An appraisal of the Monona South Towne development taking. May 1, 1985

Landmark Research, Inc.
[s.l.]: [s.n.], May 1, 1985

AN APPRAISAL OF

MONONA SOUTH TOWNE DEVELOPMENT TAKING

Landmark Research Inc.

AN APPRAISAL OF
MONONA SOUTH TOWNE DEVELOPMENT TAKING

AS OF

MAY 1, 1985

PREPARED FOR

GORDON & GREG RICE

EXECUTIVE MANAGEMENT, INC.

AND

AMCA INTERNATIONAL, CORP.

IN ANTICIPATION OF STATE OF WISCONSIN

DEPARTMENT OF TRANSPORTATION

JURISDICTIONAL OFFER NEGOTIATIONS

PREPARED BY

LANDMARK RESEARCH, INC.

4610 University Avenue, Suite 105, Madison, Wisconsin 53705, 608-233-6400

Landmark Research Inc.

James A. Graaskamp, Ph.D., S.R.E.A., C.R.E.
Jean B. Davis, M.S.

April 19, 1985

Messrs. Gordon and Greg Rice
Executive Management, Inc.
6000 Gisholt Drive
P.O. Box 8685
Madison, WI 53708

RE: Appraisal of Fair Market Value of the Taking Identified in the Jurisdictional Offer from the State of Wisconsin Department of Transportation as: Project 1206-02-21 QF 04 (19), South Madison Beltline - South Towne Drive - Monona Drive, U.S.H. 12 - Dane County, Parcel 1 - (AMCA International Corporation)

Dear Messrs. Rice:

This letter transmits our appraisal of the vacant retail parcels described above, condemned for use as a highway corridor and taken from a larger parcel owned by AMCA International Corporation.

When you read the report, you will see that we believe the appraisers for the State of Wisconsin have made a material error by failing to recognize the need to define the larger parcel under the three unity rule as consisting of Lot 4 of Certified Survey Map No. 3059, Lots, 17, 18, 19, 20, 21, and 22 of the First Addition to South Towne, the unplatted lands located south of Lots 17 through 22, and Lots 22, 23, 24, and 25 of the Royal Addition to South Towne for a total of 41.6 acres. The larger parcel is presumed to be a mixed-use land development in the process of subdivision and sale.

The remainder parcel to the north would consist of 2.75 acres of Lots 17 through 22 of the First Addition to South Towne and 16.33 acres of Lot 4 of CSM No. 3059. To the south, 7.51 acres of the unplatted land and 3.93 acres of Lots 22 through 25 of the Royal Addition to South Towne for a total of 30.52 acres.

To further define the problem, we assumed that the official date of taking would be May 1, 1985.

We approached the issue of fair market value with two methodologies, a market comparison approach in conjunction with a land development model applied before and after to the subject parcels. We have relied primarily on the market comparison approach supplementing with a land development model applied to unplatted office/warehouse land for which no comparables existed.

As a result of our analysis, we have established the following conclusions as to market value as of May 1, 1985, assuming cash to the seller and no consideration for financing or income tax leverage:

Fair Market Value of the Larger Parcel as of May 1, 1985:

TWO MILLION ONE HUNDRED FORTY FIVE THOUSAND DOLLARS

($2,145,000)

Fair Market Value of the remainder parcel, assuming completion of the highway relocation project as of May 1, 1985:

ONE MILLION FOUR HUNDRED SIXTY FIVE THOUSAND DOLALRS

($1,465,000)

The differential of Fair Market Value as of May 1, 1985, is therefore:

SIX HUNDRED EIGHTY THOUSAND DOLLARS

($680,000)

In addition, severance damages assigned to the remainder as of May 1, 1985, are:

ONE HUNDRED ONE THOUSAND TWO HUNDRED SEVENTY DOLLARS

($101,270)

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.

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 impending 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, including severance damages is:

SEVEN HUNDRED EIGHTY ONE THOUSAND TWO HUNDRED SEVENTY DOLLARS

($781,270)

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

Respectfully submitted,

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

Craig D. Hungerford

Enclosures

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

TABLE OF CONTENTS (Continued)

LIST OF EXHIBITS

LIST OF EXHIBITS (Continued)

LIST OF APPENDICES

I. PURPOSE OF THE APPRAISAL

The content of an appraisal report is determined by the decision for which it will serve as a benchmark and the limiting assumptions inherent in the property, data base, or other factors in the decision context. This appraisal was requested and authorized by Gordon and Greg Rice of Executive Management, Inc. (EMI) representing AMCA International Corporation for the purpose of determining the fair market value of the property in question.

A. The Appraisal Issue

Initially, the subject parcel was developed prior to World War II as the Royal Airport which was later abandoned, converted to agricultural use, and subsequently acquired by Gisholt Machine Tool (a division of Giddings and Lewis) as a relocation site for their facilities on Madison's east side. Because Gisholt was closed, the relocation plans never materialized and all Madison holdings were placed under the management of a group headed by Gordon Rice, a local real estate developer. In September 1973, Rice and others doing business as Monona Property Joint Venture, platted a portion of the former Gisholt lands and developed several uses. Only several small buildings for office and service uses were built as development remained slack until 1982, when the community shopping center facility,

South Towne Mall, was completed. Constantly looming in the background of further developing the South Towne area was the relocation issue of Madison's South Beltline Highway. As a result of the decision to relocate the highway through a portion of the project, this appraisal report will serve as a basis for negotiation of fair compensation under Wisconsin Chapter 32.09. Therefore, the appraisal issue is condemnation of a partial taking of a land development in the process of subdivision and sale. Other issues to be considered are:

1. Defining the before parcel in terms of the larger parcel concept and defining the remainder parcel(s) resulting from the taking.

2. Identifying the impact of the new highway on after values.

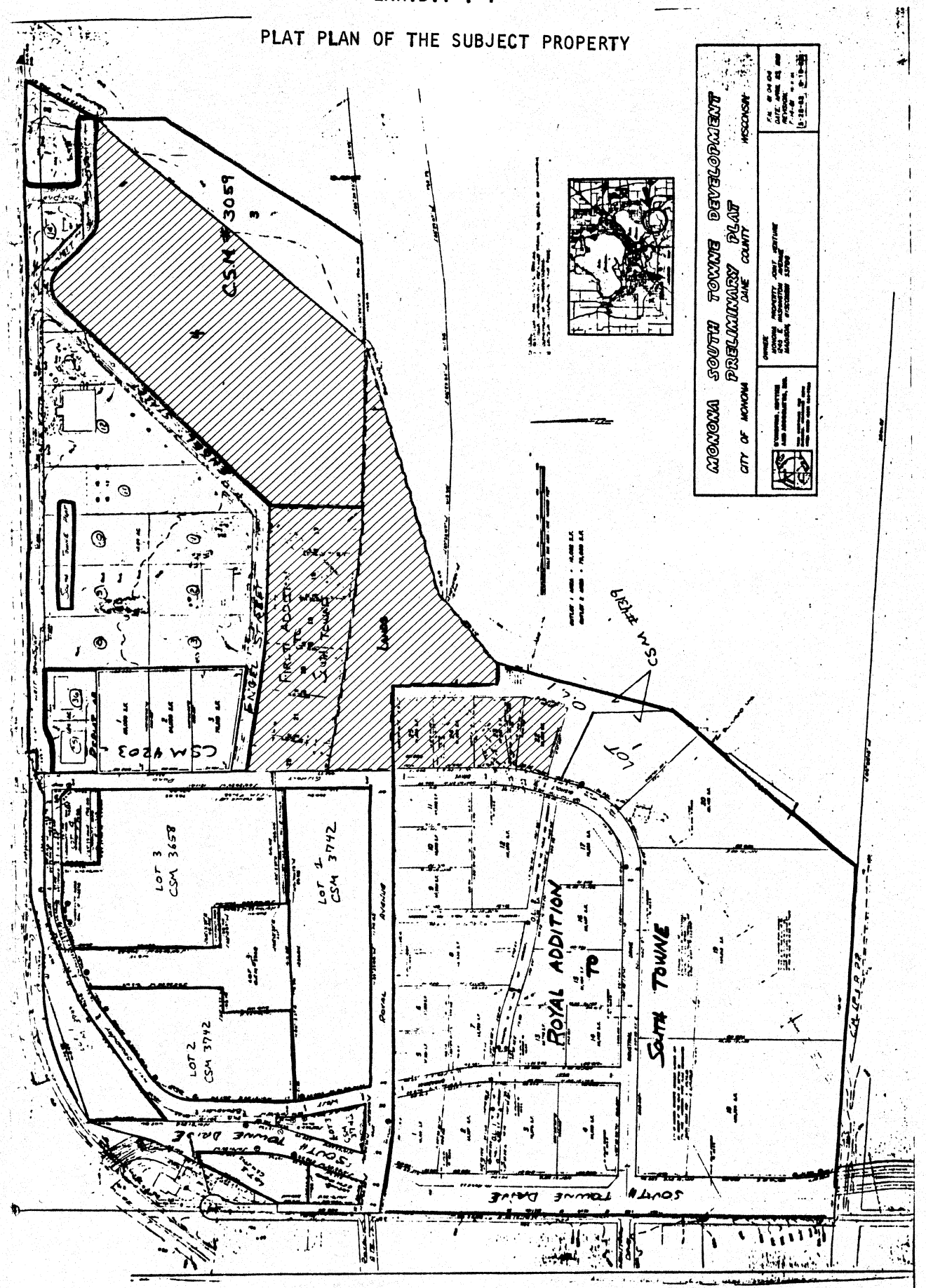
3. Identifying the impact of the new highway on absorption rates and prices of remainder parcels.

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

The subject of this appraisal is a vacant tract of land in the Monona South Towne Development. This land, as shown in Exhibit I-1, comprises 41.6 acres identified as Lot 4 of Certified Survey Map (CSM) 3059, Lots 17, 18, 19, 20, 21, and 22 of the first addition to South Towne, the unplatted land located south of Lots 17 through 22, and Lots 22, 23, 24, and 25 of the Royal Addition to South Towne. A complete legal description of the property is in Appendix A. The interest appraised includes a fee simple interest, assuming payment of special assessment liens, in the subject property, and limitations of easements, zoning, and community goals of record.

EXHIBIT 1-1

PLAT PLAN OF THE SUBJECT PROPERTY



C. Date of the Valuation

Analysis and value conclusions are applicable to the required due date of April 19, 1985, in accordance with Section 32.05(2)(b) of Wisconsin Statutes. The appraiser's final inspection of the property was made on April 6, 1985, but in the absence of a date of taking, the appraised value is assumed to be as of May 1, 1985.

D. 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 generally available for the property type in its locale on the effective appraisal date.
> 5. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report. [1]

E. 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 appraisers assume 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 suggested in this analysis is therefore based only on a rudimentary investigation by the appraisers 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 appraisers are allowed to review the text of such reference to determine the accuracy and adequacy of such reference to the appraisal report prepared by the appraisers; (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 appraisers 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. DESCRIPTION AND ANALYSIS OF THE SUBJECT PROPERTY

A. Physiographic Characteristics

1. Size and Shape

The subject parcel is an irregularly-shaped parcel of 41.6 acres (Exhibit II-1.) The irregular shape is defined by the alignment of Engel Street to the north, Gisholt Drive to the west, and the bulkhead line to the south and east. Photographs of the property are presented in Exhibit II-2.

2. Topography and Drainage

Topography and drainage of the subject are generally compatible with its development. Land is level to gently rolling and at street grade. Site drainage is via street storm sewer and ditches located in greenway outlots that flow in a southeasterly direction past the bulkhead line into the area designated as conservancy. Topographic elevations range from 10 to 20 feet above lake level to 3 to 8 feet above lake level along the bulkhead line. This bulkhead line also denotes that acreage to the north of the line can be filled and some places would require filling to be suitable for development.

3. Soils and Subsoil Conditions

Soil studies were neither made nor provided for use in this appraisal. However, an investigation of available information indicates that the subject property generally has soils that

EXHIBIT II-1

SUBJECT PARCEL

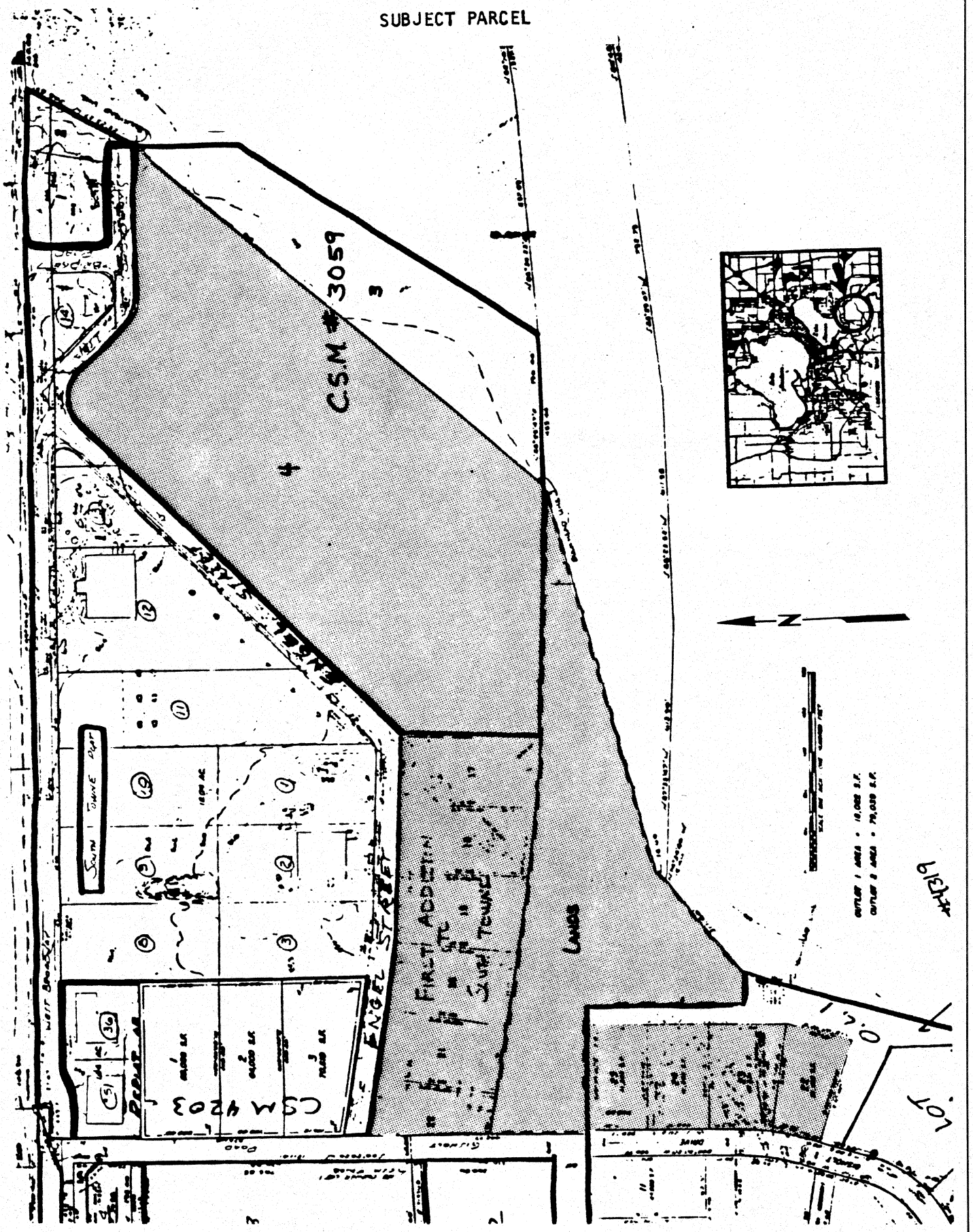


EXHIBIT II-2

PHOTOGRAPHS OF THE SUBJECT PROPERTY

View looking east along Engel Drive
of Lot 4, CSM 3059.

View looking south from Engel Drive
across Lot 3 of CSM 3059.

EXHIBIT II-2 (Continued)

View looking east across
Lots 17, 18, and 4 of CSM 3059.

View looking south across Lots 17 through 22
of CSM 3049 from Engel Drive.

View looking west across Lots 17 through 22 of CSM 3059 towards the intersection of Engel Street and Gisholt Drive.

View looking northeast across Lots 22 through 25 of Royal Addition and unplatted lands from Gisholt Drive.

will not adversely affect its potential use and value. [2] Major soil groupings are from the St. Charles, Virgil, and Wacousta series and are subject to a seasonably high water table. The southeastern portion of the site has been covered with 5 to 7 feet of foundary sand over-lain on 3 to 4 feet of peat and marl. Compaction caused by the sand has reduced the peat and marl to a depth of 1 to 2 feet.

4. Vegetation and Ground Cover

Subject land is generally open grassland that has invaded since previous agricultural uses were discontinued. However, there is a large area of deciduous tree and shrubs on Lot 4 of CSM 3059.

B. Location and Linkages

The South Towne development area, as shown in Exhibit I-1, 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 94, and one mile east of John Nolen Drive, which provides access to Madison's Central Business District (CBD).

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 rather than through 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 would 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. Highway 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 below.

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

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

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

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, 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.

The subject property will be bisected when plans to upgrade the South Beltline are concluded. The highway 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 and parallel approximately 1,000 feet to the south of the existing road limiting access to a new interchange constructed at Raywood Road, see Exhibit II-3. Also, the roadway will be at grade level and partially buffered with berming and vegetation. The impact of the new highway on the remainder parcel will be mixed.

1. Access

Presently, overall access to the property is very good. The eastbound lane of West Broadway permits access from signal controlled at-grade intersections. One such intersection is with Raywood Road (South Towne Drive), which runs in a north-south direction along the west boundary of the South Towne area. The second is at Bridge Road, which leads directly into Engel Drive and the West Broadway frontage road. A third access point from the eastbound lane of West Broadway frontage road is available at Gisholt Drive. Since West Broadway is a divided highway, the only available access from the westbound lane is at the Raywood Road and Bridge Road intersections. Raywood Road provides secondary access via intersections at Royal Avenue and Industrial Drive.

The internal street pattern provides a loop access to all individual sites. Ingress and egress is or will be available from driveways that are at site grade.

Once the new highway is complete, parcels to the north will still have excellent internal and external circulation. However, parcels to the south of the highway will be cut off from previous internal circulation loop via Gisholt Drive and

PROPOSED WEST BELTLINE
HIGHWAY RELOCATION

EXHIBIT II-3

West Broadway. Streets north of the highway will be cul-de-sacs; Royal Avenue, Gisholt Drive, and Industrial Drive will be a loop street connecting to South Towne Drive in the Royal Addition.

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 service 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

Zoning governing the use of the site is 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 Appendix C. 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 than on a piecemeal basis. It is intended that this plan be a mutual product of efforts of the property owner and the City. [3]

Although the original Master Plan for the South Towne area was quite specific as to the location of land uses (Exhibit II-4), changes in the marketability and goals of the community altered the preliminary plat of CSM 3059 from single family residential and apartments to office and apartments. Lots 17 through 22 along Engel Street were platted as office leaving the remaining acreage of CSM 3059 as apartments. However, this one area, originally thought to be residential, has never been committed to that use. In the eyes of the City Attorney, Randy Paul, there has always been a question as to the best use of this area. Around 1980 when master plan and zoning changes were taking place, the resultant changes left doubt as to whether residential use at South Towne would be permitted without council approval based on a new residential unit cap for the City. Subsequently, the mayor issued the following memo concerning his opposition to residential use in the South Towne area (Exhibit II-5).

2. Special Assessment District

In conjunction with development in South Towne, an extensive system of internal streets has been added to the entire South Towne development. These streets, as were shown in Exhibit II-1, 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. (See Appendix D.) All special assessments are due upon sale of the property.

EXHIBIT II-4

GENERAL DEVELOPMENT PLAN
FOR MONONA SOUTH TOWNE

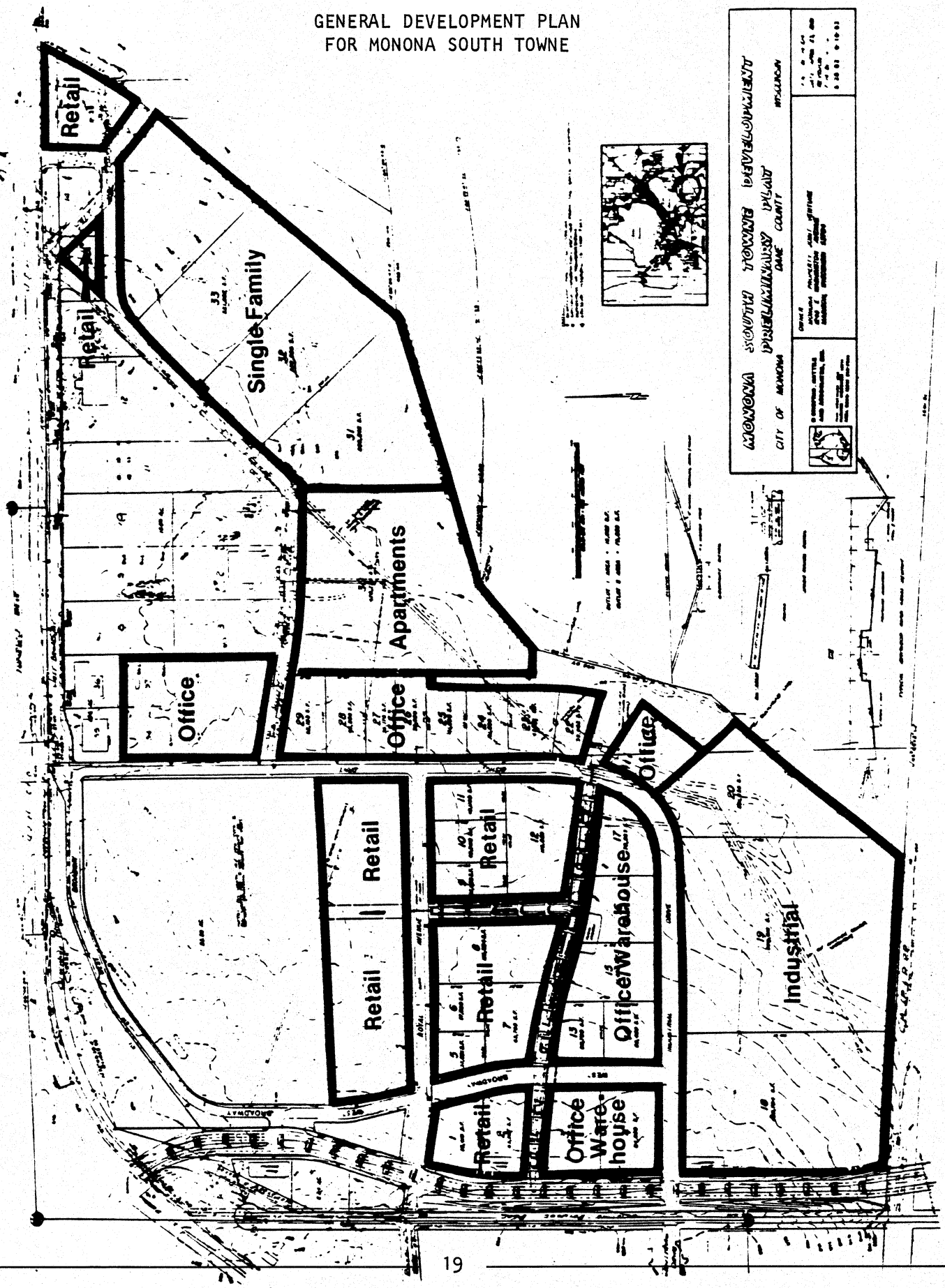


EXHIBIT 11-5

MEMORANDUM

TO: Plan Commission Members

FROM: Robert J. Olson
Mayor

DATE: March 29, 1985

SUBJECT: Residential Development - South Towne

I have long believed that the decision to include residential development in the South Towne area is a mistake for our community. When the final approval was received by the State Department of Transportation to construct the new U.S. 12 and 18 Freeway on the relocated corridor, I became totally convinced of the imappropriateness of constructing residential units in South Towne. I will set out my reasons for opposing residential construction in South Towne below. I ask that the Plan Commission consider my sentiments and recommend an amendment of the General Development Plan for South Towne converting the residential areas to office use (all as shown on the attached map).

1. Construction of housing in South Towne would create a satellite community, divided from the heart of the community. This kind of splintered housing leads to loss of community identity. The residents lose the sense of "community" that is so important to the efficient functioning of municipal government.

2. Construction of housing in South Towne would require the extension of municipal operating services (such as refuse collection) south of the existing Beltline in an area not presently served by such services. It would also greatly increase the demands on the services of the Fire/EMS and Police Departments.

3. Construction of residential units in South Towne would require school bus service to that area. I can not support sending school buses through the deadly Bridge Road intersection.

4. Most importantly, I think it is wholly inappropriate to sandwich housing units between two extremely high volume roadways. It is clearly an inappropriate living environment.

There are other land uses that make more sense for the area earlier designated as housing on the General Development Plan. I suggest that the market success of office projects in South Towne argues for amendment of the General Development Plan to require office construction. The City would benefit therefrom by higher tax base and lower demands on municipal services.

cc: Charles R. Wilson
City Administrator
Thomas D. Hovel
City Planner/Zoning Administrator

ke
R3-11.03

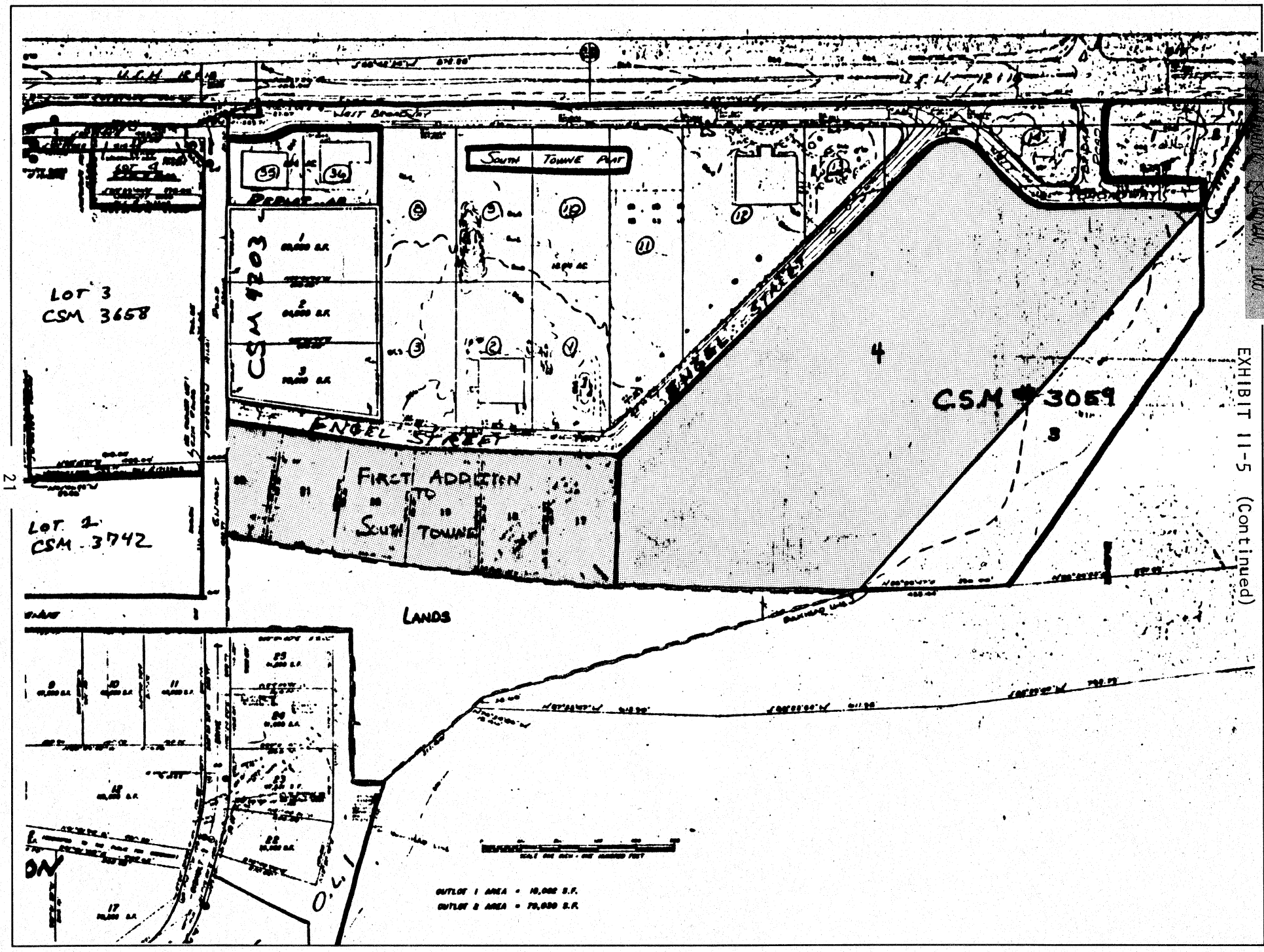


EXHIBIT 11-5 (Continued)

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 E. 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 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 locations 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.

A chronology of transactions with respect to TID No. 1 usage provides a measure of the involvement of the City of Monona in the development of the South Towne area and the degree to which these transactions should not be considered arm's length and therefore not useful for comparative sales analysis.

PHASE 1, TIF-81-1, March 16, 1981 (Shopko)

Shopko was the first transaction in TID No. 1 receiving a deferred payment of road assessments as all roads within the South Towne development were constructed by the City of Monona.

PHASE 1, Unnumbered Contract, June 30, 1982 (South Towne Mall and Kohl's)

A $590,000 write-down on the land was provided for the mall and early enticement for Kohl's Department Store. Kohl's had planned to come on line with three stores at approximately one time and the South Towne Store would enter the market much earlier than the two other stores. The mall was changed from a strip center to a more attractive and desirable enclosed mall.

TIF-83-2, April 4, 1983 (South Towne Roads)

City of Monona paid for 20 percent of the cost of Industrial and Gisholt Drives to encourage development to the south. Also South Towne Drive was constructed at no cost to the developer (John Livesey) provided the necessary land for the right-of-way was dedicated.

TIF-83-1, July 28, 1983 (Menard)

Lot 16 in the Royal Addition received $16,000 (cost of special assessments) in exchange for a value guarantee of $900,000 to $1,200,000 by 1990.

TIF-83-3, August 1, 1983 (South Towne Two)

Developer received a land write down of $40,000 to discourage locating in Lot 3 of CSM 3743 which was in the path of the highway relocation.

CDA-84-2B, July 31, 1984 (South Towne Office Park)

> Monona's Community Development Authority (CDA) wanted to test the office market and determine what concessions were necessary on their part to be competitive in that market. They agreed to give the developer, Executive Management, Inc., a write-off of special assessments and a land write-down totaling $290,000. In turn the developer would guarantee a value from five buildings of $3.6 million by January 1, 1987.

CDA-84-6, October 12, 1984 (CDA, City of Monona, Livesey and A.M.C.A. International Corp.)

> The CDA purchased an option on Lot 1 of CMS 3742 for $135,000 from the developer (Livesey). Also, there was a waiver of $366,000 in special assessments of Phase II of South Towne Roads (Industrial and Gisholt Drives) to AMCA for providing a land value to AMCA lands of $4 million by 1988-1989.

Remaining special assessments apply only to Lots 22 through 25 of the Royal Addition to South Towne (Appendix D) and must be subtracted from the value to determine market value. All other parcels of the subject have already retired previous special assessments.

D. Subject Improvements

The subject property is a vacant commercial use subdivision which is improved with streets and underground utilities according to the previously described plans. The streets were funded by special assessments charged through the City of Monona and were built to City specifications.

E. Highest and Best Use

Determination of the Highest and Best Use begins with clearly defining the larger parcel. 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 the three conditions which must be present to establish the larger parcel for the purpose of considering the extent if severance damage in most states. [4]

An understanding of the larger parcel concept is paramount to condemnation appraisal. Highest and best use of a property cannot be determined before conclusion as to the larger parcel is reached. The text, Real Estate Valuation in Litigation, states:

> The importance of the larger parcel comes into play in a partial taking case where, after the taking, compensable damages and/or special benefits accrue to the remainder parcel. Like many other elements in condemnation appraisal, tests to determine the larger parcel (i.e., unity of ownership, unity of use, and contiguity) cannot be applied universally and blindly. The federal courts and some state courts have ruled that all three elements of this test need not be present in every instance. [5]

In the case of unity of title it is generally held that for one or more parcels to be considered a single larger parcel, it is essential that they be owned by the same individual or group of individuals. [6]

The second part of the larger parcel triad requires parcel(s) of land possess the ability to be devoted to the same use as the land from which the taking is made. With respect to contiguity, the third element, physical contiguity, is normally required--but not always mandatory. Real Estate Valuation in Litigation specifically addresses this issue for highway acquisition:

> The appraiser must be able to answer in the affirmative to the question: "Is it possible that the separated tracts would sell as an integrated single entity, even with the separation?" before the separated tracts can be considered as a single larger parcel. As a Rhode Island court put it:

> Quite a different situation is presented when, as here, the two parcels in question are unequivocally separated from each other by fixed and definite boundaries, such as a highway. In such a case it is generally held that the two tracts can be considered as one only when they are so inseparably (sic) connected in the use to which they are applied that the taking of one necessarily and permanently injures the other."

Sometimes a larger parcel exists in the before situation but, in the after situation, the parcel is severed by the taking and becomes two separate parcels. Such a situation is illustrated by Figure 4.8. Although the property had unity of ownership, unity of use, and contiguity in the before situation, it certainly lacks contiguity in the after situation. Also, it is quite possible that one or both of the tracts have a different highest and best use after the taking than they did before. It is highly unlikely that a unity of use, or integrity of use, exists between the two parcels in the after situation; thus, it is unlikely they would be sold as a single parcel and, in all probability, they would properly be considered two separate larger parcels. [7]

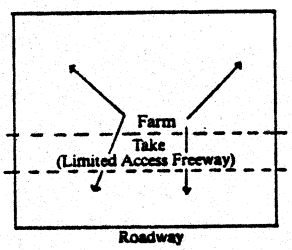


Figure 4.8. Two Larger Parcels—After

The subject closely parallels the example in terms of the larger parcel issue before and after the taking. Unity of title in AMCA, Inc., is present for the entire 41.6 acre parcel. Given that the entire South Towne development area lies within a designated CDD for Monona, and the development plat is designated for office/commercial use, unity of use is present

for the entire tract. Physical contiguity is also present for the site as a whole being bordered by streets and conservation lands.

1. Highest and Best use Before the Taking

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. [8]

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.

The general development plan for the South Towne area originally called for single and multi-family housing within the majority of the area designated as CSM 3059, Lot 4, and lands west of this area.

Concerns over the marketability of this land as residential use as noted before, suggests office and office/warehouse subdivision as the likely use. Arguments against residential as a possible use are as follows:

1. There are other sites within the Madison area of equal or greater desirability for residential use.

2. Encroachment of office space as a platted use on the western side of this parcel.

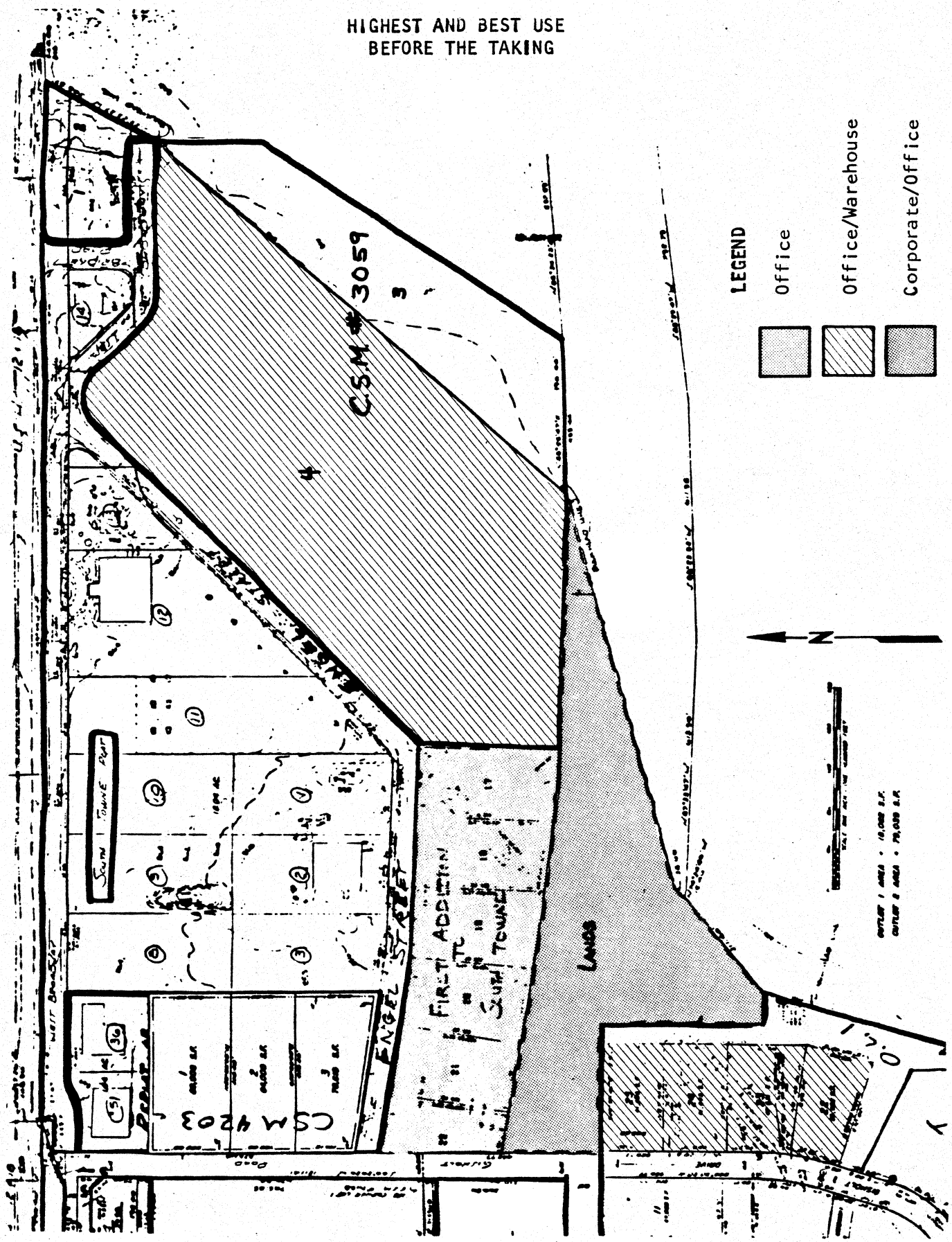
3. The location of a major office use to the north, Wisconsin Physician's Service.

4. Physical separation of the parcel by the existing highway creating an additional burden to the city in providing residential services (i.e., fire, police, transportation to an "island" parcel).

In addition, the land south of Lots 17 through 22 and CSM 3059 Lot 4, previously described as the unplatted lands, has little potential to be subdivided as office lots. The space and access (most likely from Royal Avenue) lends the site to a single corporate/home office use with a view of conservation lands to the south. As will be demonstrated later in Section III, Lots 22 through 25 of the Royal Addition to South Towne will be office/warehouse lands due to the low absorption rates for office uses. (See Exhibit II-6.)

EXHIBIT 11-6

HIGHEST AND BEST USE
BEFORE THE TAKING



Therefore highest and best use of the subject before the taking is as a mix of commercial, office/warehouse, suburban office, and a single corporate office use.

2. Highest and Best Use After the Taking

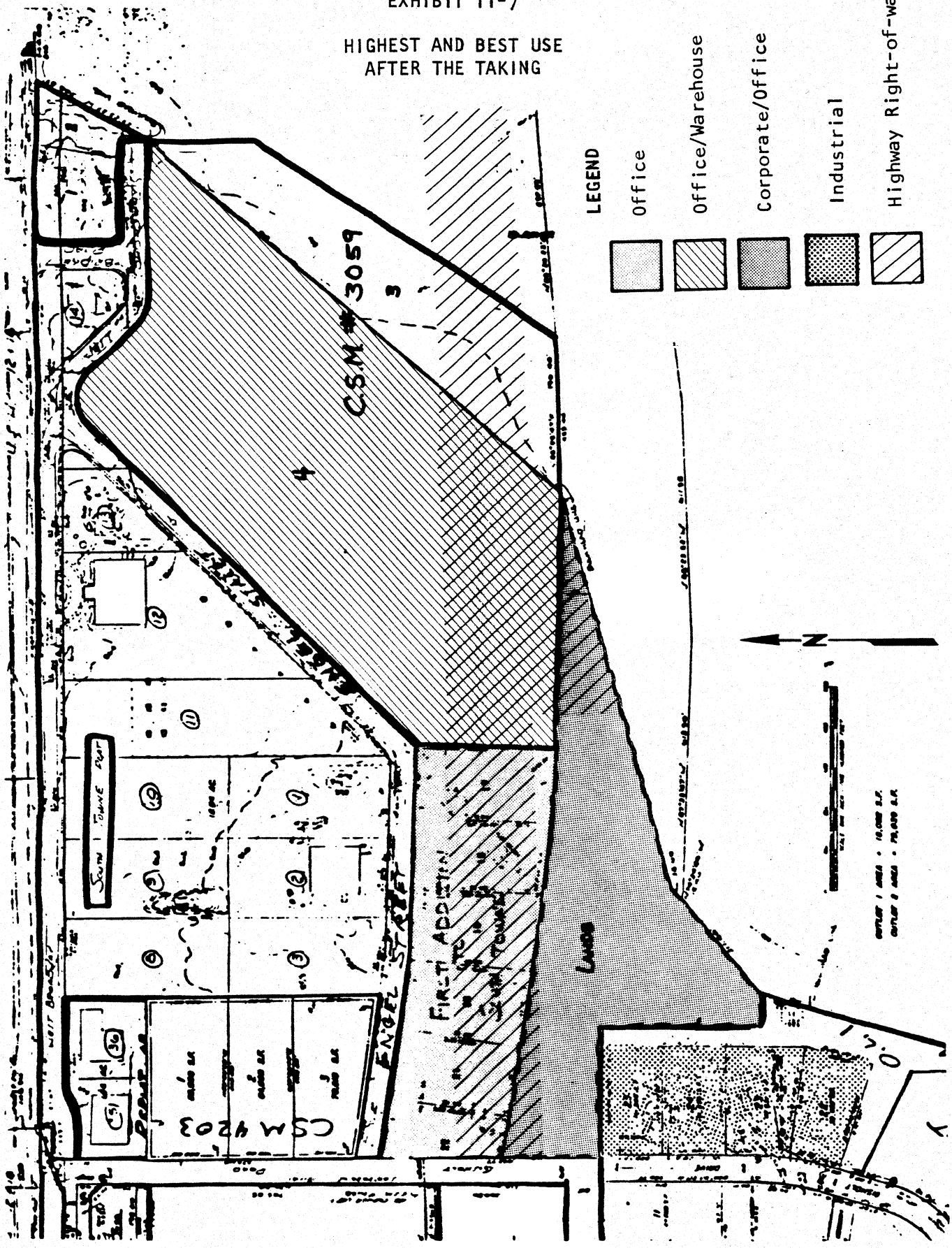
As described in the example from Real Estate Valuation in Litigation, the bisecting of the subject by the highway creates two remainder parcels, each now with their own highest and best use.

To the north the use remains the same--office and office/warehouse--as access, desirability of location, and surrounding land uses remain essentially unchanged. However, there is a significant diminished utility of the 2.96 acre parcel that lies between the proposed highway right-of-way and Engel Street. The highway will provide high visibility which the subject never had before, but will contribute greatly to circuity of access. The parcel would have access to Royal Street with a long driveway and could offer interesting views to the southeast over the marsh, Mud Lake, and related greenway areas. Access and adjacency are not as critical to a single corporate use, therefore, this situation also remains unchanged. Lots 22 through 25 of the Royal Addition have reduced access (only the off-ramp west of Raywood Road) and are not associated with contiguous office/warehouse use, but with industrial lands to the south and west.

Therefore highest and best use in the after situation of the northern parcel is as a suburban office and office/warehouse subdivision whereas the southern parcel has a highest and best use as industrial lots. (See Exhibit II-7.)

EXHIBIT II-7

HIGHEST AND BEST USE
AFTER THE TAKING



III. VALUATION OF THE SUBJECT PROPERTY BEFORE THE TAKING

A. Proper Valuation Methodology

Recent market sales in a given area are the most reliable predictors of the most probable buyer and what he might be willing to pay for another property in that area.

In all but the valuation of bulk office/warehouse land, the comparison approach will be used. Comparables of the size of the subject (21.27 acres before the taking and 16.33 acres after the taking) for bulk office/warehouse use do not exist. Exhibit III-1 lists subject area by use and size.

In the absence of data, the appraiser must simulate the calculus that a typical investor would employ to arrive at the price that he would pay for the property. This is best accomplished by means of a land development cash flow model where both retail sales prices and their rate of sale estimated for subject to arrive at an estimate of the gross revenues to be received over their ownership term, which expires when the entire project is sold off. From this, the expenses associated with the development, sale, and holding costs are deducted to arrive at an estimate of the net annual cash flows that would accrue to the investor. This series of net cash flows is then discounted at a typical required rate of return to yield the present worth of the investor's interest in the property.

EXHIBIT III-1

SUBJECT AREA BY USE AND SIZE

BEFORE LAND AREAS

USE	SQ.FT.	ACRES
Office	344,096	7.90
Bulk Office/Warehouse	926,811	21.27
Office/Warehouse	171,191	3.93
Corporate Home Office	369,998	8.49
TOTAL	1,812,096	41.60

AFTER LAND AREAS

USE	SQ.FT.	ACRES
Office	119,709	2.75
Office/Warehouse	711,335	16.33
Corporate Home Office	327,136	7.51
Industrial	171,191	3.93
TOTAL	1,329,371	30.52

Boykin describes the use of developmental methodology as follows:

> The developmental method of appraising undeveloped land is a valuable and realistic, yet often misunderstood and abused, method of appraising. It is especially helpful when recent comparable land sales are scarce. Moreover, it has special relevance to the appraisal of land that has subdivision potential. This potential could be for a residential subdivision where individual sites will be sold, for an industrial or office park, or for a recreational camping development. The common determinant is that the tract to be appraised has potential for being subdivided into multiple sites, and can logically be appraised on this basis.
>
> This potentially reliable land evaluation method often has produced unrealistic indications of value for many reasons, including:
>
> 1. Inaccurate highest and best use analysis.
> 2. Failure of the analyst to account for all the expenditures necessary to produce the forecast income.
> 3. Overstatement of income or a failure to graduate the sales income as the marketing program progresses.
> 4. Incorrect selection and application of the discount rate. [8]

B. Market Comparison Approach to Price

It is possible to infer from market price behavior of past transactions the probable price and range of a transaction involving the subject property and a probable buyer of the type defined, assuming that a buyer will pay no more for a property than the amount another property offering similar utility would cost. Of course, properties sell with respect to their location, size, marketability, and other factors. It is therefore necessary to reduce these differences to a common denominator or unit within which price comparison and patterns can be identified. Each property will be scored on a point

system that is weighted for priorities of the investor in the current market. The price per square foot of each property is divided by its score to determine a price per square foot per point. The weighted points per square foot price is first tested as a pricing formula on comparable sales. If the predicted prices are similar to the actual prices paid, then the pricing formula which has the minimum dispersion in predicting prices is applied to the subject property to determine the market comparison value of the subject parcel.

Changes in the purchasing power of the dollar, inflation, and an allowance for change in market conditions, and real growth must be considered. A GNP Implicit Price Deflator was used to adjust comparables in compensating for inflation effects. Real growth or decline was negligible during this period.

Next, a comparison of the site with similar sales is done to infer a sales price. A list of variables was developed to score each property (Exhibit III-2), the intent being to simulate the buyer's logic in paying a sales price. Difference in attributes such as investor market recognition, access, and contiguous development were used. The differences are reduced to a common measure that reflects the significance each factor has on buyer perception.

A weighted matrix which reports the calculations of total point score for comparable properties and for the subject is found in Exhibits III-4 and III-7. Then the adjusted price per

EXHIBIT III-2

SCALE FOR SCORING
COMPARABLE SALE ATTRIBUTES

ACCESS:	5 = Site located along major arterial
	3 = Site located along frontage road
	1 = Site located along secondary artillery
CONTIGUITY:	5 = Contiguous to similar development
	3 = Similar development located nearby
	1 = Not adjacent or near other development
MARKET RECOGNITION:	5 = Investors perceive site as preferable to others in visibility, location, and potential for expansion
	3 = Investors are neutral as to preferability
	1 = Investors perceive site as less desirable to others in visibility, location, and potential for expansion
FRONTAGE/DEPTH RATIO:	5 = Ratio < .50
	3 = Ratio .50 - .75
	1 = Ratio > .75

square foot for each comparable is divided by its point score to determine the price per point per square foot which will be the basis for determining the mean price per point and unexplained dispersion for the comparable transactions. Finally, the pricing formula of price per point per square foot is tested for ability to predict the price of each comparable and observe an acceptable variance from actual price.

C. Valuation of Office Lands

Office land sale comparables are detailed in Exhibit III-3 which follows. Sales from both the south and west sides of Madison were used to determine a square foot price. Contrary to what may be initially inferred, there are no significant variances in the price of office land sales within the City. The market for office lots is relatively homogenous and is reflected in the small variance and predictability of the model. Exhibit III-4 contains an attribute weighting, comparable price and size, weighted matrix, and a calculation of mean price per point and price per square foot of the office land sale comparables.

The five-lot area of Lots 17 through 22 was assumed to be sold at one lot per year starting in the base year with a retail price of $2.20 per square foot and increasing at 1 percent per month. A sale cost of 10 percent and a discount rate of 25 percent were used to compute value.

OFFICE COMPARABLE SALES LOCATIONS

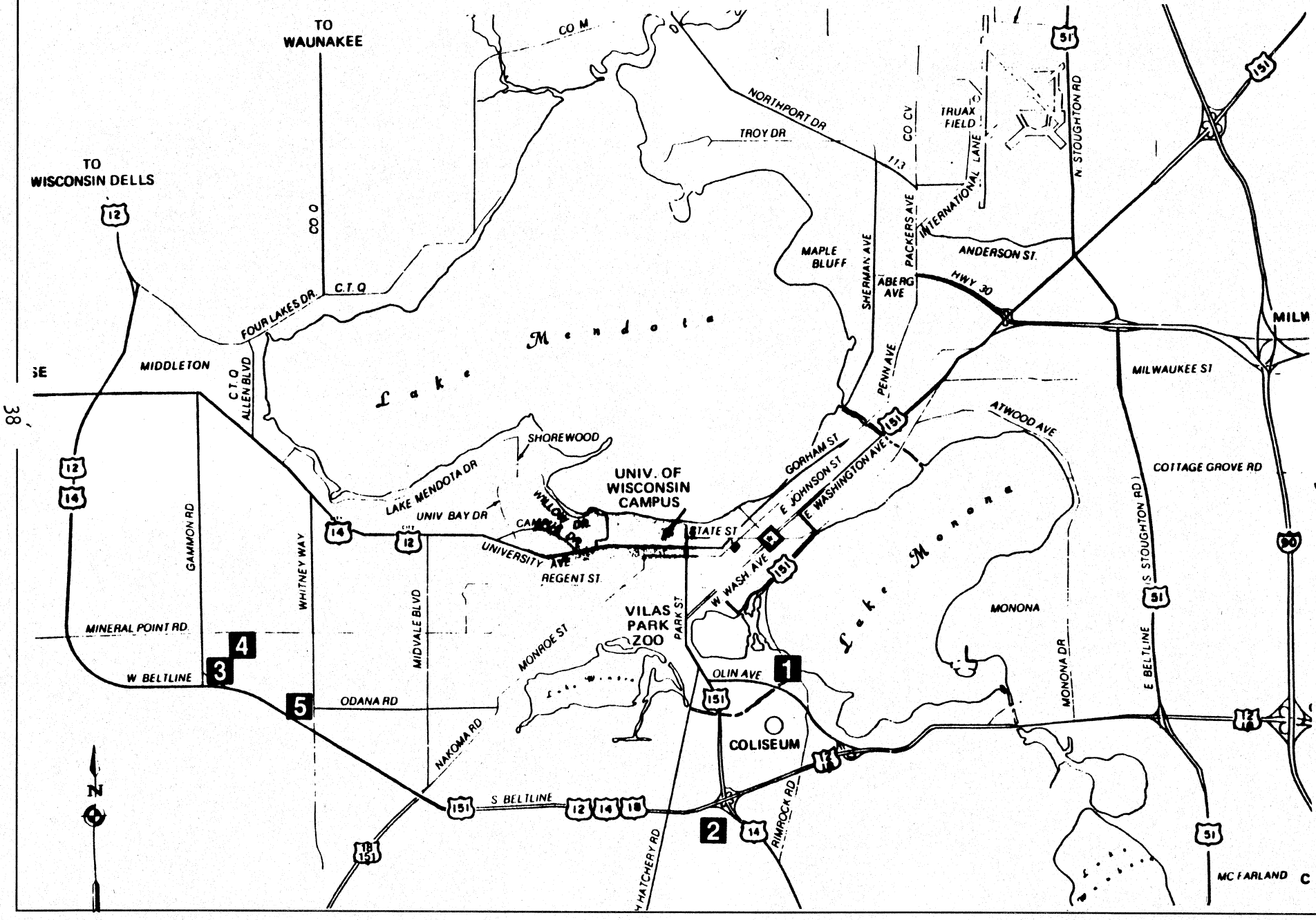


EXHIBIT III-3

EXHIBIT III-3 (Continued)

COMPARABLE SALE NO. 1

OFFICE - VACANT LAND

Location: 900 John Nolen Drive

Sale Price: $216,000

Sale Price/SF: $2.75

Seller: Wesley Zulty

Buyer: Peter F. Roe and Thomas C. Huset

Date of Closing: 2/29/84

Recording Data: Volume 5404, Page 3, Dane County Register of Deeds

Instrument Type: Warranty Deed

Transfer Fee: $648

Size: 78,457 square feet

Zoning: C-3L

Parcel No.: 0709-361-0101

EXHIBIT III-3 (Continued)

COMPARABLE SALE NO. 2

OFFICE - VACANT LAND

Location: 1325 Applegate

Sale Price: $112,000

Sale Price/SF: $2.47

Legal Description: Lot 10, Commercial Centers

Seller: Vista Structures, Inc.

Buyer: Ahrens Cadillac-Oldsmobile, Inc.

Recording Data: Recorded 9/16/83, Volume 4823, Page 79, Dane County Register of Deeds

Instrument Type: Warranty Deed

Transfer Fee: $336

Size: 45,265 square feet

Zoning: C-3L

Parcel No. 0709-344-0307-6

EXHIBIT III-3 (Continued)

COMPARABLE SALE NO. 3

OFFICE - VACANT LAND

Location: 676 Grand Canyon

Sale Price: $146,300

Sale Price/SF: $3.00

Seller: Park Towne Development Corporation

Buyer: Edward Duren

Date of Closing: 8/22/84

Recording Data: Volume 6023, Page 25, Dane County Register of Deeds

Instrument Type: Warranty Deed

Size: 48,741 square feet

Zoning: C-3L

Parcel No.: 0708-252-0417-9
0708-252-0417-7

EXHIBIT III-3 (Continued)

COMPARABLE SALE NO. 4

OFFICE - VACANT LAND

Location: 434 S. Yellowstone Drive

Sale Price: $129,000

Sale Price/SF: $3.00

Legal Description: Lot 123, 10th Addition to Park Towne

Seller: Park Towne Development Corporation

Buyer: APCO, a Wisconsin general partnership consisting of L. James Fitzpatrick, et al

Date of Closing: 4/27/84

Recording Data: Volume 5589, Page 38, Dane County Register of Deeds

Instrument Type: Warranty Deed

Transfer Fee: $387

Size: 43,011 square feet

Zoning: C-3L

Transfer Fee:

Parcel No.: 708-251-0214-9

EXHIBIT III-3 (Continued)

COMPARABLE SALE NO. 5

OFFICE - VACANT LAND

Location: 5602 Medical Circle

Sale Price: $75,000

Sale Price/SF: $2.79

Legal Description: Lot 6 and easterly 7 feet of Lot 5, Odana Court

Seller: MPA Realty II, a partnership

Buyer: Ross M. Menard

Date of Closing: 2/6/84

Recording Data: Volume 5345, Page 5

Instrument Type: Warranty Deed

Transfer Fee: $225

Size: 26,893 square feet

Zoning: C-3L

Parcel No.: 0709-303-0

EXHIBIT III-4

ATTRIBUTE WEIGHTING

**** SOUTH TOWNE OFFICE ****

Attributes = 3

Attribute Names, Prelim. Weights
ACCESS 40
CONTIGUOUS 15
MARKET RECOGNITION 45

# of Observations = 5

Observ. # 1 1002 JOHN NOLEN Price 2.83
ACCESS 5
CONTIGUOUS 5
MARKET RECOGNITION 1
Observ. # 2 1325 APPLEGATE Price 2.68
ACCESS 3
CONTIGUOUS 3
MARKET RECOGNITION 3
Observ. # 3 676 GRAND CANYON Price 3.03
ACCESS 1
CONTIGUOUS 5
MARKET RECOGNITION 5
Observ. # 4 434 S. YELLOWSTONE Price 3.06
ACCESS 1
CONTIGUOUS 5
MARKET RECOGNITION 5
Observ. # 5 5602 MEDICAL CIRLCE Price 2.87
ACCESS 1
CONTIGUOUS 5
MARKET RECOGNITION 5
The Matrix:

40	15	45
30	5	35
35	10	40
45	20	50
50	25	55

Median = .8911765
Mean = .8826005
Standard Deviation = 2.222368E-02

Weights:
ACCESS = 40
CONTIGUOUS = 15
MARKET RECOGNITION = 45

Final Results:
Number of Combinations = 125
Number of Combinations Adding to 100% = 19

Median = .8911765
Mean = .8826005
Standard Deviation = 2.222368E-02

Weights:
ACCESS = 40
CONTIGUOUS = 15
MARKET RECOGNITION = 45

EXHIBIT III-4 (Continued)

COMPARABLE SIZE AND PRICE

	Comparable Number 1	Comparable Number 2	Comparable Number 3	Comparable Number 4	Comparable Number 5	Comparable Number 6	Comparable Number 7	Comparable Number 8
Nominal sale price	0	0	0	0	0	$0	$0	$0
Sales price adjusted for terms	222033	121310	147685	131614	77183	$0	$0	$0
Site/structure size	$0	$0	$0	$0	$0	$0	$0	$0
Additional adjustment	$0	$0	$0	$0	$0	$0	$0	$0
Additional adjustment	$0	$0	$0	$0	$0	$0	$0	$0
Adjusted sale price	$222,033	$121,310	$147,685	$131,614	$77,183	$0	$0	$0
LOT - sq. ft.	78,457	45,265	48,741	43,011	26,893	0	0	0
Price per sq. ft.	$2.83	$2.68	$3.03	$3.06	$2.87	$0.00	$0.00	$0.00

WEIGHTED MATRIX

FEATURE OR ATTRIBUTE	WEIGHT	Subject Property	Comp. No. 1	Comp. No. 2	Comp. No. 3	Comp. No. 4	Comp. No. 5	Comp. No.6	Comp. No. 7	Comp. No. 8
ACCESS	0.40	1 /0.40	5 /2.00	3 /1.20	1 /0.40	1 /0.40	1 /0.40	0 /0.00	0 /0.00	0 /0.00
CONTIGUOUS	0.15	5 /0.75	5 /0.75	3 /0.45	5 /0.75	5 /0.75	5 /0.75	0 /0.00	0 /0.00	0 /0.00
MARKET RECOGNITION	0.45	3 /1.35	1 /0.45	3 /1.35	5 /2.25	5 /2.25	5 /2.25	0 /0.00	0 /0.00	0 /0.00
	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
Additional feature or attribute	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
Additional feature or attribute	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
Additional feature or attribute	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
Additional feature or attribute	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
TOTAL WEIGTED SCORE	1.00	2.50	3.20	3.00	3.40	3.40	3.40	0.00	0.00	0.00

EXHIBIT III-4 (Continued)

EXHIBIT III-4 (Continued)

CALCULATION OF MEAN PRICE PER POINT AND PRICE PER SQUARE FOOT

Comparable Property	Adjusted Selling Price per SF of GBA	Weighted Point Score	Price per SF / Weighted Point Score	Predicted Sale Price
1	$2.83	3.20	$0.88	$2.81
2	$2.68	3.00	$0.89	$2.64
3	$3.03	3.40	$0.89	$2.99
4	$3.06	3.40	$0.90	$2.99
5	$2.87	3.40	$0.84	$2.99
6	$0.00	0.00	$0.00	
7	$0.00	0.00	$0.00	
8	$0.00	0.00	$0.00	
		TOTAL	$4.41	

Central Tendency or Mean = $\bar{X}$ = x/n = $\frac{\$4.41}{5}$ = $0.88

Dispersion or Standard Deviation* = 0.022

Value range: x - dispersion = 0.88 ± 0.02

Gross Building Land Of Subject X Weighted Point Score X (Central Tendency ± Dispersion) =

x 1
x 2.50
x 0.88 ± 0.02 =

High Estimate of	2.26
Central Tendency of	2.21
Low Estimate of	2.15

* The standard deviation equals the square root of the sum of $(x-\bar{x})^2$ for each comparable sale divided by n-1.

	Year 1	Year 2	Year 3	Year 4	Year 5
Retail Price	$151,402	$169,581	$189,930	$212,721	$238,249
Less: 10% Sales Cost	15,140	16,958	18,993	21,272	23,825
Net Price	136,262	152,623	170,938	191,450	214,424
Present Value at 25%	109,010	97,679	87,520	78,418	70,262
Cumulative Present Value Before Taking	$442,889, Rounded to $443,000				

D. Valuation of Corporate Home Office Lands

The spot market in corporate home office lands make application of the comparable approach the only reasonable alternative. Comparable Sale No. 1 is very similar to the subject in size (7.0 acres) and is located on a frontage road to University Avenue having access similar to the subject. Purchased in November 1982, the comparable property also has an option on two additional acres and therefore room to expand. However, the site has few visual amenities and is not contiguous to a conservancy or park area. Both the option factor of the sale and contiguity to a park/conservancy factor offset any adjustment to this sale.

As to Comparable No. 2, it enjoys good visibility, 400 feet of frontage, and more immediate access to the South Beltline than the subject. The site is smaller, only 3.488 acres, so a downward adjustment of $0.50 per square foot is appropriate. In addition, the comparable had considerable on-site improvements

in the form of a road and complete utilities resulting in another downward adjustment of $0.70. The subject is similar in all other respects. Comparable Nos. 1 and 2 are located in Exhibit III-5.

Adjustments to Comparable 1:

Price:	$490,000
Less Option:	53,173
	$436,827
Price/SF:	$1.43
Value Range:	$1.43 (less option) to $1.61 (including option)
Average:	$1.52/SF

	PRICE/SF	TIME ADJUSTED PRICE/SF	ADJUSTED PRICE
4860 Sheboygan Ave	1.52	1.66	1.66
2901 W. Beltline	3.23	3.23	2.03

The resolution of square foot price results in a retail price of $1.84 per square foot, rounded to $1.85 per square foot.

CORPORATE HOME OFFICE
COMPARABLE SALE LOCATIONS

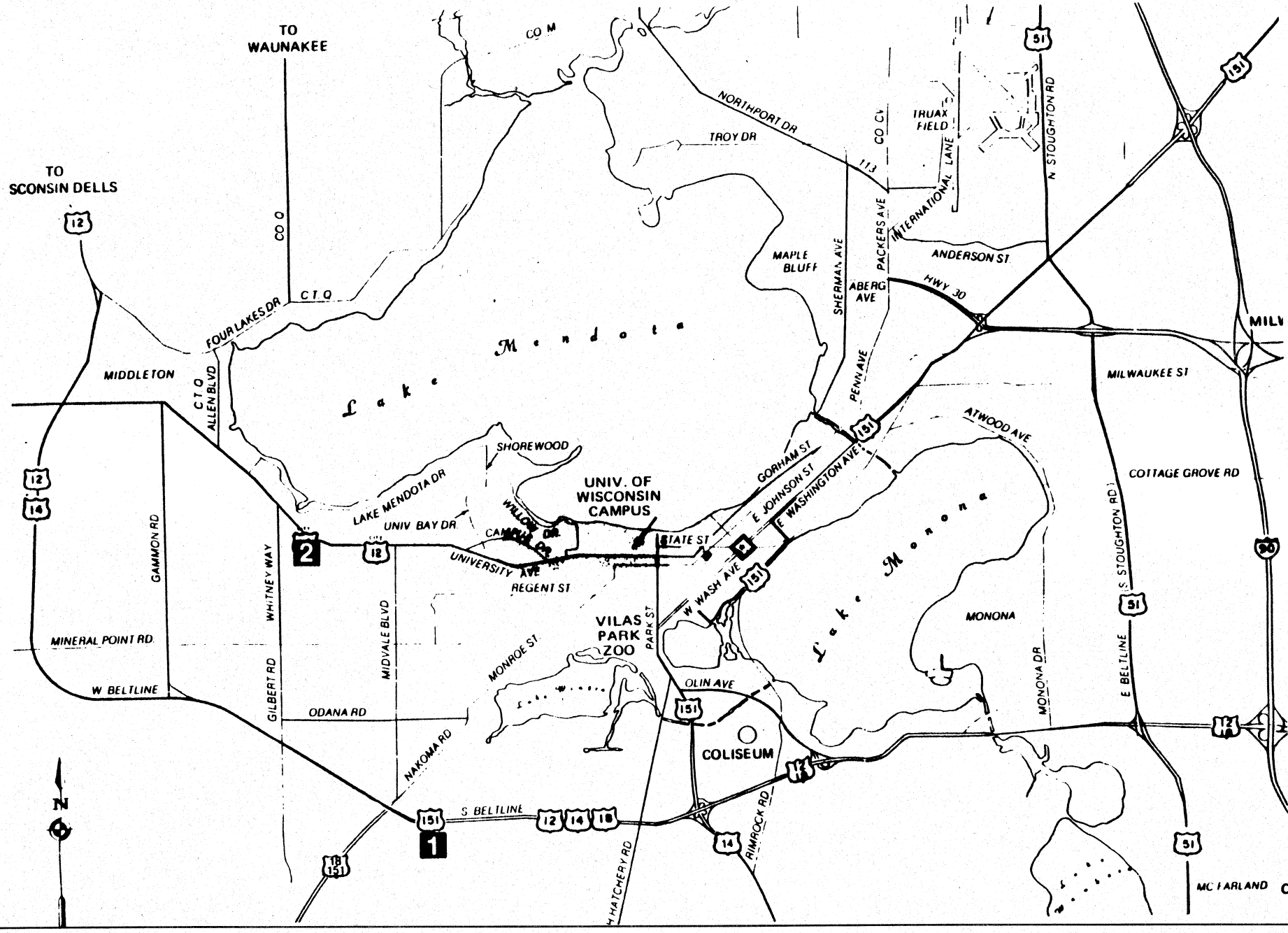


EXHIBIT III-5

EXHIBIT III-5 (Continued)

COMPARABLE SALE NO. 1

CORPORATE HOME OFFICE - VACANT LAND

Location: 4860 Sheboygan Avenue

Sale Price: $490,000

Sale Price/SF: $1.61

Seller: Wisconsin State Public Building Corporation

Buyer: American National Red Cross

Date of Closing: 11/24/82

Recording Data: Volume 4012, Page 93, Dane County Register of Deeds

Instrument Type: Quit Claim Deed

Size: 304,920 square feet, 7.0 acres

Zoning: C2

Parcel No.: 0709-202-03034

Comments: Option to purchase, which can be exercised from end of Year 5 to end of Year 15, for 2 acres, Lot 2, CSM 04009, at the same price per acre as 7-acre purchase.

EXHIBIT III-5 (Continued)

COMPARABLE SALE NO. 2

CORPORATE HOME OFFICE - VACANT LAND

Location: 2901 West Beltline-Frontage Road, Town of Madison

Sale Price: $491,500

Sale Price/SF: $3.23

Seller: Skyview Partnership

Buyer: Madison Office Partners Ltd. Partnership

Date of Sale: 12/11/84

Recording Data: Volume 6338, Page 5, Dane County Register of Deeds

Instrument Type: Warranty Deed

Size: 151,937 square feet, 3.488 acres

Frontage: 400 feet on West Beltline Service Road

Zoning: C2

Comments: Road, sewer, all utilities

2. Value of Corporate Home Office Land

Total Square Feet	369,998
Price/Square Foot	$1.85
Value	$684,496
Less: 5% Bulk Land Sale	34,225
Less: 10% Sales Cost	65,027
Net Market Value Before the Taking	$585,244, Rounded to $585,000

E. Valuation of Office/Warehouse Lots 22 Through 25

Office/warehouse comparables are detailed in Exhibit III-6 that follows. An average retail price of $1.55 per square foot results from the point score model. Exhibit III-7 contains an attribute weighting, comparable price and size, a weighted matrix, and the calculation of mean price per point and price per square foot for the office/warehouse comparables. Again, as in the office lands, one lot per year would be sold with retail prices increasing at a rate of 1 percent per month. Sale costs are 10 percent, the discount rate is 25 percent.

	Year 1	Year 2	Year 3	Year 4
Retail Price	$ 66,337	$74,297	$83,213	$93,199
Less: 10% Sales Cost	6,634	7,430	8,321	9,320
Subtotal	$ 59,703	$66,867	$74,892	$83,879
Present Value at 25%	$ 47,762	$42,795	$38,345	$34,357
Cumulative Present Value Before Taking	$163,259, Rounded to $163,000			

OFFICE/WAREHOUSE COMPARABLE SALE LOCATIONS

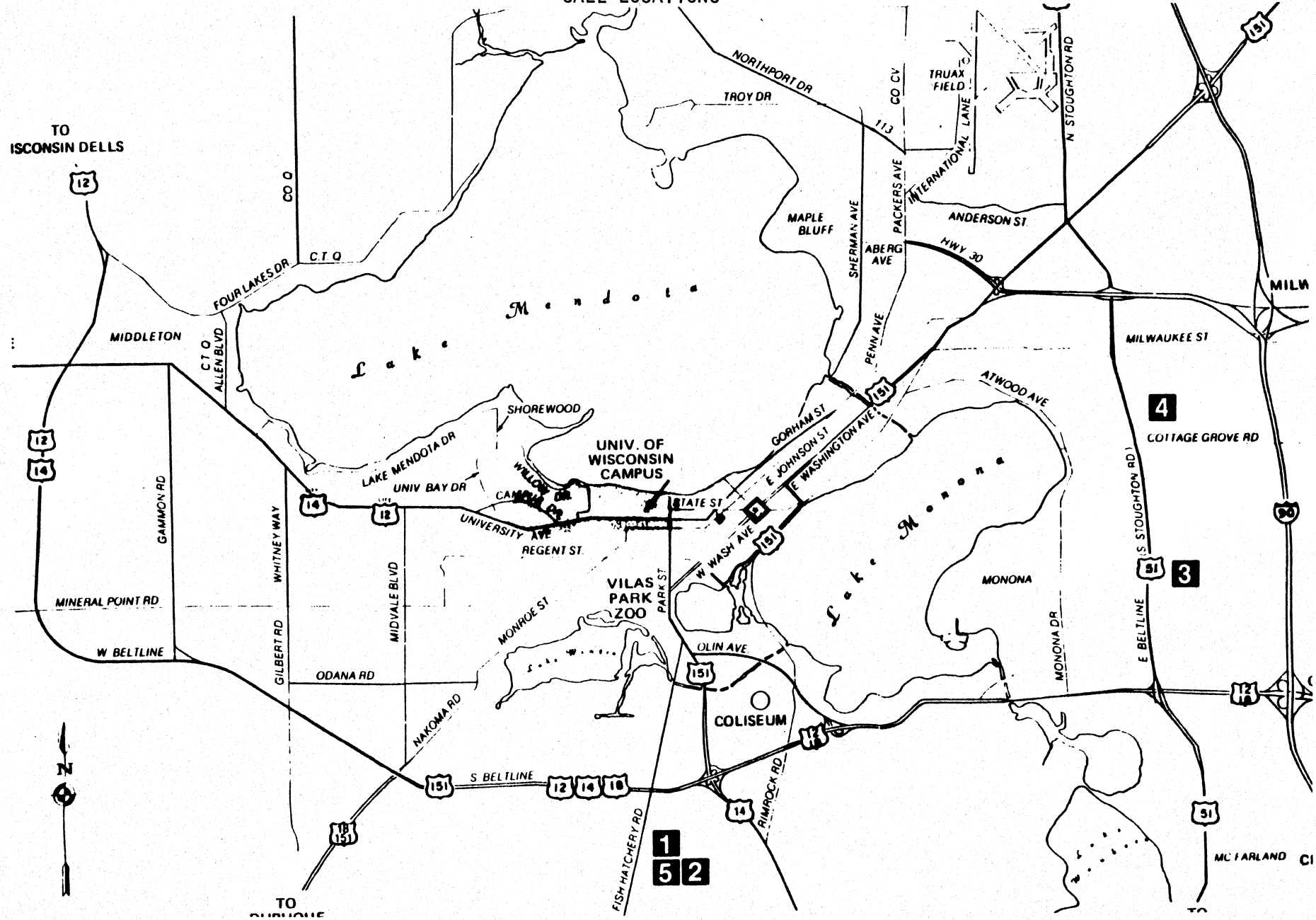


EXHIBIT III-6 (Continued)
COMPARABLE SALE NO. 1

OFFICE/WAREHOUSE - VACANT LAND

Location: 810 Stewart

Sale Price: $61,000

Sale Price/SF: $1.46

Legal Description: Watsons East Addition, Part of Outlot A

Seller: James Watson

Buyer: Carmen Golden

Date of Closing: 9/20/83

Recording Data: Volume 4942, Page 22, Dane County Register of Deeds

Instrument Type: Warranty Deed

Transfer Fee: $183

Size: 41,899 square feet, 0.96 acres

Frontage: 150 feet

Zoning: M1

Parcel No. 0609-022-0803-7

EXHIBIT III-6 (Continued)

COMPARABLE SALE NO. 2

OFFICE/WAREHOUSE - VACANT LAND

Location: 925 Watson

Sale Price: $69,700

Sale Price/SF: $1.38

Legal Description: Watson Commercial and Industrial Plat
Lot 21, Part of the NW 1/4 of Section 2, T6N, R9E, City of Madison, Dane County, Wisconsin

Seller: Chem-Lawn Corporation

Buyer: JHS Investments

Date of Closing: 6/1/82

Recording Data: Recorded 5/27/82 in Volume 3612, Page 68, Dane County Register of Deeds

Instrument Type: Warranty Deed

Transfer Fee: $209.10

Size: 50,485 square feet, 1.16 acres

Zoning: M1

Parcel No. 0609-022-0308-7

EXHIBIT III-6 (Continued)

COMPARABLE SALE NO. 3

OFFICE/WAREHOUSE - VACANT LAND

Location: 4701 Pflaum Road

Sale Price: $60,000

Sale Price/SF: $1.32

Legal Description: Lots 1 and 2, East Addition to Glendale Industrial Park, City of Madison

Seller: Glendale Development, Inc., a Wisconsin Corp.

Buyer: Fred O. Miller

Date of Closing: 9/14/82

Recording Data: Recorded 9/24/82 in Volume 3873, Page 41, Dane County Register of Deeds

Type of Instrument: Warranty Deed

Transfer Fee: $180

Size: 45,472 square feet, 1.044 acres

Zoning: M1, Commercial

Parcel No.: 0710-222-0101-7

EXHIBIT III-6 (Continued)

COMPARABLE SALE NO. 4

OFFICE/WAREHOUSE - VACANT LAND

Location: 509 Tasman Street

Sale Price: $32,000

Sale Price/SF: $1.28

Legal Description: Lot 2, Block 6, 1st Addition to Madison Industrial Subdivision No. 1, City of Madison

Seller: Watson Property Enterprises, a partnership

Buyer: J.C. DeBruyn & Jeanne DeBruyn

Date of Closing: 10/28/81

Recording Data: Recorded 4/5/82 in Volume 3497, Page 28, Dane County Register of Deeds

Type of Instrument: Warranty Deed

Transfer Fee: $96

Size: 24,975 square feet, 0.573 acres

Frontage: 135 x 185

Zoning: M1, Commercial

Parcel No.: 0710-091-1002-5

Comments: Per deed, the grantees assumed all special assessments against the property whether heretofore or hereafter levied.

EXHIBIT III-6 (Continued)

COMPARABLE SALE NO. 5

OFFICE/WAREHOUSE - VACANT LAND

Location: 809 Watson Avenue

Sale Price: $64,200

Sale Price/SF: $1.43

Legal Description: Lot 16, Watson Commercial and Industrial Plat

Seller: Robert L. Jorgensen & Sharon K. Jorgensen, as tenants in common

Buyer: Badgerland Building Systems, Inc., a Wisconsin Corporation

Date of Closing: 11/17/81

Recording Data: Recorded 11/18/81 in Volume 3235, Page 84, Dane County Register of Deeds

Type of Instrument: Warranty Deed

Transfer Fee: $192.60

Size: 45,000 square feet, 1.033 acres

Frontage: 150 feet

Zoning: M1, Commercial, Warehouse 1-story

Parcel No.: 0609-022-0302-9

EXHIBIT III-7

ATTRIBUTE WEIGHTING

**** SOUTH TOWNE OFFICE/WAREHOUSE ****

Attributes = 3

Attribute Names, Prelim. Weights
FRONTAGE/DEPTH RATIO 40
CONTIGUOUS 35
MARKET RECOGNITION 25

# of Observations = 5

Observ. # 1 810 STEWART Price 1.53
FRONTAGE/DEPTH RATIO 3
CONTIGUOUS 5
MARKET RECOGNITION 3
Observ. # 2 925 WATSON Price 1.52
FRONTAGE/DEPTH RATIO 5
CONTIGUOUS 3
MARKET RECOGNITION 3
Observ. # 3 4701 PFLAUM Price 1.44
FRONTAGE/DEPTH RATIO 1
CONTIGUOUS 5
MARKET RECOGNITION 5
Observ. # 4 509 TASMAN Price 1.43
FRONTAGE/DEPTH RATIO 3
CONTIGUOUS 5
MARKET RECOGNITION 3
Observ. # 5 809 WATSON Price 1.61
FRONTAGE/DEPTH RATIO 3
CONTIGUOUS 3
MARKET RECOGNITION 3
The Matrix:

40	35	25
30	25	15
35	30	20
45	40	30
50	45	35

Median = .4135135
Mean = .4320392
Standard Deviation = 6.013338E-02

Weights:
FRONTAGE/DEPTH RATIO = 40
CONTIGUOUS = 35
MARKET RECOGNITION = 25

Final Results:
Number of Combinations = 125
Number of Combinations Adding to 100% = 19

Median = .4235294
Mean = .4411821
Standard Deviation = 5.523736E-02

Weights:
FRONTAGE/DEPTH RATIO = 40
CONTIGUOUS = 25
MARKET RECOGNITION = 35

EXHIBIT III-7 (Continued)

COMPARABLE SIZE AND PRICE

	Comparable Number 1	Comparable Number 2	Comparable Number 3	Comparable Number 4	Comparable Number 5	Comparable Number 6	Comparable Number 7	Comparable Number 8
Nominal sale price	0	0	0	0	0	$0	$0	$0
Sales price adjusted for terms	64086	76044	65442	35654	72534	$0	$0	$0
Site/structure size	$0	$0	$0	$0	$0	$0	$0	$0
Additional adjustment	$0	$0	$0	$0	$0	$0	$0	$0
Additional adjustment	$0	$0	$0	$0	$0	$0	$0	$0
Adjusted sale price	$64,086	$76,044	$65,442	$35,654	$72,534	$0	$0	$0
LOT - sq. ft.	41,899	50,085	45,472	24,975	45,000	0	0	0
Price per sq. ft.	$1.53	$1.52	$1.44	$1.43	$1.61	$0.00	$0.00	$0.00

EXHIBIT III-7 (Continued)

WEIGHTED MATRIX

FEATURE OR ATTRIBUTE	WEIGHT	Subject Property	Comp. No. 1	Comp. No. 2	Comp. No. 3	Comp. No. 4	Comp. No. 5	Comp. No.6	Comp. No. 7	Comp. No. 8
FRONTAGE/DEPTH RATIO	0.40	3 /1.20	3 /1.20	5 /2.00	1 /0.40	3 /1.20	3 /1.20	0 /0.00	0 /0.00	0 /0.00
CONTIGUOUS	0.25	5 /1.25	5 /1.25	3 /0.75	5 /1.25	5 /1.25	3 /0.75	0 /0.00	0 /0.00	0 /0.00
MARKET RECOGNITION	0.35	3 /1.05	3 /1.05	3 /1.05	5 /1.75	3 /1.05	3 /1.05	0 /0.00	0 /0.00	0 /0.00
	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
Additional feature or attribute	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
Additional feature or attribute	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
Additional feature or attribute	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
Additional feature or attribute	0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00	0 /0.00
TOTAL WEIGTED SCORE	1.00	3.50	3.50	3.80	3.40	3.50	3.00	0.00	0.00	0.00

EXHIBIT III-7 (Continued)

CALCULATION OF MEAN PRICE PER POINT AND PRICE PER SQUARE FOOT

Comparable Property	Adjusted Selling Price per SF of GBA	Weighted Point+ Score	Price per SF / Weighted Point Score	Predicted Sale Price
1	$1.53	3.50	$0.44	$1.54
2	$1.52	3.80	$0.40	$1.67
3	$1.44	3.40	$0.42	$1.49
4	$1.43	3.50	$0.41	$1.54
5	$1.61	3.00	$0.54	$1.32
6	$0.00	0.00	$0.00	
7	$0.00	0.00	$0.00	
8	$0.00	0.00	$0.00	
		TOTAL	$2.21	

Central Tendency or Mean = $\bar{X}$ = x/n = $\frac{\$2.21}{5}$ = $0.44

Dispersion or Standard Deviation = 0.056*

Value range: x − dispersion = 0.44 ± 0.06

Gross LAND Area Of Subject X Weighted Point Score X (Central Tendency ± Dispersion) =

		1	
x	3.50		
x	0.44	±	0.06 =

High Estimate of	1.74
Central Tendency of	1.54
Low Estimate of	1.35

* The standard deviation equals the square root of the sum of $(x-\bar{x})^2$ for each comparable sale divided by n−1.

F. Land Development Valuation Model

Application of this valuation model to unplatted office/warehouse land begins with an estimate of the rate at which each of the subject property's land use areas would be expected to sell.

1. The Absorption Rates

Absorption rates for each of the subject's land use categories were derived from an investigation of historic rates in the subject's market area. This market area is defined as being the geographic area within which uses of the subject property would reasonably be expected to seek alternative locations. An area was identified and is shown in Exhibit III-8, and applies to office/warehouse uses, retail uses, and office uses.

Subsequent to the identification of these market areas, a survey of building permit activity during each of the five years between 1978 and 1982 was made. Data on permit activity gathered by the Dane County Regional Planning Commission was used to identify the individual permits. Once identified, the governmental units which issued the permits were contacted and the actual building areas were obtained from the permits. The building areas were then grouped into seven separate use categories. Data showing the floor area built by building type during each of the preceding five years is shown in Exhibit III-9. Also gross data from 1983 was examined and the appraiser found no significant deviations in permit activity from the

EXHIBIT III-8

COMPETING MARKET AREA FOR
SOUTH TOWNE COMMERCIAL SITES

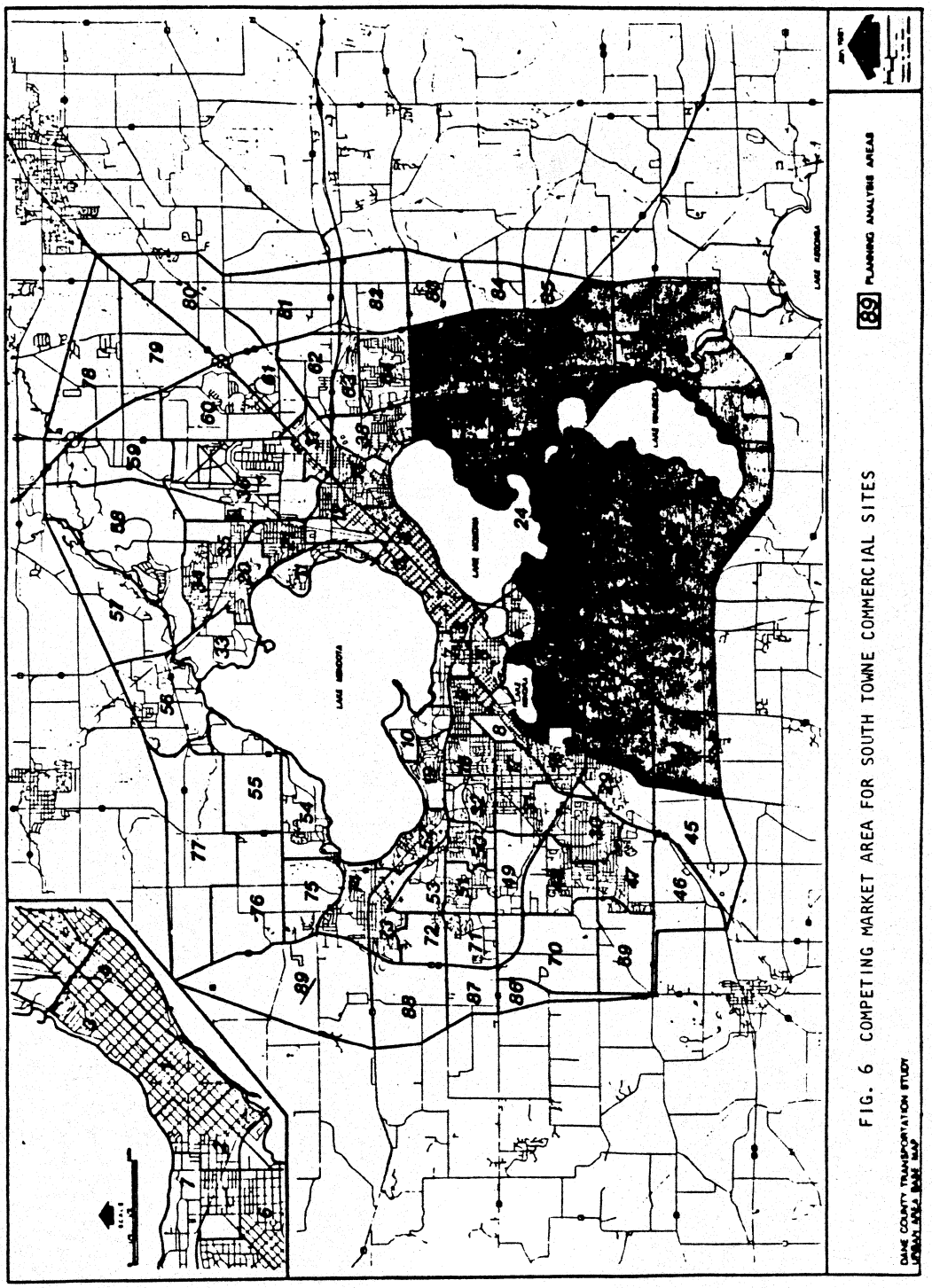


FIG. 6 COMPETING MARKET AREA FOR SOUTH TOWNE COMMERCIAL SITES

Source: Primary

SUMMARY OF BUILDING AREA (SQ.FT.) CONSTRUCTED
IN STUDY AREAS 1978 - 1982

YEAR	MERCANTILE	SALES/ SERVICE	FOOD SERVICE	OFFICE	OFFICE WAREHOUSE	INDUSTRIAL MFG.	OTHER
1978	20,855	5,895	6,764	44,050	736,687	30,704	-0-
1979	108,560	13,233	-0-	41,776	375,575	36,793	12,000
1980	189,934	3,700	1,800	86,492	478,585	12,000	20,656
1981	7,800	-0-	1,566	35,741	33,992	36,000	-0-
1982	117,350	4,875	4,081	30,444	70,722	20,000	-0-
MEAN	88,900	5,541	2,842	47,700	339,112	27,099	6,531
STANDARD DEVIATION	75,185	4,843	2,632	22,327	293,249	10,777	9,452

Source: Primary

previous five years to warrant an adjustment to the subsequent absorption rates. Data for 1984 was unavailable.

To apply this measure of demand, we have assumed that demand for the various use categories will be equal to the average demand over the past five years. A review of absorption rates indicates that the range of activity over the past five years typifies the range of the real estate development cycle in Madison. Using an average smooths the pace of development and represents some degree of economic optimism given the level of excess supply of commercial/retail space in Madison and the probability that the subject area will be isolated by road construction during the next five years.

The use of building permit activity as a basis for a land absorption estimate is justified by two factors. First, the speculative demand which has characterized many area land markets over the past two decades is now very limited by high interest rates. The rate at which land has been required by actual construction is, therefore, a far more reliable estimate of future demand. Second, data about actual building permit activity is far more accurate than data regarding land transfers, which are frequently only transfers from one owner to another related party and do not represent any new demand for sites. However, the use of building permit activity does present one problem; the building area must be converted to a corresponding estimate of the site area required to support the

volume of building activity. This is accomplished using a normal ratio of building area to land area known as a floor area ratio.

The floor area ratios for each land use category were computed from a sample of existing properties where both land area and building area were known. The results of this investigation, along with market area estimates of site area demand from the average building permit activity occurring over the past five years, is shown in Exhibit III-10. In this exhibit, mercantile, sales/service, and food service were combined into a single retail/service category, and the "other" category, which includes parking lots, etc., was omitted.

The total market area demand for each of the land use categories in Exhibit III-10 is translated to the demand for land area at the subject site by multiplying the overall square feet of annual market area demand by the proportion of total demand that the subject property can reasonably expect to capture. Capture rates were estimated by the appraisers given data on the characteristics of the subject property, its current competition, and the new competition which is expected to develop during the subject's sell-off period. The capture rates for each land use type and the resulting average annual demand for the subject lands, by category, are shown in Exhibit III-11.

These absorption schedules are reliable estimates of expected future demand given that the experience of the past five years are indicative of a range of business conditions.

EXHIBIT III-10

AVERAGE ANNUAL MARKET AREA DEMAND FOR
NEW BUILDING FLOOR AREA AND
SITE AREA BY USE TYPE

USE TYPE	AVERAGE ANNUAL DEMAND FLOOR AREA (SQ.FT.)	FLOOR AREA RATIO	AVERAGE ANNUAL DEMAND FOR SITE AREA	
			SQ.FT.	ACRES
Office	47,700	0.35	136,286	3.1
Retail/Service	97,283	0.25	389,132	8.9
Non-Retail Commercial	339,112	0.35	968,891	22.2
Industrial	27,099	0.35	77,426	1.8

Source: Primary

EXHIBIT III-11

FORECAST ABSORPTION AND SELL-OFF PERIOD
FOR THE SUBJECT LANDS BY USE TYPE

USE TYPE	ANNUAL MARKET AREA DEMAND	SUBJECT CAPTURE RATIO	ANNUAL ABSORPTION AT SUBJECT PROP. (SQ.FT.)	(ACRES)	AVAILABLE SITE AREA (SQ.FT.)	(ACRES)	SELL-OFF PERIOD (YEARS)
Office	136,286	30%	40,886	0.9	601,193	13.8	14.7
Retail/Service	389,132	10%	38,913	0.9	1,091,327	25.1	28.0
Non-Retail Commercial	968,891	35%	339,112	7.8	502,853	11.5	1.5
Industrial	77,426	20%	15,485	0.4	1,221,151	28.0	78.9

2. Retail Sales Prices for the Subject Sites

An analysis of the Madison area land market has been made for the purpose of identifying sales transactions from which the most probable selling price of the typical sites within each of the subject's land use zones can be estimated. The retail price derived from a point score analysis of comparable sales will be used to derive the land development model.

3. Development Expenses

The following costs and expenses can be expected by a typical purchaser of the subject property:

Sale and Closing Costs: Are estimated to be 10 percent of annual gross sales revenue.

Real Estate Taxes: Real estate taxes are computed in a manner consistent with the Property Assessment Manual for Wisconsin Assessors, Section 8, pages 10 through 14. This technique requires that the market value of available land for each year be estimated. The available area at the beginning of the year plus the remaining area at the end of the year divided by two yields the average available land for the year. The average available land is then multiplied by the current year's per square foot sales price to obtain an estimate of market value. Then, the total raw land value (value of bare ground excluding streets, grading, improvements, etc.) of available land is subtracted from the estimated market value of available land. For purposes of this appraisal, the raw land value is estimated to be 20 percent of the estimated market value of available land. The result is multiplied by the appropriate yearly projection term factor which is based upon the investor's required rate of return and on the assessor's estimate of the length of time it would take the developer to sell all the land. Based upon the expected sell-off periods shown in Exhibit III-11, the assessor would not reasonably accept more than a ten-year sell-off or projection period. The raw land value is then added back to the resulting product to obtain land value for assessment purposes (assuming an assessment level of 100 percent). Then, this land value is multiplied by the tax rate to obtain an estimate of real estate taxes for that year. A tax rate of 2.2 percent of assessed value is used throughout this forecast.

Management and Administration: This is estimated to be a fixed charge of $1,000 per year for each land use group, plus one percent of the full retail price of the average land owned (beginning area plus ending area divided by two) during the year.

Special Assessments: The City of Monona has installed improvements and levied special assessments against the property. These are to be fully amortized by the property owner over an eight-year term with interest on the unpaid balance charged at 10.5 percent. The installment to amortize is calculated just as it would be for a conventional mortgage. However, the special assessments contain a due-on-sale clause that requires that all outstanding special assessments on a given piece of property be paid when the property is sold. This requires periodic partial release payments. For purposes of this computation, it is assumed that all sales are closed at the end of each projection year. This implies that the owner/investor would pay interest on special assessments for the entire year and then pay off a portion of the special assessments equal to the outstanding balance at year end times the proportion of land sold during the year. This partial release payment will also trigger a reduction in the annual installment to amortize in the same proportion as area sold to the beginning land area.

4. Required Rate of Return

Data regarding the rate of return that would typically be required by a probable purchaser of the subject is best obtained from interviews with investors who are actively involved with projects that are similar to the subject. However, each project is unique and the rate of return is inextricably related to the risk inherent in the assumptions which are made about the investment's performance. In this case, the assumptions with respect to sell-off periods, retail market prices, required capital expenditures, and holding costs are believed to be reasonable. The perceived risk of an investment of this type is generally regarded as inherently containing more risk. However, AMCA International will be forgiven a significant portion of

special assessments to pay for roads and utilities if all AMCA International lands achieve a value of $4 million by January 1, 1988. Based on this, a discount rate of 20 percent is most applicable to the subject property.

5. Financing

Expected financing is with a fully amortized mortgage at 14.25 percent and a term of no more than six years, or the parcel absorption rate in years, whichever is less. Mortgage principal is set by a maximum debt cover ratio of 1.25 based on first year's projected cash flow.

6. Calculation of Bulk Office/Warehouse Lands

Output from the land development model shown as Exhibit 12, applies the data and assumptions described previously to derive an estimate of market value before the taking of $953,311, or $954,000.

G. The Final Value Estimate Before the Taking

The majority of the subject lands have been valued via the traditional sale comparison approach. Bulk office/warehouse lands were valued by a land development model. This approach, as summarized in Exhibit III-13, results in a $2,145,000 market value estimate for the entire subject property. Total value results from a summation of the individual values derived from each component of the property. This value conclusion has anticipated the risk/return issues.

LAND DEVELOPMENT VALUATION MODEL
FOR A TYPICAL MARKET PURCHASER

Beginning Site Area	926811									
Average Annual Land Sales (s.f.)	339112									
Initial Sales Price ($/s.f.)	1.55									
Increase in Sales Price (%/Yr.)	4.00									
Sales & Closing Costs (% of Sales)	10									
Assessment Data:										
Raw Land Value (% of Avg. Land Value)	20									
Yearly Projection Term Factors	.59	.61	.64	.66	.69	.72	.75	.79	.83	.88
Tax Rate (% of full value)	2.20									
Management & Administration Expenses:										
Fixed ($/Yr.)	1000									
Variable (% of Avg. Land Value)	1.00									
MORTGAGE AMOUNT	468000									
ANNUAL PAYMENT	202428									
ANNUAL INTEREST RATE	.1425									
Discount Rate (0.XXXX)	.2									

EXHIBIT III-12 (Continued)

SOUTH TOWNE LAND DEVELOPMENT MODEL: OFFICE/WAREHOUSE LAND

YEAR	1	2	3	4	5	6	7	8	9	10
Available area-Begin Yr.(s.f)	926811	587699	248587	0	0	0	0	0	0	0
Area Sold (s.f.)	339112	339112	248587	0	0	0	0	0	0	0
Remaining area-End Yr. (s.f.)	587699	248587	0	0	0	0	0	0	0	0
Pct. of Total Area Sold During Year	36.59	57.70	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sale Price ($/s.f.)	1.55	1.61	1.68	1.74	1.81	1.89	1.96	2.04	2.12	2.21
Gross Sales Revenue	525624	546649	416751	0	0	0	0	0	0	0
Less: Sales & Closing Costs	52562	54665	41675	0	0	0	0	0	0	0
Net Sales Revenue	473061	491984	375076	0	0	0	0	0	0	0
Less: Real Estate Taxes	17353	10202	3264	0	0	0	0	0	0	0
Less: Management and Administration	12737	7740	3084	0	0	0	0	0	0	0
Less: MORTGAGE PAYMENT										
MORTGAGE BALANCE ($ B.O.Y.)	468000	332262	177181	0	0	0	0	0	0	0
Interest Rate	.1425	.1425	.1425	.1425	.1425	.1425	.1425	.1425	.1425	.1425
Interest ($)	66690	47347	25248	0	0	0	0	0	0	0
Payment ($)	202428	202428	202428	0	0	0	0	0	0	0
Principal ($)	135738	155081	177180	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Cash Throw-Off	240543	271613	166300	0	0	0	0	0	0	0

NET PRESENT VALUE OF THE EQUITY	485311
VALUE OF MORTGAGE	468000
TOTAL PROJECT VALUE	953311

SUMMARY OF MARKET VALUE ESTIMATES
BY LAND USE TYPE

ZONE	SQ.FT.	ACRES	$	$/SF	$/AC
Office	344,096	7.90	$ 442,877	$1.287	$56,060
Office/Warehouse	171,191	3.93	$ 163,259	$0.954	$41,542
Bulk Office/Warehouse	926,811	21.28	$ 953,311	$1.028	$44,798
Office/Corporate	369,998	8.50	$ 585,244	$1.582	$68,852
TOTAL	1,812,096	41.60	$2,144,691	$1.184	$51,555
		ROUNDED	$2,145,000		

Source: Primary

This market value estimate reflects a per acre price of approximately $51,555 which converts to approximately $1.18 per square foot.

The estimated absorption rate, retail prices, development expenses, financing, and required rate of return are combined in the Land Development Model, presented in Exhibit III-12. These models derive an estimate of gross revenues from sales and deducts expenses including special assessments and mortgage payments to yield and estimate of the cash throw-off to the equity position. The estimated value of the equity position is then the present value of the cash throw-off discounted at the rate of return that would be required by a typical market investor, in this case, 20 percent. The resulting estimate of value to the equity position of office/warehouse lands is shown to be $485,311. Since a purchaser of the subject property would also receive the proceeds from the mortgage, the value of the entire property is the value of the equity plus the value of the mortgage. In this case, bulk office/warehouse lands would be ($485,311 + $468,000) or $953,311, or $954,000.

In conclusion, the estimated market value of the subject property and property rights described herein, before the taking, as of May 1, 1985, is:

TWO MILLION ONE HUNDRED FORTY FIVE THOUSAND DOLLARS

($2,145,000)

IV. VALUATION OF THE SUBJECT PROPERTY AFTER THE TAKING

Applying the comparison approach and the land development valuation model in the after situation requires some modification resulting from the introduction of the highway. Of the original 41.6 acres, the taking constitutes an area 11.08 acres (0.21 acres were added to 10.87 acres for a cul-de-sac at the end of Gisholt Drive as described in Section IV-A) leaving a total remainder of 30.52, with a portion north of the highway of 19.08 acres plus a limited highway easement of 0.29 acres.

South of the highway acquisition area the remaining parcel contains 11.44 acres.

A. Valuation of Office Lands

The taking has reduced the office lots (Lots 17 through 22 of the First Addition to South Towne) to fragments totaling 2.75 acres. Much of this parcel is too shallow for development so that the parcel is limited to only one user. In addition, there was no provision made in State plans for a cul-de-sac at the end of Gisholt Drive. An additional 60 feet of right-of-way would be necessary reducing the parcel of fragments above by 9,000 square feet to 119,938 square feet, or 2.75 acres. Therefore, the sale of remaining office land will take place as a single acreage sale resulting in the following value:

Total Square Feet	119,938		
Price per Square Foot	$1.10	[a]	(2.20 times .50 usability factor)
Value	$131,932		
Less 10% Sales Cost	$ 13,193		
Net Market Value After the Taking	$118,738, Rounded to $119,000		

[a] See Office Comparables in Section III-C.

B. Valuation of Bulk Corporate Home Office Site

The unplatted price southeast of Gisholt and Engel Drives is reduced from 369,998 square feet to 327,136 square feet as the result of the highway taking. Although the subject may now enjoy increased site visibility, that advantage is negated by the inconvenient access limited to the off-ramp west of South Towne Drive. Previous access alternatives from the Gisholt, Raywood Road intersection, and Bridge Road intersection are cut off by the taking. There is not a substantial reduction in size to warrant any size adjustment. Therefore, the estimated market value of the corporate home office site is as follows:

Total Square Feet	327,136	
Price per Square Foot	$1.85	[b]
Value	$605,202	
Less 5% Bulk Land Sale	$ 30,260	
Less 10% Sales Cost	$ 57,494	
Net Market Value After the Taking	$517,448, Rounded to $517,000	

[b] See Corporate Home Office Comparables in Section III-D.

C. Valuation of Industrial Lots

There is a spot market in industrial land sales which makes the application of a market comparable approach a reasonable alternative for Lots 22 through 25 of the Royal Addition.

Comparable Industrial Sale Nos. 1 and 2 of Glendale Industrial Park (Exhibit IV-1) have the same advantage as the subject in terms of access to the Interstate system. This area, like the subject, also has contiguous space for future development growth. In the appraisers' judgment, only a time adjustment is required because the comparable properties are otherwise similar. The four-lot area will be sold at one lot per year at a retail price of $0.50 per square foot increasing at 1 percent per month with a discount rate of 25 percent and a sale cost of 10 percent. Therefore, market value of the industrial lands is as follows:

	$/SF	TIME ADJUSTED $/SF	PRICE RESOLUTION
Progress Road Lot 2	$0.53	$0.54	$0.50 per acre
Progress Road Lot 11	$0.38	$0.45	

	Year 1	Year 2	Year 3	Year 4
Retail Price	$21,399	$23,967	$26,843	$30,064
Less 10% Sales Cost	2,139	2,397	2,684	3,006
Subtotal	$19,260	$21,570	$24,159	$27,058
Present Value at 25%	$15,408	$13,805	$12,369	$11,083
Cumulative Present Value After the Taking	$52,665, Rounded to $53,000			

INDUSTRIAL COMPARABLE SALES

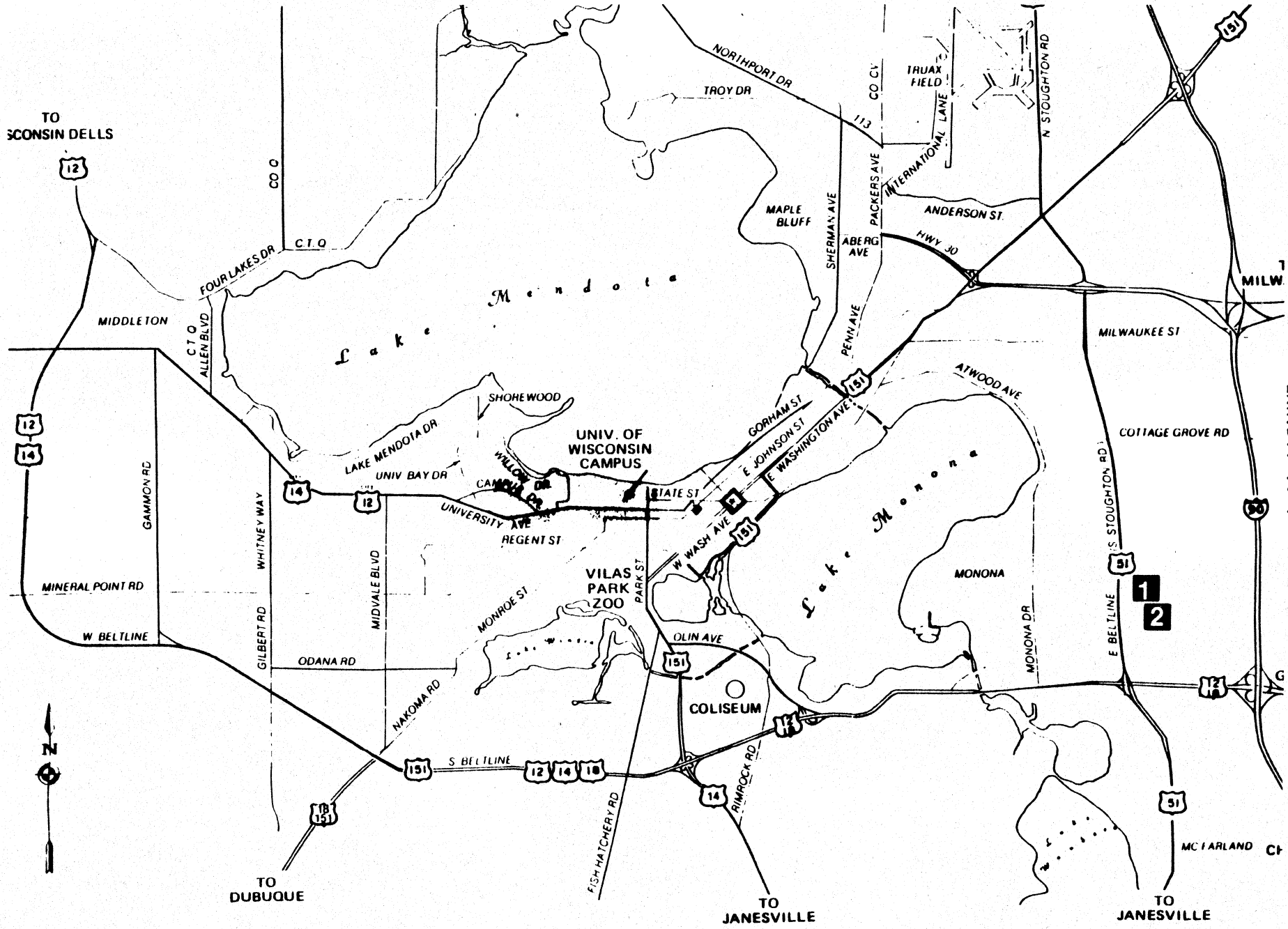


EXHIBIT IV-1

EXHIBIT IV-1 (Continued)

COMPARABLE SALE NO. 1

INDUSTRIAL - VACANT LAND

Location: 2617 Progress

Sale Price: $40,500

Sale Price/SF: $0.53

Seller: Glendale Development, Inc.

Buyer: Robert E. and Martha Ann Walters

Date of Closing: 4/18/84

Recording Data: Volume 5553, Page 61, Dane County Register of Deeds

Instrument Type: Warranty Deed

Transfer Fee: $121.50

Size: 46,474 square feet

Zoning: M2

Parcel No.: 0710-222-0087-9

EXHIBIT IV-1 (Continued)

COMPARABLE SALE NO. 2

INDUSTRIAL - VACANT LAND

Location: 4501 Tompkins; Progress Road and Tompkins Drive

Sale Price: $119,644.80

Sale Price/SF: $0.39

Seller: Glendale Development, Inc.

Buyer: Warman International, Inc.

Date of Closing: 11/26/80

Recording Data: Recorded 12/3/80, Volume 2434, Page 7, Dane County Register of Deeds

Financing: $34,000 down payment, $85,644.80 balance, interest rate 1 percent over "prime rate", first payment due 3/1/81, and interest payments made every 3rd month thereafter. Interest rate redetermined every 3rd month beginning 3/1/81. One-third of balance outstanding due by 3/1/82. One-half of then remaining principal balance due by 3/2/83. Three-year balloon for balance.

Instrument Type: Land Contract

Size: 307,534 square feet

Zoning: M2, Industrial

Parcel No.: 0710-222-0301-3

D. Valuation of Bulk Office/Warehouse Land to be Platted

The taking has resulted in a land reduction of 215,546 square feet. Output from the land development model, shown in Exhibit IV-2, applies the data and assumption as described earlier in Section III arriving at an estimate of market value of $775,017, after the taking, rounded to $775,000.

E. Final Value Estimate After the Taking

For each type of land in the before situation, the remaining lands have been valued using the same methodology. The results, summarized in Exhibit IV-3, total a $1,465,000 market value estimate for the entire remainder property. This market value estimate can be restated as $47,964 per acre, or $1.10 per square foot for a bulk purchase of a development project totaling 30.52 acres of platted and unplatted lands.

Therefore, the estimated market value of the subject property and property rights described herein, after the taking, as of May 1, 1985, is:

ONE MILLION FOUR HUNDRED SIXTY FIVE THOUSAND DOLLARS

($1,465,000)

LAND DEVELOPMENT VALUATION MODEL
FOR A TYPICAL MARKET PURCHASER

EXHIBIT IV-2

LAND DEVELOPMENT MODEL

Beginning Site Area	711335									
Average Annual Land Sales (s.f.)	339112									
Initial Sales Price ($/s.f.)	1.55									
Increase in Sales Price (%/Yr.)	4.00									
Sales & Closing Costs (% of Sales)	10									
Assessment Data:										
Raw Land Value (% of Avg. Land Value)	20									
Yearly Projection Term Factors	.59	.61	.64	.66	.69	.72	.75	.79	.83	.88
Tax Rate (% of full value)	2.20									
Management & Administration Expenses:										
Fixed ($/Yr.)	1000									
Variable (% of Avg. Land Value)	1.00									
MORTGAGE AMOUNT	393000									
ANNUAL PAYMENT	209569									
ANNUAL INTEREST RATE	.1425									
Discount Rate (0.XXXX)	.2									

EXHIBIT IV-2 (Continued)

SOUTH TOWNE LAND DEVELOPMENT MODEL: OFFICE/WAREHOUSE LAND

YEAR	1	2	3	4	5	6	7	8	9	10
Available area-Begin Yr.(s.f)	711335	372223	33111	0	0	0	0	0	0	0
Area Sold (s.f.)	339112	339112	33111	0	0	0	0	0	0	0
Remaining area-End Yr. (s.f.)	372223	33111	0	0	0	0	0	0	0	0
Pct. of Total Area Sold During Year	47.67	91.10	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sale Price ($/s.f.)	1.55	1.61	1.68	1.74	1.81	1.89	1.96	2.04	2.12	2.21
Gross Sales Revenue	525624	546649	55510	0	0	0	0	0	0	0
Less: Sales & Closing Costs	52562	54665	5551	0	0	0	0	0	0	0
Net Sales Revenue	473061	491984	49959	0	0	0	0	0	0	0
Less: Real Estate Taxes	12415	4945	435	0	0	0	0	0	0	0
Less: Management and Administration	9398	4267	1278	0	0	0	0	0	0	0
Less: MORTGAGE PAYMENT										
MORTGAGE BALANCE ($ B.O.Y.)	393000	239434	63984	0	0	0	0	0	0	0
Interest Rate	.1425	.1425	.1425	.1425	.1425	.1425	.1425	.1425	.1425	.1425
Interest ($)	56003	34119	9118	0	0	0	0	0	0	0
Payment ($)	209569	209569	63984	0	0	0	0	0	0	0
Principal ($)	153567	175450	54866	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Cash Throw-Off	241680	273203	-15737	0	0	0	0	0	0	0

NET PRESENT VALUE OF THE EQUITY	382017
VALUE OF MORTGAGE	393000
TOTAL PROJECT VALUE	775017

SUMMARY OF MARKET VALUE ESTIMATES
AFTER THE TAKING BY LAND USE TYPE

ZONE	SQ.FT.	ACRES	$	$/SF	$/AC
Office	119,709	2.75	$ 118,738	$0.992	$43,177
Bulk Office/Warehouse	711,335	16.33	$ 775,017	$1.090	$47,459
Corporate Home Office	327,136	7.51	$ 517,448	$1.582	$68,901
Industrial	171,191	3.93	$ 52,665	$0.308	$13,401
TOTAL	1,329,371	30.52	$1,463,868	$1.101	$47,964
		ROUNDED	$1,465,000		

Source: Primary

EXHIBIT IV-3

V. DAMAGES TO THE REMAINDER

A. Utility Over Improvement

To analyze the special assessment liabilities remaining the responsibility of AMCA for infrastructure eliminated by the taking of the highway corridor, the appraiser requested D'Onofrio Kottke and Associates, Inc., to analyze the damages. D'Onofrio Kottke and Associates, Inc., were the original engineers for the design and development of the infrastructure. Their calculations are included in Appendix F. In summary, their computations indicated excess costs of $0.24 per square foot for Lots 10 through 13 totaling 317,822 square feet for a total of $76,520 of redundant cost. In addition, D'Onofrio and Kottke estimated that the 275 feet of Gisholt Drive obliterated by the highway corridor represented cost absorbed by AMCA in their overall special assessment program of $24,750.

The redundant improvements or destroyed elements of infrastructure, which were the liability of the developer, represent a severance damage of $101,270.

VI. FINAL CONCLUSION AND ALLOCATION OF DAMAGES

The Fair Market Value of the larger parcel as of May 1, 1985, is $2,145,000. The Fair Market Value of the remainder parcel as of May 1, 1985, assuming completion of the highway relocation project, is $1,465,000.

The differential of before and after Fair Market Values assigns a value of $680,000 to the 11.08 acre area of taking.

Severance damages to the remainder as the result of super-adequacy of infrastucture or loss of infrastructure assessed to the developer, not otherwise compensated for above, is $101,270.

Total loss of property value and severance damages is $781,270 as of May 1, 1985.

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 impending 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.

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

SEVEN HUNDRED EIGHTY ONE THOUSAND TWO HUNDRED SEVENTY DOLLARS

($781,270)

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

Craig D. Hungerford

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.

C R A I G D. H U N G E R F O R D

EDUCATION

Master of Science in Business; major in Real Estate Appraisal and Investment Analysis - University of Wisconsin - Madison

Master of Arts in Landscape Architecture - University of Wisconsin - Madison

Bachelor of Science in Landscape Architecture - University of Wisconsin - Madison

PROFESSIONAL EXPERIENCE

Mr. Hungerford is currently associated with Landmark Research, Inc., as an appraiser and research consultant. He has a variety of experience in valuation, feasibility, and land use studies for private, corporate, and municipal clients. His specialties include computer applications and simulation for development and wilderness and valuation purposes.

APPENDIX A

LEGAL DESCRIPTION OF SUBJECT PROPERTY

LEGAL DESCRIPTION

Project: 1206-02-27
Parcel: 1
Owner: AMCA International Corporation
Interest Requried: Fee, LHE & Access Rights

Fee title in and to the following tract of land in the City of Monona, Dane County, State of Wisconsin, described as a parcel of land in the SE¼-NE¼ and NE¼-NE¼, Section 30 and the SW¼-NW¼ and NW¼-NW¼, Section 29, all in T 7 N, R 10 E, and being part of Lots 17, 18, 19, 20, 21 and 22 of the First Addition to South Towne Plat and part of Lot 4 of Certified Survey Map 3059 being part of the Replat of Lots 15 and 16 of South Towne Plat.

Said parcel includes all that land of the owner contained within the following described traverse:

Commencing at the northwest corner of said Section 29;
Thence S 0°-59'-59" W, 1,264.49 feet;
Thence N 89°-25'-14" E, 772.78 feet;
Thence N 0°-34'-46" W, 120.00 feet to the point of beginning of said traverse and a point of curve of radius 13,630.99 feet (from said point the long chord bears N 88°-58'-48" E, 209.66 feet);
Thence northeasterly along the arc of said curve to the left, 209.66 feet;
Thence S 41°-34'-19" W, 396.36 feet;
Thence S 74°-48'-18" W, 566.09 feet;
Thence N 0°-34'-46" W, 220.08 feet;
Thence S 89°-25'-14" W, 1,163.50 feet;
Thence N 0°-20'-20" E, 215.03 feet;
Thence N 89°-25'-14" E, 1,764.16 feet to the point of beginning of said traverse.

Said parcel contains 10.87 acres, more or less.

Also, all existing, future or potential common law or statutory easements or rights of access between the right of way of the highway, currently designated as U.S.H. 12, and all of the abutting remaining real property of the owner, whether acquired by separate conveyance or otherwise, where the following described real estate abuts on the said highway: That land of the owner in the SE¼-NE¼ and NE¼-NE¼, Section 30 and the SW¼-NW¼ and NW¼-NW¼, Section 29 all in T 7 N, R 10 E thereof, lying northerly and southerly of the above-described traverse.

NAL ELW 1-31-85

Also a limited highway easement for access including for such purpose the right to operate necessary equipment thereon, the right of ingress and egress, as long as required for such public purpose, including the right to preserve, protect, remove, or plant thereon any vegetation that the highway authorities may deem desirable to prevent erosion of the soil. This easement is to terminate on date the construction of this project is completed.

In and to the following tract of land in the City of Monona, Dane County, State of Wisconsin, described as a parcel of land in Lot 4, C.S.M. 3059, being part of the Replat of Lots 15 and 16 of South Towne Plat, Section 29, T 7 N, R 10 E, the NW¼-NW¼ thereof. Said parcel includes all that land of the owner contained within the following described traverse:

Commencing at the northwest corner of said Section 29;
Thence S 0°-59'-59" W, 1,144.44 feet;

Thence N 89°-25'-14" E, 415.37 feet to the point of beginning of said traverse;
Thence N 48°-34'-44 W, 290.99 feet;
Thence N 45°-36'-10" E, 30.08 feet;
Thence S 48°-34'-44" E, 322.12 feet;
Thence S 89°-25'-14" W, 44.83 feet to the point of beginning of said traverse.
Said parcel contains 0.21 of an acre, more or less.

Also a limited highway easement for the right to construct cut or fill slopes including for such purpose the right to operate necessary equipment thereon, the right of ingress and egress, as long as required for such public purpose, including the right to preserve, protect, remove, or plant thereon any vegetation that the highway authorities may deem desirable to prevent erosion of the soil. This easement is to terminate on date the construction of this project is completed.

In and to the following tract of land in the City of Monona, Dane County, State of Wisconsin, described as: A parcel of land in Lots 20, 21 and 22 of the First Addition to South Towne Plat, Section 30, T 7 N, R 10 E, the NE¼-NE¼ thereof. Said parcel includes all that land of the owner contained within the following described traverse:
Commencing at the northeast corner of said Section 30;
Thence S 0°-59'-59" W, 1,144.44 feet;
Thence S 89°-25'-14" W, 534.63 feet to the point of beginning of said traverse;
Thence S 89°-25'-14" W, 350.00 feet;
Thence N 0°-34'-46" W, 10.00 feet;
Thence N 89°-25'-14" E, 350.00 feet;
Thence S 0°-34'-46" E, 10.00 feet to the point of beginning of said traverse.
Said parcel contains 0.08 of an acre, more or less.

and

Royal Addition to South Towne Plat Located in the NE1/4, SE1/4, and the SW1/4 of the NE1/4 and the NE1/4 and the NW1/4 of the SE1/4 of Section 30, T7N, R10E, and in the NW1/4 and the SW1/4 of the NW1/4 of Section 29, T7N, R10E, City of Monona, Dane County, Wisconsin

APPENDIX B

U.S.D.A. SOIL CONSERVATION SERVICE DATA ON SOUTH TOWNE SOILS

DANE COUNTY, WISCONSIN – SHEET NUMBER 104

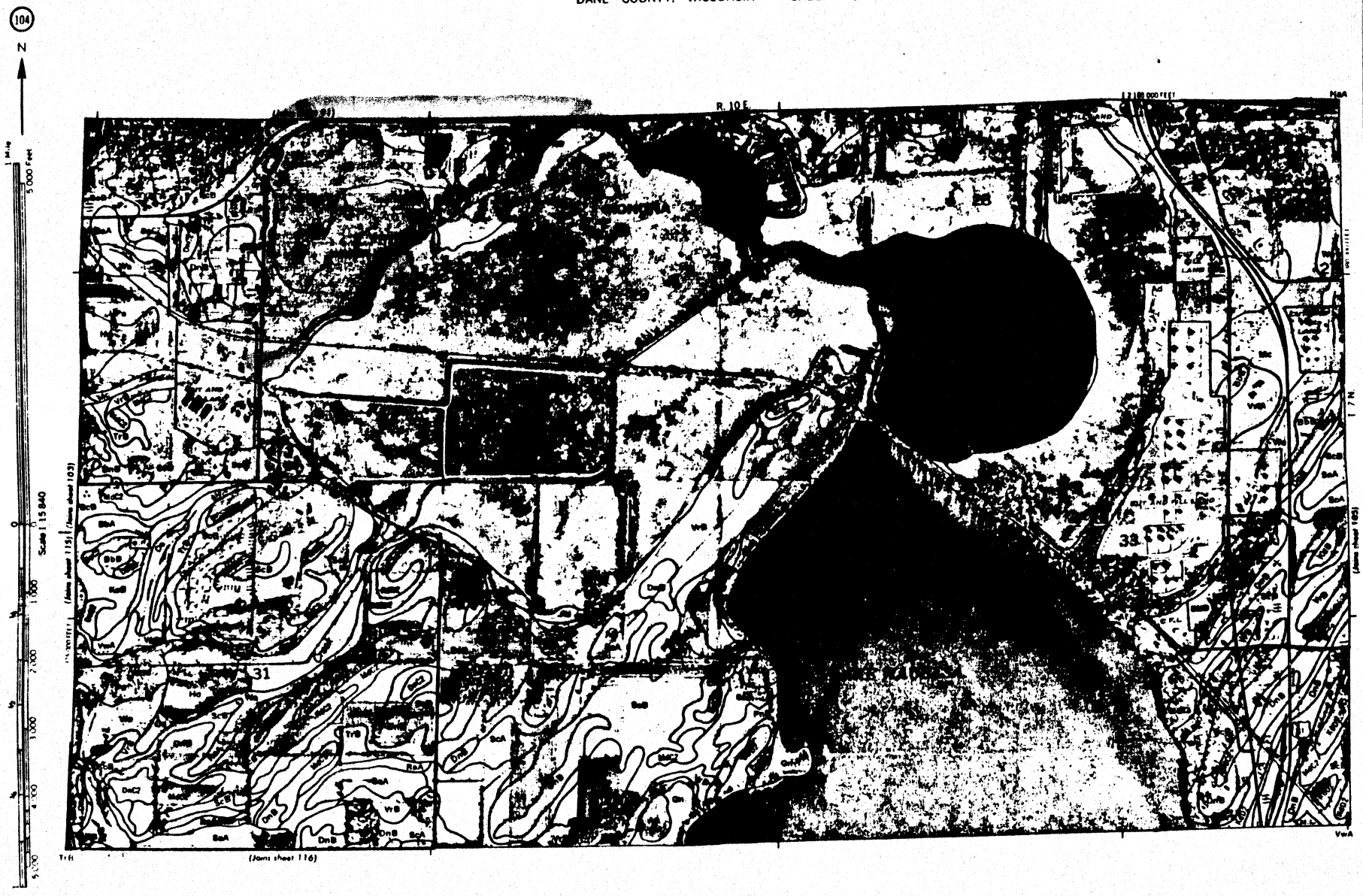


TABLE 11.—*Degree and kinds of limitations of the soils for town and country planning*—Continued

Soil series and map symbols	Septic tank absorption fields	Sewage lagoons	Shallow excavations	Dwellings with basements	Sanitary landfill [1]	Highway location	Local streets and roads
Ringwood (*continued*) RnC2	Moderate: slope	Severe: slope; substratum has moderately rapid permeability.	Slight	Moderate: slope	Slight	Moderate: subsoil has low bearing capacity.	Moderate: slope; low bearing capacity; moderate shrink-swell potential and stability; erodible.
Rockton: RoB	Severe: bedrock at a depth of 2 to 4 feet.	Severe: dolomite bedrock at a depth of 2 to 4 feet.	Very severe: massive dolomite at a depth of about 3 feet precludes extensive trenching or ditching.	Severe where bedrock needs to be excavated: massive dolomite at a depth of about 3 feet.	Severe: danger of contaminating ground water.	Moderate: dolomite bedrock at a depth of 2 to 4 feet.	Moderate: dolomite at a depth of 2 to 4 feet; subsoil has moderate bearing capacity; unstable where wet.
RoC2	Severe: bedrock at a depth of 2 to 4 feet.	Severe: dolomite bedrock at a depth of 2 to 4 feet.	Very severe: massive dolomite at a depth of about 3 feet precludes extensive trenching or ditching.	Severe where bedrock needs to be excavated: massive dolomite at a depth of about 3 feet.	Severe: danger of contaminating ground water.	Moderate: dolomite bedrock at a depth of 2 to 4 feet.	Moderate: slope; dolomite at a depth of 2 to 4 feet; subsoil has moderate bearing capacity; unstable where wet.
RoD2	Severe: bedrock at a depth of 2 to 4 feet.	Severe: dolomite bedrock at a depth of 2 to 4 feet.	Very severe: massive dolomite at a depth of about 3 feet precludes extensive trenching or ditching.	Very severe: slope; massive dolomite at a depth of about 3 feet.	Very severe: danger of contaminating ground water.	Severe: slope; dolomite bedrock at a depth of 2 to 4 feet.	Severe: slope; dolomite at a depth of 2 to 4 feet; subsoil has moderate bearing capacity; unstable where wet.
Rodman: RpE	Severe: slope; droughty; stony; danger of contaminating ground water.	Severe: substratum has rapid permeability.	Severe: steepness; poor stability throughout.	Severe: steepness; erodible; droughty.	Severe: danger of contaminating ground water.	Moderate: slope; stony	Severe: steepness.
Sable: SaA	Very severe: seasonal high water table.	Moderate: seasonal high water table; moderate permeability.	Severe: seasonal high water table; subject to flooding; fair stability to a depth of about 5 feet.	Very severe: low bearing capacity; moderate shear strength and compressibility; subject to flooding; seasonal high water table.	Very severe: seasonal high water table.	Severe: permanent or seasonal high water table at a depth of less than 1 foot; high frost heave potential.	Severe: seasonal high water table at a depth of less than 1 foot; subsoil has moderate bearing capacity and compressibility; unstable where wet; high frost heave.
SeA, SeB	Moderate: subject to frost heave; filter fields have short life because of dispersion of silt.	Moderate: substratum has moderately rapid permeability.	Slight	Slight	Slight	Moderate: subsoil has low bearing capacity.	Moderate: subsoil has low bearing capacity and moderate shrink-swell potential.
ScC2	Moderate: slope; subject to frost heave; filter fields have short life because of dispersion of silt.	Severe: slope; substratum has moderately rapid permeability.	Moderate: slope; fair to good stability throughout.	Moderate: slope	Slight	Moderate: subsoil has low bearing capacity.	Moderate: slope; subsoil has low bearing capacity and moderate shrink-swell potential.
ScD2	Severe: slope; subject to frost heave; filter fields have short life because of dispersion of silt.	Severe: slope; substratum has moderately rapid permeability.	Severe: slope; fair to good stability throughout.	Severe: slope	Moderate: slope	Severe: slope; subsoil has low bearing capacity.	Severe: slope; subsoil has low bearing capacity and moderate shrink-swell potential.
Salter: SaB, SaC2	Moderate: moderately slow permeability in lower part of subsoil restricts use of systems; contrasting material at a depth of about 3 feet slows percolation.	Moderate: lower part of substratum has rapid permeability; upper part of substratum is a good source of seal blanket material.	Moderate: poor stability in subsoil.	Moderate to a depth of 3 to 6 feet: low bearing capacity; low shrink-swell potential. Slight at a depth of 6 to 10 feet.	Moderate: danger of contaminating ground water if underlying sand and gravel are exposed.	Moderate: silt layer has low bearing capacity and low shrink-swell potential.	Severe: substratum has low bearing capacity; cuts need to be above a depth of 3 feet so as not to expose silt.
SfA, SfB2	Moderate: filter fields difficult to maintain.	Moderate: low stability; difficult to compact; rapid permeability in lower substratum.	Slight	Moderate to depth of substratum: low bearing capacity; subject to liquefaction and piping. Slight in lower substratum: highly stable; high bearing capacity.	Moderate: danger of contaminating ground water if lower substratum is exposed.	Moderate to depth of substratum: cuts and fills have low stability; highly erodible. Slight in lower substratum: highly stable.	Moderate: subsoil has moderate bearing capacity; cuts should not expose silty material in substratum.
Salter, wet variant: ShA	Very severe: seasonal high water table.	Moderate: moderate permeability; low stability.	Moderate: seasonal high water table; subsoil and substratum have fair stability.	Severe: moderate bearing capacity; frost heave; seasonal high water table; subject to seasonal wetness.	Severe: seasonal high water table; danger of contaminating ground water; unstable when wet.	Moderate: seasonal high water table at a depth of 1 to 3 feet; high frost heave potential.	Severe: subsoil has moderate bearing capacity; subject to frost heave; low stability; seasonal high water table at a depth of 1 to 3 feet.

TABLE 11.—*Degree and kinds of limitations of the soils for town and country planning*—Continued

Soil series and map symbols	Septic tank absorption fields	Sewage lagoons	Shallow excavations	Dwellings with basements	Sanitary landfill [1]	Highway location	Local streets and roads
Seaton: SmB	Moderate: seasonal high water table at a depth of 3 to 5 feet because of seepage from higher areas; filter field has short life because of dispersion of silt.	Moderate: moderate permeability.	Slight	Moderate: low bearing capacity where wet; subject to frost heave; erodible.	Slight	Moderate: subsoil has low bearing capacity; highly erodible.	Moderate: subsoil has low bearing capacity; unstable where wet; highly erodible.
SmC2	Moderate: slope; seasonal high water table at a depth of 3 to 5 feet because of seepage from higher areas; filter field has short life because of dispersion of silt.	Severe: slope; moderate permeability.	Moderate: slope; saturated at a depth of 3 to 5 feet during wet periods; fair stability.	Moderate: slope; low bearing capacity where wet; subject to frost heave; erodible.	Slight	Moderate: subsoil has low bearing capacity; highly erodible.	Moderate: slope; subsoil has low bearing capacity; unstable where wet; highly erodible.
SmD2, SmE2	Severe: moderately steep and steep.	Severe: slope; moderate permeability.	Severe: slope; saturated at a depth of 3 to 5 feet during wet periods; fair stability.	Severe: slope; low bearing capacity where wet; subject to frost heave; erodible.	Severe: steepness	Severe: slope; subsoil has low bearing capacity; highly erodible.	Severe: slope; subsoil has low bearing capacity; unstable where wet; highly erodible.
Seaton, loamy variant: SmC2	Moderate: slope; moderate permeability; filter fields have shorter life due to dispersion of silt.	Severe: slope; moderate permeability.	Moderate: slope	Moderate: slope; low bearing capacity; moderate compressibility and high shear strength.	Slight	Moderate: subsoil has low bearing capacity.	Moderate: slope; low bearing capacity where wet; erodible.
SmD2	Severe: slope; erodible; moderately permeable; filter fields have short life because of dispersion of silt.	Severe: slope; moderate permeability.	Severe: slope	Severe: slope; low bearing capacity; moderate compressibility and high shear strength.	Moderate: slope	Moderate: slope; low bearing capacity where wet; erodible.	Severe: slope; low bearing capacity where wet; erodible.
SmE	Severe: slope; erodible; moderately permeable; filter fields have short life because of dispersion of silt.	Severe: slope; moderate permeability.	Severe: slope	Severe: slope; low bearing capacity; moderate compressibility and high shear strength.	Severe: slope	Severe: slope; low bearing capacity where wet; erodible.	Severe: slope; low bearing capacity where wet; erodible.
Sogn: SoD, SoE	Very severe: bedrock at a depth of less than 2 feet; danger of contaminating ground water; erodible.	Severe: dolomite bedrock at a depth of less than 2 feet.	Very severe: dolomite bedrock at a depth of less than 2 feet; generally not rippable to a depth of 5 feet.	Severe: erodible; bedrock hinders excavation; difficult to install utilities.	Severe: bedrock at a depth of less than 2 feet.	Severe: bedrock hinders excavation; erodible.	Severe: dolomite bedrock at a depth of less than 2 feet; steepness.
Spinks: SpB	Moderate: danger of contaminating ground water.	Severe: rapidly permeable; difficult to compact.	Severe: poor stability	Slight	Severe: danger of contaminating ground water.	Slight	Slight.
SpC	Moderate: slope; danger of contaminating ground water.	Severe: rapidly permeable; difficult to compact.	Severe: poor stability	Moderate: slope; subject to liquefaction and piping where wet; high bearing capacity where confined.	Severe: danger of contaminating ground water.	Slight	Moderate: slope; substratum is highly erodible and unstable.
SpD	Severe: slope	Severe: rapidly permeable; difficult to compact.	Severe: poor stability	Severe: slope; subject to liquefaction and piping where wet; high bearing capacity where confined.	Severe: danger of contaminating ground water.	Moderate: slope; loose sand hinders hauling; subject to soil blowing.	Severe: slope; substratum is highly erodible and unstable.
For Plainfield part of SpB, SpC, and SpD, see Plainfield series.							
Stony and rocky land: St	Very severe: steepness; shallow to bedrock.	Very severe: steepness; rapid permeability.	Very severe: steepness; shallow to bedrock.	Severe: steepness; unstable.	Very severe: steepness; shallow to bedrock.	Severe: subject to landslides and severe erosion.	Very severe: highly erodible; steepness; subject to landslides.
Troxel: Tr	Very severe in areas: subject to flooding; seasonal high water table at a depth of 3 to 5 feet.	Moderate: moderately permeable; low stability when wet; subject to frequent flooding of short duration.	Severe: subject to frequent flooding; seasonal high water table at a depth of 3 to 5 feet; fair stability in lower part of profile.	Severe: low bearing capacity; high shear strength and moderate compressibility; subject to flooding.	Severe: subject to frequent flooding of short duration.	Severe: high frost heave potential; subject to seasonal flooding.	Severe: low bearing capacity in subsoil and substratum; subject to frequent flooding.
Wacousta: Wa	Severe: seasonal high water table; danger of contaminating ground water.	Moderate: substratum has moderately rapid permeability.	Severe: seasonal high water table; subsoil has fair stability.	Severe: seasonal high water table hinders installation; subject to ponding; substratum has high bearing capacity.	Severe: seasonal high water table; difficult to work in wet seasons.	Moderate: seasonal high water table at a depth of 1 to 3 feet; subsoil has high frost heave potential.	Moderate: subsoil has low bearing capacity and is plastic when wet; seasonal high water table at a depth of 1 to 3 feet; high frost heave potential.

TABLE 11.—*Degree and kinds of limitations of the soils for town and country planning*—Continued

Soil series and map symbols	Septic tank absorption fields	Sewage lagoons	Shallow excavations	Dwellings with basements	Sanitary landfill[1]	Highway location	Local streets and roads
Virgil (*continued*) VrA	Severe: seasonal high water table.	Moderate: moderately rapid permeability in substratum.	Severe: seasonal high water table; fair stability in subsoil; poor stability in substratum.	Severe: seasonal high water table; high bearing capacity in substratum; subject to liquefaction and piping when wet; subject to seasonal wetness.	Severe: seasonal high water table; difficult to work in wet periods; partial amelioration of leachate; subject to flooding.	Moderate: seasonal high water table at a depth of 1 to 3 feet; high frost heave potential.	Severe: subsoil has low bearing capacity; unstable when wet; subject to frost heave; seasonal high water table at a depth of 1 to 3 feet.
[illegible]: VrB	Very severe: seasonal high water table.	[illegible]: seasonal high water table; moderately slow permeability.	Very severe: seasonal high water table at a depth of less than 1 foot; poor stability.	Very severe: low bearing capacity; moderate shear strength and compressibility; seasonal high water table at a depth of less than 1 foot.	[illegible]	Severe: seasonal high water table at a depth of less than 1 foot; high frost heave potential.	Very severe: seasonal high water table; low bearing capacity; moderate compressibility; subject to frequent flooding.
Warsaw: WrB	Moderate: danger of contaminating ground water.	Severe: substratum is rapidly permeable.	Moderate: subsoil has good stability; substratum has poor stability.	Slight	Severe: danger of contaminating ground water.	Slight	Moderate: moderate bearing capacity and shrink-swell potential in subsoil.
WrC2	Moderate: slope; danger of contaminating ground water.	Severe: substratum is rapidly permeable.	Moderate: slope; subsoil has good stability; substratum has poor stability.	Moderate: slope	Severe: danger of contaminating ground water.	Moderate: slope; erodible; highly stable at all moisture content.	Moderate: slope; subsoil has moderate bearing capacity and shrink-swell potential; substratum has very high bearing capacity.
Watseka: Wt	Very severe: seasonal high water table; danger of contaminating ground water.	Severe: high permeability	Severe: poor stability throughout; seasonal high water table at a depth of 1 to 3 feet.	Severe: seasonal high water table hinders installation; subject to liquefaction and piping when wet; subject to seasonal wetness.	Severe: danger of contaminating ground water; seasonal high water table.	Moderate: seasonal high water table at a depth of 1 to 3 feet; loose sand hinders hauling in places; subject to soil blowing.	Moderate: seasonal high water table at a depth of 1 to 3 feet; sand is unstable unless confined.
Westville: WvB	Slight	Moderate: substratum has moderately rapid permeability.	Slight	Slight	Slight	Moderate: subsoil has low bearing capacity.	Moderate: low bearing capacity and moderate shrink-swell potential; erodible.
WvC2	Moderate: slope	Severe: slope; substratum has moderately rapid permeability.	Moderate: slope; thick subsoil has good stability.	Moderate: slope	Slight	Moderate: subsoil has low bearing capacity.	Moderate: low bearing capacity and moderate shrink-swell potential; erodible.
WvD2	Severe: slope	Severe: slope; substratum has moderately rapid permeability.	Severe: slope; thick subsoil has good stability.	Severe: slope	Moderate: slope	Severe: slope; subsoil has low bearing capacity.	Severe: low bearing capacity and moderate shrink-swell potential; erodible.
Whalan: WwE2 WwD2	Severe: bedrock at a depth of 2 to 4 feet; possible contamination of ground water.	Severe: dolomite bedrock at a depth of 2 to 4 feet.	Severe: massive dolomite at a depth of 2 to 4 feet; not rippable at a depth of 5 feet.	Severe: bedrock at a depth of 2 to 4 feet; must be excavated.	Severe: danger of contaminating ground water.	Severe: slope; dolomite bedrock at a depth of 2 to 4 feet.	Severe: dolomite bedrock at a depth of 2 to 4 feet; subsoil has moderate bearing capacity; unstable where wet; bedrock difficult to excavate.
WwB WwC2	Severe: bedrock at a depth of 2 to 4 feet; possible contamination of ground water.	Severe: dolomite bedrock at a depth of 2 to 4 feet.	Severe: massive dolomite at a depth of 2 to 4 feet; not rippable at a depth of 5 feet.	Severe: bedrock at a depth of 2 to 4 feet; must be excavated.	Severe: danger of contaminating ground water.	Moderate: dolomite bedrock at a depth of 2 to 4 feet.	Severe: dolomite bedrock at a depth of 2 to 4 feet; subsoil has moderate bearing capacity; unstable where wet; bedrock difficult to excavate.

[1] Onsite studies of the underlying strata, water table, and hazard of aquifer pollution and drainage into ground water need to be made for landfill deeper than 5 or 6 feet.

These soils mainly are on extensive benches in the south-central part of the county.

In the valleys where the outwash and rivers have created successions of terraces, the deposits on the higher benches are earlier than the deposits on the lower benches. The age of the material on the various benches, however, is sometimes masked by later deposits of Peorian loess (*8*). The benches on the lower levels formed more recently than the higher benches and in places are still receiving deposits from periodic flooding. The benches that formed more recently are visible along most large streams.

The soils of the acid sand outwash plains formed either in areas where there is no loess or in areas where the mantle of loess is as much as 2 feet thick. The thickness of loess determines the degree of soil development in the underlying outwash. Where there is no loess, the soils have a subsoil of sandy loam to sandy clay loam and extend to a depth of 24 to 36 inches. Dickinson and Meridian soils are representative of soils that formed in these areas. Where there is a thin loess mantle, part of the subsoil formed in the underlying sand. The Dells soils are representative of soils that formed in these areas.

Soils of the calcareous outwash plains formed in calcareous, loamy outwash deposits. The depth and intensity of weathering were probably determined by the texture, thickness, and calcium carbonate equivalent of the outwash material. Soils that formed in moderately thick, loamy deposits that have a high calcium carbonate equivalent extend to a depth of 24 to 40 inches and have a subsoil of sandy clay loam to clay loam. The Dresden and Hayfield soils are representative of soils that formed in these areas. The soils that formed in areas of thick loess deposits over thin loamy outwash extend to a depth of 40 to 60 inches and have a subsoil of silty clay loam. The Batavia soils, Plano soils, gravelly substratum, Virgil soils, gravelly substratum, and Elburn soils, gravelly substratum, are representative of the soils that formed in these areas.

APPENDIX C

CITY OF MONONA ZONING CODE: SECTION 12.110
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.

APPENDIX D

MONONA SOUTH TOWNE DEVELOPMENT
SPECIAL ASSESSMENTS

Royal Addition to South Towne

Lot 22	$5,659
Lot 23	$6,800
Lot 24	$5,906
Lot 25	$5,906

SOUTH TOWNE SPECIAL ASSESSMENTS OUTSTANDING AS OF 1-1-85

Old Parcel #	New Parcel#	Name	Description	
1572.2.1	1196.106	McDonalds	South Towne Assessors Plat #6	$5,578.13
1572.5	1196.104	Monex	South Towne Assessors Plat #4	$128,182.27
1572.8		Livesey	Lot #3 CSM 3743	$17,872.50
1572.5	1196.104	Monex	South Towne Assessors Plat #4	$39,135.02
1572.10	1196.103	South Towne II	South Towne Assessors Plat #3	$60,000.00
			GRAND TOTAL	$250,767.91

APPENDIX E

HISTORY OF MONONA TAX INCREMENTAL DISTRICT NO. 1

HISTORY OF MONONA TAX INCREMENTAL DISTRICT NO. 1

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

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.

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.

CITY OF
MONONA
5211 SCHLUTER ROAD ■ MONONA, WI 53716
(608) 222-2525

March 11, 1985

Mr. Craig Hungerford
Landmark Research, Inc.
4610 University Avenue
Madison, Wisconsin 53705

Dear Mr. Hungerford:

Enclosed please find a copy of the History Of Monona Tax Incremental District No. 1.

The total dollar cost paid to the City by the Monona Community Development Authority is $46,646.79. The total amount paid by T.I.F. to Barton-Aschmann for the 1984 Air Quality Study was $30,368.07.

If you have any questions or need any additional information, please do not hesitate to contact me.

Very truly yours,

Randy J. Paul
City Attorney

RJP:ke
Encl. 1
R3-11.02

APPENDIX F

STREET AND UTILITY OVER IMPROVEMENTS

2/28/85

BELTLINE RELOCATION

I. ENGEL DRIVE

A. COST DISTRIBUTION FOR STREET & UTILITY IMPROVEMENTS: ORIGINAL CONCEPT

1) COST = APPROXIMATELY $180/LF
2) COST ATTRIBUTED TO LAND SOUTH OF ENGEL DRIVE = ½($180) = $90/LF
3) ENGEL DRIVE FRONTAGE: LOTS 10-13 = 1250 L.F.
4) COSTS ATTRIBUTED TO LOTS 10-13: 1250 L.F. × $90/LF = $112,500
5) TOTAL AREA, LOTS 10-13: 1,004,614 S.F.
6) COST DISTRIBUTION = $112,500 / 1,004,614 SF = $0.11/SF

B. REVISED COST ALLOCATION DUE TO BELTLINE RELOCATION

1) COST ATTRIBUTED TO LAND SOUTH OF ENGEL DRIVE REMAINS THE SAME: $112,500
2) TOTAL AREA THAT COSTS CAN BE ALLOCATED TO = RESIDUAL "A"
   RESIDUAL "A" = 318,832 SF
3) COST DISTRIBUTION = $112,500 / 318,832 SF = $0.35/SF

C. ADDITIONAL COST ALLOCATED TO RESIDUAL "A" BECAUSE OF BELTLINE RELOCATION:

($0.35/SF − $0.11/SF) × 318,832 SF = $76,520

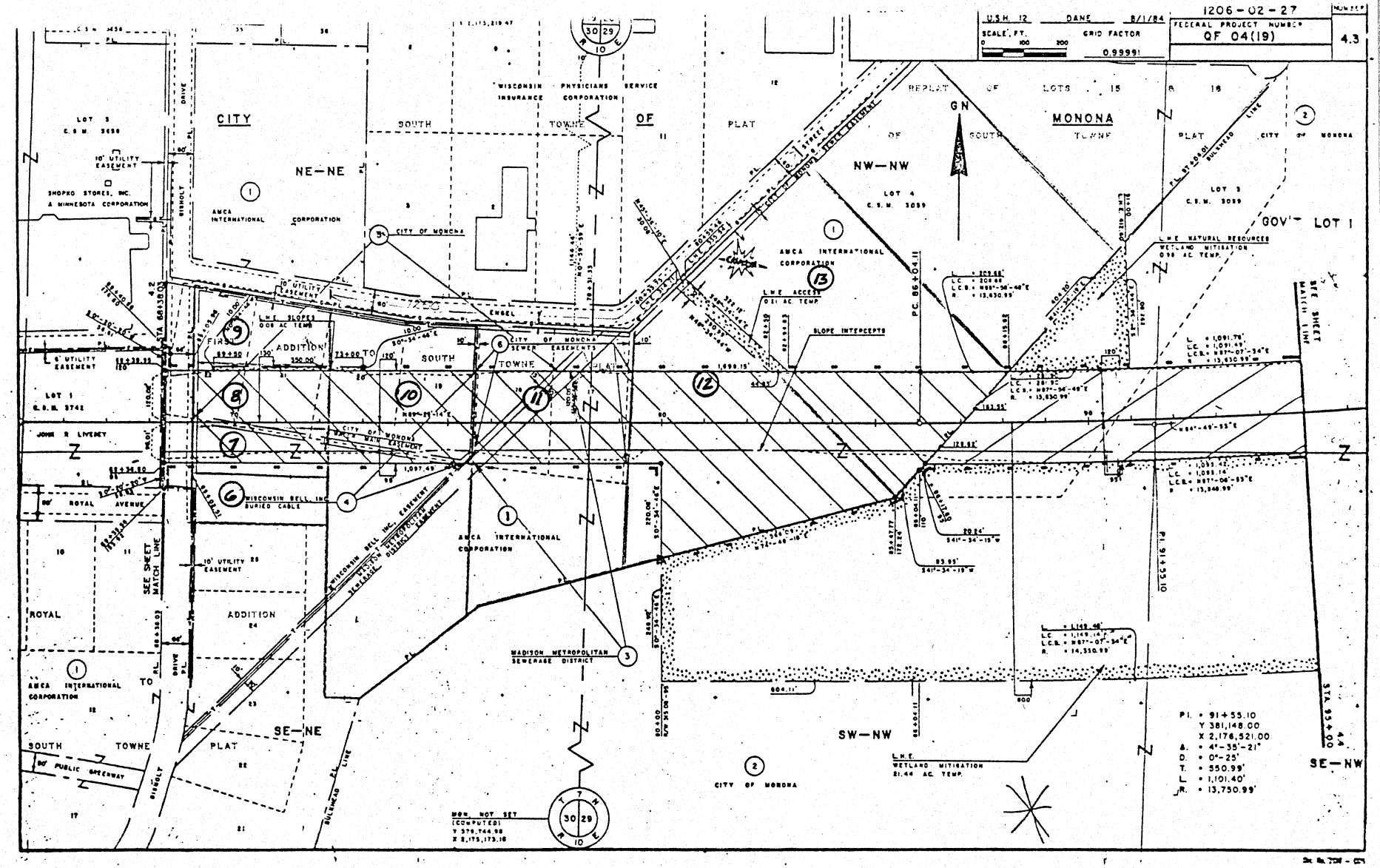
II. GISHOLT DRIVE

A. COST DISTRIBUTION FOR STREET & UTILITY IMPROVEMENTS: ORIGINAL CONCEPT

1) COST = APPROXIMATELY $180/LF
2) COST ATTRIBUTED TO LAND EAST OF GISHOLT DRIVE = ½(180) = $90/LF
3) GISHOLT DRIVE FRONTAGE: LOTS 6, 7 & 8 = 275 LF
4) COSTS ATTRIBUTED TO LOTS 6, 7 & 8 = 275 LF × $90/LF = ~~$49,350~~ $24,750

B. GISHOLT DRIVE FRONTAGE COST DUE TO BELTLINE RELOCATION

1) 275 LF
2) COST ABSORBED BY A.M.C.A. = ~~$49,350~~ $24,750



ENDNOTES

[1] American Institute of Real Estate Appraisers, The Appraisal of Real Estate, Eighth Edition, Chicago, IL, 1983, p. 33.

[2] Appendix B contains detailed soils information.

[3] City of Monona Ordinance: Chapter 12 - Zoning Code, Section 12.110 and 12.111.

[4] Byrl N. Boyce, Real Estate Appraisal Terminology, Revised Edition, AIREA, SREA, Ballinger, Cambridge, Mass.,1981, p. 148.

[5] Chapter 4, "The Larger Parcel," Real Estate Valuation in Litigation, J. D. Eaton, M.A.I., American Institute of Real Estate Appraisers, 1982, Chicago, IL.

[6] Ibid., p.54

[7] Ibid., pp. 57-58.

[8] Byrl N. Boyce, Real Estate Appraisal Terminology, Revised Edition, AIREA, SREA, Ballinger, Cambridge, Mass., 1981, p. 126-127.