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## **An appraisal of lot 3 of certified survey map no. 3743, city of Monona. October 9, 1985**

Landmark Research, Inc.

[s.l.]: [s.n.], October 9, 1985

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AN APPRAISAL OF  
LOT 3 OF CERTIFIED SURVEY MAP NO. 3743  
CITY OF MONONA

*Landmark  
Research  
Inc.*

AN APPRAISAL OF  
LOT 3 OF CERTIFIED SURVEY MAP NO. 3743  
CITY OF MONONA

AS OF  
OCTOBER 9, 1985

PREPARED FOR  
JOHN P. LIVESEY

IN CONNECTION WITH A  
PARTIAL TAKING BY THE  
STATE OF WISCONSIN  
DEPARTMENT OF TRANSPORTATION

PREPARED BY  
LANDMARK RESEARCH, INC.

Landmark  
Research  
Inc.

May 16, 1986

James A. Graaskamp, Ph.D., S.R.E.A., C.R.E.

Jean B. Davis, M.S.

Mr. John P. Livesey  
Livesey Company  
6515 Grand Teton Plaza  
P.O. Box 5618  
Madison, WI 53705

Dear Mr. Livesey:

This letter transmits our appraisal of Lot 3 of Certified Survey Map No. 3743, City of Monona. The date of the taking for purposes of this appraisal is ~~October 9, 1985~~.

*Nov. 21, 1985*

Because the subject of the appraisal is vacant land, we relied on the Market Comparison Approach to Value in this appraisal. the taking is a complete taking of the subject property, therefore only a "before" valuation is necessary. The value of the remainder is zero.

As a result of our analysis, we have established the following conclusions as to Fair Market Value as of ~~October 9, 1985~~, *Nov. 21, 1985*, assuming cash to the seller and no consideration for financing or income tax leverage.

Fair Market Value of the larger parcel before the taking as of ~~October 9, 1985~~:

*Nov 21, 1985*

TWO HUNDRED FORTY THOUSAND DOLLARS

(\$240,000)

Because the entire subject property was taken, the taking is equal to the value of the subject property before the taking.

Fair Market Value of the taking as of ~~October 9, 1985~~, is therefore:

*Nov. 21, 1985*

TWO HUNDRED FORTY THOUSAND DOLLARS

(\$240,000)



Mr. John P. Livesey  
Page Two  
May 16, 1986

This appraisal has been made in compliance with the requirements and guidelines of the State of Wisconsin and the Federal government with respect to valuation for eminent domain purposes and is subject to limiting conditions and assumptions contained throughout the report.

We further certify, that to the best of our knowledge, the statements made in this report are true, and we have not knowingly withheld any significant information; that we have personally inspected the subject property; that we have no interest, present or contemplated in the subject property or the participants in the transaction; that neither the employment nor compensation to make said appraisal is contingent upon our value estimate; that all contingent and limiting conditions are stated herein; and that the fee charged is consistent with our usual charge for appraisal services.

Estimated Market Value, as defined, of the property taken is:

TWO HUNDRED FORTY THOUSAND DOLLARS

(\$240,000)

We are pleased to have been of service to you and remain available to answer questions you may have regarding this appraisal.

FOR LANDMARK RESEARCH, INC.

James A. Graaskamp, Ph.D, SREA, CRE  
Urban Land Economist



Paul Gleason  
Real Estate Appraiser/Analyst

Enclosures

elm

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## I. INTRODUCTION

### A. Purpose of the Appraisal

This appraisal is undertaken to establish the value of a parcel of property intended for development of compatible retail uses west of a community shopping center project known as South Towne in the City of Monona, Dane County, Wisconsin. (See Exhibit I-1 for the General Location Map.) The property in question has been acquired by eminent domain by the State of Wisconsin for the purpose of rerouting sections of a limited access highway (U.S. 12 and 18) known as the Beltline, a project identified as number 1206-02-33. This appraisal is made for the purpose of estimating Fair Market Value of the real estate interest taken in connection with an action to contest the amount of damages awarded to the condemnee, Mr. John P. Livesey.

### B. The Larger Parcel Concept

The concept of the larger parcel is a critical premise in the field of eminent domain because the appraiser cannot determine the highest and best use of a property or the value before the taking until a conclusion as to a definition of the



larger parcel is reached.<sup>1</sup> The larger parcel may be all of one parcel, part of a parcel, or several parcels, depending on how it meets certain conditions. Specifically, Real Estate Appraisal Terminology defines the larger parcel as:

In condemnation, that portion of a property which has unity of ownership, contiguity, and unity of use. These are three conditions which must be present to establish the larger parcel for the purpose of considering the extent of severance damage in most states.<sup>2</sup>

The larger parcel in the context of this appraisal refers to Lot 3 of Certified Survey Map No. 3743. (See Exhibit I-2.) All nearby parcels lack the requirement of contiguity; therefore, the larger parcel cannot be expanded to include other parcels.

C. Identification of the Subject Property and the Legal Interests Appraised

The property to be appraised before the taking is defined as Lot 3 of Certified Survey Map No. 3743, City of Monona. It is a roughly triangular-shaped parcel of vacant land containing approximately 37,854 square feet (0.869 acres) located between West Broadway and South Towne Drive and directly west of the South Towne Shopping Center. Its south property line is on Royal Avenue. Certified Survey Map No. 3743 as shown in

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[1] J.D. Easton, M.A.I., "The Larger Parcel," Real Estate Valuation in Litigation, (Chicago, IL: American Institute of Real Estate Appraisers, 1982), Chapter 4.

[2] Byrl N. Boyce, AIREA, SREA, Real Estate Appraisal Terminology, Revised Edition, (Cambridge, MA: Ballinger Publishing Company, 1981), p. 148.

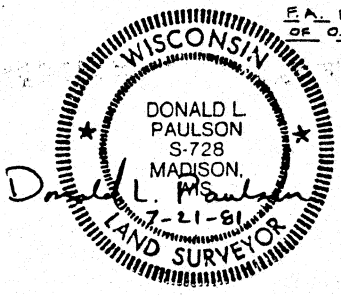
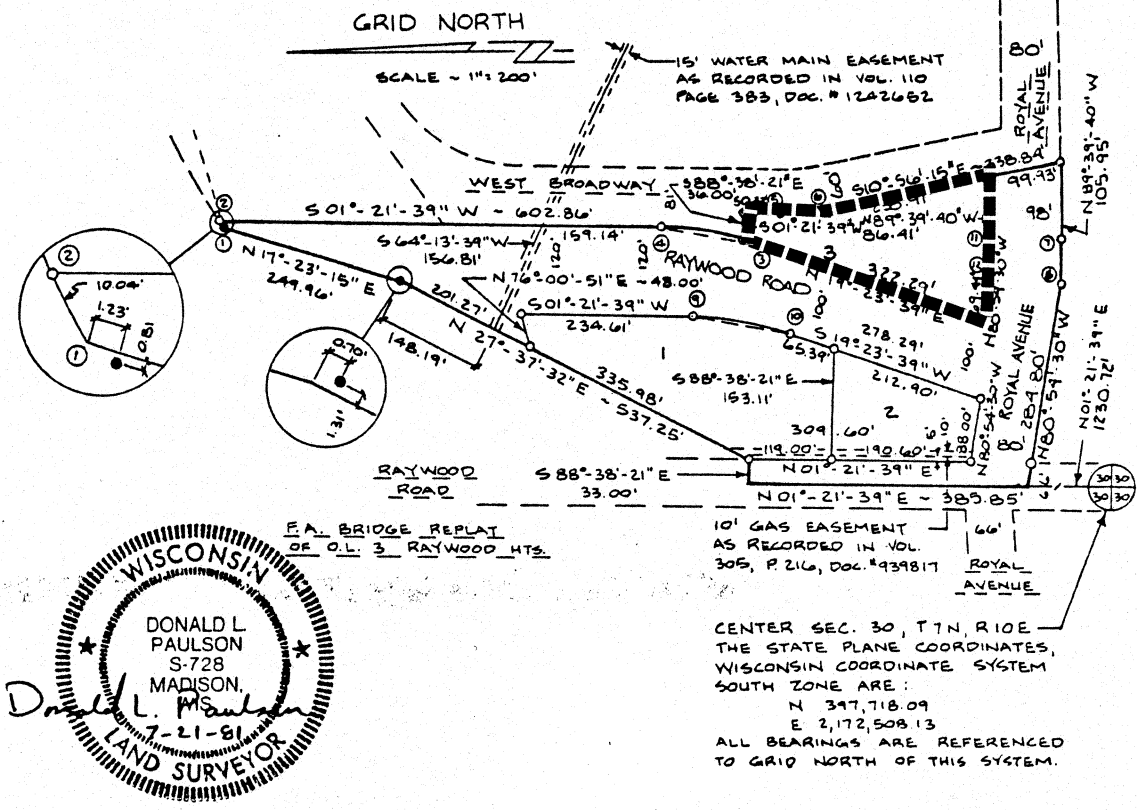


EXHIBIT I-2  
 CERTIFIED SURVEY MAP NO. 3743

CURVE DATA						
CURVE	LOT	RADIUS	I-ANGLE	CHORD BEARING	CHORD	ARC
1-2		1035.92'	00°-33'-18"	N 56°-13'-35" E	10.04'	10.04'
3-4		440.00'	18°-02'-00"	N 10°-22'-39" E	137.92'	138.49'
	3	"	03°-01'-46"	N 17°-52'-46" E	23.26'	23.27'
	STR.	"	15°-00'-14"	N 08°-51'-46" E	114.89'	115.22'
5-6		260.00'	12°-17'-54"	S 04°-47'-18" E	55.70'	55.81'
7-8		387.00'	08°-45'-10"	N 85°-17'-05" W	59.06'	59.12'
9-10		440.00'	18°-02'-00"	S 10°-22'-39" W	137.92'	138.49'
11-12		289.00'	08°-45'-10"	N 85°-17'-05" W	44.11'	44.15'

AREAS:  
 LOT 1 - 1.306 ACRES  
 LOT 2 - 0.547 ACRES  
 LOT 3 - 0.869 ACRES

LEGEND:  
 ● IRON STAKE FOUND  
 ○ IRON STAKE PLACED:  
 1/4" x 30", 4.30 LBS/FT.



Monona Property Joint Venture  
 1245 East Washington Avenue  
 Madison, Wisconsin

Arnold and O'Sheridan, Inc.  
 815 Forward Drive  
 Madison, Wisconsin 53711

June 22, 1981  
 58085-13

CERTIFIED SURVEY MAP NUMBER 3743  
 DOCUMENT NUMBER 1713375  
 Sheet 1 of 3

EXHIBIT I-2 (Continued)

CERTIFIED SURVEY MAP  
DONALD L. PAULSON  
LAND SURVEYOR  
MADISON, WISCONSIN

Surveyor's Certificate

I, Donald L. Paulson, a registered land surveyor, hereby certify that in full compliance with Chapter 236.34 of the Wisconsin Statutes and the Subdivision Regulations of the City of Monona and according to the instructions and descriptions furnished to me by the Owner, I have made a Certified Survey Map as hereon drawn and that such map correctly represents that survey and is a parcel of land being part of Certified Survey Map Numbers 3658, 3659, and 3660 and part of the NE 1/4 of Section 30, T7N, R10E, City of Monona, Dane County, Wisconsin, to-wit:

Commencing at the center of said Section 30, as marked by a City of Madison Monument; thence N01°21'39"E, 1,230.72 feet to the point of beginning; thence continuing N01°21'39"E, 385.85 feet; thence S88°38'21"E, 33.00 feet; thence N27°37'32"E, 537.25 feet; thence N17°23'15"E, 249.96 feet to a point on a curve; thence northeasterly on a curve to the right which has a radius of 1,035.92 feet and a chord which bears N56°13'35"E, 10.04 feet; thence S01°21'39"W, 602.86 feet to a point of curve; thence southwesterly on a curve to the right which has a radius of 440.00 feet and a chord which bears S08°51'46"W, 114.89 feet; thence S88°38'21"E, 36.00 feet; thence S01°21'39"W, 50.33 feet to a point of curve; thence southeasterly on a curve to the left which has a radius of 260.00 feet and a chord which bears S04°47'18"E, 55.70 feet to the point of tangency; thence S10°56'15"E, 338.84 feet; thence N89°39'40"W, 105.95 feet to a point of curve; thence northwesterly on a curve to the right which has a radius of 387.00 feet and a chord which bears N85°17'05"W, 59.06 feet to the point of tangency; thence N80°54'30"W, 284.80 feet to the point of beginning.

This parcel contains 6.195 acres.

Dated this 21 day of July, 1981.

Donald L. Paulson  
Donald L. Paulson  
Registered Land Surveyor S-728

Note:

The sole purpose of this Certified Survey Map is to revise and correct Certified Survey Map No. 3659, recorded in Volume 15, Pages 54, 55 and 56, Dane County Register of Deeds Office.

Monona Property Joint Venture  
1245 East Washington Avenue  
Madison, Wisconsin 53703

Arnold and O'Sheridan, Inc.  
815 Forward Drive  
Madison, Wisconsin 53711

June 22, 1981  
S-8085-14

CERTIFIED SURVEY MAP NUMBER 3743

DOCUMENT NUMBER 1713375

Sheet 2 of 3

EXHIBIT I-2 (Continued)

CERTIFIED SURVEY MAP  
DONALD L. PAULSON  
LAND SURVEYOR  
MADISON, WISCONSIN

CORPORATE OWNERS  
CERTIFICATE OF DEDICATION

The Osborn Manufacturing Corporation, a corporation duly organized and existing under and by virtue of the Laws of the State of Wisconsin, as owner, does hereby certify that said corporation caused the land described on this Certified Survey Map to be surveyed, divided, mapped and dedicated as represented on this map.

IN WITNESS WHEREOF, the said corporation has caused these presents to be signed and countersigned by its officers listed below at Fond Du Lac, Wisconsin and its corporate seal to be hereunto affixed this 17th day of July, 1981.

The Osborn Manufacturing Corporation

By Robert G. Chamberlain Vice President  
Robert G. Chamberlain

Attest: Frederick M. Fleury Asst. Secy.  
Frederick M. Fleury

State of Wisconsin)  
County of Fond Du Lac) S.S.

Personally came before me this 17th day of July, 1981, the above named officers of The Osborn Manufacturing Corporation, to me known to be the persons who executed the foregoing instrument as such officers as the Deed of said corporation, by its authority.

My commission is permanent.

Allan L. Edgarton  
Notary Public, Fond Du Lac, Wisconsin

Allan L. Edgarton

Approved by the City Council of the City of Monona, Dane County, Wisconsin, this 20th day of July, 1981.

Alderson Obialion  
Clerk, City of Monona  
Monona Property Joint Venture  
1245 East Washington Avenue  
Madison, Wisconsin 53703

Arnold and O'Sheridan, Inc.  
815 Forward Drive  
Madison, Wisconsin 53711

CONSENT OF CORPORATE MORTGAGEE

Giddings & Lewis, Inc., a corporation duly organized and existing under and by virtue of the Laws of the State of Wisconsin, mortgagee of the foregoing described land, hereby consents to the foregoing Owner's Certificate.

IN WITNESS THEREOF, the said corporation has caused these presents to be signed and countersigned by its officers listed below at Fond Du Lac, Wisconsin and its corporate seal to be hereunto affixed this 17th day of July, 1981.

Giddings & Lewis, Inc.

By Robert G. Chamberlain Vice President  
Robert G. Chamberlain

Attest: Frederick M. Fleury Secretary  
Frederick M. Fleury

State of Wisconsin)  
County of Fond Du Lac) S.S.

Personally came before me this 17th day of July, 1981, the above named officers of Giddings & Lewis, Inc., to me known to be the persons who executed the foregoing instrument as such officers as the Deed of said corporation, by its authority.

My commission is permanent.

Allan L. Edgarton  
Notary Public, Fond Du Lac, Wisconsin

Allan L. Edgarton

Received for recording this 21 day of July, 1981 at 3:20 o'clock P.M., and recorded in Volume 15 of Certified Surveys, Pages 202, 203 & 204.

Carol R. Mahnke  
Carol R. Mahnke, Register of Deeds  
By: Carol Waldman, Deputy  
June 22, 1981  
S-8085-15

CERTIFIED SURVEY MAP NO. 3743

DOCUMENT NO. 1713375  
Sheet 3 of 3

Exhibit I-2 shows the subject before the taking. The interest appraised includes a fee simple interest, assuming payment of special assessment liens, if any, in the subject property, and limitations of easements, zoning, and community goals of record.

D. Date of Appraisal

This appraisal is made as of October 9, 1985, the date of the Jurisdictional Offer. The analysis and conclusion presented herein are applicable on that date. The appraiser last inspected the property on May 6, 1986.

E. Definition of Market Value

As used in this appraisal and report, the term "market value" is defined as:

The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Fundamental assumptions and conditions presumed in this definition are

1. Buyer and seller are motivated by self-interest.
2. Buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
4. Payment is made in cash, its equivalent, or in specified financing terms.
5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.

6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly<sup>3</sup> and precisely revealed in the appraisal report.

F. Statement of General Assumptions and Limiting Conditions

1. Contributions of Other Professionals
  - . Information furnished by others in the report, while believed to be reliable, is in no sense guaranteed by the appraisers.
  - . The appraiser assumes no responsibility for legal matters.
  - . All information furnished regarding property for sale or rent, financing, or projections of income and expenses is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, prior sale, lease, financing, or withdrawal without notice.
2. Facts and Forecasts Under Conditions of Uncertainty
  - . The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.
  - . Forecasts of the effective demand for space are based upon the best available data concerning the market, but are projected under conditions of uncertainty.
  - . Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses

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[3] American Institute of Real Estate Appraisers, The Appraisal of Real Estate, Eighth Edition, (Chicago, IL: 1983), p. 33.

suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

- . Since the projected mathematical models are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.
- . Sketches in the report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.

### 3. Controls on Use of Appraisal

- . Values for various components of the subject parcel as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.
- . Possession of the report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant and, in any event, only in its entirety.
- . Neither all nor any part of the contents of the 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 regarding the valuation conclusions and the identity of the appraiser, of the firm with which he is connected, or any of his associates.
- . The report shall not be used in the client's reports or financial statements or in any documents filed with any governmental agency, unless: (1) prior to making any such reference in any report or statement or any documents filed with the Securities and Exchange Commission or other governmental agency, the appraiser is allowed to review the text of such reference to determine the accuracy and adequacy of such reference to the appraisal report prepared by the

appraiser; (2) in the appraiser's opinion the proposed reference is not untrue or misleading in light of the circumstances under which it is made; and (3) written permission has been obtained by the client from the appraiser for these uses.

- . The appraiser shall not be required to give testimony or to attend any governmental hearing regarding the subject matter of this appraisal without agreement as to additional compensation and without sufficient notice to allow adequate preparation.

## II. PROPERTY ANALYSIS AND BEST USE DETERMINATION

### A. Physical Attributes of Subject Property

The subject property has a slight downward slope from west to east. The slope is not thought to be an impediment to any type of development. Photographs of the property are presented in Exhibit II-1.

Based on the USDA Soil Survey of Dane County, the soils on the subject property appear to be in the St. Charles silt loam series. There appears to be no significant vegetation on the subject property that would hinder development. Street access would probably be limited to West Broadway on the east lot line. The potential for two curb cuts exists; this would be negotiable with the City of Monona.

### B. Location and Linkages

The South Towne development area is located south of the contiguous City of Madison, within the south edge of the City of Monona. It is approximately three miles southeast of the Capitol Square, three miles west of Interstate Highway 90, and one mile east of John Nolen Drive, which provides access to Madison's Central Business District (CBD).



EXHIBIT II-1

PHOTOGRAPHS OF SUBJECT PROPERTY



View looking south toward subject in center of photo.  
South Towne Drive is on the right and



View looking southeast at subject from across  
South Towne Drive. The car turning left is heading  
toward the South Towne Shopping Center.

EXHIBIT II-1 (Continued)



View looking northeast across subject with South Towne Shopping Center in background.



View looking north across Royal Avenue and subject toward existing Beltline.





View looking south toward subject from west end of South Towne Shopping Center parking lot.

Despite its relative proximity to downtown Madison, the subject's area has been somewhat slow to develop. Several reasons for this are apparent. First, Lake Monona, which is situated approximately one-quarter mile north of the subject, has diverted outward expansion of the City of Madison to the east and west of the subject area. Second, the Madison Metropolitan Sewage District's Nine Springs Treatment Plant, which is located approximately one-half mile south of the subject, has discouraged development in the area. Third, poor soils in marshland areas to the south of the subject property limit the maximum growth potential of the area and, thereby, further reduce the attractiveness of the area to users who build in anticipation of an expanding residential trade area.

More recently, residential growth in adjoining areas, particularly in the City of Fitchburg, has increased the desirability of the south side in general and the subject area in particular. This impact has been transferred most directly to the subject site via the area's primary traffic artery, West Broadway Boulevard (U.S. Highways 12 and 18). Traffic counts along this roadway are among the highest in the Madison area and have been increasing over the past several years. The 1976, 1981, and 1983 counts along with the percentage change are shown in the following table.

WEST BROADWAY (U.S. HIGHWAY 12 AND 18)<sup>1</sup>  
 24-HOUR WEEKDAY TRAFFIC COUNTS:  
 1976, 1981, AND 1983

LOCATION	1976	1981	1983	PERCENT CHANGE (OVER 7 YRS)
Broadway at Raywood	46,600	50,250	54,100	16.1%
Broadway at Yahara River	39,000	43,500	43,850	12.4%

It is the market access afforded by this roadway that provides the majority of the demand for goods and services at the subject's location. Because the subject site is not now and probably will not be surrounded by a large residential trade area, successful uses will not be oriented toward the convenience type retail goods. The location then offers the best potential for retail facilities oriented toward shopping or specialty goods, retail/service enterprises, offices, and office/warehouse facilities. These last three uses are especially able to benefit from the subject's very good vehicular access to the entire Madison area and to the Interstate Highway system.

Recent development of the South Towne Mall Shopping Center has increased the desirability of the area by providing amenities necessary for continued development. In addition to creating regional identification and customer draw to the area,

[1] East Madison Traffic Flow Map, City of Madison, Wisconsin, Department of Transportation, Division of Traffic Engineering (1976, 1981, and 1983).

the facility provides eating places and shopping for the area's potential employees. A study done in November 1983 indicated South Towne was the third ranking shopping center in terms of frequency of visit in the Madison area.<sup>2</sup>

The subject property will be affected when plans to upgrade the South Beltline are concluded. The highway project consists of improving a segment beginning at Fish Hatchery Road and extending easterly 6-1/2 miles to Interstate Highway 90. A six-lane freeway will deviate from the current alignment and pass beneath Raywood Road, parallel the existing Beltline, and limit access to a new interchange constructed at Raywood Road (see Exhibit II-2). The roadway will be at grade level and partially buffered with berming and vegetation. The new highway will pass directly through the subject property.

#### 1. Access

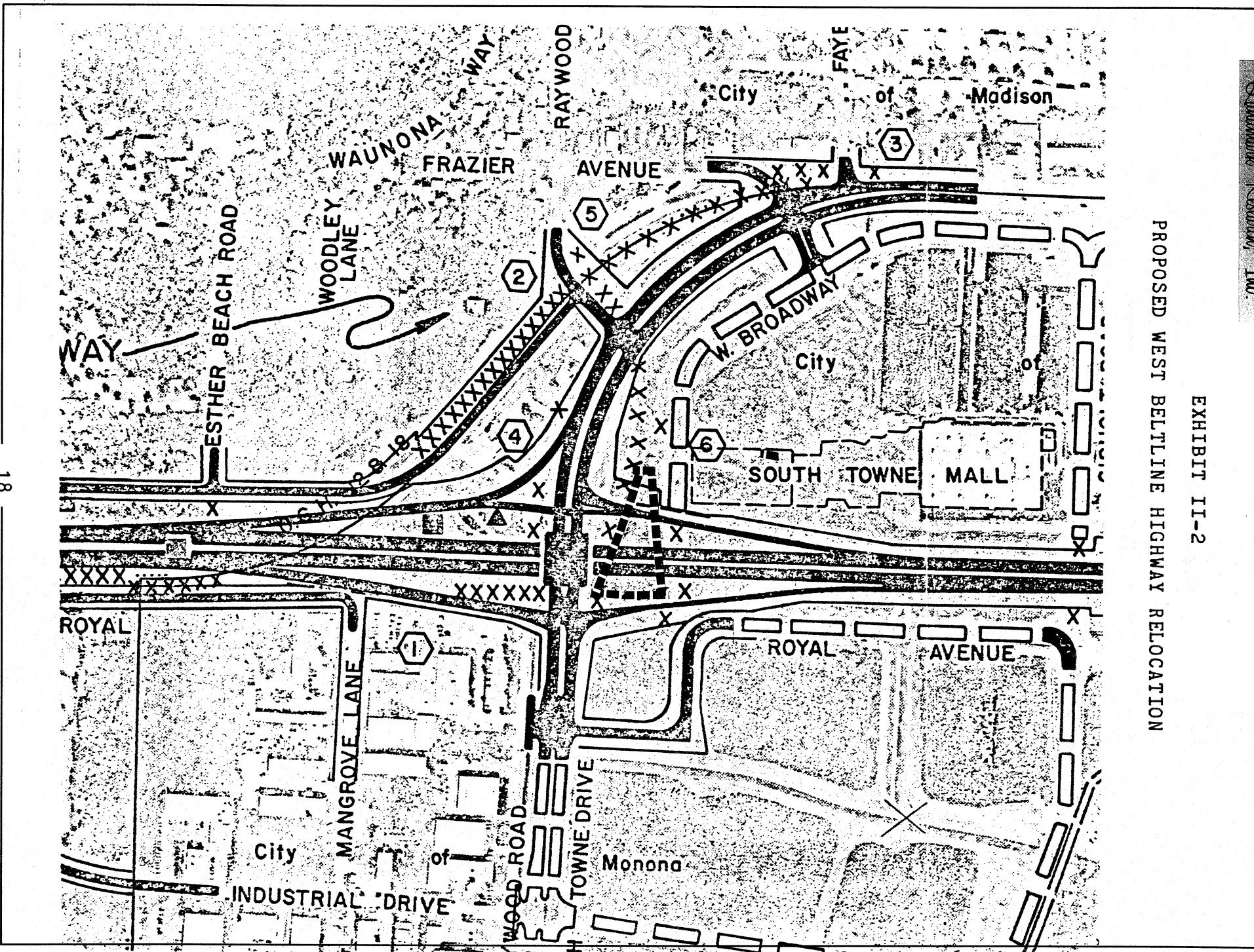
Presently, access to the property is good. Both eastbound and westbound traffic on the existing Beltline can enter the South Towne area via signal-controlled intersections at South Towne Drive on the west and Bridge Road on the east. Both connect with the West Broadway frontage road that forms the easterly boundary of the property. All traffic entering the South Towne Shopping Center from the west end (South Towne Drive) must turn east past the northern boundary of the subject.

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[2] From work prepared by the Simmons Company, November 1983, and reported by Suzanne Reuschlein of Madison Newspapers, Inc., on April 13, 1984.

EXHIBIT II-2

PROPOSED WEST BELTLINE HIGHWAY RELOCATION



At this point a left turn onto West Broadway would lead to the entrance to the shopping center and a right turn to the entrance to the subject. Thus, the subject will benefit considerably from high exposure to shoppers entering the South Towne area.

## 2. Utilities and Public Services

A full complement of urban services and utilities is available to the subject site. This includes water from the City of Monona; sanitary sewer from the Madison Metropolitan Sewage District; natural gas from Madison Gas and Electric Company; and buried telephone services from Wisconsin Telephone Company, a Bell System affiliate, with a Madison exchange. Uses to which the property could reasonably be put can be adequately served by this recently installed system.

## C. Legal and Political Constraints

### 1. Zoning

The zoning which governs the use of the site is the City of Monona Community Design District (CDD). These regulations are in the form of flexible performance criteria rather than rigid specifications. The characteristics of the district and the district's performance standards are shown in Exhibit II-3. This classification promotes a mixed use development that:

...will include a compatible mix of residential, commercial, industrial, or open space uses which realize the goals of the Master Plan...development shall occur according to a large-scale plan rather



EXHIBIT II-3

CITY OF MONONA ZONING CODE: SECTION 12.11  
- COMMUNITY DESIGN DISTRICT

**COMMUNITY DESIGN DISTRICT**

**12.110 CHARACTERISTICS OF DISTRICT.** The community design district is characterized by large, predominantly undeveloped tracts. Because of the salience of these properties, the community vests a particular interest in their rational, comprehensively planned development. As part of the limited remaining area of undeveloped land within the City, these properties are of critical importance in establishing a balance in land uses and in community services. It is expected that the development of property within this district will take advantage of the flexibility provided by the planned community development procedure. Further, it is expected that the district development will include a compatible mix of residential, commercial, industrial, or open space uses which realize the goals of the Master Plan.

**12.111 DISTRICT PERFORMANCE STANDARDS. (1)** Development shall occur only after coordinated advance site planning to retain the unique character of these tracts and to strike an acceptable balance between natural preservation, growth and development.

(2) For each tract, development shall occur according to a large-scale plan rather than on a piecemeal basis. It is intended that this plan be a mutual product of efforts of the property owner and the City. This could be implemented by a policy resolution of the Planning and Environmental Commission to accept the owner's general development plan for the tract, or it could be implemented by a mutual decision by the owner and the City to rezone the tract to a Planned Community Development based on a General Development Plan.

(3) Development shall preserve the maximum possible amount of open space and environmental amenities through techniques such as clustering, site planning and permanent reservation of open space.

(4) All uses and their intensity, appearance and arrangement shall be of a visual and operational character which:

(a) is compatible with the physical nature of the site, with particular concern for preservation of natural features, open space, tree growth, unique or environmentally significant landforms and unobstructed public views of bodies of water.

(b) Would produce an attractive environment of sustained aesthetic and ecological desirability, economic stability and functional practicality compatible with the general policy guidelines of the comprehensive master plan as well as the specific concerns expressed by the community.

(c) Would not create a traffic or parking demand incompatible with the existing or proposed facilities to serve it unless jointly resolved.

(d) Would not seriously affect the anticipated provision of school or municipal services unless jointly resolved.

(e) Serve regional and community needs for employment, open space, moderate-cost housing, lake access and/or recreational facilities.

than on a piecemeal basis. It is intended that this plan be a mutual product of effort of the property owner and the City.<sup>3</sup>

All development within the Community Design District is subject to approval of the Monona Planning Commission.

## 2. Special Assessment District

In conjunction with development in South Towne, an extensive system of internal streets were added to the entire South Towne development. These streets were funded by the City of Monona and the lands they serve are now subject to special assessments. Costs are to be amortized over eight years with interest at 10.25 percent on the unpaid balance. All special assessments are due upon sale of the property. As of the date of this appraisal, special assessments due totaled \$23,345.90 (\$17,872.50 principal, \$5,473.40 interest). These were paid on November 20, 1985. This appraisal assumes no special assessments due against the property.

## 3. Monona Tax Incremental District

Reasons for the creation of the Monona Tax Incremental District (TID) No. 1 are specified in the memoranda in Appendix A. Briefly, the City's use of TID No. 1 was to aid distressed or "conservation" neighborhoods. The report said:

The City also sought to create additional employment opportunities for its residents and add to the non-residential tax base by generating industrial, retail, and commercial development in the South Towne

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[3] City of Monona Zoning Code: Section 12.11 Community Design District.

area and undeveloped portions of Monona Drive. In order to accomplish that goal it was necessary to invest large sums of money for public improvements such as streets, water, and sanitary and storm sewer. There was also a need to improve the City's water system to provide necessary fire protection and to service the anticipated new uses from the added development.

TID No. 1 was also used to provide security incentives to the South Towne area given the uncertainty of the final location of the South Beltline Freeway. The report continues:

Therefore the City used TIF funds to assemble land and make it available to retailers at a cost that allowed them to bear the risk of development even in light of the uncertainty of the final Beltline location. The use of TIF funds in that fashion also served as an effort to "prime the pump" by attracting development to the area so that it would be an attractive area that would bring quality users to Monona. The developer of South Towne originally planned to build an unenclosed strip shopping center in South Towne. The City used TIF funds to induce the developer to construct a high quality enclosed mall instead. South Towne Mall has served as the flagship for development in the area. It has also provided over 900 jobs, convenient shopping opportunities for Monona residents and substantial added tax base to the City, county, school district, and state.

Tax Incremental Financing (TIF) funds were also used to acquire certain municipal equipment to service the district as well as provide municipal services such as employment and feasibility studies.

#### D. Highest and Best Use

The term highest and best use is defined in Real Estate Appraisal Terminology as:

That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value, an alternative term would be Most Profitable Use.<sup>4</sup>

Search for use begins with the limitations imposed by legal constraints. In the case of the subject property, the City of Monona zoning ordinance is the controlling factor with respect to highest and best use. A CDD designation allows locating compatible uses within a larger use district.

As previously discussed, the subject will benefit greatly from its location at the west entrance to the South Towne Shopping Center. It has high exposure to a large volume of

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[4] Byrl N. Boyce, AIREA, SREA, Real Estate Appraisal Terminology, Revised Edition, (Cambridge, MA: Ballinger Publishing Company, 1981), pp. 126-127.

consumers who specifically have shopping on their mind. The appraiser believes that the highest and best use is for development of a fast food restaurant or small retail uses. The good exposure to shoppers should outweigh constraints imposed by size and shape. Imaginative land use planning can minimize the effect of these aspects of the site.

### III. VALUATION OF THE SUBJECT PROPERTY

#### A. Valuation Methodology

The three basic methods of valuation are the Cost Approach, Income Approach, and Market Comparison Approach. The Cost Approach usually is used in valuing improved property. It consists of adding replacement cost of land to the cost of duplicating the improvements. From this total is subtracted an amount for physical and functional obsolescence of the improvements to arrive at value by the Cost Approach. This method is not relevant to vacant land.

The Income Approach consists of capitalizing the net operating income of the property using an appropriate rate in order to estimate value. This method also is primarily used in valuing improved property where income-producing comparables are readily available for comparison.

The third approach, and the one that will be relied upon here, is the Market Comparison Approach. It consists of locating sales of similar vacant parcels and, through an orderly process of comparing attributes of the comparables to the subject property, estimating the value of the subject property.

B. Valuation Before the Taking

Exhibit III-1 contains the locations of the four comparable sales used in this appraisal. Each is discussed briefly below and additional information is provided in Exhibit III-2.

Comparable Sale No. 1 is the site of the existing McDonald's Restaurant at 2051 West Broadway. It is located across the street and just east of the subject property. The McDonald's Corporation acquired the property on July 15, 1982, for \$211,500 plus \$8,500 in special assessments. The parcel is rectangular, measures approximately 120 feet by 295 feet, and is bounded by West Broadway to the north and Gisholt Drive to the east. Access is from West Broadway or Gisholt Drive via the interior roads of the South Towne Shopping Center. The purchase agreement allows McDonald's employees to park off-site on shopping center property in recognition of the limited size of the parcel.

Comparable Sale No. 2 is a portion of the westerly remainder parcel of the subject property sold to K.E.S.P. Restaurant Services. A Bonanza Restaurant has been constructed on the site. It was sold on October 25, 1985, for \$280,000 plus \$15,000 in special assessments. It is a near-rectangular parcel containing 47,931 square feet located between the existing Beltline and the West Broadway frontage road. The parcel has 304.5 feet of frontage on West Broadway, its only road access.

EXHIBIT III-1

LOCATION OF COMPARABLE SALES

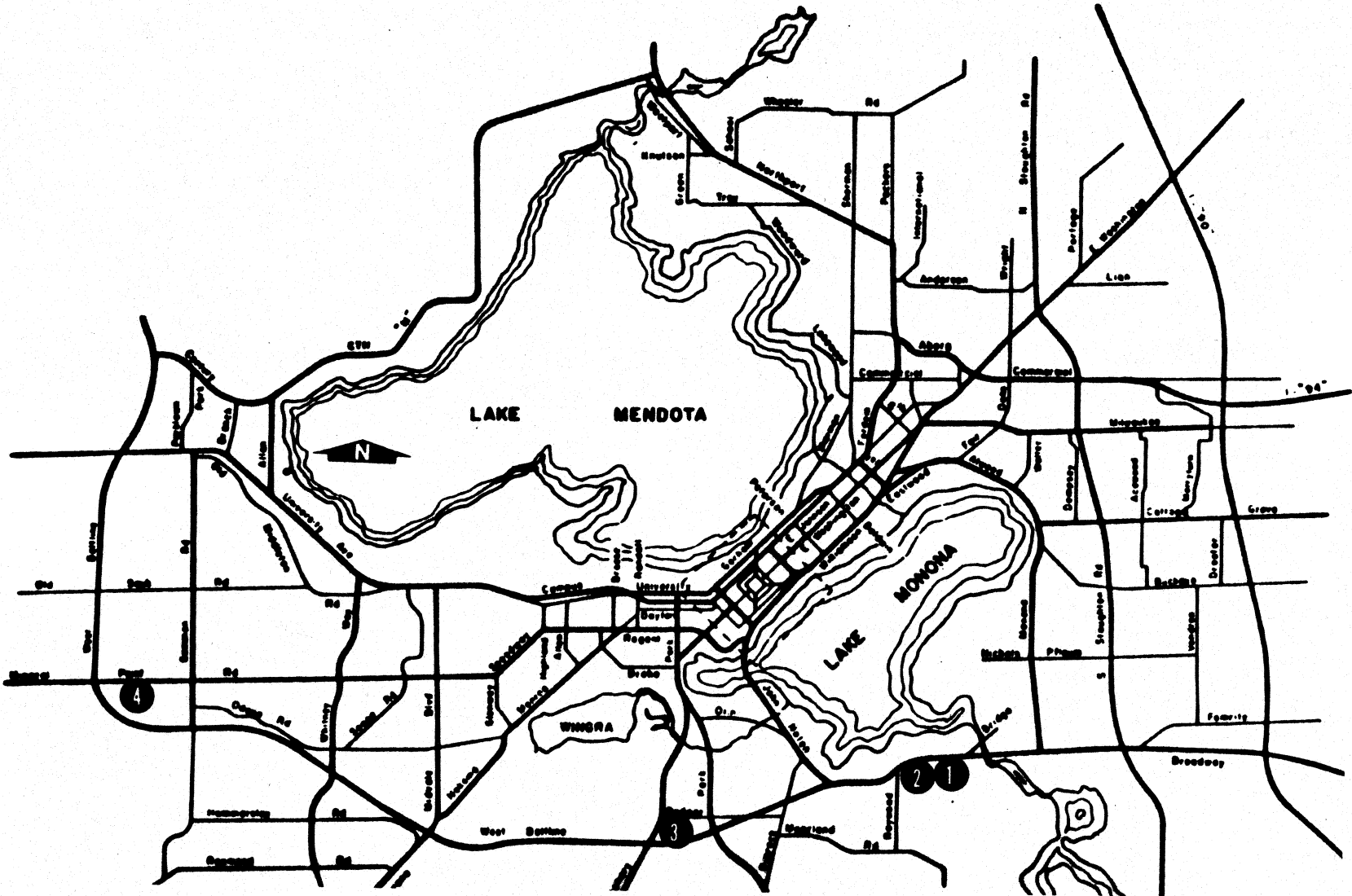




EXHIBIT III-2  
COMPARABLE SALE INFORMATION  
COMPARABLE SALE NO. 1



LOCATION:	2051 West Broadway, City of Monona
SALE DATE:	7/15/82
STATED PRICE:	\$211,500
STATED PRICE/SF:	\$6.03
SELLER:	John P. Livesey
BUYER:	McDonald's Corporation
RECORDING DATA:	Vol. 3740, Page 47, 7/30/82, Warranty Deed
SIZE:	Near rectangular parcel measuring approximately 120 feet by 295 feet containing 35,090 square feet

EXHIBIT III-2 (Continued)  
COMPARABLE SALE NO. 1 (Continued)

ZONING:	Monona Community Design District
EXPECTED USE:	McDonald's Restaurant
TERMS OF SALE:	Cash
VERIFIED BY:	John P. Livesey, Seller



EXHIBIT III-2 (Continued)

COMPARABLE SALE NO. 2



LOCATION:	2400 West Broadway, City of Monona
SALE DATE:	10/25/85
STATED PRICE:	\$280,000
STATED PRICE/SF:	\$5.84
SELLER:	John P. Livesey
BUYER:	K.E.S.P. Restaurant Services
RECORDING DATA:	Vol. 7432, Page 25, 10/29/85, Warranty Deed
SIZE:	47,931 square feet, near rectangular
ZONING:	Monona Community Design District

EXHIBIT III-2 (Continued)

COMPARABLE SALE NO. 2 (Continued)

EXPECTED USE:

Bonanza Restaurant

TERMS OF SALE:

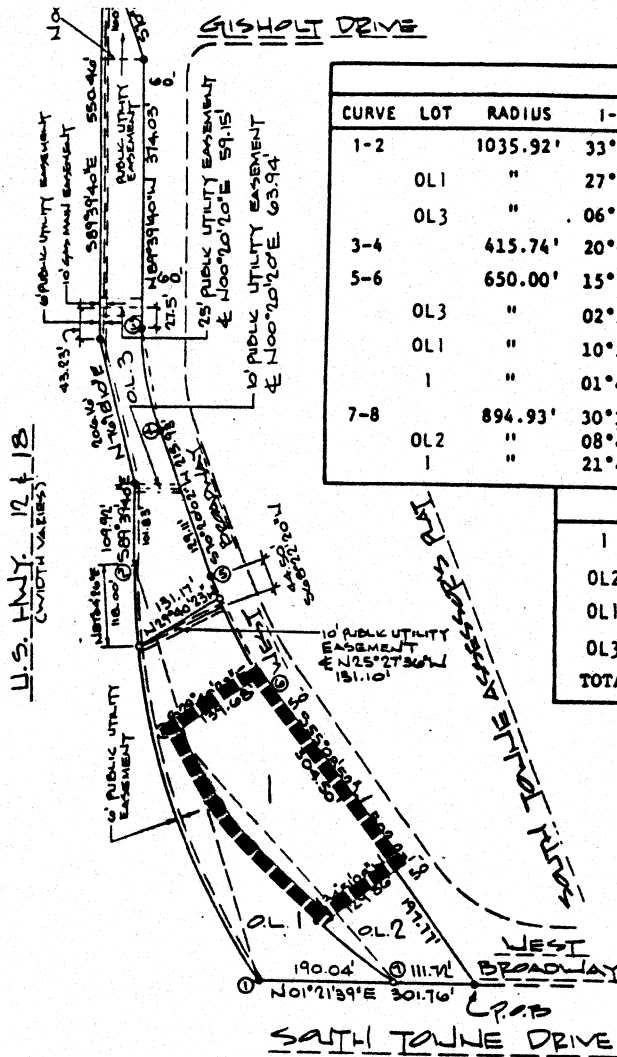
Cash

VERIFIED BY:

John P. Livesey, Seller



EXHIBIT III-2 (Continued)  
 COMPARABLE SALE NO. 2 (Continued)



CURVE DATA						
CURVE	LOT	RADIUS	I-ANGLE	CHORD	CHORD BRNG.	ARC
1-2		1035.92'	33°50'06"	602.89'	N73°25'17"E	611.74'
	OL1	"	27°26'12"	491.33'	N70°13'20"E	496.05'
	OL3	"	06°23'54"	115.63'	N87°08'23"E	115.69'
3-4		415.74'	20°00'18"	144.42'	S80°20'11"W	145.16'
5-6		650.00'	15°11'10"	171.78'	S62°44'27"W	172.28'
	OL3	"	02°52'30"	32.61'	S68°53'47"W	32.62'
	OL1	"	10°35'54"	120.06'	S62°09'35"W	120.23'
	1	"	01°42'46"	19.43'	S56°00'15"W	19.43'
7-8		894.93'	30°30'08"	470.82'	N49°12'47"E	476.43'
	OL2	"	08°49'10"	137.62'	N38°22'18"E	137.76'
	1	"	21°40'58"	336.66'	N53°37'22"E	338.67'

AREA		
1	=	47,931 sq. ft. 1.100 acres
OL2	=	17,712 sq. ft. 0.407 acres
OL1	=	51,052 sq. ft. 1.172 acres
OL3	=	56,943 sq. ft. 1.307 acres
TOTAL	=	173,638 sq. ft. 3.986 acres

Tan. Bearings	
1	= N56°30'14"E
2	= 889°39'40"E
3	= N89°39'40"W
4	= S70°20'02"W
5	= S70°20'02"W
6	= S55°08'52"W
7	= N33°57'43"E
8	= N64°27'51"E

Conditions of Approval:

- 1) No access to existing Highway 12 & 18 or to plan Connector Street between West Broadway and Highway 12 & 18.
- 2) Outlots 1, 2 & 3 shall not be developed unless proper zoning approval is obtained from the City of Monona.

Livesey Company  
 6515 Grand Teton Plaza  
 Madison, Wisconsin 53719

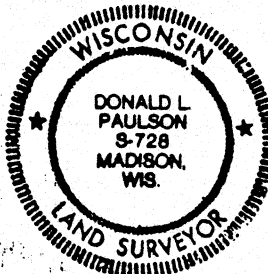
Arnold and O'Sheridan, Inc.  
 815 Forward Drive  
 Madison, Wisconsin 53711

September 24, 1985  
 85240-C-3

CERTIFIED SURVEY MAP NO. 4795

DOCUMENT NO. 1905943

Sheet 1 of 2



LEGEND

- IRON STAKE FOUND
- IRON STAKE PLACED
- 1/4" x 30' 4.30 W/FT
- x "x" IN CONCRETE

I HEREBY CERTIFY THAT I HAVE SURVEYED THE PROPERTY DESCRIBED HEREON ACCORDING TO THE DESCRIPTION FURNISHED AND THAT THE ABOVE MAP IS A CORRECT REPRESENTATION OF THE LOT LINES THEREOF AND I HAVE COMPLIED WITH SECTION 236.34 OF THE STATUTES OF THE STATE OF WISCONSIN.

Madison, Wisconsin Donald L. Paulson  
 Donald L. Paulson S-728

EXHIBIT III-2 (Continued)

COMPARABLE SALE NO. 3



LOCATION:	1218 and 1221 Ann Street, City of Madison
SALE DATE:	8/5/85
STATED PRICE:	\$178,000
STATED PRICE/SF:	\$4.25
SELLER:	C.J. Raymond Investments
BUYER:	Hammond Investments
RECORDING DATA:	Vol. 7231, Page 80, 9/8/85, Warranty Deed
SIZE:	Irregularly shaped parcel containing 41,840 square feet

EXHIBIT III-2 (Continued)

COMPARABLE SALE NO. 3 (Continued)

ZONING:	C2 Commercial
EXPECTED USE:	Rax Restaurant
TERMS OF SALE:	Assignment of land contract with satisfaction within one month
VERIFIED BY:	John Allen, Rax Restaurants





EXHIBIT III-2 (Continued)

COMPARABLE SALE NO. 4



LOCATION:	7501 Mineral Point Road, City of Madison
SALE DATE:	11/12/85
STATED PRICE:	\$226,500
STATED PRICE/SF:	\$6.32
SELLER:	Dr. Dennis D. Rasmussen
BUYER:	Aubrey Fowler
RECORDING DATA:	Vol. 7504, Page 58, 11/18/85, Warranty Deed
SIZE:	35,831 square feet
ZONING:	Commercial
EXPECTED USE:	Rax Restaurant

EXHIBIT III-2 (Continued)  
COMPARABLE SALE NO. 4 (Continued)

TERMS OF SALE:

Cash

VERIFIED BY:

Dr. Dennis D. Rasmussen,  
Seller



Comparable Sale No. 3 is the site of the Rax Restaurant located at the intersection of the Beltline and Fish Hatchery Road. It was bought by Hammond Investments on August 5, 1985, for \$178,000. The parcel is irregularly shaped containing 41,840 square feet with approximately two-thirds of it being southwest of Ann Street and one-third northeast. Mr. John Allen at Rax Restaurants stated that they intend to use the northeast parcel as additional parking. The property contained an old house that was removed. Access is from Ann Street.

Comparable Sale No. 4 is located at the southwest corner of Mineral Point Road and D'Onofrio Drive. A Rax Restaurant is currently under construction on the site. It contains 35,831 square feet and was purchased on November 12, 1985, by Mr. Aubrey Fowler for \$226,500. Access is from D'Onofrio Drive only. This comparable is located in the high-growth West Towne area of Madison's west side.

Exhibit III-3 shows the stated price, adjusted price, and price per square foot for the comparable sales. The price per square foot calculated is the price used in predicting the value of the subject. A brief discussion of the adjustments to price follows.

Comparables No. 1 and 2 were adjusted upward for special assessments paid by buyer. Comparable No. 1, the McDonald's site, was adjusted upward 20 percent for its time of sale. This adjustment is based on an 8.5 percent increase in the Consumer Price Index for All Urban Consumers for the time span in question and an 11.5 percent adjustment for the general

EXHIBIT III-3

SIZE AND ADJUSTED PRICE OF COMPARABLES

	COMPARABLE NUMBER 1	COMPARABLE NUMBER 2	COMPARABLE NUMBER 3	COMPARABLE NUMBER 4
Stated Price	\$211,500	\$280,000	\$178,000	\$226,500
Special Assessments Assumed	8,500	15,000	0	0
Time of Sale	44,000	0	0	0
Offsite Parking Included	(33,000)	0	0	0
Removal of Improvements	0	0	5,000	0
Adjusted Price	<u>\$231,000</u>	<u>\$295,000</u>	<u>\$183,000</u>	<u>\$226,500</u>
Square Feet	35,090	47,931	41,840	35,831
\$/SF	\$6.58	\$6.15	\$4.37	\$6.32

maturation of retail and other development activity in the South Towne area. It sold over three years prior to the date of valuation.

Both Comparables No. 1 and 2 include some provision for parking off-site. Because of very limited on-site parking at McDonald's, the provision allowing employees to park off-site is important and the price was adjusted down 15 percent to reflect this. The development plan for the Bonanza site already included 87 parking spaces and the provision allowing up to seven employees to park off-site is considered to have little real value, therefore no adjustment was made.

Comparable No. 3 contained an old house on the site. The cost of removal was estimated at \$5,000. The price was adjusted upward to reflect this cost.

After determining the adjusted price of the comparables in Exhibit III-3, some method of analyzing qualitative differences among comparable properties must be constructed. Each property has certain attributes which are observable and significant to the investor. However, the specific unit dollar adjustments for the degree of presence or absence of these attributes cannot be measured by the appraiser. Therefore, it is appropriate to set up an ordinal scoring matrix which can be converted to a weighted average score per unit in order to build a pricing algorithm for the subject property. As price sensitive attributes, the appraiser chose site efficiency, linkages and visibility to traffic volume, perceived prestige/growth



potential, proximity to consumer concentrations, site access, and size.

Each of the sales was then ranked for relative value of the attributes. The scoring system is detailed in Exhibit III-4. The weights assigned the attributes were generated from a non-parametric statistics formula developed by Gene Dilmore.<sup>1</sup> The total weighted score given each of the properties and the adjusted selling price per square foot per point can be found in Exhibit III-5.

The object of the weighted scoring method is to divide the total weighted score into the adjusted price per square foot of land area to arrive at the adjusted price per square foot of land area per point. This number would be identical for each comparable if all the differences among comparables could be correctly recognized and adjusted, an ideal which is not likely to happen. Therefore, the appraiser uses the mean or average price per point per square foot of land area as the pricing algorithm for the subject site.

Since the first objective is to reduce dispersion of the price per point per unit building area, a computer program developed by Gene Dilmore is utilized to test the initial weights assigned by the appraiser to each price sensitive

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[1] A member of the American Institute of Real Estate Appraisers (MAI) and of the Society of Real Estate Appraisers (SREA) who has special expertise in statistics.



EXHIBIT III-4

SCALE FOR SCORING COMPARABLE SALE AND  
SUBJECT PROPERTY ATTRIBUTES

SITE EFFICIENCY:

- 5 = Site is rectangular and fully useable
- 3 = Site has some irregularities of shape but is substantially fully useable
- 1 = Site is irregularly shaped such that a significant portion is not useable

LINKAGES AND VISIBILITY  
TO TRAFFIC VOLUME:

- 5 = Directly accessible from both lanes of frontage road and high visibility to traffic volume
- 3 = Accessible from secondary street or interior roads or visibility to passing traffic volume considered fair
- 1 = Accessible from secondary street or interior roads and visibility to passing traffic volume considered fair

PRESTIGE/GROWTH AREA:

- 5 = Perceived high prestige and rapid growth of nearby land uses
- 3 = Some public recognition and moderate growth of nearby land uses
- 1 = Low public recognition and slow growth of nearby land uses

PROXIMITY TO CONSUMER  
CONCENTRATIONS:

- 5 = Adjacent to major consumer draws
- 3 = General proximity of significant consumer draws but cuts off by traffic flow
- 1 = Isolated from other consumer draws

EXHIBIT III-4 (Continued)

SITE ACCESS:

- 5 = Two or more driveway aprons on two or more streets
- 3 = Two driveway aprons on one street or two entries from different streets through other parking
- 1 = One driveway apron

SIZE:

- 5 = 30,000 to 39,999 square feet per development site
- 3 = 40,000 to 49,999 square feet per development site
- 1 = 50,000 or more square feet per development site

EXHIBIT III-5

WEIGHTED MATRIX FOR COMPARABLES AND SUBJECT

ATTRIBUTE	WEIGHT	NO. 1	NO. 2	NO. 3	NO. 4	SUBJECT
Site Efficiency	0%	5/0.00	3/0.00	3/0.00	3/0.00	3/0.00
Linkages	20%	3/0.60	5/1.00	3/0.60	3/0.60	3/0.60
Prestige/Growth	25%	3/0.75	3/0.75	1/0.25	5/1.25	3/0.75
Proximity	5%	5/0.25	3/0.15	1/0.05	3/0.15	3/0.15
Site Access	25%	3/0.75	3/0.75	3/0.75	1/0.25	3/0.75
Size	25%	5/1.25	3/0.75	3/0.75	5/1.25	5/1.25
<b>TOTAL WEIGHTED SCORE</b>	<b>100%</b>	<b>3.60</b>	<b>3.40</b>	<b>2.40</b>	<b>3.50</b>	<b>3.50</b>
Adjusted Price		\$231,000	\$295,000	\$183,000	\$226,500	
Square Feet		35,090	47,931	41,840	35,831	37,854
Adjusted Price/SF		\$6.58	\$6.15	\$4.37	\$6.32	
Price/Point/ Square Foot		\$1.83	\$1.81	\$1.82	\$1.81	

qualitative attribute until that combination of weights is found that best predicts the prices of the comparable sites. The justification of the resulting comparable price formula is provided in Exhibit III-6, and it will be noted that a very close fit is obtained between the predicted price and the actual price, without exception. Therefore, the price per weighted point per square foot algorithm provides a basis for forecasting the market price of the subject site before the taking. The computer output of the Dilmore quantitative point weighting program for the comparable sites is shown in Appendix B.

Having determined the pricing algorithm that replicates the price of the comparable land sales, it is then possible to apply the mean price per point per square foot to the subject site as detailed in Exhibit III-7. Note that the base price per point per square foot is \$1.82 and the standard error of the mean is plus or minus \$0.01.

Assuming a land area of the subject site before the taking of 37,854 square feet and a total weighted point score of 3.5, the value of the westerly portion of the subject site in the current market using the same standards applied to the comparable sites falls within a range having a high estimate of \$242,000 a low estimate of \$239,000, and a central tendency of \$241,000. The market value of the subject parcel before the taking is, therefore, estimated to be \$241,000, rounded to \$240,000.

JUSTIFICATION OF PRICE FORMULA FOR COMPARABLE SALES

EXHIBIT III-6

JUSTIFICATION OF PRICE FORMULA FOR COMPARABLE SALES  
BY MEANS OF ANALYSIS OF VARIANCE OF ACTUAL SALE PRICE VS. PREDICTED  
PRICE OF COMPARABLES USING MEAN PRICE PER POINT EQUATION METHOD

NO.	COMPARABLE PROPERTY	WEIGHTED POINT SCORE	MEAN PRICE PER POINT SCORE	PREDICTED PRICE/ SF	ACTUAL PRICE/ SF	VARIANCE	% OF VARIANCE TO ACTUAL PRICE
1	2051 West Broadway	3.6	\$1.83	\$6.54	\$6.58	\$-0.04	0.6%
2	2400 West Broadway	3.4	\$1.81	\$6.17	\$6.15	\$ 0.02	0.3%
3	1218 and 1221 Ann Street	2.4	\$1.82	\$4.36	\$4.37	\$-0.01	0.2%
4	7501 Mineral Point Road	3.5	\$1.81	\$6.36	\$6.32	\$ 0.04	0.6%
						NET VARIANCE	\$ 0.01
							=====

EXHIBIT III-7

CALCULATION OF MOST PROBABLE PRICE FOR SUBJECT SITE USING MEAN PRICE PER POINT EQUATION METHOD

COMPARABLE PROPERTY	SELLING PRICE PER SF	POINT SCORE	PRICE PER SF/ TOTAL WEIGHTED SCORE (X)
1	\$6.58	3.60	\$1.8278
2	\$6.15	3.40	\$1.8088
3	\$4.37	2.40	\$1.8208
4	\$6.32	3.50	\$1.8057
TOTAL			\$7.2631

$$\frac{\text{Total of Price Per SF}}{\text{Total Weighted Score}} = \$7.2631$$

$$\text{Mean Value } (\bar{X}) = \$7.2631 / 4 = \$1.8158$$

$$\text{Standard Deviation of the Mean} = \sqrt{\frac{\sum (X - \bar{X})^2}{n - 1}} = \$0.01 \text{ where:}$$

X	$\bar{X}$	(X - $\bar{X}$ )	(X - $\bar{X}$ ) <sup>2</sup>	n	n - 1
\$1.8278	\$1.8158	= \$ 0.0120	0.00014	4	3
\$1.8088	\$1.8158	= \$-0.0070	0.00005		
\$1.8208	\$1.8158	= \$ 0.0050	0.00003		
\$1.8057	\$1.8158	= \$-0.0101	0.00010		
			0.00032		

$$\sqrt{\frac{0.00032}{3}} = \sqrt{0.00011} = \$0.0103$$

EXHIBIT III-7 (Continued)

Value Range of Price/Point Score:  $\$1.8158 \pm \$0.0103$

Since area of subject is 37,854 square feet and total weighted point score of subject is 3.5, then:

High

Estimate:  $\$1.8261 \times 3.5 \times 37,854 \text{ SF} = \$241,938$  or  $\$242,000$   
(\$6.39/SF)

Central

Tendency:  $\$1.8158 \times 3.5 \times 37,854 \text{ SF} = \$240,574$  or  $\$241,000$   
(\$6.36/SF)

Low

Estimate:  $\$1.8055 \times 3.5 \times 37,854 \text{ SF} = \$239,209$  or  $\$239,000$   
(\$6.32/SF)

IV. SUMMARY AND DETERMINATION OF DAMAGES

The damages to Mr. Livesey as a result of the taking of a part of Lot 3 of Certified Survey Map No. 3743 are as follows:

Value before the taking	\$240,000
Value after the taking	<u>0</u>
Damages	\$240,000 =====



CERTIFICATION OF VALUE

The appraisers further certify that, to the best of our knowledge, the statements made in this report are true and we have not knowingly withheld any significant information; that we have personally inspected the subject property, that we have no interest, present or contemplated in the subject property or the participants in the transaction; that neither the employment nor compensation to make said appraisal is contingent upon our value estimate; and that all contingent and limiting conditions are stated herein; and the fee charged is consistent with our usual charge for appraisal services.

The estimated market value, as defined herein, of this property before the taking as of ~~October 9, 1985~~, is:  
*Nov. 21, 1985*

TWO HUNDRED FORTY THOUSAND DOLLARS  
(\$240,000)

The loss and damages accruing as a result of this taking as of ~~October 9, 1985~~, are estimated to be:  
*Nov 21, 1985*

TWO HUNDRED FORTY THOUSAND DOLLARS  
(\$240,000)

FOR LANDMARK RESEARCH, INC.

-----  
James A. Graaskamp, Ph.D, SREA, CRE

*Paul J. Gleason*  
-----  
Paul J. Gleason, Real Estate Appraiser/Analyst

*May 16, 1986*  
-----  
Date

APPENDIX A  
HISTORY OF MONONA TAX INCREMENTAL DISTRICT NO. 1

## APPENDIX A (Continued)

The reasons why Monona Tax Increment District No. 1 was created are set forth in the original project plan contained in Chapter 2 of this memorandum (see specifically section I thereof). The City sought to use the advantages offered by Tax Incremental Financing to aid some distressed or "conservation" neighborhoods where dilapidated public services (sewer, water, and streets) were tending to have a blighting influence on the neighborhood (specifically the Bartels area). The City also sought to create additional employment opportunities for its residents and add to the non-residential tax base by generating industrial, retail, and commercial development in the South Towne area and undeveloped portions of Monona Drive. In order to accomplish that goal it was necessary to invest large sums of money for public improvements such as streets, water, and sanitary and storm sewer. There was also a need to improve the City's water system to provide necessary fire protection and to service the anticipated new uses from the added development.

In addition, TIF money was used to provide "security incentives" to encourage development in areas where the private market was not willing to bear the risk of development. In South Towne, most buyers were afraid to make substantial investment in new buildings because of the tremendous uncertainty over the final location of the South Beltline Freeway. Therefore the City used TIF funds to assemble land and make it available to retailers at a cost that allowed them to bear the risk of development even in light of the uncertainty of the final beltline location. The use of TIF funds in that fashion also served as an effort to "prime the pump" by attracting development to the area so that it would be an attractive area that would bring quality users to Monona. The developer of South Towne originally planned to build an unenclosed strip shopping center in South Towne. The City used TIF funds to induce the developer to construct a high quality enclosed mall instead. South Towne Mall has served as the flagship for development in the area. It has also provided over 900 jobs, convenient shopping opportunities for Monona residents, and substantial added tax base to the City, county, school district, and state.

In all cases where the City has used "security incentives" the developer of the project has been required to guarantee to the City that they will create enough value by the new development to ensure that the TIF District will be paid back for its investment. In the event that sufficient value is not created by the developer, they are required to make cash payments to the TIF District to equalize the shortfall.

Another example where TIF funds were used to attract unique development is the case of Water Tower Place. The site of Water Tower Place was thought by most people to be undevelopable property because of the unusual shape of the lot and the fact that lateral support had to be provided to the Monona Water Tower, thus making it difficult to do additional excavation on the site. The City used a TIF security incentive to induce construction of a unique, attractive, high quality office building to that site while also protecting the structural integrity of the City's water tower.

The City has also used TIF funds to acquire certain municipal equipment necessary to service the new buildings being constructed as a result of the success of the TIF District. The City purchased a new fire engine sufficient to provide protection to the major buildings in South Towne (including WPS). The City also purchased a new communications system adequate to communicate with the areas in the southern portion of the City (primarily South Towne). Prior to

APPENDIX A (Continued)

acquisition of the new system, the Police and Fire Departments were oftentimes not able to communicate from the dispatch offices to units on the Beltline or to the south of the Beltline.

Major stormwater problems were corrected in the southern area of Monona and on Monona Drive. Although some major problems continue to exist in the Queensway Road area, extensive improvements were made in the drainage of the southern part of Monona Drive and the Ford Street area. Better fire protection ratings were achieved for the entire City by upgrading the water pressure and carrying capacity of the system.

A partial listing of the private developments and improvements constructed within the TIF District since its creation are shown below:

BUILDING	LOCATION	NUMBER OF SQUARE FEET	VALUE
✓ WPS PHASE TWO (Office Building)	Engel Street	60,000	\$3,425,000
✓ SHOPKO STORE	West Broadway	98,000	\$3,600,000
✓ KOHLS DEPARTMENT STORE	West Broadway	60,000	\$3,000,000
✓ MCDONALDS	West Broadway	4,200	\$440,000
✓ SOUTH TOWNE MALL	West Broadway	70,000	\$2,800,000
✓ SOUTH TOWNE TWO	West Broadway	9,500	\$400,000
WISCONSIN NURSES ASSOCIATION OFFICES	Monona Drive	2,800	\$181,000
MADISON COIN MACHINE	Monona Drive	6,000	\$239,000
HERITAGE INSURANCE	Monona Drive	4,000	\$230,000
TREASURE MART	Femrite Drive	6,000	\$115,000
WATER TOWER PLACE	Monona Drive	40,000	\$1,600,000
✓ PUROLATOR COURIER	Industrial Drive	12,500	\$380,000
✓ MONONA COMMERCE BLDG.	Industrial Drive	45,000	\$400,000
✓ SOUTH TOWNE OFFICE PARK	Gisholt Road	18,000	\$1,000,000

These private developments were made possible by investment of public monies for major road construction projects such as South Towne Drive (formerly known as Raywood Road), Industrial Drive, Royal Avenue, West Broadway Frontage Road, and Gisholt Road. Market demand for purchase of land in South Towne and construction of new buildings is now very high. When the City's investment in public improvements has been repaid, all tax jurisdictions (the county, city, state, school district, and VTAE district) will substantially benefit by all of the added value that has been established in the TIF District.

APPENDIX A (Continued)

While the District has been tremendously successful in meeting its original goals, there are several important tasks left to be completed. Those tasks and goals will be set forth in Chapter 5 of this memorandum. As always, the City will insure that any money invested in TIF projects will be repaid by the development itself, not by the property taxpayer.

APPENDIX B

COMPUTER OUTPUT FOR SUBJECT SITE BEFORE THE TAKING

QP

Version 2.3

Program Choices Are:

1. Enter/edit/display/file input data
2. Analyze quality point ratings
3. Display output to screen \*
4. Select options
5. Quit

\* [When output is displayed to screen, you may print the output with the PrtSc key, then press <RETURN> to continue.]

Enter your choice: ?

Display Output to Screen

Select output to be displayed:

1. Input data
2. Weighted matrix for properties
3. Value range determination: mean price per point method
4. Transaction zone: mean price per point method and linear regression method
5. Mean price per point method: predicted vs. actual price for comparables
6. Linear regression method: predicted vs. actual price for comparables
7. Computation matrix

<Return> to quit

Enter your choice:



APPENDIX B (Continued)

Project title: SUBJECT-BEFORE

Unit prices Search interval = 5

	EFFIC	LINKA	GROWT	PROXI	ACCES	SIZE	Price
Prel. wts.	0	20	25	5	25	25	-
COMP #1	5	3	3	5	3	5	\$6.58
COMP #2	3	5	3	3	3	3	\$6.15
COMP #3	3	3	1	1	3	3	\$4.37
COMP #4	3	3	5	3	1	5	\$6.32
SUBJECT	3	3	3	3	3	5	-

Weighted Matrix

Feature/ Attribute	EFFICIEN	LINKAGE	GROWTH	PROXIMIT	ACCESS	SIZE	Wtd. score
Initial weights	20	20	15	15	15	0	100
Final weights	0	20	25	5	25	25	100
COMP #1	5/ 0.00	3/ 0.60	3/ 0.75	5/ 0.25	3/ 0.75	5/ 1.25	3.60
COMP #2	3/ 0.00	5/ 1.00	3/ 0.75	3/ 0.15	3/ 0.75	3/ 0.75	3.40
COMP #3	3/ 0.00	3/ 0.60	1/ 0.25	1/ 0.05	3/ 0.75	3/ 0.75	2.40
COMP #4	3/ 0.00	3/ 0.60	5/ 1.25	3/ 0.15	1/ 0.25	5/ 1.25	3.50
SUBJECT	3/ 0.00	3/ 0.60	3/ 0.75	3/ 0.15	3/ 0.75	5/ 1.25	3.50

APPENDIX B (Continued)

Value Range Determination: Mean Price Per Point Method

Mean price per point: \$1.82  
 Dispersion About the Mean: \$0.01  
 Coefficient of Dispersion: 0.0057

Value Range Per Unit of Dispersion

	Subject Point Score		Mean (+/- One Standard Deviation)		Price Per Unit
Low Estimate	3.50	X	\$1.81	=	\$6.32
Central Tendency	3.50	X	\$1.82	=	\$6.36
High Estimate	3.50	X	\$1.83	=	\$6.39

Transaction Zone: Mean Price Per Point Method

Number of units in subject property: 37854

Low Estimate	\$239,209	or	\$239,000
Central Tendency	\$240,572	or	\$241,000
High Estimate	\$241,935	or	\$242,000

Mean Price Per Point Method: Predicted vs. Actual Price for Comparables

	Predicted Price	Actual price	Error
COMP #1	\$6.54	\$6.58	-\$0.04
COMP #2	\$6.17	\$6.15	\$0.02
COMP #3	\$4.36	\$4.37	-\$0.01
COMP #4	\$6.36	\$6.32	\$0.04

QUALIFICATIONS OF THE APPRAISERS

JAMES A. GRAASKAMP

PROFESSIONAL DESIGNATIONS

SREA, Senior Real Estate Analyst, Society of Real Estate Appraisers

CRE, Counselor of Real Estate, American Society of Real Estate  
Counselors

CPCU, Certified Property Casualty Underwriter, College of Property  
Underwriters

EDUCATION

Ph.D., Urban Land Economics and Risk Management - University of Wisconsin  
Master of Business Administration Security Analysis - Marquette University  
Bachelor of Arts - Rollins College

ACADEMIC AND PROFESSIONAL HONORS

Chairman, Department of Real Estate and Urban Land Economics,  
School of Business, University of Wisconsin  
Urban Land Institute Research Fellow  
University of Wisconsin Fellow  
Omicron Delta Kappa  
Lambda Alpha - Ely Chapter  
Beta Gamma Sigma  
William Kiekhofer Teaching Award (1966)  
Urban Land Institute Trustee

PROFESSIONAL EXPERIENCE

Dr. Graaskamp is the President and founder of Landmark Research, Inc., which was established in 1968. He is also co-founder of a general contracting firm, a land development company, and a farm investment corporation. He is formerly a member of the Board of Directors and treasurer of the Wisconsin Housing Finance Agency. He is currently a member of the Board and Executive Committee of First Asset Realty Advisors, a subsidiary of First Bank Minneapolis. He is the co-designer and instructor of the EDUCARE teaching program for computer applications in the real estate industry. His work includes substantial and varied consulting and valuation assignments to include investment counseling to insurance companies and banks, court testimony as expert witness and the market/financial analysis of various projects, both nationally and locally, and for private and corporate investors and municipalities.

PAUL J. GLEASON

EDUCATION

Master of Science - Real Estate appraisal and Investment  
Analysis, University of Wisconsin

Bachelor of Business Administration - Comprehensive Public  
Accounting, University of Wisconsin - Eau Claire

PROFESSIONAL MEMBERSHIPS

Urban Land Institute

American and Wisconsin Institutes of Certified Public  
Accountants

PROFESSIONAL EXPERIENCE

Prior to association with Landmark Research, Inc., Mr.  
Gleason had approximately four years experience in  
analysis, development, and syndication of income properties  
and extensive experience in the practice of public  
accounting.

