

City of Scottsbluff, Nebraska

Monday, June 20, 2016

Regular Meeting

Item Reports5

Council to consider an offer from Samuel Adams to purchase approximately 39.22 acres of city owned property located in the Immigrant Trail Subdivision.

Minutes: Attached is an excerpt from the appraisal of the Immigrant Trail Subdivision property. Please contact the City Clerk's office for a complete copy.

Staff Contact: Nathan Johnson, City Manager

June 13, 2016

To: City of Scottsbluff

I would like to purchase the remaining property that the city owns in Immigrant Trail Subdivision from the City of Scottsbluff.

Since purchasing the three acres from the city, I have been approached by two separate companies that have shown interest in locating their business to this area. My understanding is that the land was appraised at \$8500.00 per acre. After review of the property and the configuration of the land I feel there is approximately 20 acres of useable frontage. Because of access the remaining approximately 9 acres would have a lesser value in terms of development. It's my opinion at approximately \$5000.00 per acre would be an appropriate price, to which I could continue to develop that portion, which brings us to a total of \$215,000.00.

Thank you for your consideration. If you have any questions, please feel free to call me at 308-631-0014.

Sincerely,

A handwritten signature in black ink, appearing to read 'Samuel Adams', with a long horizontal flourish extending to the right.

Samuel Adams



November 30, 2015

Mr. Rick Kuckkahn
City Manager
City of Scottsbluff
2525 Circle Drive
Scottsbluff, Nebraska

Subject: Light Manufacturing & Industrial Land,
Immigrant Trail Road,
Scottsbluff, Nebraska

Dear Mr. Kuckkahn,

At your request we have made a personal inspection of the above referenced property for the purpose of forming an opinion of the market value of the subject property. The use of this appraisal by anyone other than the stated intended users and for any other use than the stated intended use is prohibited. The subject property is legally described herein.

The methods we have used and all pertinent data gathered in our investigation have been included in this report. The "Limiting Conditions and Assumptions" apply to this report and the "Appraiser's Certification" and "Qualifications" are in the final pages of the report.

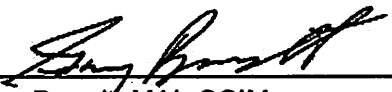
This is an Appraisal Report and was made in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The Appraisal was made in conformance with the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the Office of the Comptroller of the Currency (OCC). The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

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As a result of an inspection of the subject and analysis of pertinent data, it is my opinion that the market value of the fee simple interest of the subject property "as is", as of February 23, 2016 was:

\$297,500

Respectfully Submitted,



Gary Brandt, MAI, CCIM
Nebraska Certified General Appraiser
State Certification #CG920235

PROPERTY ANALYSIS

Summary of Salient Facts and Conclusions

Subject

Location	Immigrant Trail Road, Scottsbluff, Nebraska
Owner of Record	City of Scottsbluff
Date of Inspection	February 23, 2016
Land Area	43.14 ± acres - Total 35.00 ± acres - Useable
Improvements	None
Zoning	"M-1" Light manufacturing & Industrial
2015 Taxes	Tax Exempt
Highest and Best Use	Light Manufacturing & Industrial

Valuations (Fee Simple)

Sales Comparison Approach	\$297,500
Final Opinion of Value	\$297,500

Property Rights Appraised

The property rights being appraised are the fee simple interest. The term "fee simple title" is defined as:

"A title that signifies ownership of all the rights in a parcel of real property, subject only to the limitations of the four powers of government."¹

It is assumed that normal easements of record are present and the rights are subject to those easements.

Definition of Market Value

The definition of Market Value as used in this report is as follows:

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

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

Type, Purpose and Function of the Appraisal

The type of a report is an Appraisal Report. The purpose of the appraisal is to form an opinion of market value of the subject property. The function of the appraisal is to assist the City of Scottsbluff in marketing decisions regarding the subject property. The use of this appraisal by anyone other than the stated intended user, and for any other use than the stated use, is prohibited.

¹ The Dictionary of Real Estate Appraisal, 3rd Edition, Library of Congress Cataloging-in-Publication Data, Copyright 1993, by the Appraisal Institute, an Illinois Not for Profit Corporation, Chicago, Illinois, Page 140.

² From the OCC's Final Rule, 12 CFR Part 34, Subpart C-Appraisals, Section 34.42(f), effective August 24, 1990.

Date of Opinion of Value

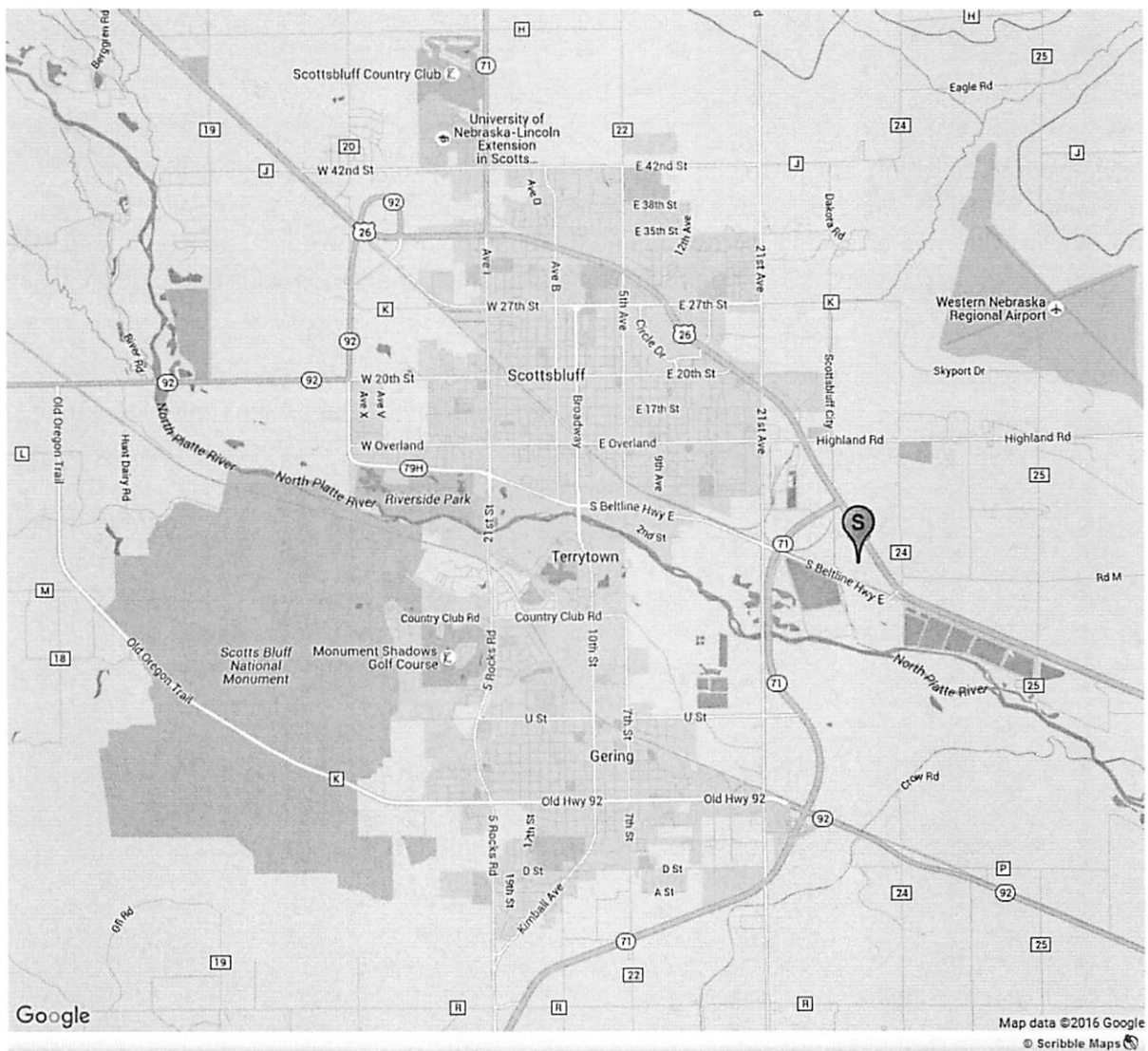
The effective date of the appraisal is February 23, 2016, the date the property was initially inspected for appraisal purposes. Appraisals have specific effective dates because the value of real estate is subject to change both up and down over time. The currently recognized value trend for the subject property is that of a stable market.

Identification of the Property

The subject property is Light Manufacturing & industrial zoned land adjoining the south side of Immigrant Trail Road, Gering, Nebraska. The legal description is:

Block 6, Immigrant Trail Subdivision, Scottsbluff, Scotts Bluff County, Nebraska

Location Map



Statement of Ownership

The subject property is currently owned by the City of Scottsbluff for over the last three years and not been listed within three years of the effective date of appraisal. The Immigrant Trail Subdivision was developed by the City over 30 years ago.

Site Description

The subject parcel consists of 43.14 ± acres, according to county records and the client. The useable are of the site is 35.00 ± acres based on the reasoning presented in the next paragraph. The useable acres were calculated from a mapping program. The configuration of the site is irregular.

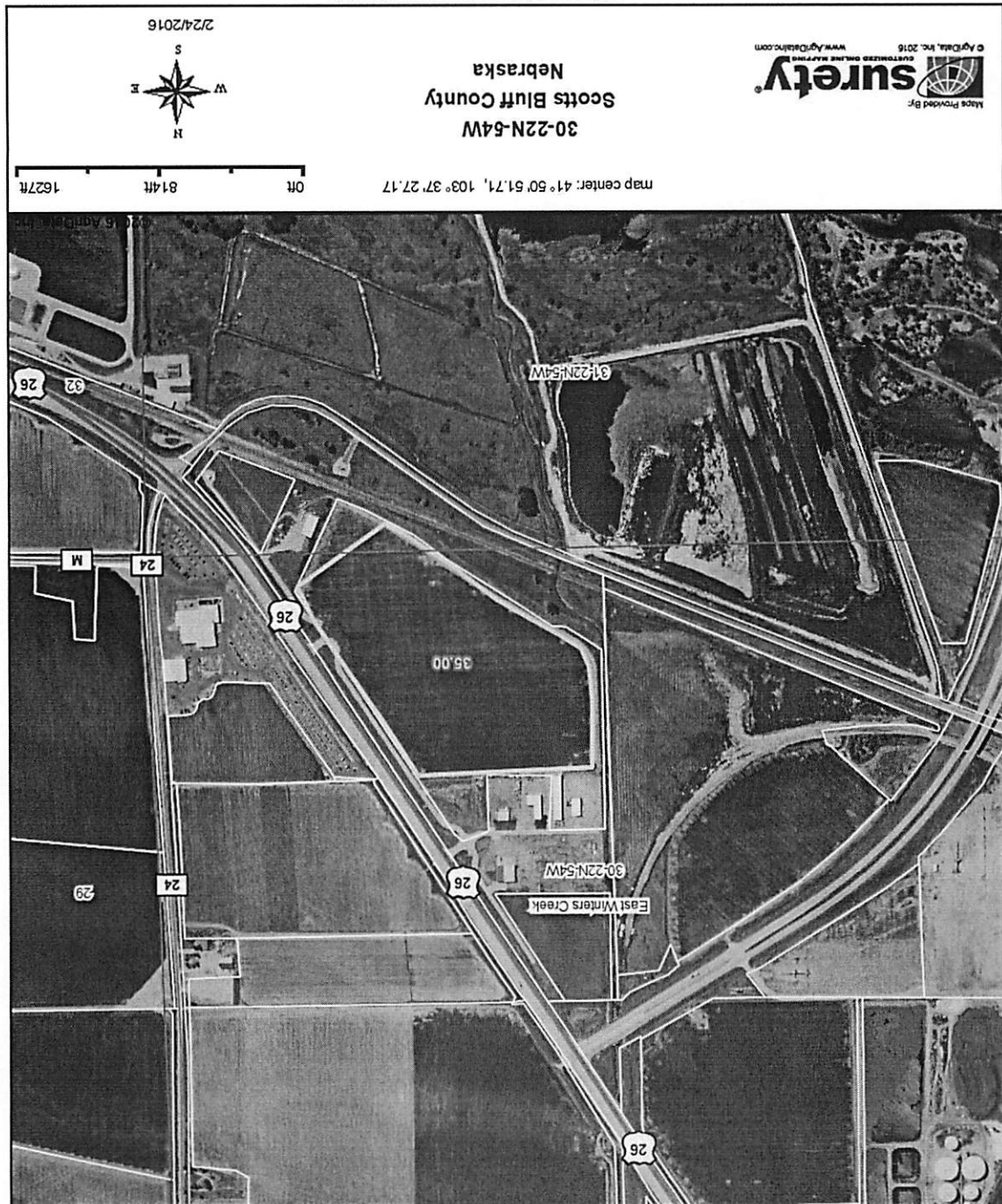
The land is generally mostly level with and is being farmed. No problem drainage areas were noted, except in the easement areas. Access is from Immigrant Trail Road and connects to Highway #26. The appears to be access from the north via a public way at the very northwest portion of the site. There is a 150" water and utility easement along the west portion of the site and small amount of the south portion of the site with it turning into a 20' utility easement.

No soils report was provided to the appraiser, consequently, sub-soil conditions are unknown and it is assumed that no unusual or detrimental soil conditions exist. Our inspection of the surrounding properties revealed no settlement or soil problems. There are normal utility easements.

All public utilities that are available to the site include: water, sewer, electricity, natural gas and telephone. Overall, the appraiser rates the site as a suitable location for an industrial/commercial use such as allowed by zoning regulations.

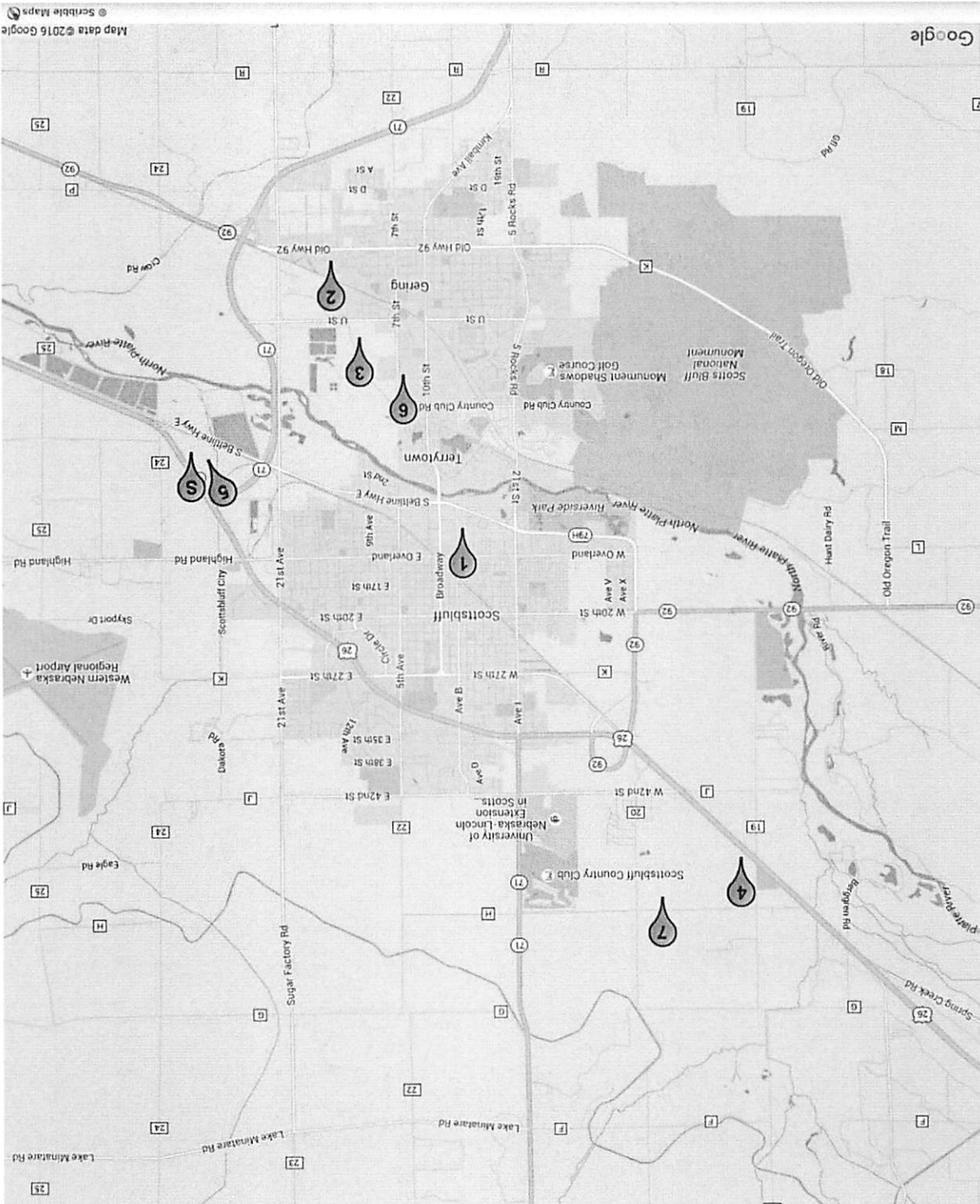
Off-Site Improvements

Immigrant Trail Road is a paved two lane street that is a frontage road paralleling Highway #26. There are curbs and gutters. A graveled alley parallels the northern portion of the site.



Aerial Map

Useable Area Map



Map of Comparable Sales

Summary of Land Sales							
Sale #	Location	Zoning	Sale Date	Cash Equivalent Price	Lot Size (Acre)	Price/Acre	Remarks
1	818 Avenue B, Scottsbluff, Nebraska	"C-3"	Oct-10	\$100,000	11.57	\$8,643	Purchased for future development
2	210 "M" Street, Gering, Nebraska	"ML"	Sep-14	\$135,000	14.27	\$9,460	Purchased for future development
3	220416 Reed Farms Drive, Gering, Nebraska	"MH"	Feb-15	\$47,600	4.76	\$10,000	Purchased for future development
4	NEC of Hwy #26/CR 19, Scottsbluff, Nebraska	C-3	Sep-13	\$50,000	4.64	\$10,776	Purchased for future development
5	Earnst Street/Immigrant Trail Rd., Scottsbluff, Nebraska	"M-1"	Jan-16	\$25,000	2.54	\$9,843	Purchased for future development
6	SWC of 7th Street/Lockwood Road Gering, Nebraska	"MH"	Nov-15	\$48,200	4.11	\$11,727	Purchased for future development
7	Hwy #26/CR 19, Scottsbluff, Nebraska	"MH"	Jun-15	\$600,000	111.36	\$5,388	Purchased for future development
Totals				\$1,005,800	153.25	\$65,837	
Average Mean						\$9,405	
Weighted Average						\$6,563	
Subject							
F17A1:117A2:H17.	Immigrant Trail Road, Scottsbluff, Nebraska	"M-1"			43.14 Acres; 35.00 Usable Acres		

Adjustments – Comparable Sales

The previously recited sales are the most recent available to the appraiser of properties most similar and proximate to the subject and has considered these in the Sales Comparison Approach. The description includes a dollar adjustment, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable is superior to, or more favorable than the subject, a minus (-) adjustment is made, thus reducing the indicated value of the subject; if a significant item in the comparable is inferior or less favorable than the subject, a plus (+) adjustment is made, thus increasing the indicated value of the subject.

Adjustments to the Land Sales							
	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	Sale #7
Price/Acre	\$ 8,643	\$9,460	\$10,000	\$10,776	\$9,843	\$11,727	\$5,388
Time/Condition of Sale	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0
Price/Acre	\$10,143	\$9,460	\$10,000	\$10,776	\$9,843	\$11,727	\$5,388
Location	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Size	-\$1,500	-\$1,500	-\$2,500	-\$2,500	-\$2,500	-\$2,500	+\$1,000
Access	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	+\$1,000
Zoning	\$0	\$0	\$0	\$0	\$0	\$0	+\$1,000
Site Utility	\$0	\$0	+\$1,500	\$0	\$0	\$0	+\$1,000
Adjusted Price/Acre	\$8,643	\$7,960	\$9,000	\$8,276	\$7,343	\$9,227	\$9,388

Discussion of Adjustments to the Land Sales:

The sales used were the most recent available to the appraiser at the date of appraisal in Scottsbluff/Gering. The explanation of adjustments is as follows:

Time/Conditions of Sale:

The sales were recent enough not to require an adjustment for time, except Sale #1 that required an upward adjustment for time. The sales were all arm's length transactions and did not require an adjustment for conditions of sale.

Location:

All the sales were considered to be equal in location.

Size:

Sales #1, #2, #3, #4, #5 and #6 were all smaller than the subject in varying degrees and required a downward adjustment for this item. Sale #7 was larger than the subject and required an upward adjustment for this item.

Discussion of Adjustments (continued)

Utilities

Sale #7 would require an upward adjustment for utilities.

Zoning

Sale #7 would require an upward adjustment for zoning when paired with the other sales.

Site utility

Sale #3 had a lot of powerline easements and some irrigations canals and was inferior in site utility to the subject and required an upward adjustment for this item.

Other Adjustments:

Other adjustments were offsetting or negligible.

The adjusted sales indicate a refined range from \$8,000/acre to \$9,000/acre.

After taking all factors of comparability into consideration, a final price of \$8,500/acre was considered appropriate in the valuation of the subject land.

Recreational Land Value

35.00 Useable ± Acres at \$8,500/ Acre = \$297,500

RECONCILIATION AND FINAL OPINION OF VALUE

The subject value estimates of the fee simple interest developed by using one of the three traditional approaches to value as presented in this report are:

Sales Comparison Approach ■■■■ \$297,500

Sales Comparison Approach

The Sales Comparison Approach is often considered the most reliable indicator of market value, as it best reflects interactions within the market between buyers and sellers. Where substantial market data exists, the Sales Comparison Approach tends to be the best indicator of value and the most frequently relied upon by investors and many other market participants. Overall, the Sales Comparison Approach is considered to be a good indicator of value.

Final Opinion of Value

The Sales Comparison Approach was given the most consideration since the subject is a vacant land.

As a result of an inspection of the subject and analysis of pertinent data, it is my opinion that the market value of the fee simple interest of the subject property "as is", as of February 23, 2016 was:

\$297,500