size and location a value at the upper end of this range has the most support. At \$8,500 per acre its value is \$1,800:

$$0.21 \text{ Acre at } \$8,500/\text{Acre} = \$1,800 \text{ (rounded)}$$

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### Cost Approach

The Marshall Cost Service suggests a replacement cost of \$10.27 per square foot. With a 10-year remaining economic life depreciation is estimated at 80%.

Total Life	50 years	<u>40 year effective age</u> = 80% depreciation
Remaining Life	10 years	50 year total life
Effective Age	40 years	

1,008 SF at \$10.27/SF	=	\$10,352
80% Depreciation		<u>8,282</u>
Depreciated Value		\$ 2,070
Land Value		<u>\$ 1,800</u>
Indicated Value, Cost Approach		\$ 3,900 (rounded)

## Income Approach

Building Size: 24' x 42' = 1,008 SF

Current Rent: \$50/month = \$0.05/SF

Market Rent: \$75/month = \$0.075/SF

### Stabilized Operating Statement

\$75/month x 12 months	=	\$900
10% Vacancy and Credit Loss		<u>90</u>

Effective Gross Income	\$810
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#### Expenses:

Taxes	\$175
Insurance	200
Management	owner
Maintenance	tenant

Total Expenses	<u>375</u>
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Net Operating Income	\$435
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Indicated Value, Income Approach:

<u>\$435</u>	=	\$4,800 (rounded)
.09		

### Income Approach

The building is currently leased at \$50 per month. This equals \$0.05 per square foot per month. At Snider's Storage, 6531 W. Kimberly Road, rental rates are \$0.15 per square foot per month. At Space Station Storage, Interstate 280 and US Highway 61, large units will be available this year at \$0.16 per square foot per month. Both facilities are modern facilities with tall entrance doors. The tenants are not required to provide any maintenance. These competing facilities are significantly superior to subject and suggest a market rent of \$0.075 per square foot per month or \$75 per month (1,008 SF at \$0.075/SF).

The operating statement on the opposite page includes appropriate deductions for vacancy and credit loss, real estate taxes, and building insurance. The owner would provide management. The tenant would provide maintenance.

The resulting net income is capitalized at overall rate of 9%. This rate would attract a buyer and provide that person 9% return on their investment. The indicated value by this method is \$4,800.

### Conclusion

Land Value	\$1,800
Cost Approach	\$3,900
Income Approach	\$4,800

The cost method requires an opinion about depreciation that is difficult to measure in the market. This method is given less weight. The income method uses market rent. The deductions are estimates, but have some market support. This method is given primary consideration.

The final value opinion is: \$4,500

Very truly yours,

Douglas C. Nelson, MAI

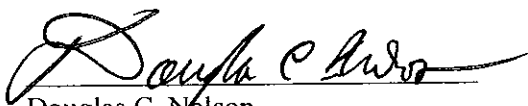
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## Certification of Value

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
  2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
  3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
  4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
  5. My engagement in this assignment was not contingent on the analyses, opinions, or conclusions reached or reported.
  6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
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7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
  8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
  9. I have made a personal inspection of the property that is the subject of this report.
  10. No one provided significant professional assistance to the person signing this report.
  11. As of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute.
  12. My opinion of the market value of the fee simple interest in this property as of February 28, 2005, is:

**\$4,500**



Douglas C. Nelson

Iowa Certified General Real Property Appraiser #CG01206, expires 6/30/05