

TYPE OF APPRAISAL: Appraisal Report

Parcel Number: L-Y-016

Owner: State of Arizona

Property Location: Avenue 3E north of 24<sup>th</sup> Street  
Yuma, Arizona 85365

Project Number: M6975 01X

Highway: Avenue 3E Highway

Section: Jct. US 80 – Interstate 8

Date of Report: June 1, 2018

Date of Value: May 1, 2018

Appraiser: Timothy A. Haskins, ASA  
Arizona Certified General Real Estate Appraiser No. 30668

# FIRST APPRAISAL SERVICES

An Appraisal Report for the Valuation of  
a Vacant Tract of Land

Owned by  
State of Arizona

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**Location of Property to be Appraised:**

Avenue 3E north of 24<sup>th</sup> Street  
Yuma, Arizona 85365

**Report Dated:**

June 1, 2018

**Effective Date:**

May 1, 2018

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**Prepared for:**

Arizona Department of Transportation  
Right of Way Operations Section  
205 S. Seventeenth Avenue  
Room 331, Mail Drop #612E  
Phoenix, Arizona 85007

**Prepared by:**

Timothy A. Haskins, ASA  
*Arizona Certified General  
Real Estate Appraiser #30668*

First Appraisal Services, PLC  
3420 E. Shea Boulevard, Suite 200  
Phoenix, Arizona 85028

602.264-0011  
info@azfas.com

**Reference:**

FAS 1.18-2737.00

Project: M6975 01X  
Highway: Avenue 3E Highway  
Section: Jct. US 80 – Interstate 8  
Parcel: L-Y-016



# FIRST APPRAISAL SERVICES

3420 E. Shea Boulevard, Suite 200 | Phoenix | Arizona | 85028  
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June 1, 2018

Mr. Jim Walcutt  
Review Appraiser  
Arizona Department of Transportation  
Right of Way Operations Section  
205 S. Seventeenth Avenue  
Room 331, Mail Drop #612E  
Phoenix, Arizona 85007

RE: Project: M6975 01X  
Highway: Avenue 3E Highway  
Section: Jct. US 80 – Interstate 8  
Parcel: L-Y-016

Dear Mr. Walcutt:

In accordance with your request and authorization, I have prepared an appraisal of the property referenced above. I am pleased to present the narrative Appraisal Report transmitted by this letter, containing pertinent data related to the valuation of the property appraised.

The subject property is a 1.654-acre tract of land located on the east side of Avenue 3E north of 24<sup>th</sup> Street in the City of Yuma. A physical inspection of the property was made on May 1, 2018, with representatives of the property owner present.

The purpose of this appraisal is to estimate the market value of the property identified herein. The intended use of this appraisal is to assist in decisions regarding the possible sale or disposal of the property being appraised. The effective date for this appraisal assignment is May 1, 2018.

This appraisal report has been written in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation, the Code of Ethics of the American Society of Appraisers, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24, and the guidelines and standards of the Arizona Department of Transportation.



Mr. Jim Walcutt  
Arizona Department of Transportation  
June 1, 2018

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The opinion of market value as defined and expressed herein is subject to the Underlying Assumptions and Limiting Conditions set forth in this report, as well as the appraiser's certification. There have been no hypothetical conditions made for this appraisal assignment. This appraisal assignment is made under the extraordinary assumption that the property being appraised has legal and physical access. The use of this extraordinary assumption might have affected the assignment results.

As a result of my investigation and study, I am of the opinion that the market value of the fee simple estate of the appraised property, as of May 1, 2018, is:

**NINETY-FOUR THOUSAND DOLLARS**

**\$94,000.00**

Thank you for the opportunity to be of service to you. If you have any questions or if we may be of any further assistance in this matter, please do not hesitate to call or write this office.

Respectfully submitted,

FIRST APPRAISAL SERVICES

Timothy A. Haskins, ASA  
Arizona Certified General Real Estate Appraiser No. 30668

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- B Subject Photographs
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# Summary of Salient Facts and Conclusions

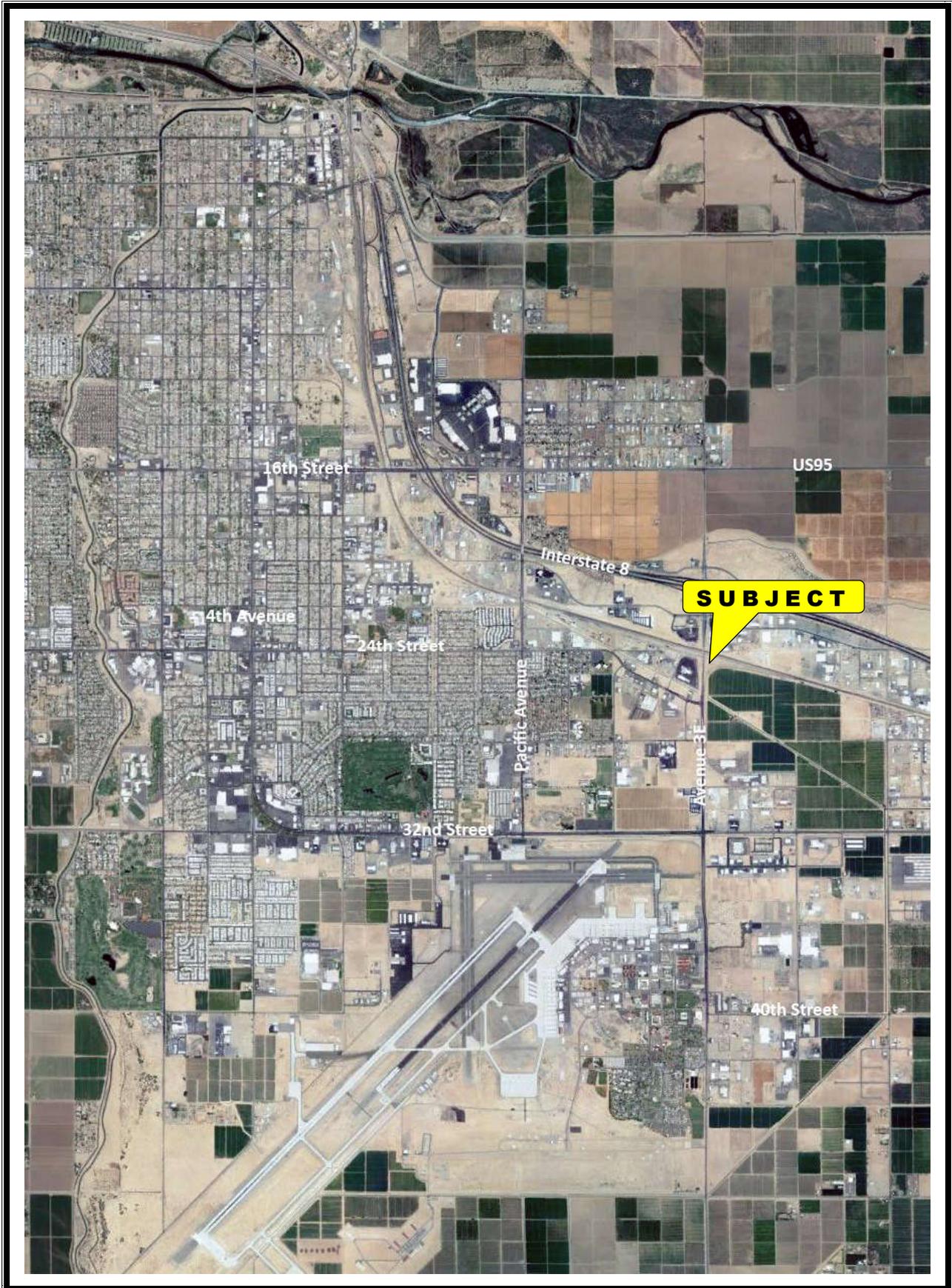
Client	Arizona Department of Transportation		
Client Reference	Project:	M6975 01X	
	Highway:	Avenue 3E Highway	
	Section:	Jct. US 80 – Interstate 8	
	Parcel:	L-Y-016	
Date of Report	June 1, 2018	Limiting Conditions	See Addendum A
Report Format	Appraisal Report	Certification	See Page 43
Intended Use	Assist in the possible sale or disposal of the subject property		
Intended User(s)	Arizona Department of Transportation and Federal Highway Administration		

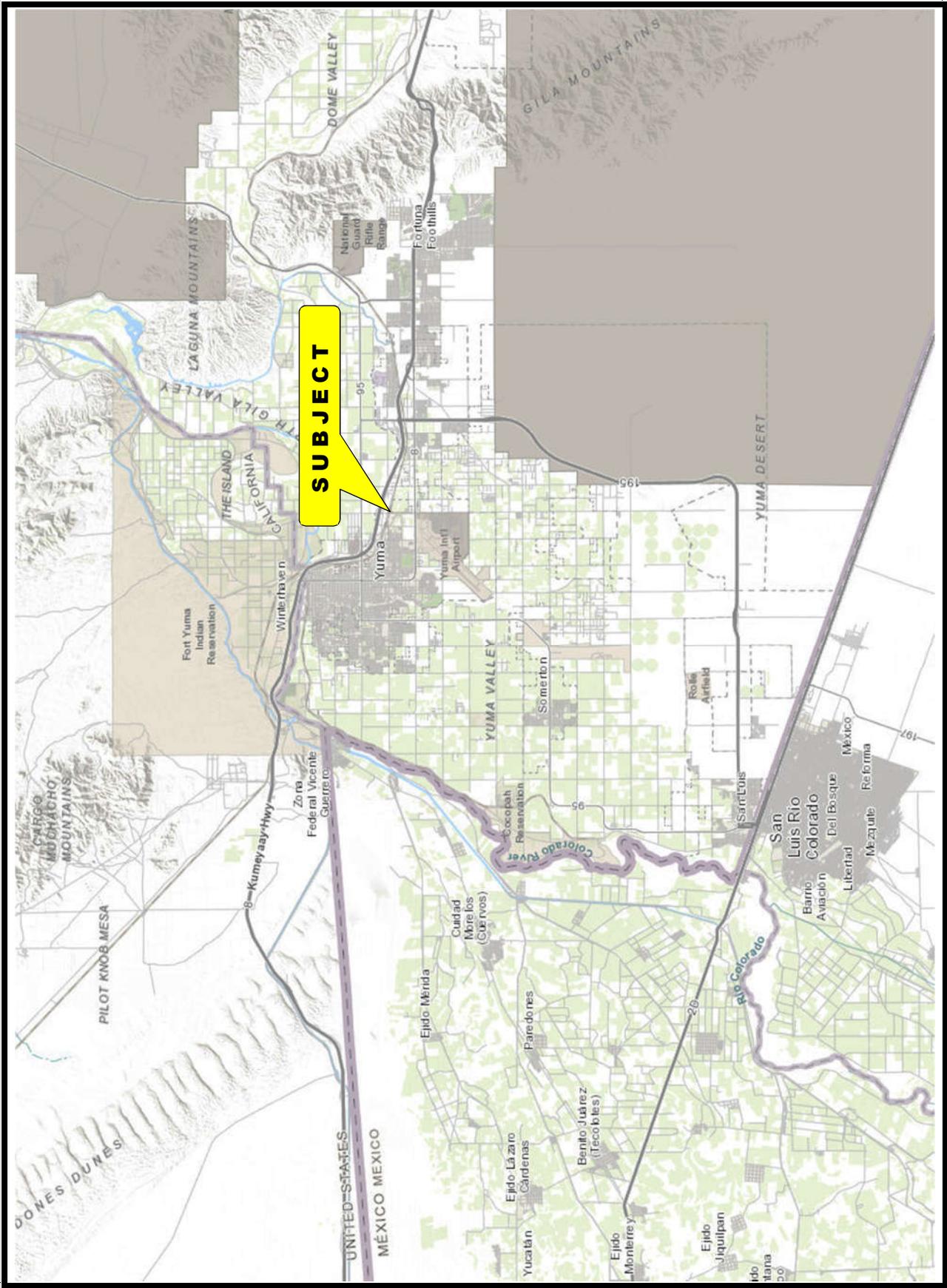
## Property Information

Ostensible Owner	State of Arizona		
Location of Property Street Address	Avenue 3E north of 24 <sup>th</sup> Street		
	None Given	County	Yuma
	Yuma, Arizona 85365		
	Section/Township-Range	1/9S-23W	
Assessor Parcel Number(s)	Unassessed		
Site Area	72,066 square feet	Zoning District(s)	H-I   APZ-2
	1.654 acres		City of Yuma
		Flood Zone	Zone X
Present Use	Vacant Land		
Highest and Best Use:			
As If Vacant:	Storage Yard		

## Valuation Information

Effective Date	May 1, 2018		
Extraordinary Assumptions	See page 5	The use of the hypothetical conditions and extraordinary assumptions stated in this report might have affected the assignment results.	
Hypothetical Conditions	None		
Valuation Summary	Sales Comparison Approach .....		\$94,000.00
	Income Approach .....		Not Applicable
	Cost Approach .....		Not Applicable
Fee Simple Interest	Conclusion of Value		\$94,000.00







# INTRODUCTION

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## Purpose and Scope of the Appraisal

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### **Purpose**

The purpose of this appraisal is to estimate the market value of the property identified on page 7, hereinafter referred to as the “subject property”. The intention of this appraisal service was that it was to be performed in such a manner that the results of the analysis, opinion, or conclusion would be that of a disinterested third party.

### **Intended Use and User**

The intended use of this appraisal is to assist in decisions regarding in the possible sale or disposal of the property being appraised. The Arizona Department of Transportation and the Federal Highway Administration are the intended users of this appraisal.

### **Definition of Value**

The decision of what value is being estimated is determined, at least in part, by the function of the appraisal and affects the scope of the appraisal. Different types of value that may be considered include market value, value in use, going-concern value, investment value, assessed value and insurable value. In light of the purpose of this appraisal, market value will be estimated in this appraisal and is defined as follows:

For the purposes of this article, “market value” means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.

Arizona Revised Statute 28-7091 [Title 28 Chapter 20 Article 6]

### *Exposure Period*

The definition of exposure time used in this report is in accordance with the Appraisal Standards Board of the Appraisal Foundation. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market, and is defined by the Appraisal Board as the,

estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.<sup>1</sup>

Based upon an analysis of the general market area and sales of similar property types in the area, normal exposure time for properties similar to the subject appears to be within a twelve month time period.

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<sup>1</sup> Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition, The Appraisal Foundation

## Date of Valuation

The significant dates utilized in this report are summarized in the table to the right. The effective date of this appraisal, which is the date of valuation, is the most recent date of physical inspection by the appraiser.

Effective Date: .....	<u>May 1, 2018</u>
Date of Inspection: .....	<u>May 1, 2018</u>
Date of Report: .....	<u>June 1, 2018</u>

## Property Rights Appraised

In the appraisal of real property, there are many concepts that must be understood and applied. One of these concepts relates to the rights inherent in the ownership of real property.

Real property appraisal involves not only the identification and valuation of a variety of different rights, but also the analysis of the many limitations on those rights, and the effect that the limitations have on value.<sup>2</sup>

The fee simple title is regarded as an estimate without limitations or restrictions. Partial interests are created by selling, leasing, or otherwise limiting the “bundle of rights” in the fee simple estate, resulting in something less than the complete fee simple estate. An appraisal assignment may require the appraisal of fee simple title or a partial interest such as a leasehold estate or an easement. The three most common types of property rights involved in the appraisal process are defined below.<sup>3</sup>

**Fee simple estate** absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

**Leased fee estate** the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

**Leasehold estate** the right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

The appraisal of the fee simple interest in the subject property is being presented in this report, subject to “Schedule B” of the right of way disposal report prepared for the subject property. Since there are no leases affecting the ownership of the subject property, there is no leased fee or leasehold estate to be considered.

## Scope of Work

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The appraisal process is an orderly set of procedures that is undertaken to solve a problem concerning the value of real estate. These procedures help direct an appraiser to identify the particular appraisal problem and lead to reporting its solution to the client. The initial step in this process is the definition of the appraisal problem. This is accomplished through the identification of the real estate, the date of value to be utilized, the property rights to be appraised, and the type of value sought to be estimated.

<sup>2</sup> *The Appraisal of Real Estate*, 14<sup>th</sup> ed. (Chicago: Appraisal Institute, 2013) p70

<sup>3</sup> *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015) p90 and p128

After the appraisal problem is identified, general data on the market and the subject property is collected. This data includes information about the state, county, city, neighborhood, and the subject site and improvements. This information is then examined to conclude a highest and best use of the property being appraised. It is also during this stage in the process that any potentially applicable comparable cost, rental and sales market data is collected for analysis in the valuation of the subject property.

### *Area Analysis*

Research during the preparation of this appraisal included a regional analysis as well as analysis of the more immediate area surrounding the subject property. Primary sources of information are cited within the body of this report and include the United States Census Bureau, the United States Department of Labor and Center for Business Research, the Arizona Department of Commerce, the Arizona Department of Economic Security, the Arizona State University Center for Real Estate Theory and Practice, the Eller College of Management Economic and Business Research Center at the University of Arizona, and various local and regional business publications. Neighborhood data was gathered from the City of Yuma, as well as from a physical inspection of the area.

### *Property Description*

Primary sources of information regarding the description of the subject property include a physical inspection of the property by the appraiser on May 1, 2018. Zoning information and information relating to the availability of utility infrastructure was provided by the City of Yuma. Title information is based upon the Right of Way Disposal Report provided by the Client. Other sources of information utilized in this appraisal include the Office of the Yuma County Recorder, Yuma County Treasurer and Yuma County Assessor, and the Federal Emergency Management Agency.

### *Market Data Information*

The market data used in this appraisal was collected, in part, from real estate agents and brokers who are knowledgeable of the subject marketplace, local and regional publications, and the Yuma Association of Realtors Multiple Listing Service. The appraiser researched comparable market transactions occurring within the subject market area, and found sufficient data to estimate a reliable value of the subject property under appraisal. The market search for similar properties was specifically concentrated in the southeastern Yuma area. The analysis of the market incorporated both historic and current data.

After all the data is gathered, an analysis of the market and subject property is undertaken. This is done to gain an understanding of the market and subject property so that informed conclusions as to the value of the subject property can be formulated. One of the primary objectives of this analytical process is to assist the appraiser in determining the highest and best use of the subject property, as if vacant and as improved, if applicable. The data and analysis is then applied to the three traditional approaches to value: the cost approach, the sales comparison (or market) approach, and the income capitalization approach, if applicable.

The final step in the appraisal process is the reconciliation or correlation of the conclusions derived from the approaches to value utilized. In the reconciliation, the appraiser considers the relative applicability of each of the approaches and then examines the range provided by the indications of value from each applicable approach to value. The appraiser must consider the strength and weaknesses of each approach and the reliability of each indicator as it relates to the subject property. The final value estimate may be stated as a single figure, a range, or a combination of both.

Under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice, an appraiser may communicate the results of an appraisal in either an “Appraisal Report” or a “Restricted Appraisal Report”. The primary difference between the report formats is who may rely on the appraisal. The *Appraisal Report* format was chosen for this appraisal assignment. The depth of discussion presented in this report is based upon the scope of the appraisal assignment and the stated intended use and users.

The scope of this report includes the accumulation and analysis of pertinent and sufficient market data in order to employ a meaningful and appropriate valuation methodology in the appraisal of the fee simple interest in the property that is the subject of this report. This appraisal report is written in accordance with the guidelines and standards of the Uniform Standards of Professional Appraisal Practice, the Code of Ethics of the American Society of Appraisers, and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24, and the Arizona Department of Transportation.

## Limiting Conditions

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The underlying assumptions and limiting conditions pertaining to this report are contained in the Certificate of Appraiser on page 43 and Addendum A to this report. These assumptions and limiting conditions are an integral part of the report and are only placed at the end to facilitate reading of the report, not to minimize their importance.

## Extraordinary Assumptions and Hypothetical Conditions

The Appraisal Foundation defines an *extraordinary assumption* as, “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>4</sup> This appraisal is prepared under the following extraordinary assumptions:

1. the property being appraised has legal and physical access from Avenue 3E.

A *hypothetical condition* is, “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis”, as defined by The Appraisal Foundation<sup>5</sup>. The opinions and conclusions as stated within this report are not based upon any hypothetical conditions.

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<sup>4</sup> Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition, The Appraisal Foundation

<sup>5</sup> Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition, The Appraisal Foundation



## **FACTUAL DATA**

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## Identification of the Real Estate

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The first step in the appraisal process is the definition of the appraisal problem, which includes the identification of the real estate to be appraised. There are several ways to identify a property, including by reference (if the property is named), by address and by the identity of a physical entity in a legal description.

The purpose of this section of the report is to identify the property only. A physical description of the property to be appraised can be found later in this report beginning on page 19 of this report. The property that is the subject of this report may be commonly identified as follows:

Location.....	Avenue 3E north of 24 <sup>th</sup> Street
Street Address .....	None Given
City, State, ZIP .....	Yuma, Arizona 85365
Assessor Parcel Number(s) .....	Unassessed

Legal Description<sup>6</sup>

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A portion of the Northwest quarter of Section 1, Township 9 South, Range 23 West, of the Gila and Salt River Base and Meridian, Yuma County, Arizona

**Figure 1 – Property Identification**



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<sup>6</sup> The full legal description of the property to be appraised is lengthy and can be found within the Right of Way Disposal Report which is included in the addenda to this report.

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## Ownership and Occupancy

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### Ostensible Owner

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According to public records, the State of Arizona, by and through its Department of Transportation, holds title to the subject property as of the date of valuation.

### Five Year Sales History

Investigation of the public records fails to reveal any arms-length transactions involving the subject property within five years of the date of valuation. The current vesting of the subject property is established by Final Order of Condemnation in Civil Case No. 38323 of the Arizona Superior Court, Yuma County, recorded June 21, 1978, in Docket 1043, at page 886. The appraiser has not discovered any evidence indicating that the subject property is currently offered for sale.

### Occupancy

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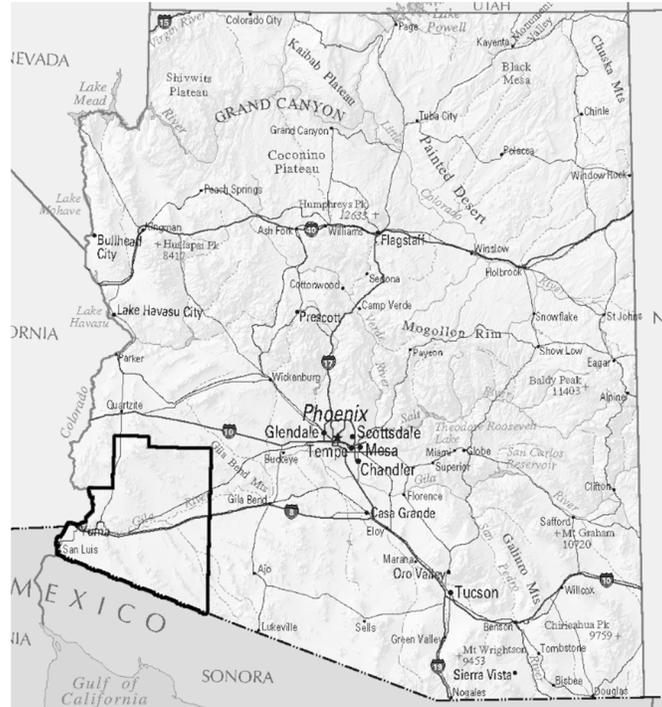
When analyzing the bundle of rights inherent to the subject property, tenancies of the property must be examined. Tenancy is created when real estate ownership is divided into property interests. This can result from co-ownership of real estate, or when the right to use and occupy a property is conveyed through a lease. The occupancy of the property to be appraised as of the effective date of this appraisal is as follows:

- Vacant Land
- Unoccupied
- Owner-occupied
- Tenant-occupied

## Regional Analysis

### Location

Figure 2 – State Map



The sunbelt state of Arizona is among the fastest growing in the nation with the majority of new residents moving into the metropolitan Phoenix area. Known informally as the “Valley of the Sun”, this area covers only eight percent of the state’s 113,909 square miles but encompasses most of the urban core of Maricopa County where 60 percent of Arizona’s population lives. This large population base exerts considerable economic and political influence over the balance of the state and contributes to making metropolitan Phoenix the largest trade center in the southwestern United States. Phoenix is the Arizona state capital.

Geographically, Arizona can be generally divided into three physiographic regions. Much of the northern portion of the state is a semi-arid, mostly flat region of the Colorado Plateau. This region ranges in elevation between 5,000 and 8,000 feet in elevation. The southern edge of the plateau is defined by the Mogollon Rim which extends from northern Yavapai County eastward into New Mexico. The southern portion of the state, as well as a strip of land in the northwest part of the state, is within the Basin and Range Province region. This part of Arizona is characterized by wide desert plains alternating with steep, linear mountain ranges. Between the Basin and Range Province and the Colorado Plateau is a region of rugged mountainous terrain. This region, the Transition Zone, shares characteristics of the two other regions. Yuma County is located in the southwest corner of state and within the Basin and Range region.

## Population

Based upon the 2000 decennial census performed by the U.S. Bureau of Census, Arizona has a population 5,130,247 persons. The population of Arizona increased by 40.0% over the 3,665,228 estimate made in the 1990 census. Only the population of Nevada grew at a faster rate than Arizona during this decade.

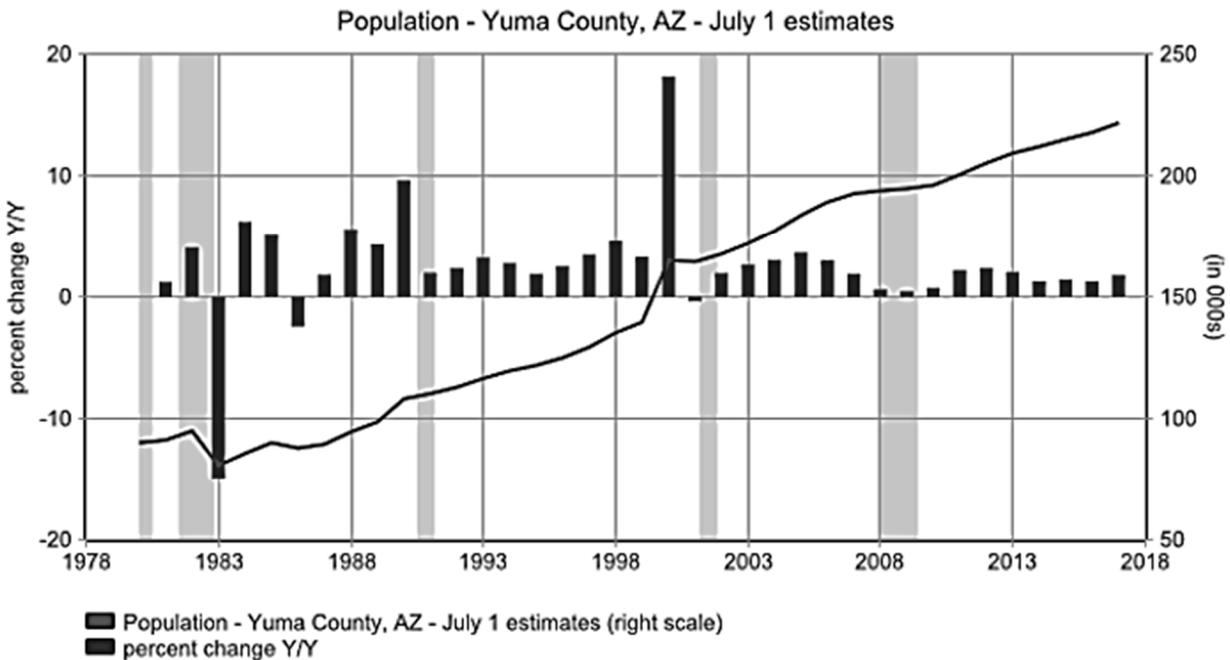
Arizona currently ranks as the 14<sup>th</sup> largest state. The 2016 Census population estimate for the State of Arizona by the U.S. Census Bureau is 6,931,071.

Figure 3 – Historical Decennial Population Estimates<sup>7</sup>

	Arizona	Yavapai County
Census Estimates		
2010	6,392,017	211,033
2000	5,130,247	168,608
1990	3,665,228	107,714
1980	2,718,215	68,145
1970	1,770,900	36,733
1960	1,302,161	28,912

The most recent population estimates for Yuma County published by the U.S. Census Bureau is 207,534 persons. In the decade between 1980 and 1990, the population of Yuma County increased by approximately 18%, but the growth rate has increased to approximately 50% and 28% in the most recent two decades. There are a number of population centers in Yuma County, with the City of Yuma being the largest with a 2016 population estimate of 101,620. Other leading population centers include San Luis, Somerton and Wellton. More than 64,000 of the county's residents live in unincorporated areas of Yuma County.

Figure 4 – Yuma County Population Trends



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<sup>7</sup> Source: U.S. Census Bureau, American FactFinder

## Economic Trends

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The state gross domestic product (GDP) is the sum of gross state product originating from all industries in Arizona. This is a measurement of the State's output, which was estimated to be \$161,792 million in 2000. The Arizona GDP, the counterpart to the national gross domestic product, had been increasing prior to 2007. By 2008, the Arizona GDP had increased to \$261,128 million, but decreased to \$245,216 million in 2009. The Arizona GDP has been increasing since 2009 to its current level of \$321,635 million in the third quarter of 2017, providing an indication of an economic recovery.<sup>8</sup> According to the Bureau of Economic Analysis website,

Real gross domestic product (GDP) increased in 47 states and the District of Columbia in the fourth quarter of 2017, according to statistics on the geographic breakout of GDP released today by the U.S. Bureau of Economic Analysis. The percent change in real GDP in the fourth quarter ranged from 5.2 percent in Texas to -1.3 percent in North Dakota.

Mining and construction were the leading contributors to the increase in real GDP in Texas, the fastest growing state (table 2). Agriculture, forestry, fishing, and hunting subtracted from growth in North Dakota and South Dakota—the only two states with decreases in fourth quarter real GDP.

- Durable goods manufacturing increased 7.2 percent nationally and contributed to growth in every state and the District of Columbia. This industry was the leading contributor to the increases in real GDP in five of the ten fastest growing states.
- Construction increased 8.4 percent nationally and contributed to growth in 49 states and the District of Columbia. In addition to Texas, this industry also made a notable contribution to the increase in real GDP in Florida.
- Professional, scientific, and technical services increased 4.2 percent nationally and contributed to growth in every state and the District of Columbia.
- Mining increased 10.0 percent nationally—the fifth consecutive quarter of growth. In addition to Texas, this industry made notable contributions to the increases in real GDP in Oklahoma and Alaska.
- Agriculture, forestry, fishing, and hunting decreased 1.7 percent nationally—the fifth consecutive quarterly decline. This industry subtracted from growth in all the Plains states.

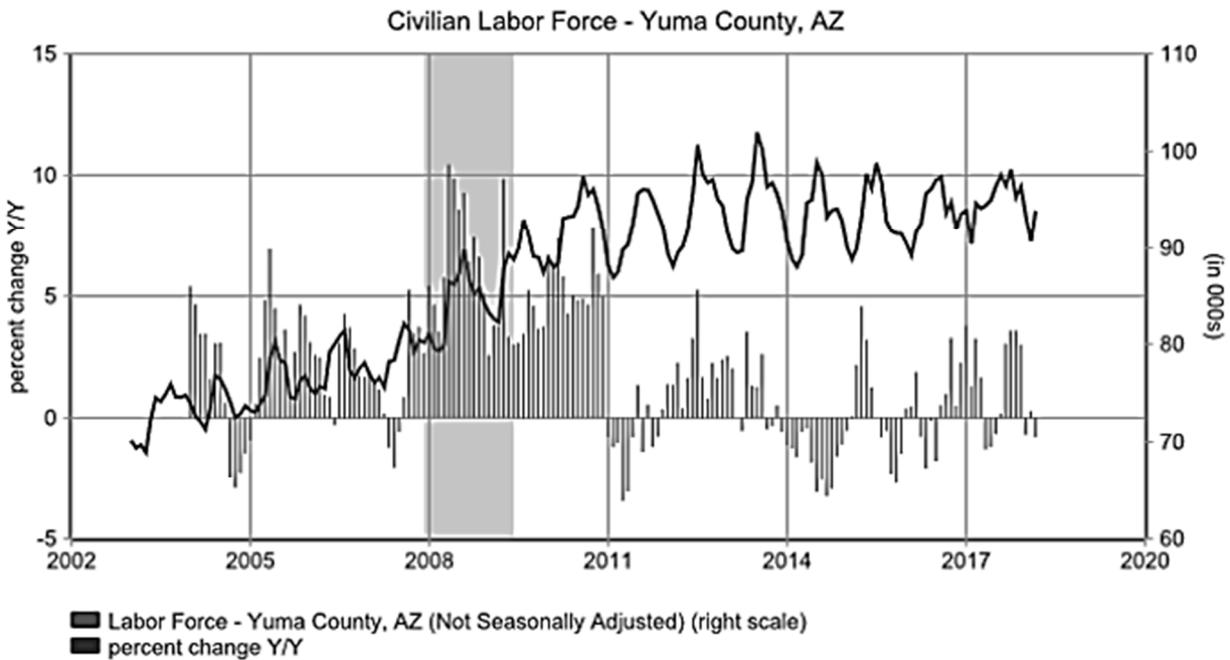
The historical principal industries in Arizona have been agriculture, mining, trade and services. Through the years, there has been a shift in the State's industrial structure, with significant declines in mining and agriculture in relation to other sectors. Agriculture and mining remain significant forces in the local economy of some parts of rural Arizona. Agriculture is a multi-billion dollar industry for the Yuma economy. Beyond agriculture, the military has a long history with the Yuma area and is also responsible for hundreds of millions of dollars contributed to the local economy.

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<sup>8</sup> United States Department of Commerce, Bureau of Economic Analysis;  
[https://www.bea.gov/newsreleases/regional/gdp\\_state/qgsp\\_newsrelease.htm](https://www.bea.gov/newsreleases/regional/gdp_state/qgsp_newsrelease.htm);  
[https://www.bea.gov/newsreleases/regional/gdp\\_state/2018/xls/qgdpstate0518.xlsx](https://www.bea.gov/newsreleases/regional/gdp_state/2018/xls/qgdpstate0518.xlsx)

## Labor Force and Employment

Figure 5 – Yuma County Labor Force and Unemployment Rate



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Labor Force - Yuma County, AZ (not seasonally adjusted)	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
<i>Local Area Unemployment Statistics, Bureau of Labor Statistics</i>					
Civilian Labor Force	95,215	96,283	93,200	90,617	93,835
% Chg from Year Ago	3.57%	2.99%	-0.69%	0.27%	-0.78%
Employment	80,849	82,394	79,543	78,388	81,077
% Chg from Year Ago	6.00%	4.40%	-0.52%	0.47%	-1.10%
Unemployment	14,366	13,889	13,657	12,229	12,758
% Chg from Year Ago	-8.24%	-4.62%	-1.63%	-0.98%	1.24%
Unemployment rate	15.1	14.4	14.7	13.5	13.6

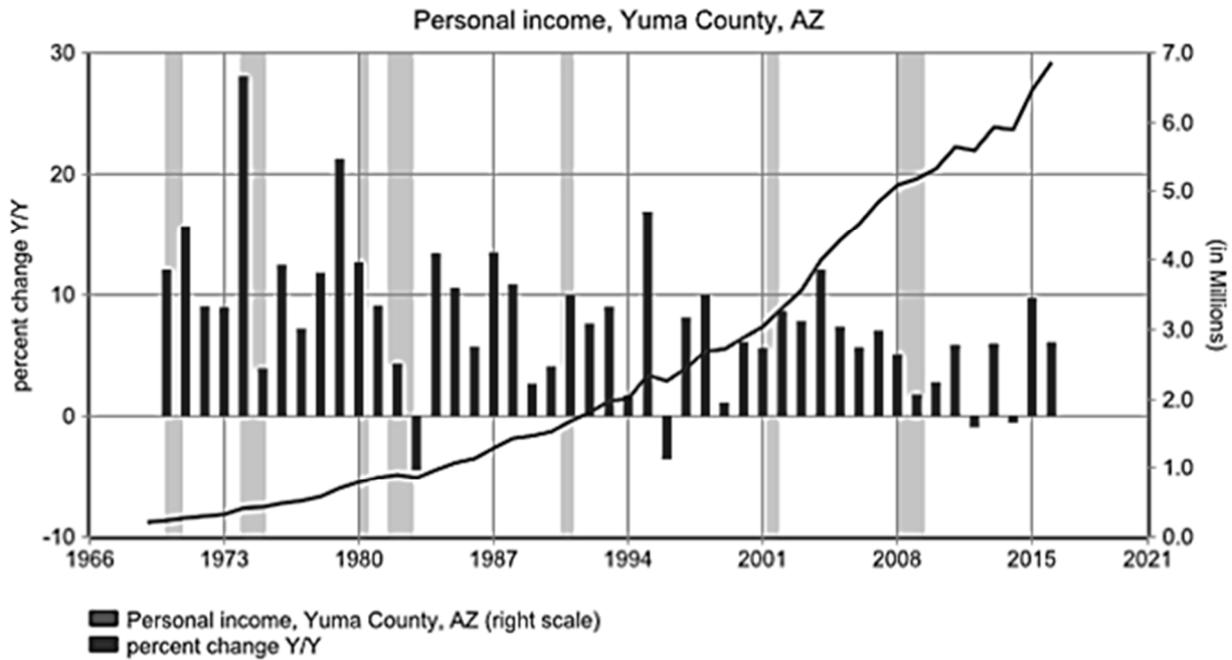
The preliminary average monthly statewide total civilian labor force in December 2017 was estimated to be 3,340,100 persons with an average unemployment rate of 4.5%<sup>9</sup>. The average monthly total civilian labor force was 96,238 for Yuma County, while the average unemployment rate was 14.4%. The unemployment rates for both the State and Yuma County were generally increasing between 2007 and early 2010, although the pattern of unemployment in Yuma County is very cyclical due to the agribusiness in the region.

<sup>9</sup> University of Arizona, Economic and Business Research Center;  
<https://ebr.eller.arizona.edu/current-indicators/arizona-us>;  
<https://ebr.eller.arizona.edu/current-indicators/arizona-counties/yuma-county>

## Income and Wages

Arizona’s nominal per capita personal income hit \$41,934 in 2017, according to the latest estimates from the University of Arizona Economic and Business Research Center. National per capita personal income was \$50,393. Arizona’s per capita personal income rose 2.3% from 2016 to 2017.<sup>10</sup>

Figure 6 – Yuma County Personal Income



Published by Economic and Business Research Center.

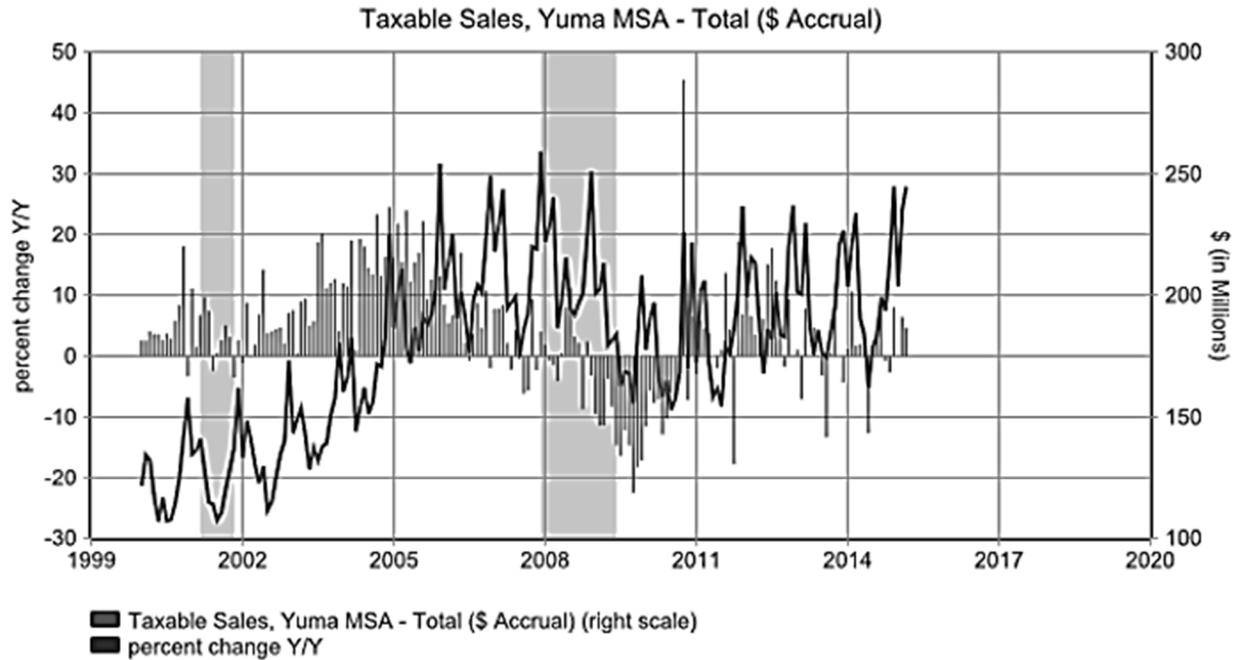
Powered by dataZoa

Income, Earnings, Wages - Yuma County, AZ	2011	2012	2013	2014	2015	2016
<i>Place of residence profile (\$000), Bureau of Economic Analysis</i>						
Total personal income	5,644,042	5,593,053	5,926,507	5,894,873	6,468,781	6,860,818
% Chg from Year Ago	5.88%	-0.90%	5.96%	-0.53%	9.74%	6.06%
<i>Derivation of income (000S)</i>						
Net earnings 1/	3,456,639	3,372,371	3,645,489	3,497,653	3,970,186	4,288,992
Personal current transfer receipts	1,397,697	1,372,871	1,402,425	1,487,697	1,568,192	1,597,607
Income maintenance 2/	205,895	210,421	210,902	213,313	220,996	219,088
Unemployment insurance compensation	111,111	93,125	60,954	39,649	36,875	33,784
Retirement and other	1,080,691	1,069,325	1,130,569	1,234,735	1,310,321	1,344,735
Dividends, interest, and rent	616,209					
<i>Per capita incomes (\$)</i>						
Per capita personal income 5/	27,866	27,666	29,361	29,023	31,755	33,365
% Chg from Year Ago	3.02%	-0.72%	6.13%	-1.15%	9.41%	5.07%
Per capita net earnings 5/	17,067	16,682	18,060	17,220	19,490	20,858

<sup>10</sup> United States Department of Commerce, Bureau of Economic Analysis; Table SA, Personal Income Summary: Personal Income, Population, Per Capita Personal Income

## Retail Sales

Figure 7 – Yuma County Taxable Sales



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Taxable Sales - Yuma MSA	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018
<i>Sales (\$, accrual), Arizona Department of Revenue</i>						
Total*	NA	NA	NA	NA	NA	NA
% Chg from Year Ago						
Contracting	NA	NA	NA	NA	NA	NA
Amusements	548,457	660,536	527,196	900,997	1,318,534	1,214,065
Hotel/Motel	3,607,325	4,469,978	5,343,001	5,018,351	4,180,410	5,843,800
Communications	NA	NA	NA	NA	NA	NA
Utilities	NA	NA	NA	NA	NA	NA
Retail Sales (Less food and gasoline)	111,164,756	120,353,380	126,860,384	149,015,072	174,031,567	139,056,770
Restaurant & Bars	21,620,570	22,579,592	21,075,930	24,034,996	26,823,985	26,006,951

\*This figure is the total for sales covered by the Transaction Privileged Tax as reported by the Arizona Department of Revenue. This figure does not include food or gasoline sales.

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## Forecast Data

**Figure 8 – State of Arizona Forecast**

Arizona Forecast	2017	2018	2019	2020	2021	2022
Personal Income (\$ mil)	290,823.3	306,886.0	324,365.6	343,221.2	362,554.7	382,650.8
% Chg from Year Ago	3.8%	5.5%	5.7%	5.8%	5.6%	5.5%
Retail Sales (\$mil)	100,077.0	103,878.0	108,502.0	114,149.0	119,154.0	124,431.0
% Chg from Year Ago	5.6%	3.8%	4.5%	5.2%	4.4%	4.4%
Total Nonfarm Employment (000s)	2,751.0	2,812.6	2,880.8	2,936.8	2,990.7	3,048.9
% Chg from Year Ago	1.7%	2.2%	2.4%	1.9%	1.8%	1.9%
Population (000s), July 1st estimates	6,965.9	7,077.9	7,192.0	7,306.7	7,421.9	7,537.5
% Chg from Year Ago	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%
Residential Building Permits (units)	38,566.7	44,440.3	44,956.4	45,239.5	45,461.3	45,632.6
% Chg from Year Ago	8.4%	15.2%	1.2%	0.6%	0.5%	0.4%

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George W. Hammond, Ph.D., EBRC Director with the Eller College of Management at The University of Arizona, reports,

The Arizona economy lost some momentum at the end of 2017, with job growth just below the national rate. Even so, the state continues to expand, adding jobs, residents, and income, although the pace is not impressive. The Phoenix metropolitan statistical area (MSA) continues to be the engine of growth for the state, although the Tucson MSA is contributing as well.

The Arizona Office of Economic Opportunity has released their latest population estimates. These data suggest continued solid population gains. Using consistent methods, Arizona's population growth was 1.5% last year. Phoenix added residents at a slightly faster pace, 1.7%, while Tucson's growth was slower, at 0.8%.

As long as the national expansion continues, Arizona is likely to sustain positive growth at rates similar to those we have seen during the recovery so far. National real GDP growth is expected to accelerate modestly this year and next and that will contribute to slightly stronger growth in Arizona as well. Overall, the state remains well positioned for growth.

### Arizona Outlook

The state outlook depends in part on national economic performance. If national growth speeds up, that tends to generate faster growth in Arizona, other things the same. The current national forecast comes from IHS Markit and was completed in January 2018. The forecast calls for the national economy to accelerate in 2018, with real Gross Domestic Product (GDP) growth hitting 2.7%. That would be well above growth in 2016 and 2017, at 1.5% and 2.2%, respectively.

Continued national growth translates into continued gains in Arizona. The forecast calls for state job growth accelerate modestly to 2.2% in 2018, from 1.7% last year. That would put Arizona job growth above the national average, but well below average growth during the 30 years before the Great Recession.

Sustained job gains in Arizona contribute to wage and income growth during the forecast. The forecast calls for income to rise by 3.8% in 2017, then accelerate to the 5.5%-5.8% range during the next three years. Tightening labor markets, and continued increases in the state minimum wage, contribute to faster wage and income growth.

Job gains also fuel increased net migration into the state. In turn, this is enough to modestly boost population growth from (method-consistent) 1.5% in 2017 to 1.6% per year during the next three years.

Population growth contributes to rising housing permit activity, which rises into the 45,000 permits per year range by 2020, where it stabilizes.

Overall, if the U.S. economy continues to grow, Arizona is likely to generate sustained gains in jobs, income, and population at rates above the national average. However, state growth is not likely to return to average rates experienced during the 30 years before the Great Recession.<sup>11</sup>

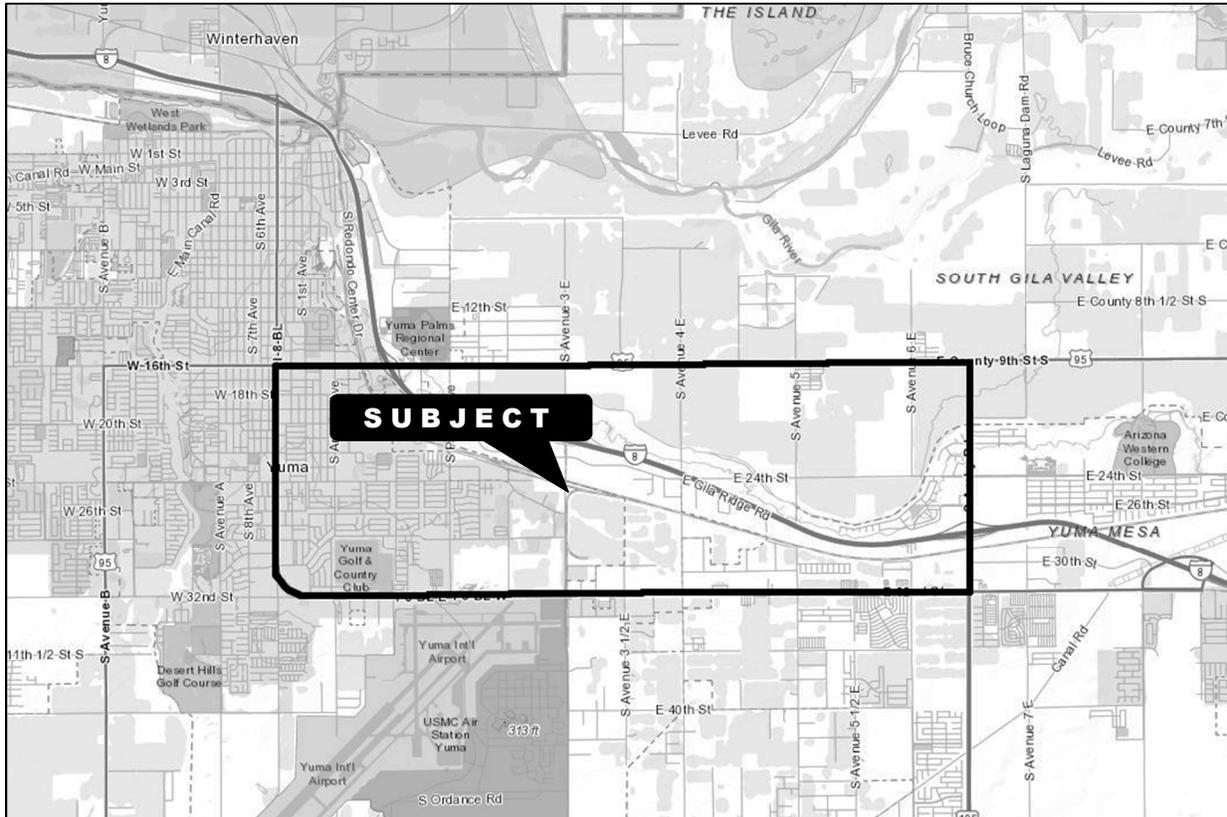
<sup>11</sup> [Arizona's Economy](http://www.azeconomy.org), April 5, 2018 Issue (www.azeconomy.org)

## Neighborhood Analysis

### Location

The subject property is located along the east side of Avenue 3E north of 24<sup>th</sup> Street along the Interstate 8 corridor in the City of Yuma. Situated approximately four miles southeast of the downtown central business district of the City of Yuma, the location of the subject property is graphically illustrated in Figure 9.

Figure 9 – Location Map



© Arizona State Land Department Parcel Viewer

The subject neighborhood can be described as being as a portion of the Interstate 8 corridor through the City of Yuma, bounded by US Highway 95 on the north, 32<sup>nd</sup> Street on the south, 4<sup>th</sup> Avenue on the west and Araby Road on the east. This area encompasses approximately 12 square miles within the City of Yuma and unincorporated areas of Yuma County. The boundaries of the subject neighborhood encompass an area considered influential on the property to be appraised, given the types, visibility, accessibility, utility and overall consistency and similarity of uses. The subject neighborhood represents only a portion of the market area.

The confluence of the Colorado River and Gila River is located at approximately just north of the subject neighborhood. The topography of the area is generally flat although the southern and western portions of the neighborhood are slightly higher in elevation on the Yuma Mesa.

## **Transportation**

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The network of principal and secondary streets throughout the greater Yuma area is well developed and provides the neighborhood convenient access. The primary arterial roadways across the subject neighborhood are based on a grid system, with major arterial roadways placed on one-mile intervals. These major roadways are generally paved multiple lane thoroughfares with traffic control signals as they intersect each other.

The primary east/west arterial roadways through the subject neighborhood are 16<sup>th</sup> Street/County 9<sup>th</sup> Street, 24<sup>th</sup> Street and 32<sup>nd</sup> Street. 16<sup>th</sup> Street/County 9<sup>th</sup> Street is also designated as US Highway 95. The primary north/south arterial roadways are 4<sup>th</sup> Avenue, Pacific Avenue, Avenue 3E and Araby Road. US Highway 95 provides access across the region between San Luis on the Mexican border to the south and Interstate 40 in northern Arizona, generally following the Colorado River. Araby Road is also designated as State Route 195 and provides an alternate route to San Luis.

Interstate 8 crosses the subject neighborhood from the east in a northwesterly direction and provides access to southern California from south central Arizona. Access to the freeway from the subject neighborhood is made by interchanges at Araby Road, Avenue 3E and 16<sup>th</sup> Street, while Pacific Avenue has an overpass.

In addition to the network of arterial roadways and the freeway system, the Union Pacific Railroad provides rail access to the subject neighborhood. The rail road generally follows an alignment parallel to and south of Interstate 8. Intercity rail passenger service is currently available in the metropolitan area with an Amtrak station located near the downtown central business district.

Public air transportation for the subject neighborhood is provided primarily by Yuma International Airport located south of the subject neighborhood at the southwest corner of Avenue 3E and 32<sup>nd</sup> Street. The airport has four runways and one domestic terminal. The airport is a shared facility with the United States Marine Corps, which operates the air traffic control tower. The tower is generally open from 7:30 am to 10:30 pm, and the airport operates as an “uncontrolled airport” when the tower is closed.

## **Land Use Patterns**

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Development patterns tend to be defined by zoning ordinances. The City of Yuma and Yuma County have successfully coordinated growth by defined zoning ordinances, construction requirements, and environmental requirements. The land use within the subject neighborhood is a mix of land uses.

The northern edge of the Yuma Mesa is found just north of Interstate 8, and the portion of the subject neighborhood north of the mesa is generally in agricultural field production. This is a result of the location of the confluence of the Colorado and Gila Rivers just north of the subject neighborhood. The portion of the subject neighborhood is generally found in an unincorporated area of Yuma County.

Development along the Interstate 8 corridor is primarily industrial in character due to the location of the Union Pacific Rail Road generally following the Interstate 8 corridor. Yuma International Airport is located just south of the neighborhood and industrial development extends to the south toward the airport along Avenue 3E and areas further east. The eastern portion of the neighborhood also has a greater amount of undeveloped land, much of which is in agricultural field production.

The highest concentrations of commercial development is found in the western portion of neighborhood along 4<sup>th</sup> Avenue and 16<sup>th</sup> Street. The Yuma Palms retail center is a regional shopping development located at the northeast corner of 16<sup>th</sup> Street and Interstate 8. Residential development in the subject neighborhood is limited to some subdivision development in the western portion of the area.

## **Amenities**

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Utilities in the form of sanitary sewer, water, electric power, natural gas and telephone service are generally available and in use throughout the neighborhood. These utilities are generally adequate to support additional residential and commercial development. Municipal water service and sanitary sewer service are provided by the City of Yuma and private suppliers. CenturyLink and Time Warner Cable/Charter Communications provide local telecom services, and electric service is provided by Arizona Public Service Company. Utility rates are equitable to other areas and do not adversely impact property values.

Public educational facilities are located in and around the subject area, and include a number of K-12 schools within the Yuma Elementary School District One and Yuma Union High School District. Arizona Western College serves the subject neighborhood and its campus is located on 24<sup>th</sup> Street east of Araby Road. Northern Arizona University has a branch campus located in Yuma and shares facilities with Arizona Western College.

## **Trends**

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The nation came out of the longest economic downturn of the post-World War II era in June 2009, eighteen months after the beginning of the “Great Recession”. Although this most recent recession is officially over, the local markets have yet to return to full health.

The subject neighborhood is characterized by primarily industrial land uses and vacant land in agricultural production. Although there is land available for new development, the economic climate may not be conducive to short term development. Agriculture is the predominant industry in the region, and the military is the second largest industry. The trend of the subject neighborhood is for continued stability with limited new development taking place.

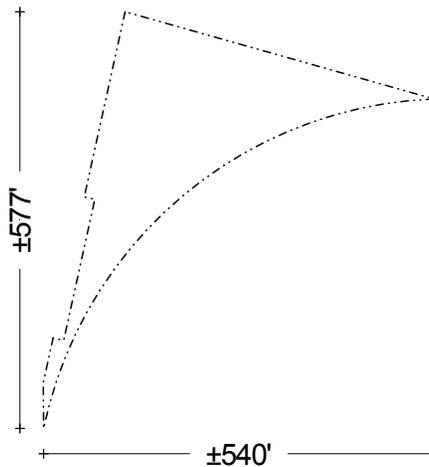
## Real Property Description

The following description of the subject property is based upon a physical inspection of the property on May 1, 2018, and on other occasions, in conjunction with an examination of Yuma County public records.

### Site Data

<i>Location</i>	Avenue 3E north of 24 <sup>th</sup> Street		
<i>Street Address</i>	None Given		
<i>City, State ZIP</i>	Yuma, Arizona 85365		
<i>County</i>	<u>Yuma</u>		
<i>Census Tract</i>	<u>011107</u>	<i>Block</i>	<u>1013</u>
<i>Assessor Parcel No(s)</i>	Unassessed		
<i>Land Area</i> <sup>12</sup>	<u>72,066</u>	Square feet	
	<u>1.654</u>	Acres	

*Shape/Dimensions*      The subject property is irregular in shape, measuring approximately 577 feet north to south and approximately 540 feet east to west. The site is approximately triangular in shape with a curved boundary concave to the southeast.



<i>Street Improvements</i>	<i>Street Name</i>	<u>Avenue 3E</u>
	<i>Lanes (#   Direction)</i>	<u>3 North   3 South</u>
	<i>Street Width</i>	<u>Varies</u>
	<i>Center Lane/Median</i>	<u>Median</u>
	<i>Pavement</i>	<u>Asphalt</u>
	<i>Curb</i>	<u>Yes</u>
	<i>Gutter</i>	<u>Yes</u>
	<i>Sidewalk</i>	<u>Yes</u>
	<i>Lighting</i>	<u>Yes</u>
	<i>Frontage</i>	<u>±590 feet</u>
	<i>2016 Traffic Count</i>	<u>14,738</u>

<sup>12</sup> Source: Arizona Department of Transportation

*Access/Frontage* The subject has frontage along Avenue 3E which is elevated as it crosses the Union Pacific Rail Road right-of-way along the north boundary of the site. A spur from the rail road creates the southeastern boundary of the site.

Access to the property is provided by Avenue 3E from the north and south. The subject site has legal access from the abutting roadway although direct physical access is not practical due to the grade separation of Avenue 3E. Ingress and egress to the site is currently physically made from the south. A curb cut on the east side of Avenue 3E located north of 24<sup>th</sup> Street and the B 3.7 Lateral canal allows access to an area between the railroad spur and the roadway improvements of Avenue 3E which extends to the southern end of the property to be appraised.

According to right-of-way plans for a previous roadway improvement project provided by the Client, it appears a U.S. patent reservation exists over the west 33 feet of Section 1, Township 9 South, Range 23 West, and adjacent to the right-of-way for Avenue 3E. The Yuma County GIS parcel viewer indicates that this patent is located within the right-of-way for Avenue 3E. It is assumed, then, that the subject site has both legal and physical access from Avenue 3E made possible by the patent reservation. Nonetheless, access to the property is considered poor.

<i>Surrounding Development</i>	North:	<u>Industrial (across railroad)</u>
	South:	<u>Vacant Land</u>
	East:	<u>Vacant Land</u>
	West:	<u>Industrial</u>

The subject property is located in an area northeast of the Yuma International Airport which is a mix of industrial land uses and undeveloped land, most of which is in agricultural production.

	<u>In Use</u>		Available from:
	Yes	No	
Electricity.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Arizona Public Service Company</u>
Water.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>City of Yuma</u>
Sanitary Sewer .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>City of Yuma</u>
Natural Gas .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Southwest Gas Company</u>
Telecom .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Cox Communications</u>
			<u>CenturyLink</u>

Utilities are not currently in use on the property but are available in the area. A water line. A water line (12" PVC) is located in the Avenue 3E right-of-way. A sewer line (10" VCP) is also located in the Avenue 3E right-of-way south of the subject site.

*Topography* The site is generally level and at grade with surrounding properties, but is below grade of Avenue 3E along the western boundary.

*Drainage* No apparent drainage problems were observed during a physical inspection of the site by the appraiser.

*Flood Hazard* FEMA Flood Insurance Rate Map(s):

Flood Zone(s)	Panel	Effective Date
X	04027C1540E	Not Printed

The Zone X designation is for areas of 0.2% chance of flood; area of 1% annual chance flood with average depths of less than one foot or with drainage areas less than one square mile; and areas protected by levees from 1% annual chance flood.

As with any property, the subject may be susceptible to standing water due to localized conditions not reflected on the Flood Insurance Rate Maps.

*Soil Conditions  
and  
Environmental  
Conditions*

The appraiser is not aware of any soils report or other environmental study having been conducted for the property, nor has any such report been requested or supplied to the appraiser. Furthermore, the appraiser has not performed any background investigation or testing for indications of contamination, whether man-made or naturally occurring. This appraisal assumes that the property is not in violation of any federal or state environmental policy, act, statute or regulation.

A physical inspection of the property was made and no factors were observed that would indicate the existence of surface or subsurface contamination of the property. A site assessment study by a qualified environmental engineer, hydrologist, geologist and/or other such experts may discover conditions that require action. This appraisal is written with the assumption that the property is free from environmental contaminants. The reader of this report is cautioned that the presence of such substances can have a dramatic impact upon the value of the property.

*Signs*

A physical inspection of the site did not reveal the presence of any realty signs, on-premise signs or off-premise signs on the property.

## **Zoning**

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The subject property is located in an area categorized for industrial land uses as shown on the general plan for the City of Yuma. More specifically, the subject property is located within the Heavy Industrial (H-I) zoning district as defined by the City of Yuma zoning authorities. According to the zoning ordinance,

The principal purposes of the Heavy Industrial (H-I) Zoning District are to provide adequate space for industrial operations and related activities so that the economic base of the city may be strengthened and employment opportunities expanded; and to protect residential and commercial districts by locating those industrial uses which may create noise, smoke, odor, dust or other objectionable influences in appropriate areas.<sup>13</sup>

The property being appraised is also located within the Accident Potential Zone (APZ-2) and the 70db noise contour line for the Yuma International Airport. The APZ-2 is an area 3,000 feet wide by 7,000 feet long on the center line of the runway, terminating 15,000 feet from the end of each runway. Several land uses are not permitted within the APZ-2 district, including residential uses, most retail categories, a few industrial categories primarily relating to chemical and petroleum products, churches, medical facilities, and a number of outdoor recreation uses.

As is the case with almost every zoning district, the permitted uses are subject to density, area, building and yard regulations. In addition to these development standards, other requirements such as those for parking are set forth in the appropriate sections of the zoning ordinance.

The appraiser has not found any evidence that there are pending zoning changes involving the property being appraised. The current use of the property as a vacant tract of land is considered to be a conforming use under current zoning regulations.

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<sup>13</sup> City of Yuma zoning ordinance Section 154-09.03

## **Easements and Restrictions**

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The appraisal of a property involves consideration of the bundle of rights contained with the property and the effect of the loss of any of these private rights on its value as a whole. These rights are inherent in ownership of real property and guaranteed by law, but subject to certain limitations and restrictions.

A Right of Way Disposition Report dated October 13, 2017, prepared by the Arizona Department of Transportation does not indicate the presence of any easements located across the subject property. A physical inspection did reveal several markers near the northwest corner of the site indicating the location of a petroleum pipeline. The exact location of this pipeline is not known but appears to be near the northern and western property boundaries if not on the property being appraised.

## **Taxes and Assessments**

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Since 1980, the State of Arizona has operated under two distinct valuation bases for levying ad valorem property taxes. Taxes levied against the net assessed amount of limited property valuation are referred to as primary taxes, and the dollars generated are used for the maintenance and operation of counties, cities, school districts, community college districts, and the state. Taxes levied against the net assessed amount of full cash value are referred to as secondary taxes, and the dollars generated are used for retirement of bonded indebtedness, voter-approved budget overrides, and the maintenance and operation of special service districts, such as sanitary, fire, and road improvement districts.

Real estate taxes in Arizona are assessed on a calendar year. The first installment, equal to one-half of the total tax liability, is due and payable on the first day of October and delinquent on the first day of November of the tax year. The second installment is payable on the first day of October of the tax year, but not due until the first day of March of the year following the tax year. The second installment becomes delinquent on the first day of May of the year following the tax year.

The full cash value (FCV) of real estate as estimated by Yuma County is determined for ad valorem tax purposes, and is purportedly synonymous with market value according to state statute. In this instance, the subject property is unassessed and exempt from real property taxes because it is owned by the State of Arizona.

## **Division of Real and Personal Property**

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Personal property is a movable item of property that is not permanently affixed to, or part of, real estate. The Appraisal Institute offers two definitions of personal property:

1. The interests, benefits, and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called tangible personal property.
2. Identifiable tangible objects that are considered by the general public as being “personal” – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. (USPAP, 2016-2017 ed.)<sup>14</sup>

When personal property is attached to the land and/or improvements, they are typically fixtures and become a part of the real estate. While fixtures are considered real estate, trade fixtures are not. Trade fixtures are those fixtures that are owned and attached to a rented space by a tenant. On occasion, it can be difficult to determine whether an item should be considered as personal property or real estate.

The valuation of any personal property located on the subject property is beyond the scope and purpose of this appraisal assignment. As a practical matter, the property being appraised is a vacant tract of land and a physical inspection did not reveal any evidence of personal property located on this parcel.

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<sup>14</sup> The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015) p170



# VALUATION ANALYSIS

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## Highest and Best Use

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Highest and best use is a market-driven concept and is the underlying premise of estimating market value. The competitive forces in a property's market area directly influence the highest and best use of that property. The definition of highest and best use may be stated as, "the reasonably probable use of a property that results in the highest value."<sup>15</sup>

As stated in this definition, the analysis of highest and best use requires separate examinations of the land as if vacant, and the entire property as improved, when applicable. If a property is vacant, then only an analysis of the land is necessary. If a property is improved, it is necessary to analyze the highest and best use of the property as improved and as if it were vacant. In either instance, the highest and best use of the subject must be legally permissible, physically possible, financially feasible and maximally productive.

Implied within the definition of highest and best use is recognition of the contribution of that specific use to community environment or to community development goals. In cases where a site is improved, the highest and best use may be determined to be different from the existing use. The existing use will continue, unless and until the land value under its highest and best use exceeds the total value of the property in its existing use. The conclusion of highest and best use results from the appraiser's judgment and analytical skills and represents an opinion, not a fact, to be found.

### **As If Vacant**

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#### **Legally Permissible**

The City of Yuma zoning ordinance requirements are the only significant legal restrictions limiting the use of the property. As indicated in the site analysis, the subject property is presently within the H-1 Heavy Industrial district. This zone allows for a variety of industrial and office land uses as set forth in the zoning ordinance for the City of Yuma. Thus, only these uses and those specifically mentioned in the zoning ordinance could currently be considered legally permissible. The property is also located within the APZ-2 Accident Potential Zone for the Yuma International Airport which further identifies permitted land uses and population densities.

The reasonable probability of a change in zoning that would allow different uses of the land, other than those allowed under the current zoning classification, can also be important in giving an opinion as to the highest and best use of the property. In analyzing any possible change in zoning, the existing development of surrounding properties can be considered to determine what other land uses might be appropriate for the subject property. Other factors such as the public response to a change in zoning and support, or lack of support, by city planning personnel should also be taken into consideration in the probability of successfully obtaining a change in zoning.

The general plan for the City of Yuma indicates that the subject property is in an area of industrial land uses. In light of the existing land uses in the area and those allowed under the current zoning of the subject property, a change in zoning is not likely to occur.

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<sup>15</sup> *The Appraisal of Real Estate*, 14<sup>th</sup> ed. (Chicago: Appraisal Institute, 2013) p332

### **Physically Possible**

The physical characteristics of the subject parcel, such as its topography, size, and available utilities, are adequate for its legally permissible land uses. There are, however, some physical constraints which might limit development on the site. The site is irregular in shape, nearly triangular, with acute angles in the southern and eastern corners of the parcel. These areas are too narrow for any building improvements and reduces the land area available for development.

Ingress and egress to the site would also likely be a limiting factor. The elevated nature of the abutting roadway, Avenue 3E, physically prevents direct access from this roadway. A farm service road is located on the adjoining property parallel to the railroad spur that forms the southeast boundary of the property. The appraiser attempted to contact the owner of the railroad to find out if a crossing could be obtained although a response has not been received. Regardless, access to the site via the farm service road may not be possible unless permission could be obtained from the adjoining property owner. It appears, and it is assumed, that the only legal and physical access to the subject site is made possible by a curb cut along the east side of Avenue 3E a short distance south of the subject site and then by a dirt trail between the railroad spur and embankment for the Avenue 3E roadway improvements.

The subject property has a good location in proximity to commercial services, employment centers and transportation routes. No adverse external physical conditions were observed which would materially affect the development of the site. There are, however, physical constraints to the development of the subject parcel due to the shape and access characteristics. Given these constraints, the subject site is suitable for some small-scale use as a storage yard with minimal need for any building improvements.

A soils report has not been provided, although it is noted from a physical inspection of the subject property and existing development on properties in the immediate area, that the soil appears to be adequate for its legally permissible uses.

### **Financially Feasible**

Economic feasibility is a function of supply and demand. The feasibility of any development of the subject site, then, is dependent upon the supply of similar land suitable for development and the demand for the available development alternatives.

The area surrounding the subject property is industrial in character due to the location of the railroad and the airport. A significant number of properties in the immediate area are undeveloped and zoned for similar industrial purposes. Many of these undeveloped properties are larger than subject site and not immediately suitable for development but there are some available industrial lots available. The demand for industrial lots, however, appears to be relatively low. Given existing development patterns, the location of the subject property, the economic climate, and the market in which the subject property competes, it is my opinion that near-term industrial development of the subject site would not be economically feasible as of the date of valuation.

### **Maximally Productive**

After considering the uses that are physically possible, legally permissible and economically feasible, the question of profitability is addressed. A parcel of land may have several different uses that generate sufficient revenue to satisfy an investor's required rate of return on investment and provide a return on the land. The highest and best use of the land is that financially feasible use that produces the greatest return. This concept is significantly related to user demand for the end product and the cost of production.

Considering the physical characteristics of the subject site, the location of the property, its access to transportation routes, and proximity to commercial services, employment centers and residential development, the most profitable use of the subject site is for use as a storage yard.

### **Summary and Conclusion**

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After having applied the tests of availability, adaptability and demand, it is my conclusion that the highest and best use of the subject property is as follows:

As If Vacant: ..... Storage Yard

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## Valuation Methodology

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This report has, thus far, presented the first three significant steps in the valuation process. The appraisal problem has been defined by stating the scope and purpose of the appraisal, identifying the real estate to be appraised, identifying the real property rights to be valued, and stating what value is to be estimated and as of a particular date of valuation. During the second step of the process, data has been collected and analyzed regarding the region in which the property is located, the more immediate subject market, and specific data regarding the subject property itself. The third step taken was the conclusion of highest and best use for the property to be appraised. The next step is the application of the different approaches to estimating value.

Under current appraisal methodology, real estate is valued by applying three traditional approaches to value, commonly known as 1) the sales comparison (or market) approach, 2) the income capitalization approach to value, and 3) the cost approach. All three approaches to value have been considered in the preparation of this report. The relative merits of each approach will be weighed in respect to the property being appraised. The final estimate of value will be derived from analysis and judgment concerning each of these approaches to value.

### *Sales Comparison Approach to Value*

This approach to value is based upon the principle of substitution that states that no one is justified in paying more for a property than the cost of acquiring an equally desirable substitute property, assuming no undue or costly delay. To implement this approach, a search is made in the market to find sales of property with similar utility and having similar characteristics to the subject. This is done on the theory that these properties are those that would be competing with the subject if it were placed on the market.

This approach is a comparative method in which properties that have been sold in the open market are compared directly with the subject. The first step is to collect and then analyze the appropriate sales data. No two properties are exactly alike, so it is necessary to develop some common unit of comparison. Based upon this unit of comparison, adjustments are then made to the comparable properties for features in which they differ from the subject. After adjustment, the sales will then give useful indications of value for the property being appraised.

### *Income Capitalization Approach to Value*

While the sales comparison approach and cost approach are based upon the principle of substitution, the income capitalization approach to value is founded in the principle of anticipation. Simply put, there is value in real property that can be measured by converting anticipated benefits, such as cash flow and/or a reversion, into an indication of value by capitalizing this income stream. Typically, an estimate is made of the potential gross income of a property by analyzing the market rental value of the property and any other sources of income attributable to the real property. Vacancy and collection losses are then subtracted to arrive at the effective gross income. The applicable expenses are deducted to arrive at a net income figure.

The resultant net income is processed into an indication of the property value. This is typically accomplished by applying an overall capitalization rate to the net income. An alternate income capitalization method utilizing gross rental income and a gross rental income multiplier can also be utilized. The income capitalization approach to value is of most importance in estimating the value of revenue producing properties.

#### *Cost Approach to Value*

In this approach to value, an estimate is made of the reproduction or replacement cost new of any improvements on the property. Depreciation from all causes is then deducted and the land value is added to provide an indication of value for the entire property. Since the cost approach to value includes an estimate of value for the land, a sales comparison analysis is made to compare sales of vacant land parcels similar in highest and best use to the subject site.

The cost to reproduce or replace a property is most closely related to market value when a property is of new construction. As a result, this approach to value is most important when estimating the value of a property that is relatively new, and can be especially persuasive when the value of the underlying land is well supported and there is little evidence of accrued depreciation.

The final step in the valuation process is a reconciliation of the three approaches to value. The quantity and quality of the data gathered for each method is examined and weighted appropriately in the final estimate of value. The subject parcel is a vacant tract of land and, for this reason, the cost and income capitalization approaches to value are not applicable under the scope and purpose of this appraisal. The valuation of the subject land is limited to a direct sales comparison approach.

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## Sales Comparison Approach

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### Introduction

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This approach to value is based upon the principle of substitution which states that no one is justified in paying more for a property than the cost of acquiring an equally desirable substitute property, assuming no undue or costly delay. To implement this approach, a search is made in the market to find sales of property of similar utility and having similar characteristics to the subject. This is done on the theory that these properties are those that would be competing with the subject if it were placed on the market. The Appraisal Institute describes the sales comparison approach to value as:

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.<sup>16</sup>

During the preparation of this appraisal report, a number of sale transactions were investigated and analyzed. In order to discover these comparable transactions, a search was made of the public records of Yuma County. Those properties meeting certain minimum criteria in terms of similarity and sale date are researched further by obtaining copies of the transfer documents and declarations of value. At this point, efforts are made to contact the buyer and seller, as well as any brokers or agents who would have knowledge of the transaction, in order to further verify the more specific details of the sale. This would include whether the buyer and seller were related, what the financial terms of the transaction were and the motivations of the parties involved, as well as additional details of the physical characteristics of the properties that have been sold.

The process of estimating the value of the subject property encompassed a search of similar vacant sites in the subject's market area. The most significant of these sales are included in some detail in the addenda to the appraisal report, along with a map showing their relative location to the subject property.

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<sup>16</sup> The Appraisal of Real Estate, 14<sup>th</sup> ed. (Chicago: Appraisal Institute, 2013) p377

## Land Value Analysis

No two properties are exactly alike, so it is necessary to develop some common unit of comparison. This could be the price per square foot, the price per acre, the price per section, or the price per site. Due to the size of the subject land and the market in which the property competes, a comparison on a price per square foot basis will be most meaningful. Since properties do differ in characteristics, it is necessary to adjust comparable sites for features in which they differ from the subject. This might be for such items as size, shape, location, access, terrain and vegetation. After adjustment, the sales will then give useful indications of value for the subject land. Table 1 summarizes the significant information extracted from the comparable sales believed to be most pertinent in the valuation of the subject land.

**Table 1** – Land Sales Summary Table

Comp No.	Intended Use	Sale Date	Zoning	Frontage	Land Area Square Feet	Price	Price per Square Foot
1	Business Development	05/15	LI	Corner	28,750	\$ 85,000.00	\$2.96
2	Industrial Development	09/16	L-1	Corner	40,354	\$ 95,000.00	\$2.35
3	Industrial Development	10/16	LI-2	Cul-de-Sac	96,703	\$ 101,000.00	\$1.04
4	Land Investment	11/17	L-1	Corner	44,722	\$ 120,000.00	\$2.68
SUBJECT			H-1   APZ-2	Mid-Block	72,066		

The comparable sales summarized in the Land Sales Summary Table are all located within the same general area as the property to be appraised. The sales differ in terms of total size, date of sale, unit selling price and specific location, yet each is believed to be comparable to the subject property in some respects and each would offer a viable alternative to a prospective buyer of the subject. After adjustment for those factors that vary significantly from the subject property, these sales will each provide a useful value indication for the subject land.

The elements of comparison that may require adjustment can generally be described as transactional adjustments or property adjustments. Transactional adjustments are those made for characteristics of the sale transaction including property rights, financing, conditions of the sale, any immediate expenditures made in order to make the sale, and market conditions. Property adjustments are those made for differences in the characteristics of the properties. The elements of comparison are summarized and analyzed as follows.

- *Property Rights*

The fee simple interest in the subject land is being analyzed herein, and those comparable transactions which conveyed the fee simple rights in their respective properties will be of most benefit in this analysis. Each of the properties above conveyed nothing less than the fee simple interest in the property and, therefore, no adjustment will be necessary when considering the real property rights conveyed.

- *Financing*

These properties were purchased on a variety of terms, none of which fell outside the usual range found in the market. As documented on the individual comparable sheets located in the appendix to this report, each of these properties sold for cash, or on terms commonly found in the market and deemed equivalent to cash. The terms of these sales, then, do not affect their validity as indicators of market value. No adjustment for the financing terms of the transactions will be necessary when compared with the subject property.

- *Conditions of Sale*

An examination of the comparable transactions reveals each of the conveyances to be considered arms-length, and the buyers and sellers having been informed and typically motivated. For this reason, no adjustment will be necessary when considering the conditions of these sales.

- *Immediate Expenditures*

In some instances, the price paid for a property reflects the knowledge that the buyer will have to make some expenditure prior to closing or immediately thereafter in order for the sale of the property to be completed. These expenditures can include such costs as those associated with demolition of improvements, or a remediation of environmental contamination. Each of the comparable sites examined in this analysis did not require any unusual expenditure that would require adjustment.

- *Market Conditions*

There are two measures of the prevailing market conditions that are pertinent to the valuation of the subject property. Given a sufficient number of transactions that have taken place over any time period, the trend of prices developed over that time period can indicate a strengthening, weakening or even a static market. In addition, the amount of time each property is exposed to the market can give an indication of current conditions.

*Price Trends* – It would be difficult to quantify any specific time adjustment in terms of percentage or dollar amount that could be universally applied to all properties within the subject area. Based upon my analysis of the market data and my professional judgment, no adjustment will be made in this analysis when considering the amount of time that may have elapsed between the date of purchase of the comparable property and the date of valuation of the property to be appraised.

*Exposure Time* – Similar properties within a given market at a given time could be expected to have similar periods of exposure to the market prior to being purchased, other things being equal. A reasonable exposure period of any property is not only a function of time, but also a function of price and use. As a result, a reasonable exposure period should encompass adequate, sufficient and reasonable time and effort. Since there are different factors that contribute to a reasonable exposure time, this period will vary from property to property and vary based on market conditions.

Based upon the current market conditions and the supply and demand for properties similar to the subject site, a reasonable exposure time for the property is estimated to be less than twelve months. Consequently, those comparable properties that were exposed to the market for a significantly shorter or longer period of time would require adjustment. In this instance, each of the comparable properties was purchased given a reasonable exposure period, and no adjustment will be necessary for this factor.

- *Location*

Through the examination of the location of a property, the time-distance relationship between a property and possible points of destination is studied. These relationships, or linkages, include the ease of access to places such as schools, shopping, parks, other recreational facilities and workplaces. In theory, a property with a greater number of linkages will command a higher price than a similar property with fewer linkages. A property with a greater number of linkages is generally created by that property being closer to existing development.

Considered in the location of a property are such external influences as street patterns and width, surrounding property maintenance and upkeep, access to the property and the neighborhood, availability of utilities, and possible nuisances in the area. Adjustments for location can be for items such as frontage, visibility or corner characteristics, and they can also be for the more external influences on the property. The property being appraised has a mid-block location on an arterial roadway in an area that is in proximity to industrial development.

Comparable No. 1 is located south of the subject property on 40<sup>th</sup> Street east of Avenue 3E. Comparable Nos. 2 and 4 are located east of the subject property on 30<sup>th</sup> Place east of Avenue 4E within the Curtis Industrial Park. Comparable No. 3 is located southeast of 40<sup>th</sup> Street and Avenue 4E. Comparable Nos. 1, 2 and 4 are located in areas of similar industrial development as the subject property, while Comparable No. 3 is further from development and surrounded by a greater amount of agricultural land. An upward adjustment to Comparable No. 3 will be made for location in this analysis.

- *Physical Characteristics*

Adjustment for physical characteristics is based on the observation that price per unit varies with size, shape, topography, and related physical attributes. After careful examination of each comparable property, including a physical inspection, the physical characteristics of the comparable properties are similar enough so that no adjustment is warranted, except as noted herein.

*Land Area* – Other things being equal, it is generally accepted that larger parcels tend to develop lower prices than do similar smaller parcels on a per unit basis. This can be illustrated by Comparable Nos. 2 and 3. In practice, the price-size tradeoff is typically a less direct, more uncertain relationship complicated by other physical characteristics and locational factors. Based upon the size of the subject parcel and those of the comparable properties, a minor adjustment for land area will be made to the comparable properties in this analysis.

*Shape* – The subject property is irregular in shape with narrow dimensions at the south and east corners that are believed to diminish the utility of the site. All of the comparable properties are more regular in shape and a downward adjustment will be applied to each of the properties.

*Utilities* – The presence of utilities to a property can have an impact upon the price paid for a property. Generally, a development site with utilities available to the property will tend to develop a price higher than a similar property where utilities would have to be extended. The comparable properties all have water lines in the abutting roadway but not sewer, similar to the subject property. Comparable No. 3 is further from an existing water line and will require a greater cost to extend that line. For this reason, an upward adjustment will be made to Comparable No. 3 when compared to the subject site.

*Access* – It appears that access to the subject site is made from the south along a dirt road between a rail spur and the roadway improvements of Avenue 3E. It is being assumed for the purpose of this appraisal that the subject property has both legal and physical access. However, this access that is available is quite inferior as compared to the sale properties in this analysis which all have direct access from a paved roadway. Furthermore, Comparable Nos. 1, 2 and 4 have corner locations which also improves access characteristics, providing potential access from two abutting roadways. A downward adjustment will be applied to the each of the comparable properties to account for their superior access characteristics.

- *Economic Characteristics*

Economic characteristics are those that affect the ability of a property to produce income. Examples of these characteristics include operating expenses, quality of management, lease terms and rent concessions, to name a few. This element of comparison is especially important when examining properties that are purchased as an investment by providing an income stream to an investor.

This analysis is being made to estimate the value of the subject site. Vacant land is not typically purchased to provide an immediate income stream to an investor. Thus, economic characteristics of the subject site will not be considered any further in this analysis, except as they relate to the development potential of the subject and comparable properties.

- *Legal Characteristics*

*Use/Zoning* – The location of a property within a given zoning district, in some instances, may warrant adjustment. A tract of land with a more restrictive zoning classification might develop a lower price per unit than a similar tract with a more liberal classification. After examination of the subject market, however, it is my opinion that zoning does not play a significant role in the prices developed by these properties.

- *Non-Realty Components*

In certain instances, the price of a property may reflect the additional value of personal property, business concerns or other items that do not constitute real property. In this case, the transaction of each respective comparable property conveyed only real property and no adjustment will be made when considering non-realty components.

With these general observations in mind, we may now proceed with a comparison of these properties to the subject property and the value indications derived from each. The adjustments utilized in this analysis are extracted from available data using the paired sales technique, when possible, which is frequently used in the application of the sales comparison approach to value. In cases where there is insufficient data to extract adjustments, the appraiser's judgment and experience are emphasized unless other data or techniques could be employed.

<b>Comparable No. 1</b>			
Southeast of Avenue 3E and 40th Street			
Grantor	<u>Jose Alfredo Ramirez and Yolanda E. Ramirez</u>	Sale Price	<u>\$85,000.00</u>
Grantee	<u>Martinez Tire Service &amp; Mechanic, LLC</u>		<u>\$2.96 per Square Foot</u>
Sale Date	<u>May 2015</u>	Land Area	<u>28,750 Square Feet</u>

**Comparable No. 1** is a site located at the southwest corner of 40<sup>th</sup> Street and Avenue 3¼E east of Avenue 3E, situated approximately two miles south of the subject property. This site is generally level and at grade with the abutting properties and roadways. Surrounding land uses include industrial development and vacant land zoned for similar development. The main entrance to the Marine Corps Air Station is located a short distance west of this site. This property was purchased to be used for the buyer's automotive repair business.



The location of this property is in an area of industrial development and generally considered to be similar to the subject site. An adjustment will not be made for the location of this property. In terms of physical characteristics, this property is smaller than the subject property, and a 5% downward adjustment will be applied in this instance. A 10% downward adjustment will be made for the more regular shape of this site. The availability of utilities is considered similar to the subject site and will not require adjustment. A 25% downward adjustment will be made for the superior access characteristics of this site. After the adjustments indicated, this sale suggests a value of \$1.78 per square foot for the subject land.

<b>Comparable No. 2</b>			
Northeast of Avenue 4E and 32nd Street			
Grantor	<u>Robbie Alan Easley and Joan M. Easley</u>	Sale Price	<u>\$95,000.00</u>
Grantee	<u>Francisco I. Apodaca</u>		<u>\$2.35 per Square Foot</u>
Sale Date	<u>September 2016</u>	Land Area	<u>40,354 Square Feet</u>

**Comparable No. 2** is a site located at the northwest corner of 30<sup>th</sup> Place and Rebecca Avenue east of Avenue 4E, situated less than two miles southeast of the subject property. This site is generally level and at grade with the abutting properties and roadways. Surrounding land uses include industrial development within the Curtis Industrial Park. This property was purchased for the development of an industrial building.



The location of this property is in an area of industrial development and generally considered to be similar to the subject site. An adjustment will not be made for the location of this property. In terms of physical characteristics, this property is smaller than the subject property, and a 5% downward adjustment will be applied in this instance. A 10% downward adjustment will be made for the more regular shape of this site. The availability of utilities is considered similar to the subject site and will not require adjustment. A 25% downward adjustment will be made for the superior access characteristics of this site. After the adjustments indicated, this sale suggests a value of \$1.41 per square foot for the subject land.

<b>Comparable No. 3</b>			
Southeast of Avenue 4E and 40th Street			
Grantor	<u>Richard M. Summers and Joy Darlene Summers</u>	Sale Price	<u>\$101,000.00</u>
Grantee	<u>Nathan M. Lemmon</u>		<u>\$1.04 per Square Foot</u>
Sale Date	<u>October 2016</u>	Land Area	<u>96,703 Square Feet</u>

**Comparable No. 3** is a site located southeast of Avenue 4E and 40<sup>th</sup> Street, situated approximately two miles southeast of the subject property. This site is generally level and at grade with the abutting properties and roadways. Surrounding land uses are primarily agricultural field crops although this property is in a small pocket of land planned for industrial development. This property was purchased for the development of an industrial building.



The location of this property is in an area which is more agricultural in character, and a 10% upward adjustment will be made for the location of this property. In terms of physical characteristics, this property is larger than the subject property, and a 5% upward adjustment will be applied in this instance. A 10% downward adjustment will be made for the more regular shape of this site. The availability of utilities is considered inferior since the existing infrastructure is further away, and a 10% upward adjustment will be made for this factor. A 20% downward adjustment will be made for the superior access characteristics of this site. After the adjustments indicated, this sale suggests a value of \$0.99 per square foot for the subject land.

<b>Comparable No. 4</b>			
Northwest of Avenue 5E and 32nd Street			
Grantor	Danny H. Brower, Trustee	Sale Price	\$120,000.00
Grantee	Miller, Miller and Stewart		\$2.68 per Square Foot
Sale Date	November 2017	Land Area	44,722 Square Feet

**Comparable No. 4** is a site located at the northwest corner of 30<sup>th</sup> Place and Kish Avenue west of Avenue 5E, situated less than two miles southeast of the subject property. This site is generally level and at grade with the abutting properties and roadways. Surrounding land uses include industrial development within the Curtis Industrial Park. This property was purchased with no immediate development plans.



The location of this property is in an area of industrial development and generally considered to be similar to the subject site. An adjustment will not be made for the location of this property. In terms of physical characteristics, this property is smaller than the subject property, and a 5% downward adjustment will be applied in this instance. A 10% downward adjustment will be made for the more regular shape of this site. The availability of utilities is considered similar to the subject site and will not require adjustment. A 25% downward adjustment will be made for the superior access characteristics of this site. After the adjustments indicated, this sale suggests a value of \$1.61 per square foot for the subject land.

## **Conclusion of Land Value**

Thus far, we have examined several sales that are believed to be the best representations of the value that may be applied to the subject land. The unadjusted value indications range from a low of \$1.04 per square foot to a high indication of \$2.96 per square foot. The comparable sales examined each have some characteristics in common with the subject site. After adjustments have been applied for those factors that vary from the subject, we are presented with a range in values that might be applied to the subject land. The adjustments to the comparable properties discussed above may be more graphically illustrated in the following sales adjustment grid.

Table 2 – Land Sales Adjustment Grid

Comparable No.	SUBJECT			
	1	2	3	4
Sale Price	\$85,000.00	\$95,000.00	\$101,000.00	\$120,000.00
Date of Sale	05/15	09/16	10/16	11/17
Elapsed Time (months)	35	19	18	5
Land Area – Square Feet	28,750	40,354	96,703	44,722
Access	Paved Road	Paved Road	Paved Road	Paved Road
Frontage	Corner	Corner	Cul-de-Sac	Corner
Zoning	L1	L-1	L1-2	L-1
Sale Price per Square Foot of Land	\$2.96	\$2.35	\$1.04	\$2.68
<b>Transactional Adjustments</b>				
<b>Property Rights</b>				
Adjusted Price	0%	0%	0%	0%
Financing	\$2.96	\$2.35	\$1.04	\$2.68
Adjusted Price	0%	0%	0%	0%
Conditions of Sale	\$2.96	\$2.35	\$1.04	\$2.68
Adjusted Price	0%	0%	0%	0%
Immediate Expenditures	\$2.96	\$2.35	\$1.04	\$2.68
Adjusted Price	0%	0%	0%	0%
Market Conditions	\$2.96	\$2.35	\$1.04	\$2.68
Adjusted Price	0%	0%	0%	0%
<b>Property Adjustments</b>				
Location	0%	0%	+10%	0%
<b>Physical Characteristics</b>				
Land Area	-5%	-5%	+5%	-5%
Shape	-10%	-10%	-10%	-10%
Utilities	0%	0%	+10%	0%
Access	-25%	-25%	-20%	-25%
Economic Characteristics	0%	0%	0%	0%
Legal Characteristics	0%	0%	0%	0%
Non-Reality Components	0%	0%	0%	0%
Net Adjustment	-40%	-40%	-5%	-40%
Indicated Unit Value	\$1.78	\$1.41	\$0.99	\$1.61

The sequence of adjustments of the transactional items (property rights, financing, conditions of sale, immediate expenditures and market conditions) are typically applied in the order they are listed, and an adjusted price is calculated after each adjustment. The property adjustments are each applied, in no particular order, to the adjusted price after all transactional adjustments are made. An adjusted price is not made after each separate property adjustment.

After adjustment for those elements that differ from the subject property, the indicated range is from \$0.99 per square foot to \$1.78 per square foot, with a mean value of \$1.45 per square foot. I believe that the subject property may be reasonably and fairly placed within this range.

The subject property is somewhat unique in the market due to its irregular shape and poor access characteristics. A search of the market did not reveal any sales with these similar characteristics. The comparable properties examined in this analysis all required significant adjustment for to their more regular shapes and their superior access characteristics. Comparable No. 3 required the smallest net adjustment and could be considered the most comparable to the subject although this comparable required the greatest number of adjustments. The other three comparable properties developed a relatively narrow range in values. All things considered it is my opinion that it is reasonable to place the property to be appraised in the middle to lower portion of the range in indicated values provided by these properties.

Based upon the preceding analysis, a value of \$1.30 per square foot represents a reasonable expectation of the probable market value of the subject land. Therefore, the indication of value for the subject land, as of the current date of valuation and given a reasonable period of exposure, is \$94,000.00, and can be calculated as follows:

72,066 square feet at	\$1.30 per square foot =	\$	93,685.80
		rounded to, \$	94,000.00

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## Income Capitalization Approach

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### Introduction

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The procedures involved in this approach to value simulate much of the same analyses performed by an investor in the acquisition of real estate. Rather than employing an individual's investment objectives, however, general market objectives for the typical investor are substituted so that the resultant value indication represents market value. The Appraisal Institute describes the income capitalization approach to value as follows:

The income capitalization approach to value consists of methods, techniques, and mathematical procedures than an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.<sup>17</sup>

The underlying premise of the income capitalization approach is the principle of anticipation. The definition above implies that the value of a property is created as a result of the anticipation of future benefits derived from that property. These future benefits can either be an income stream produced by the property, a lump sum at the time of sale of the property (referred to as a reversion), or both the income stream and reversion. These cash flows are processed into an indication of value by use of capitalization techniques. The direct and yield capitalization methods are typically examined.

*Direct capitalization* is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value change are implied, but not explicitly identified.<sup>18</sup>

*Yield capitalization* is the capitalization method used to convert future benefits, typically a periodic income stream and reversion, into present value by discounting each future benefit at an appropriate rate or by applying an overall rate (developed using one of the yield capitalization methods) that explicitly reflects the investment's income pattern, change in value, and yield rate.<sup>19</sup>

The income capitalization approach will not be utilized in this appraisal. Vacant land is not typically owned for the potential of providing an income stream to an investor. While ground leases of vacant land do occur, they are not considered to be an investment vehicle capable of producing an income stream commensurate with the market value of the underlying land.

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<sup>17</sup> The Appraisal of Real Estate, 14<sup>th</sup> ed. (Chicago: Appraisal Institute, 2013) p439

<sup>18</sup> Ibid, p491

<sup>19</sup> Ibid, p509

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## Cost Approach

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### Introduction

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In this approach to value, an estimate is made of the reproduction or replacement cost new of any improvements on the property. Depreciation from all causes is then deducted and the land value is added to provide an indication of value for the entire property. The cost approach is of most value when dealing with improvements that are new or in like new condition. The Appraisal Institute describes the cost approach to value as follows:

In the cost approach, appraisers compare the cost of the subject improvements as evidenced by the cost of construction of substitute properties with the same utility as the subject property. The estimate of development cost is adjusted for market-extracted losses in value caused by the age, condition, and utility of the subject improvements or for locational problems. The land value is then added, usually based on comparison with sales of comparable sites. The sum of the value of the land and the improvements is adjusted for the rights included with the subject property again based on market comparisons.<sup>20</sup>

The basic premise of the cost approach is the principle of substitution that holds that when several commodities or services with the same utility are available, the one with the lowest price attracts the greatest demand and the widest distribution. As applied to the cost approach, a prudent individual would not pay more to purchase an existing building than the amount at which a property of equal desirability and utility can be obtained through the purchase of a site and the construction of the improvements without undue delay.

The property that is the subject of this appraisal is a vacant tract of land. The cost approach to value is not germane in the valuation of the subject property since there are no building improvements on the property to be considered in this analysis.

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<sup>20</sup> The Appraisal of Real Estate, 14<sup>th</sup> ed. (Chicago: Appraisal Institute, 2013) p561

## Reconciliation of Value

The concluding step in the valuation process is to evaluate the alternative conclusions of value indicated by each of the traditional approaches to value to arrive at a final estimate of value.

Sales Comparison Approach .....	\$94,000.00
Income Capitalization Approach .....	Not Applicable
Cost Approach .....	Not Applicable

The sales comparison approach is often considered to provide the most reliable indication of value because it addresses direct sales of comparable properties. We have found properties which are believed to share some characteristics with the subject, and have been able to make adjustments for those characteristics which differ from the property to be appraised. After adjustment, each of the properties compared to the subject property results in a reasonable indication of value for the subject property. Since the subject property is a vacant tract of land, this is the only approach applied and presented in this analysis.

An income approach to value is often preferred when analyzing the value of an income producing property such as the subject. Through the application of the income capitalization approach to value, an overall capitalization rate is applied to the net income of the subject property, or a multiplier is applied to the potential gross rent of the subject property, to arrive at an estimate of value. This approach to value is generally preferred for appraising income-producing properties because it can measure the value of future anticipated cash flows. This approach to value has not been applied in this appraisal.

In the cost approach to value, the depreciated replacement value of the subject improvements were estimated as of the date of valuation, including the contributing value of the land as if vacant. There are inherent difficulties in accurately estimating the total accrued depreciation when applying the cost approach to value to a property that is not new, or in like new condition. The measurement of accrued depreciation will more often than not be a subjective determination by the appraiser. While this approach can and does provide a benchmark against the other indications of value, the estimate of value from the cost approach to value is typically given little weight in the valuation of a property. This approach to value has not been applied in this appraisal.

The subject property is appraised under its highest and best use, and with a reasonable exposure period of less than twelve months. Based on the analyses presented herein and the indications of value provided by the traditional approaches to value, it is my final conclusion that the market value of the fee simple interest of the subject property, as of May 1, 2018, is:

**NINETY-FOUR THOUSAND DOLLARS**

**\$94,000.00**

## Certification

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

- The statements of fact contained in this report are to the best of my knowledge and belief, true and correct and that no information has knowingly been withheld.
- The analyses, opinions and conclusions are my personal, impartial and unbiased professional opinions which are limited only by the Underlying Assumptions and Limiting Conditions contained herein. Unless otherwise acknowledged in this report, no one has provided significant professional assistance in the preparation of this report.
- I have no interest or bias, present or contemplated, in the property appraised or any personal interest in the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the person signing this certification.
- Neither my employment to make the appraisal, nor the compensation is contingent on the development or reporting of a predetermined value for the property, a direction in value which favors the cause of the client, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have personally inspected the property which is the subject of this report.
- This appraisal was made in accordance with the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation.
- This appraisal complies with the Code of Ethics and Standards of Professional Practices of the American Society of Appraisers. Furthermore, the American Society of Appraisers has a mandatory recertification program for all of its Senior members, and I am in compliance with that program.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

Therefore, based upon the preceding data and discussion, together with the appraiser's best judgment and experience, the market value of the subject property as of May 1, 2018, is:

**NINETY-FOUR THOUSAND DOLLARS**

**\$94,000.00**

Respectfully submitted,

FIRST APPRAISAL SERVICES




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Timothy A. Haskins, ASA

Arizona Certified General Real Estate Appraiser No. 30668

**RIGHT-OF-WAY SECTION APPRAISAL SERVICES  
CERTIFICATE OF APPRAISER**

Project Number: M6975 01X  
Parcel Number: L-Y-016

I hereby certify:

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed, therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume to responsibility for such condition. Or for engineering which might be required to discover such factors. That unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present in the property was not observed by myself or acknowledged by the owner. This appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such condition, or for any expertise or engineering knowledge required to discover them.

That my analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the ADOT ROW Procedures Manual, Chapter 4, Appraisal Standards and Specifications (2016); the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24; and the Uniform Standards of Professional Appraisal Practice (USPAP 2018-2019) guidelines.

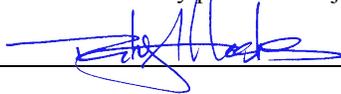
That this appraisal has further been made in conformity with the appropriate state and federal laws, regulations policies, and procedures applicable to the appraisal of right of way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said state.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless authorized by proper state officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified to such findings.

That my opinion of the Market Value of the property, as of May 1, 2018, is NINETY-FOUR THOUSAND DOLLARS (\$94,000.00), based on my independent appraisal and the exercise of my professional judgment.

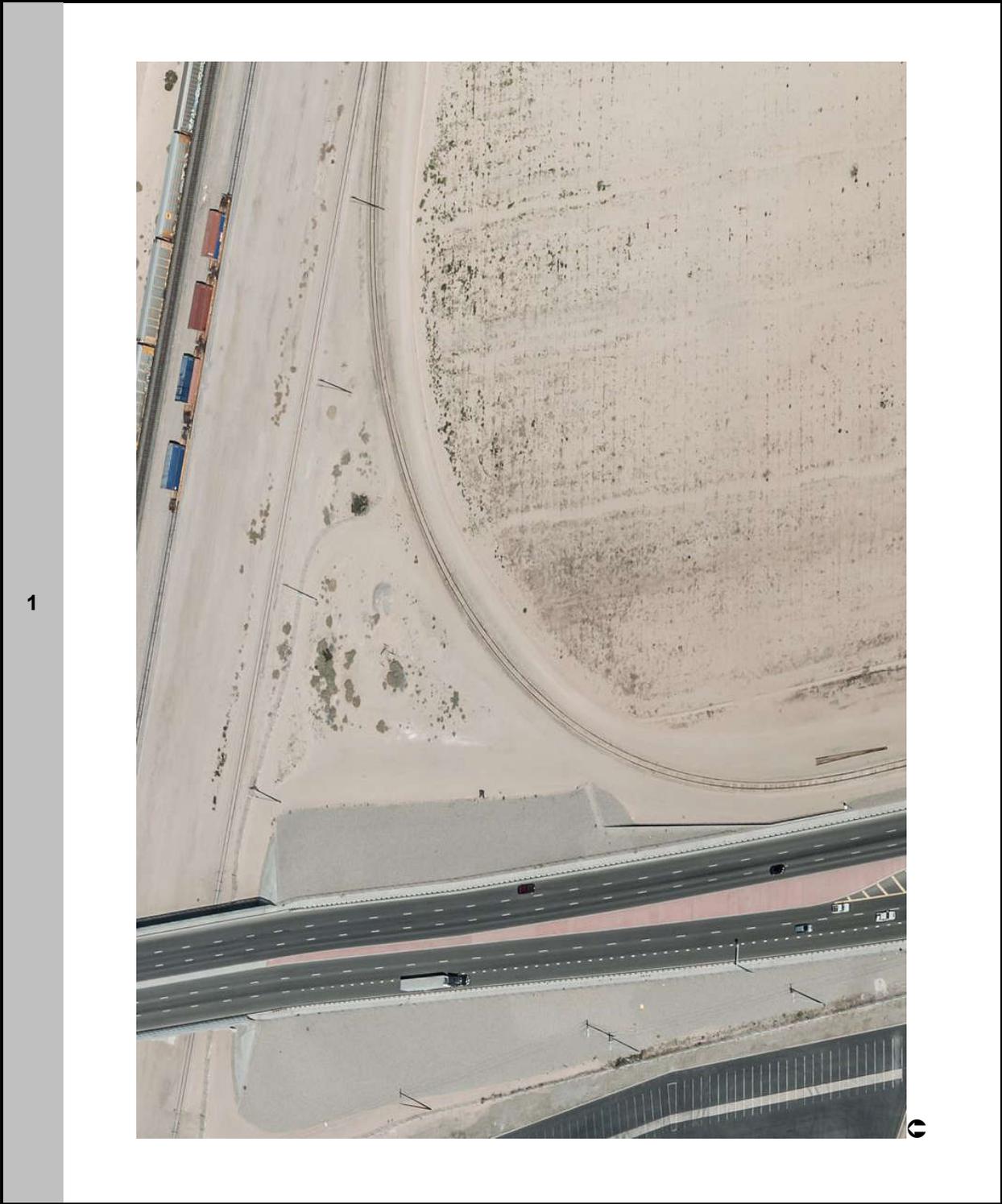
DATE: 6/1/2018 SIGNATURE: 

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**Underlying Assumptions and Limiting Conditions**


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1. A legal description was not furnished to the appraiser, unless so noted in the text of this report.
2. The title to the property is marketable, free and clear of all liens.
3. The property does not exist in violation of any applicable codes, ordinances, statutes or other governmental regulations.
4. The appraiser was not furnished with a specific site survey, unless one is cited in the text of this report.
5. The property is appraised as if owned in fee simple title without encumbrances, unless otherwise mentioned in this report. This fee simple estate contains the sum of all fractional interests which may exist.
6. Responsible ownership and competent management exist for the property.
7. Adequate utility services are available for the subject property and that they will continue to be so in the foreseeable future.
8. The appraisers are not responsible for the accuracy of the opinions furnished by others and contained in this report, nor are they responsible for the reliability of government data utilized in the report.
9. The compensation for appraisal services rendered is dependent only upon the delivery of this report and compensation is not contingent upon the values estimated.
10. This report considers nothing of a legal character and the appraisers assume no responsibility for matters of a legal nature.
11. Testimony or attendance in court is not required by reason of this appraisal, unless arrangements are previously made.
12. Any information furnished by the property owner, agent, or management is correct as received.
13. The appraisers assume that there are no hidden or unapparent conditions of the property, sub-soil or structures which could render it more or less valuable than an otherwise comparable property, unless such is stated in the report.
14. This appraisal will not take into consideration the possibility of the existence of asbestos, PCB transformers, urea formaldehyde foam insulation, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (containing hazardous materials), or the cost of encapsulation or removal thereof. The appraisers are not qualified to detect or evaluate such substances.
15. Should the client have a concern over the existence of such substances, they are urged to retain the services of a qualified independent engineer or contractor to determine the extent of the condition and the cost of any required or desired treatment or removal. The cost must be borne by the client or owner of the property, however, this cost has not been considered in the valuation of the property.
16. Virtually all land in Arizona is affected by pending or potential litigation by various Indian tribes claiming superior water rights for their reservations. The amounts claimed and the effects on other water users are largely undetermined, but the claims could result in some curtailment of water usage or ground water pumping on private land. The Ground Water Management Act (as amended) may also restrict future ground water pumping in various parts of the State. Given this uncertainty, neither the undersigned nor any of their representatives can make warranties concerning rights to or adequacy of the water supply with respect to the premises, although the sale of premises include such water rights as are appurtenant thereto.
17. The appraisers cannot predict or evaluate the possible effects of future wage price control actions of the government upon retail income or financing of the subject property; hence, it is assumed that no control will apply which would nullify contractual agreements, thereby changing property values. The market value estimated is as of the date of the estimate. All dollar amounts are based on the purchasing power of the dollar as of that date.
18. Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.
19. Neither all nor any part of this appraisal report shall be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser(s).
20. Neither this report, nor any of its contents, may be used for the sale of shares or similar units of ownership in the nature of securities, without specific prior approval of the appraiser(s). No part of this appraisal may be reproduced without the permission of the appraisers.
21. This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report. No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall have no responsibility if any such unauthorized change is made.
22. The appraiser may not divulge the material contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by a court of law or body with the power of subpoena.
23. The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless so designated.
24. On-site or off-site proposed improvements, if any, as well as any repairs required, are considered for purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed.
25. The authentic copies of this report are signed in blue ink and have been bound. Any copy that does not have the above is unauthorized and may have been altered.
26. Acceptance of, and/or use of, this appraisal report by client constitutes acceptance of the foregoing conditions in their entirety. Appraiser liability extends only to the identified client, not subsequent parties or users, and is limited to the amount of fee received by the appraiser. Use or reliance upon this report by third parties is specifically prohibited.
27. **Extraordinary Assumption(s):** This appraisal assignment is written under the extraordinary assumption(s) cited in this report



Aerial view of the subject property



View southeast across the subject property



View southwest across the subject property



View west along the northern property boundary



View southwest along railroad spur



View northeast along railroad spur



View south along west property boundary



View northeast across the subject property



View north toward the subject property



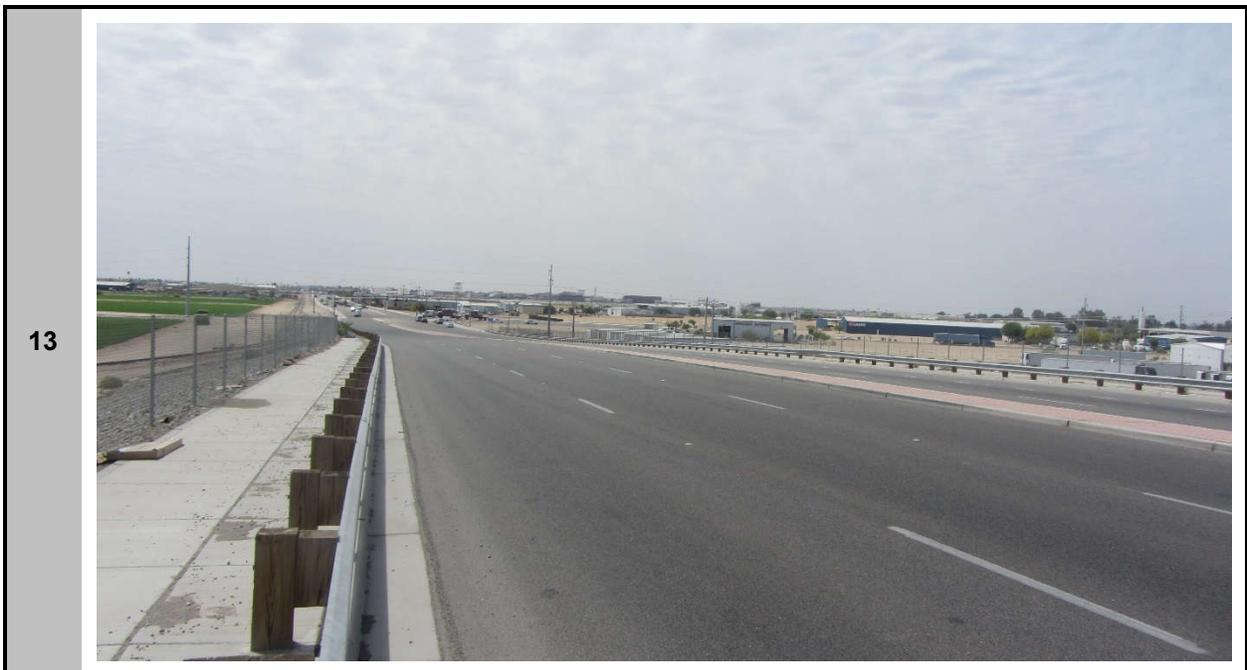
View north across the subject property from Avenue 3E



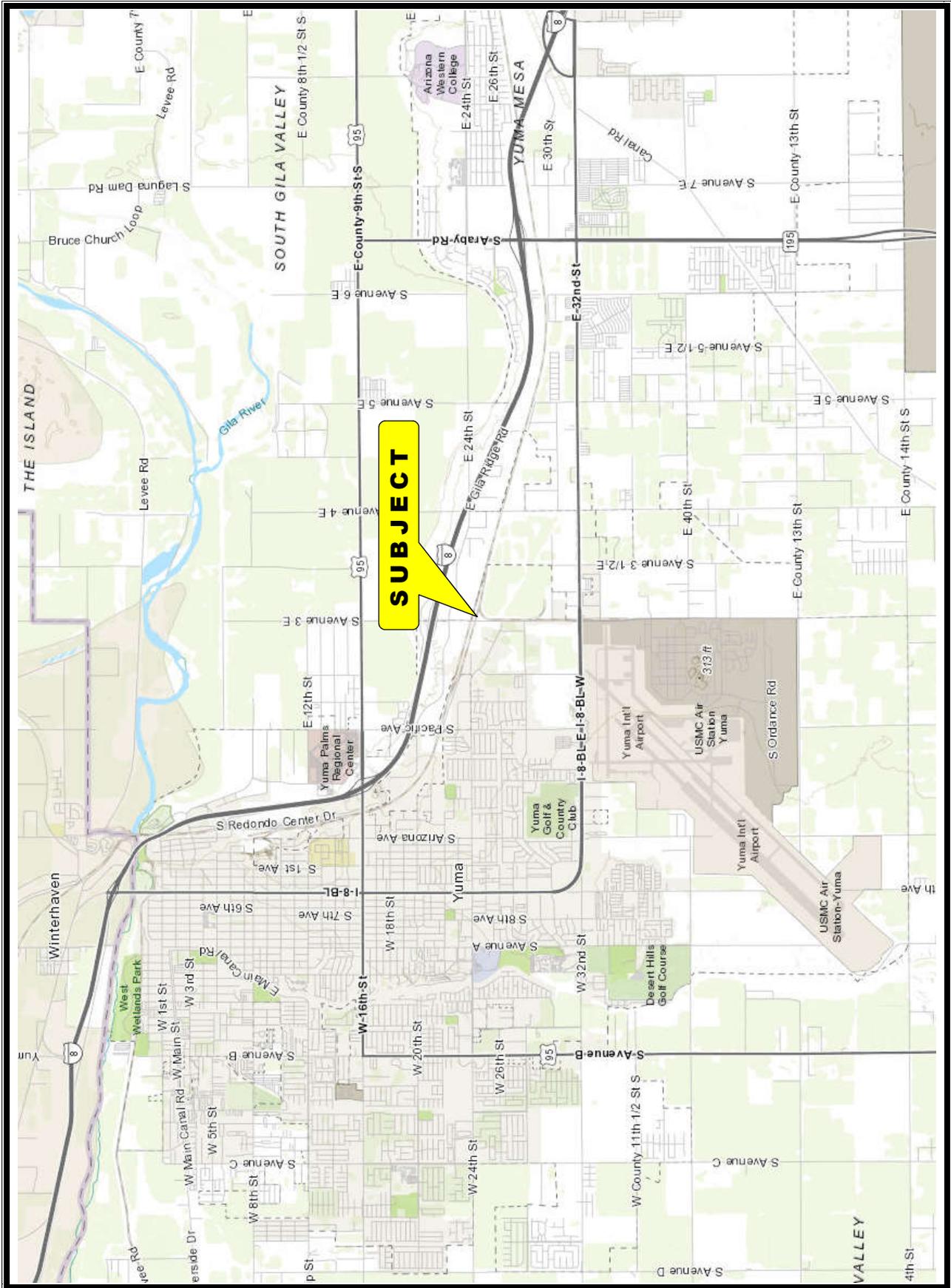
View southeast across the subject property from Avenue 3E



View north along Avenue 3E (subject on right in distance)



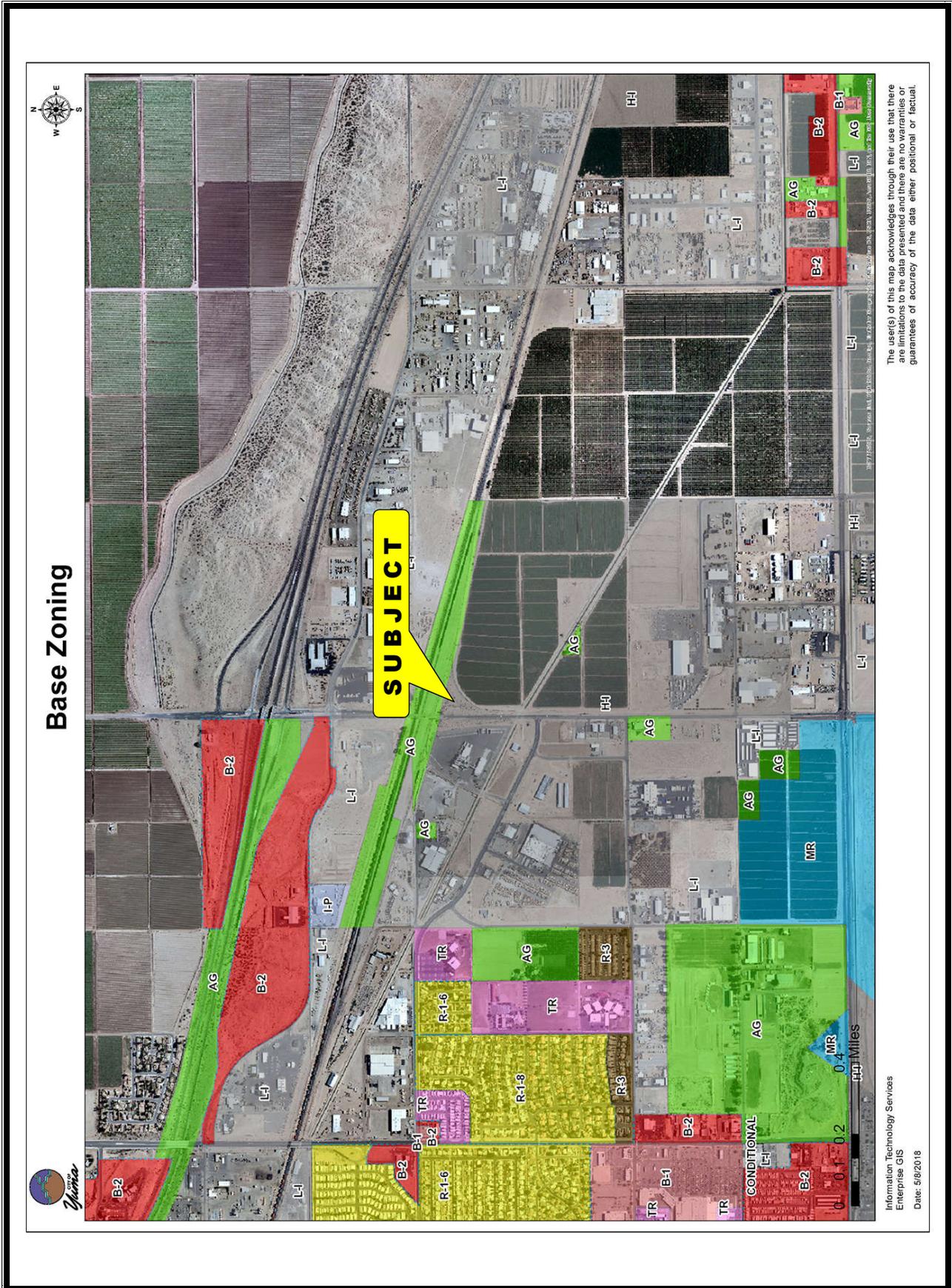
View south along Avenue 3E (subject on left – not in photo)

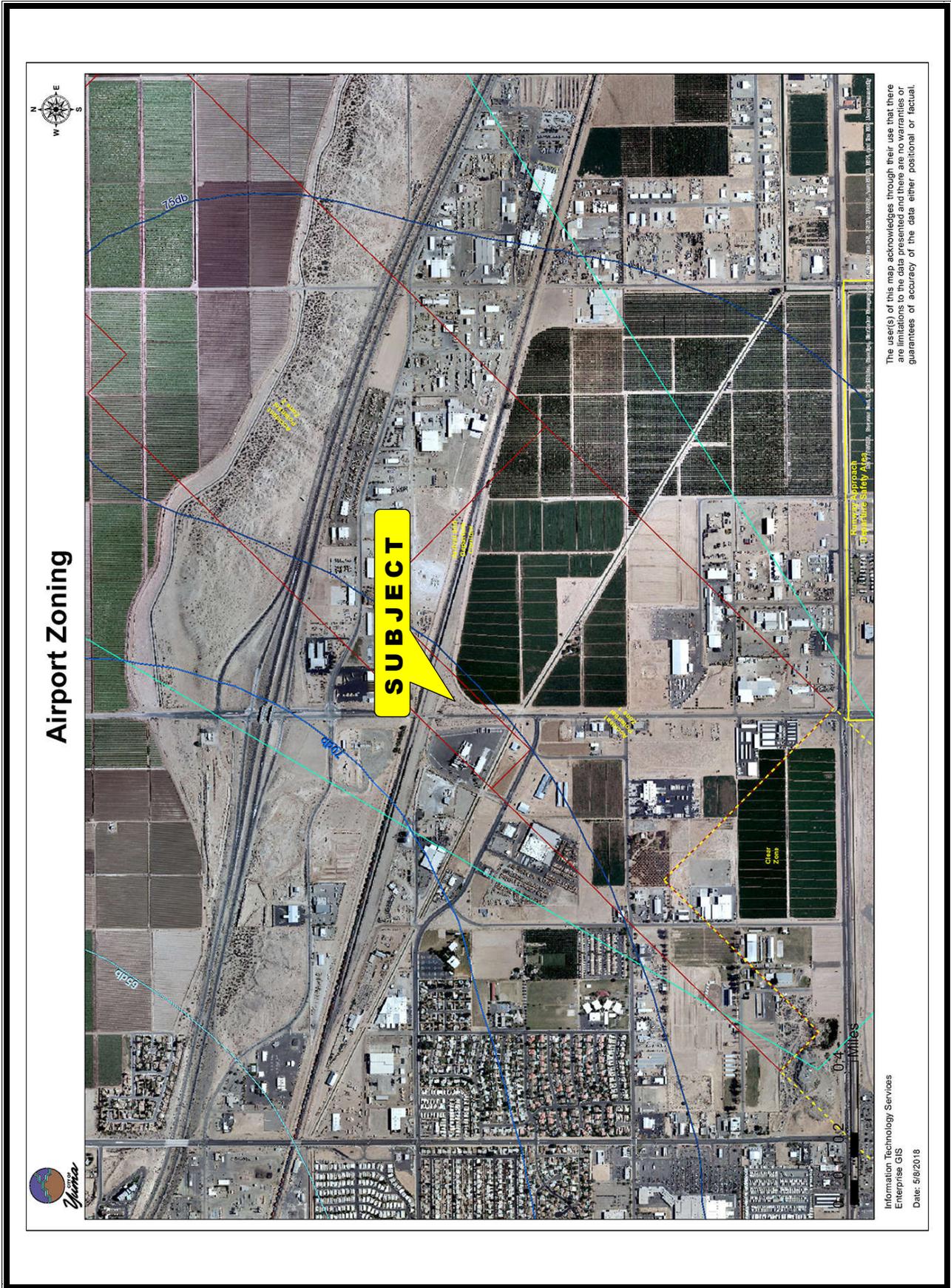


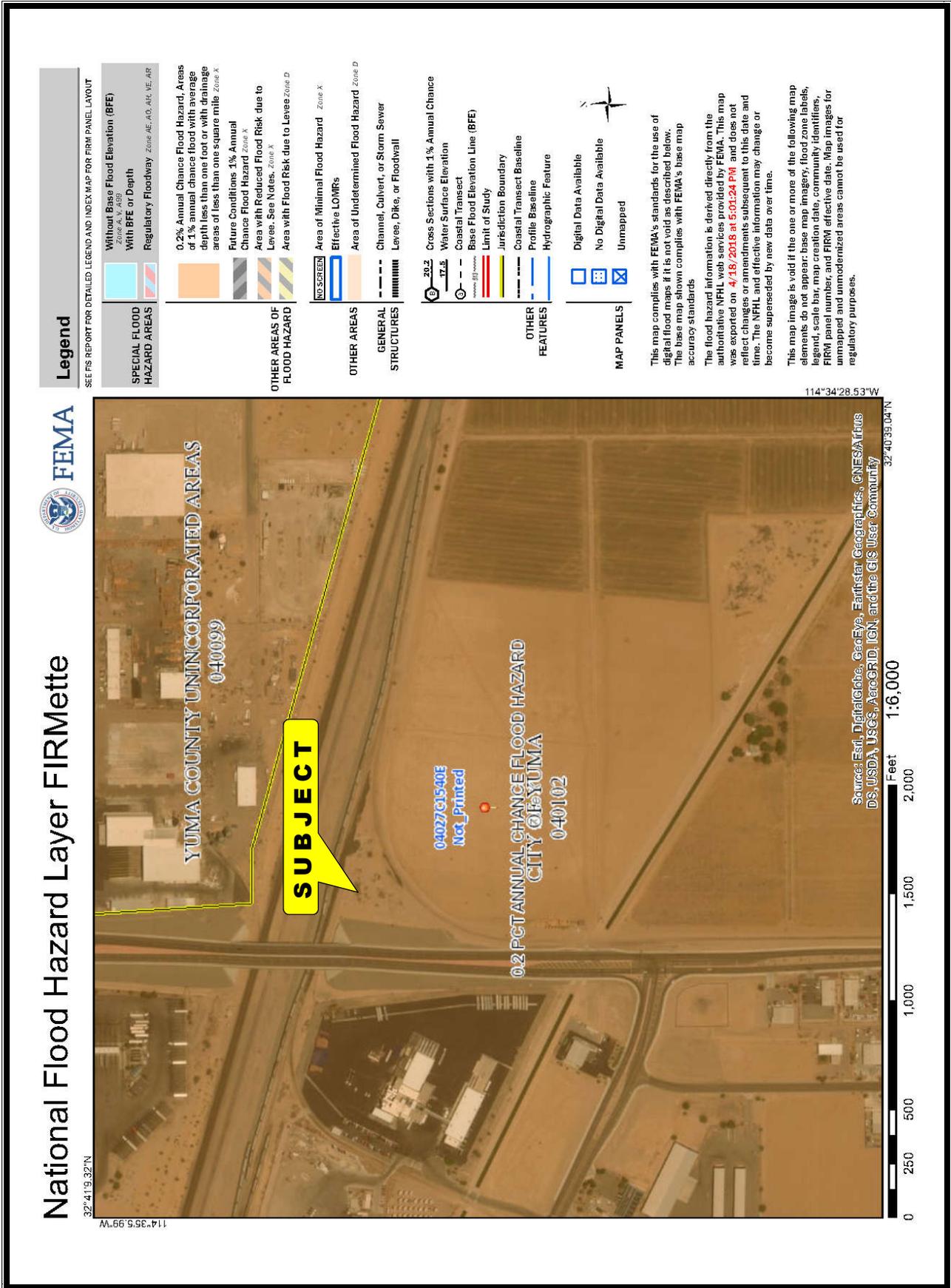
© Arizona State Land Department Parcel Viewer

C









<b>ARIZONA DEPARTMENT OF TRANSPORTATION</b> <b>RIGHT OF WAY GROUP</b> <b>RIGHT OF WAY DISPOSAL REPORT</b>
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The undersigned has examined the title to the property described in SCHEDULE A-1 herein, and the fee owner is:

The State of Arizona, by and through its Department of Transportation

**Address:** 205 South 17th Avenue, Mail Drop 612E, Phoenix, Arizona 85007

**By virtue of that certain:** See attached Right-of-Way Schedule.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the proposed purchaser.

**LEGAL DESCRIPTION**

SEE SCHEDULE A-1 ATTACHED

**REMARKS:** The Schedule B Items are shown herein for the benefit of Right of Way appraiser.

<b>Date of Search:</b> October 13, 2017	<b>Examiner:</b> Shirley Seeley	<b>Reviewer:</b> N/A
<b>Update to:</b>	<b>Examiner:</b>	<b>Reviewer:</b>

<b>County:</b> Yuma	<b>Tax Arb:</b> 105-02	<b>Disposal:</b> N/A
<b>Tracs No.:</b> M519301X	<b>Highway:</b> AVE 3E HWY	<b>Excess Land:</b> L-Y-016
<b>Fed. No.:</b> S-491-701	<b>Section:</b> JCT US 80-JCT I-8	<b>Parcel No.:</b> 14-288

**SCHEDULE A-1  
LEGAL DESCRIPTION**

That portion of NW4 NW4 (LOT 18) Section 1, Township 9 South, Range 23 West, Gila and Salt River Meridian, Yuma County, AZ, as depicted on Exhibit "A" attached, Sheets 7, and 9 of ADOT Drawing D-14-T-347, the Right of Way Plans of AVE 3E HIGHWAY, JCT US 80-JCT I-8 Section, Project S-491-701/ S-280-A-800.

**NOTE: The legal description of the area to be sold will be produced by the ADOT Right of Way Delineation Unit.**

**END OF SCHEDULE A-1**

**RIGHT OF WAY VESTING**

- 1.) Final Order of Condemnation in Civil Case No. 38323 of the Arizona Superior Court, Yuma County, entitled the State of Arizona, ex rel., W.A. ORDWAY, Director, Department of Transportation, Plaintiff, vs. GLEN G. CURTIS and ELENA O. CURTIS, h/w, Defendants, dated June 7, 1978, recorded June 21, 1978, in Docket 1043, at page 886.  
[Parcel 14-288, Project S-491-701]

**END OF RIGHT OF WAY VESTING**

**REQUIREMENTS**

1. Record Deed from the State of Arizona, by and through its Department of Transportation to the proposed buyer(s).

NOTE: Repurchase rights do not apply due to the property being acquired by FOC in 1978.

**END OF REQUIREMENTS**

**SCHEDULE B**

1. Liabilities and Obligations imposed on said land by the inclusion thereof within the boundaries of the following as they currently exist:
  - a) Hospital District No. One, Yuma County, Arizona
  - b) Yuma Mesa Irrigation and Drainage District
  - c) Yuma County Citrus Pest Control District
  
2. Reservations and conditions contained in the Patent from The United States of America, recorded in Docket 238, page 145.

**END OF SCHEDULE B**

EXHIBIT "A"

That portion of the Northwest quarter of the Northwest quarter (NW¼NW¼) of Section 1, Township 9 South, Range 23 West, Gila and Salt River Meridian, Yuma County, Arizona, that is within the operating right of way of State Route 280, lying southerly of the Union Pacific Railroad (formerly Southern Pacific Railroad) right of way and northwesterly of the Union Pacific Railroad (formerly Southern Pacific Railroad) Spur right of way, and easterly of the following described line:

Commencing at the Northwest corner of said Section 1, being North 00°24'51" West 2656.22 feet from the West quarter corner of said section 1;

thence along the West line of said Section 1, South 00°24'51" East 301.28 feet to the southerly right of way line of the Union Pacific Railroad;

thence along said southerly right of way line of the Union Pacific Railroad South 74°13'41" East 156.19 feet to the POINT OF BEGINNING;

thence South 12°26'21" West 262.51 feet;

thence South 77°08'02" East 15.00 feet;

thence South 12°26'21" West 200.00 feet;

thence North 77°08'02" West 15.00 feet;

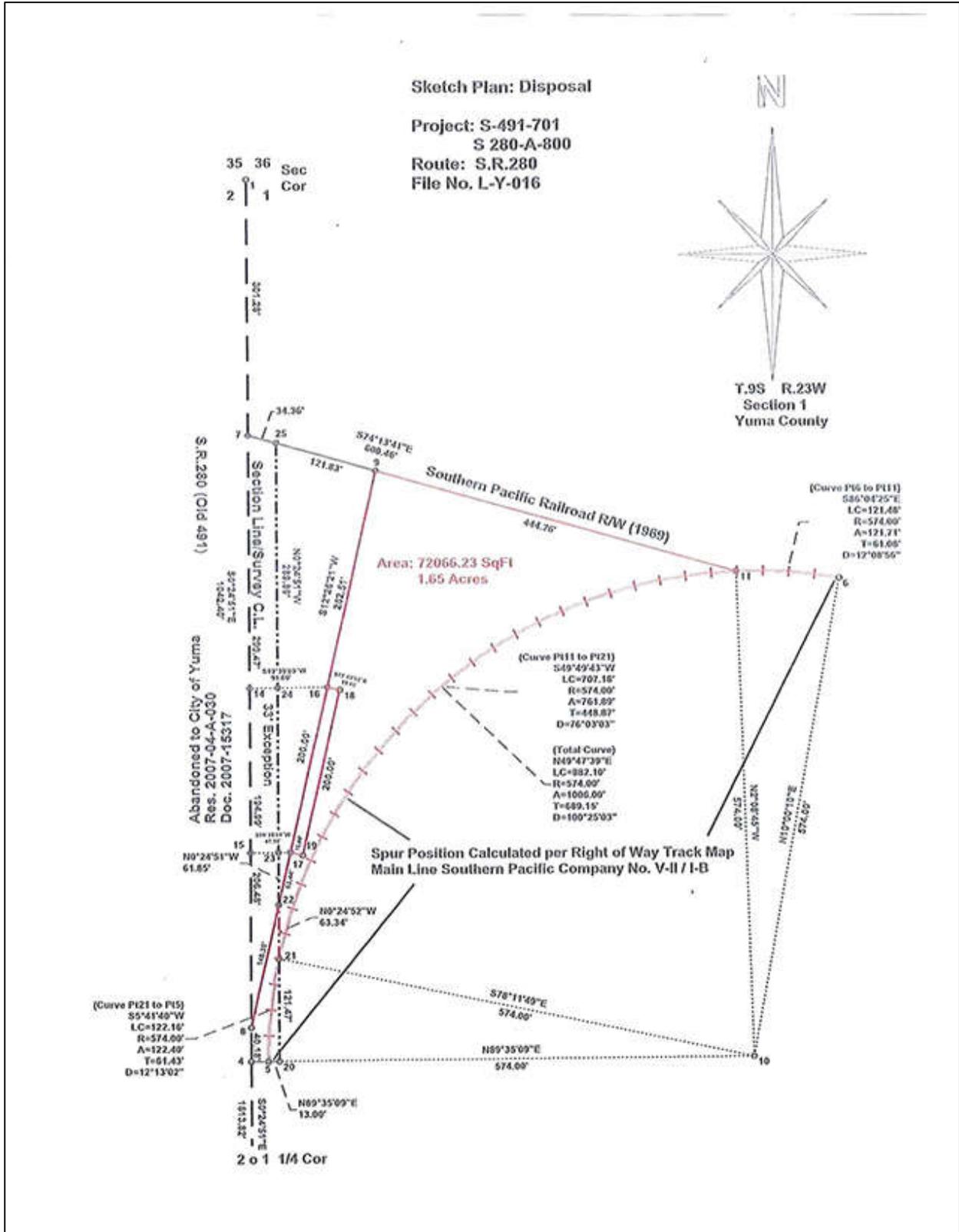
thence South 12°26'21" West 211.79 feet to the POINT OF ENDING on the West line of said Section 1, being North 00°24'51" West 1654.00 feet from said West quarter corner of Section 1.

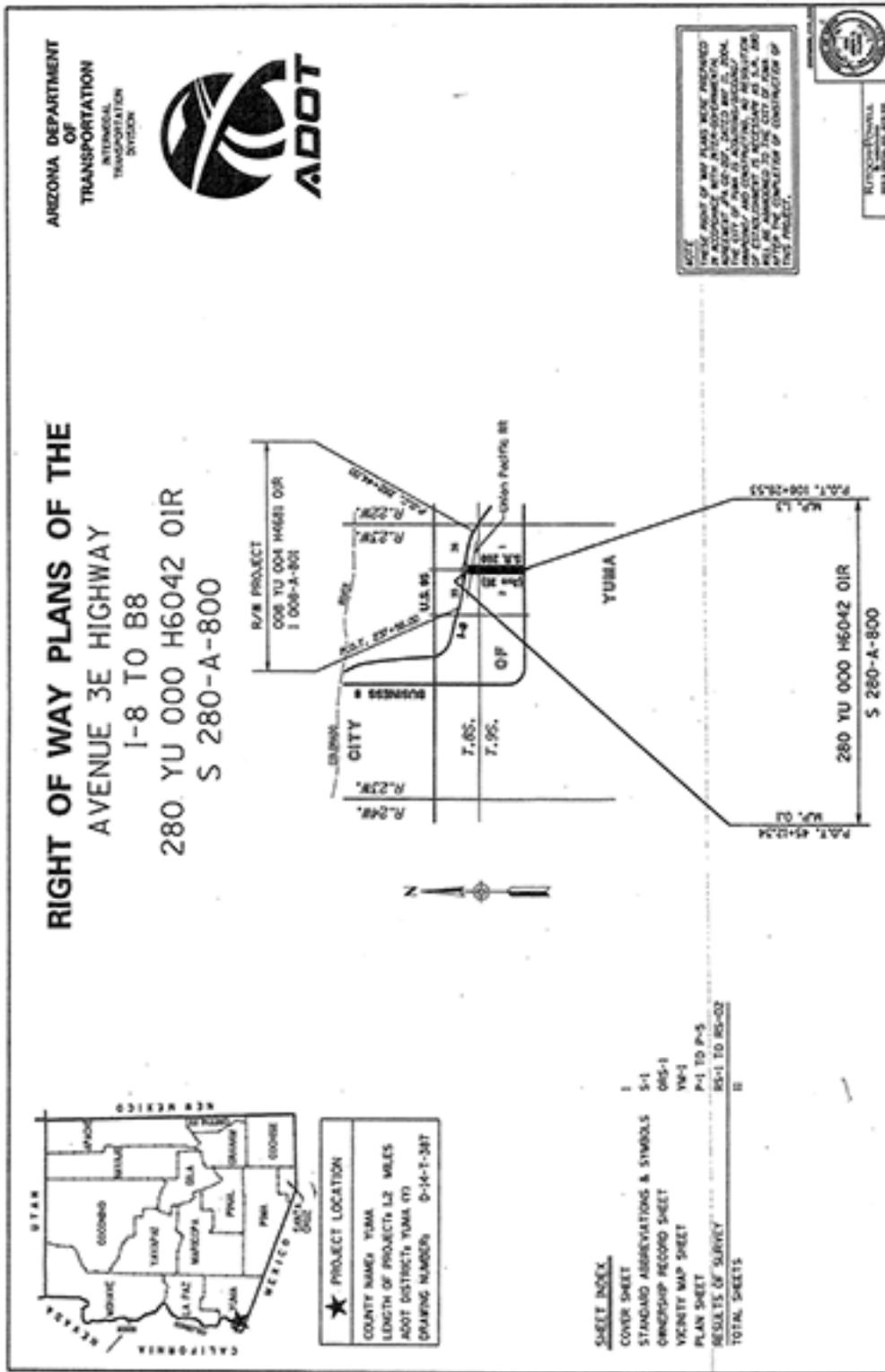
EXCEPT any portion lying within the West 33.00 feet of said Section 1.

72,066 square feet, more or less.

GRANTOR RESERVES unto the public and various utility companies, easements for existing utilities, if any, within the above described property, in accordance with Arizona Revised Statute 28-7210. Access to the existing utilities will be by way of what exists at the time of this conveyance and shall be the responsibility of the Grantee herein and of the public or utility companies to show where that access is located.

PROJECT: S-491-701 S-280-A-800	LOCATION: JCT US 80 / I-8	PARCEL: L-Y-016
H088801R	Disposal	SR 08-31-2017





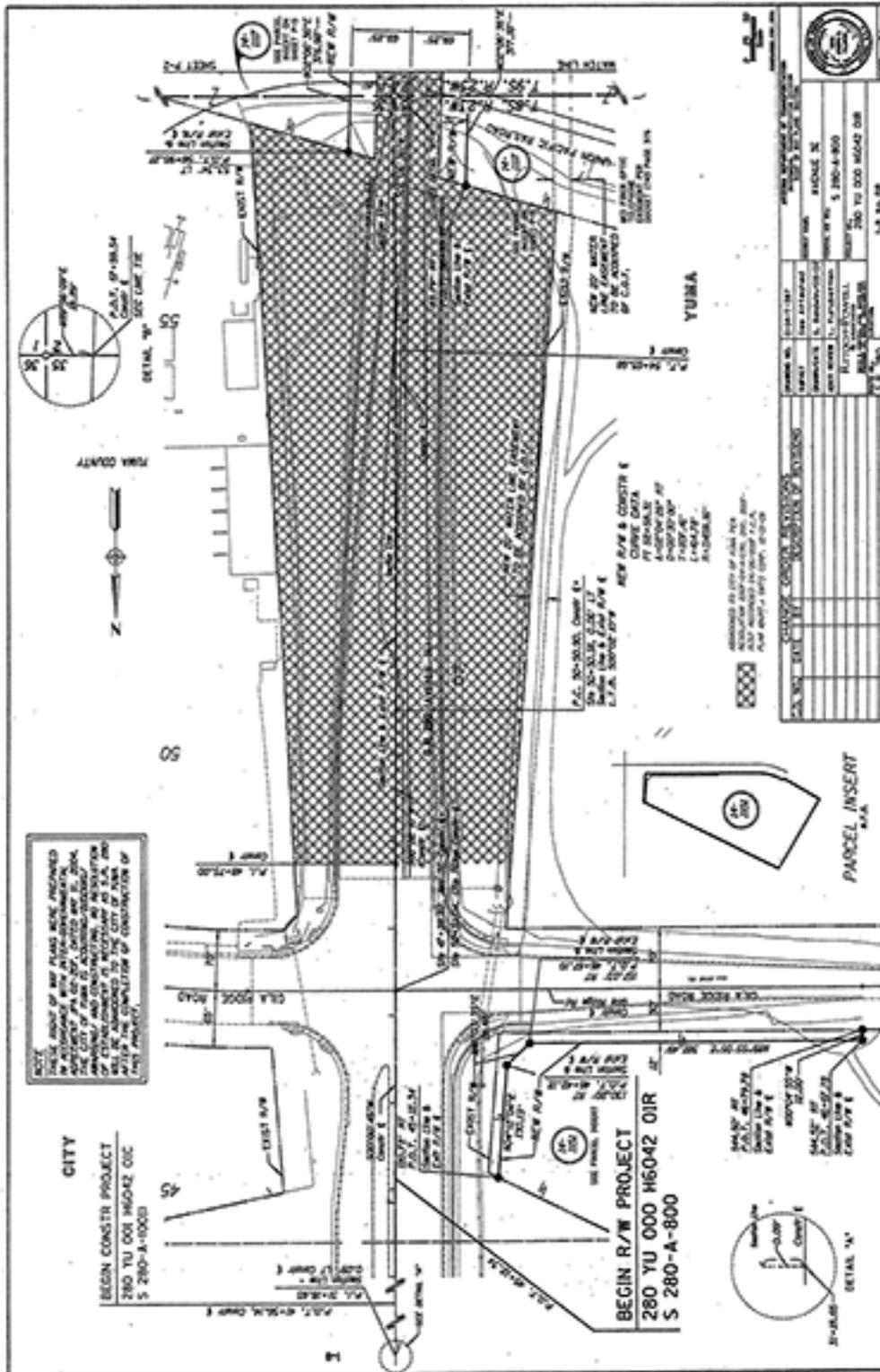


OWNERSHIP RECORD										ACQUISITION RECORD				
PARCEL NUMBER	OWNER	DESCRIPTION OF AREA REQUIRED	TOTAL AREA (ACRES)	ACRES (APPROX.)	NET (APPROX.)	FOOTAGE		SHEET NO.	RECORDED	INSTRUMENT TYPE	DATE	DATE	RECORDED	
						LEFT	RIGHT							
14-001	U.S.A. Dept. of the Navy	SEA Sec. 2 T.05. R.27N.	276.579	8.224			281.45	P-5						
14-004	Lubin Revocable Trust	Lot 26, SEA Sec. 1, T.05. R.27N. Lot 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000	34.071	1.791										
14-005	Amelia Arnold	Parcel 2, Gateway Plaza Lot 504 N.A. 1	504.24	0.72										
14-006	Verco-Stron, L.L.C.	SEA Sec. 2 T.05. R.27N.	81.02	24.475										
14-007	Great Corporation	SEA Sec. 2 T.05. R.27N.	81.02	24.475										
14-008	Urban Pacific Railroad Company	SEA Sec. 1 T.05. R.27N.	34.072	1.895										
14-009	Federal Company	SEA Sec. 2 T.05. R.27N.	34.072	1.895										
14-010	U/R Enterprises L.P.	SEA Sec. 2 T.05. R.27N.	34.074	1.209										
14-011	U.S.A. Dept. of the Navy	SEA Sec. 1 T.05. R.27N.	34.026	1.874										

ALL AREAS ARE IN SQUARE FEET UNLESS OTHERWISE NOTED

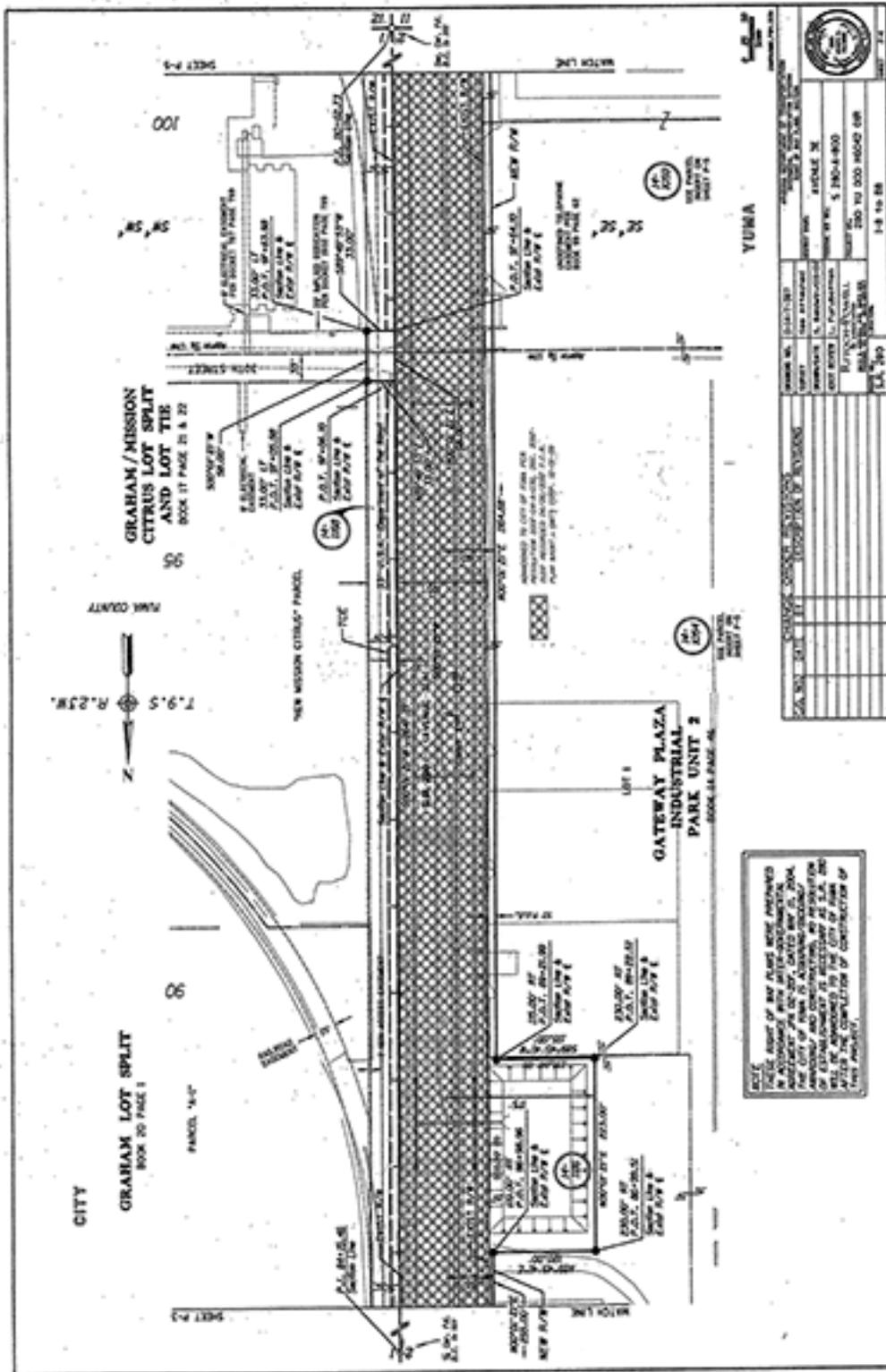
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 SCALE: [ ]  
 DATE: [ ]



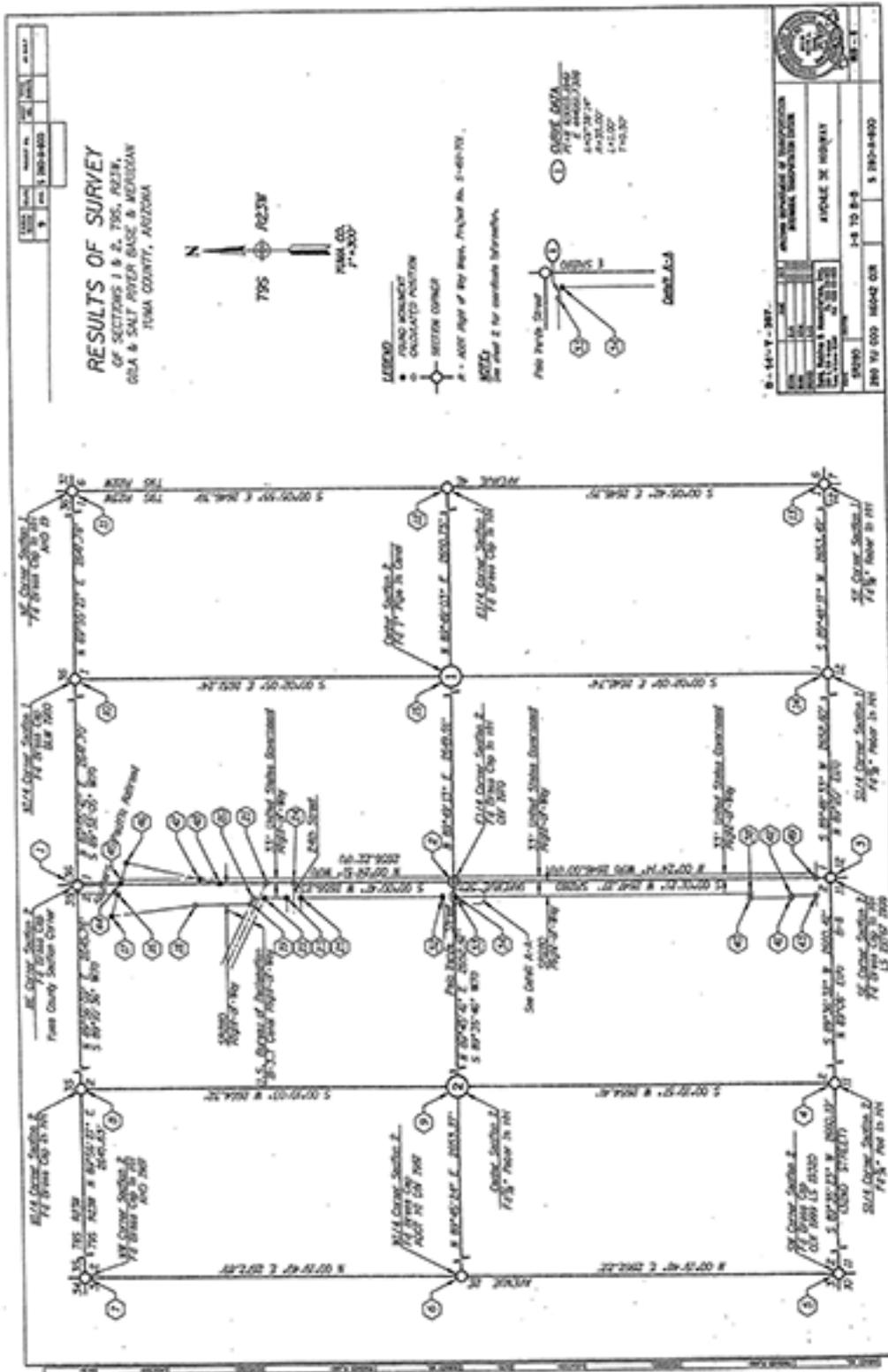














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<b>TRANSMITTAL</b>		Date: May 6, 2016
<b>Environmental Planning Group</b>		
Arizona Department of Transportation Mail Drop EM02 1611 W. Jackson Phoenix AZ 85007		Phone: (602)712-7767 Fax: (602)712-3066
Disposal Number: L-Y-016		
Disposal Name: ADOT Parcel # 14-288		
Deliver To		Sent From
Raul Torres Property Management 612E		Paul O'Brien, P.E. Environmental Planning Group
<input checked="" type="checkbox"/> Attached		<input type="checkbox"/> Under Separate Cover
<b>Action:</b>		
<input type="checkbox"/> For your approval	<input checked="" type="checkbox"/> For your use	
<input type="checkbox"/> For your information	<input type="checkbox"/> For your response	
<input type="checkbox"/> As you requested	<input type="checkbox"/> For review and comment	
<b>Description:</b>		
Attached is the environmental clearance package for this disposal.		
<b>Remarks:</b>		
<b>Distribution:</b>		
<input type="checkbox"/> Reading File	<input checked="" type="checkbox"/> Project File	<input type="checkbox"/> _____
Signed: Paul O'Brien, P.E. <i>[Signature]</i> Title: Environmental Planning Group Manager		

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### Arizona Department of Transportation Environmental Planning Group Disposal Checklist

Disposal Number: L-Y-016

Disposal Name: ADOT Parcel # 14-288

Disposal Address: Parcel is located to the east of State Route (SR) 280 (Avenue 3E), to the south of the Union Pacific Railroad (UPRR), and to the northwest of the UPRR spur in Yuma, Yuma County, Arizona.

**Clearance**

Prepared By: *Ed Green* Date: May 6, 2016  
Ed Green  
Hazardous Materials Coordinator

Approved By: *Paul O'Brien* Date: 5/5/16  
*PO* Paul O'Brien, P.E.  
Manager

PO:eg

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**I. PROJECT DESCRIPTION**

- A. The Arizona Department of Transportation (ADOT) proposes to dispose of property L-Y-016. The property is also referred to as ADOT Parcel # 14-288.
- B. Location: Parcel is located to the east of State Route (SR) 280 (Avenue 3E), to the south of the Union Pacific Railroad (UPRR), and to the northwest of the UPRR spur in Yuma, Yuma County, Arizona.
- C. Purpose: The property will be sold in accordance with State law.

**II. IMPACT EVALUATION**

**A. Natural Environment**

This disposal property consists of approximately 1.65 acres of vacant land that was formerly a dirt access road. The parcel was acquired for the widening of SR 280.

Land Use Characteristics

	Current Condition	Former Use	Surrounding Area
Vacant	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Residential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industrial	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agricultural	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Natural	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Dirt Road	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Endangered Species Act Listed Species

	Yes	No	If Yes, List Species.	Comments.
Critical Habitat	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Suitable Habitat	<input type="checkbox"/>	<input checked="" type="checkbox"/>		

The disposal property is located in an area designated Zone X (area determined to be outside the 0.2% annual chance floodplain) according to the Federal Emergency Management Agency Flood Insurance Rate Map Number 04027C 1540E.

**B. Physical/Construction**

This type of action does not require any construction-related activities. No construction-related impacts will result from this disposal activity.

A Preliminary Initial Site Assessment was performed by the ADOT Environmental Planning Group. No hazardous materials concerns were identified. No further hazardous materials investigation is recommended.

Due to the lack of construction-related activities and impacts, this project is exempt from air quality conformity regulations.

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The Arizona Department of Transportation's Noise Abatement Policy was written to conform to the federal policy and guidelines as stated in Title 23 of the Code of Federal Regulations Part 772. No analysis of traffic noise impacts is required for this project as it does not significantly alter the horizontal or vertical alignment of the existing highway nor does it increase capacity of transportation facilities.

**C. Socioeconomic**

Title VI of the Civil Rights Act of 1964 and related statutes assure that individuals are not excluded from participation in, denied the benefit of, or subject to discrimination on the basis of race, color, national origin, age, sex, and disability. Executive Order 12898 on Environmental Justice directs that programs, policies and activities not have a disproportionately high and adverse human health and environmental effect on minority and low-income populations. This disposal project will not result in new impacts on the surrounding area. Sale of this property will not result in any residential or business relocation. This disposal will not have a disproportionately high or adverse impact on minority or low-income communities.

**D. Cultural Resources**

This disposal project will have no effect on historic properties. No significant historic properties were identified for the site in a cultural resources survey. ADOT initiated consultation with the State Historic Preservation Office (SHPO) on November 30, 2012. Concurrence was received from SHPO on December 7, 2012. At this time, ADOT has determined that this project proceed with a finding of "no historic properties affected."

**III. PUBLIC INVOLVEMENT**

This disposal action does not require a public involvement plan.

**IV. ACTION REQUIRED**

<b>Federal-Aid Projects</b>	
Categorical Exclusion Group 2	<input type="checkbox"/>
Programmatic	<input type="checkbox"/>
Non-Programmatic	<input type="checkbox"/>
<b>State-Funded Projects</b>	
Environmental Clearance	<input checked="" type="checkbox"/>

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Preliminary Initial Site Assessment

Project No. S-491-701 TRACS No. L-Y-016

Section I: Site Location Information

Assessor Parcel No. 105-5-1 & 105-2-7 ADOT Parcel No. 14-288

Address/Route & Milepost \_\_\_\_\_

Section 1 Township 8S Range 23W ¼ ¼ ¼

Latitude 32° 40' 58.8"N Longitude -114° 34' 50.9"W

Site Characteristics: Historic Land Use

Agriculture \_\_\_\_\_ Residential \_\_\_\_\_ Commercial \_\_\_\_\_ Industrial \_\_\_\_\_ Natural Undeveloped

Vehicle Maintenance: \_\_\_\_\_ Chemical Storage: \_\_\_\_\_ UST System: \_\_\_\_\_

Septic System: \_\_\_\_\_ Water/Dry Well: \_\_\_\_\_ Pesticide/Herbicide \_\_\_\_\_

Other: Agriculture areas within the vicinity of the project area. Area adjacent to Union Pacific Railroad main line

Site Characteristics: Current Land Use

Agriculture \_\_\_\_\_ Residential \_\_\_\_\_ Commercial \_\_\_\_\_ Industrial \_\_\_\_\_ Natural Undeveloped

Vehicle Maintenance: \_\_\_\_\_ Chemical Storage: \_\_\_\_\_ UST System: \_\_\_\_\_

Septic System: \_\_\_\_\_ Water/Dry Well: \_\_\_\_\_ Pesticide/Herbicide \_\_\_\_\_

Other: Agriculture areas within the vicinity of the project area. Area adjacent to Union Pacific Railroad main line

Section II: Site Surface Conditions

Dimensions: N/A Length \_\_\_\_\_ Width \_\_\_\_\_

Area: \_\_\_\_\_ Sq. feet or \_\_\_\_\_ Sq. meters or 1.65 Acres

Topography: Flat

Geology: Q - Quaternary Surficial Deposits

Vegetation: Native - Lower Colorado River Desertscrub

Structures: None

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Utilities: Typical Rural

Section III: Results of Database Review

No concerns on project  Concerns on project \_\_\_\_\_  
(Complete Section IV)

Section IV: Environmental Concerns

Observed: None

Suspected: None

Unusual Conditions: None

Section V: Recommendations

High Priority Phase 1: \_\_\_\_\_ Medium Priority Phase 1: \_\_\_\_\_ Low Priority Phase 1: \_\_\_\_\_

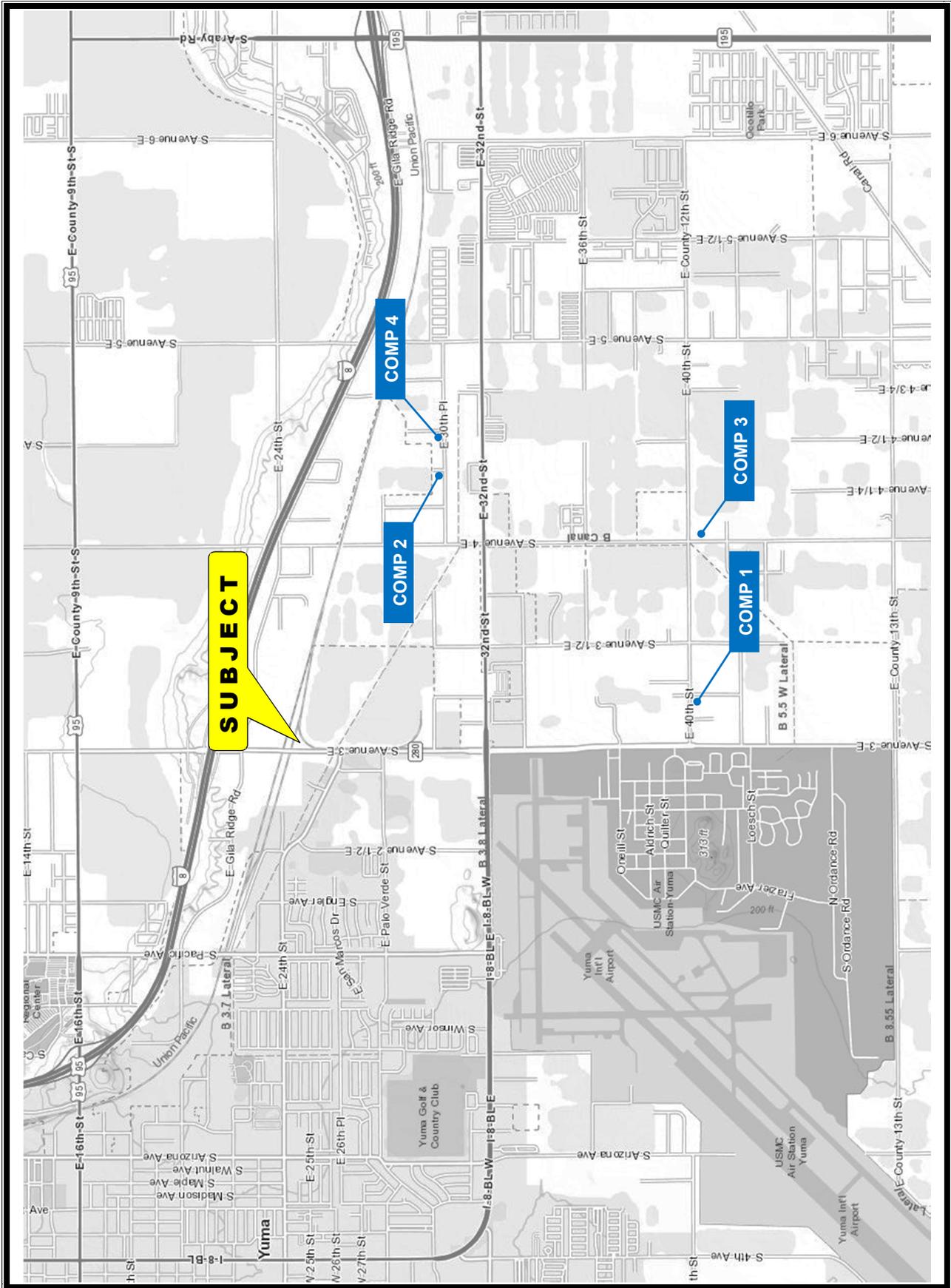
No additional survey required:  Aerial Photograph Review:

Section VI: Comments

No Recognized Environmental Conditions (REC's) noted on project area during a thorough database search that included: NEPAsearch, ADEQ Megasearch, ADEQ eMAP, & ECHO  
Three RCRA sites within 1/4 miles of project area - no suspected impact

Consultant Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

ADOT Name Ed Green Signature *Ed Green* Date 06 May 16



© Arizona State Land Department Parcel Viewer

C

**Comparable No. 1**



**Property Information**

<b>Property Type:</b>	Vacant Land		
<b>Location:</b>	Southeast of Avenue 3E and 40th Street		
<b>Address:</b>	None Given		
<b>City, State ZIP:</b>	Yuma, Arizona 85365	<b>County:</b>	Yuma
<b>Land Area:</b>	28,750 square feet 0.660 acres	<b>Zoning Authority:</b>	Yuma County
		<b>Zoning District(s):</b>	LI
		<b>Flood Hazard Zone(s):</b>	X
<b>Legal Description:</b>	Part of the NW¼ of Section 13, Township 9 South, Range 23 West, Gila and Salt River Base and Meridian, Yuma County, Arizona		
<b>Parcel Number(s):</b>	723-05-009		

<b>Topography:</b>	Level	<b>Building Area:</b>	NA	<b>Floor Area Ratio:</b>	NA
<b>Access:</b>	Paved Road	<b>Year Built:</b>	NA	<b>Parking:</b>	NA
<b>Utilities:</b>	At property	<b>No. of Stories:</b>	NA	<b>Clear Height:</b>	NA
		<b>Occupancy:</b>	NA	<b>Percent Office:</b>	NA

**Sale Information**

<b>Grantor:</b>	Jose Alfredo Ramirez and Yolanda E. Ramirez		
<b>Grantee:</b>	Martinez Tire Service & Mechanic, LLC		
<b>Date of Sale:</b>	May 2015	<b>Terms:</b>	\$30,000.00 (35%) cash down Seller carried balance on undisclosed terms
<b>Sales Price:</b>	\$85,000.00 \$2.96 per square foot	<b>Three Year Sales History:</b>	None
<b>Recordation:</b>	6/19/2015 Warranty Deed 2015-13705		
<b>Source/Confirmation:</b>	CoStar Group; Recorded Affidavit of Property Value Ms. Denise Carlos, Liberty Properties & Associates (928.783-2928)		

**Comments:**  
This site is generally level and at grade with the abutting properties and roadways. Surrounding land uses include industrial development and vacant land zoned for similar development. The main entrance to the Marine Corps Air Station is located a short distance west of this site. This property was purchased to be used for the buyer's automotive repair business.



**Comparable No. 2**



**Property Information**

<b>Property Type:</b>	Vacant Land		
<b>Location:</b>	Northeast of Avenue 4E and 32nd Street		
<b>Address:</b>	4340 E. 30th Place		
<b>City, State ZIP:</b>	Yuma, Arizona 85365	<b>County:</b>	Yuma
<b>Land Area:</b>	40,354 square feet 0.926 acres	<b>Zoning Authority:</b>	City of Yuma
		<b>Zoning District(s):</b>	L-1
		<b>Flood Hazard Zone(s):</b>	X
<b>Legal Description:</b>	Part of the SW¼ of Section 6, Township 9 South, Range 22 West, Gila and Salt River Base and Meridian, Yuma County, Arizona		
<b>Parcel Number(s):</b>	697-26-073		

<b>Topography:</b>	Level	<b>Building Area:</b>	NA	<b>Floor Area Ratio:</b>	NA
<b>Access:</b>	Paved Road	<b>Year Built:</b>	NA	<b>Parking:</b>	NA
<b>Utilities:</b>	At property	<b>No. of Stories:</b>	NA	<b>Clear Height:</b>	NA
		<b>Occupancy:</b>	NA	<b>Percent Office:</b>	NA

**Sale Information**

<b>Grantor:</b>	Robbie Alan Easley and Joan M. Easley		
<b>Grantee:</b>	Francisco I. Apodaca		
<b>Date of Sale:</b>	September 2016		
<b>Sales Price:</b>	\$95,000.00 \$2.35 per square foot	<b>Terms:</b>	\$50,000.00 (53%) cash down Seller carried balance on undisclosed terms
<b>Recordation:</b>	10/5/2016 Warranty Deed 2016-23994	<b>Three Year Sales History:</b>	None

**Source/Confirmation:** CoStar Group; Recorded Affidavit of Property Value  
Ms. Janice Edgar, Keller Williams Realty (928.247-6180)

**Comments:**  
This site is generally level and at grade with the abutting properties and roadways. Surrounding land uses include industrial development within the Curtis Industrial Park. This property was purchased for the development of an industrial building.



**Comparable No. 3**



**Property Information**

<b>Property Type:</b>	Vacant Land		
<b>Location:</b>	Southeast of Avenue 4E and 40th Street		
<b>Address:</b>	12207 S. Avenue 4E		
<b>City, State ZIP:</b>	Yuma, Arizona 85364	<b>County:</b>	Yuma
<b>Land Area:</b>	96,703 square feet 2.220 acres	<b>Zoning Authority:</b>	Yuma County
		<b>Zoning District(s):</b>	LI-2
		<b>Flood Hazard Zone(s):</b>	X
<b>Legal Description:</b>	Part of the NW¼ of Section 18, Township 9 South, Range 22 West, Gila and Salt River Base and Meridian, Yuma County, Arizona		
<b>Parcel Number(s):</b>	724-01-003		

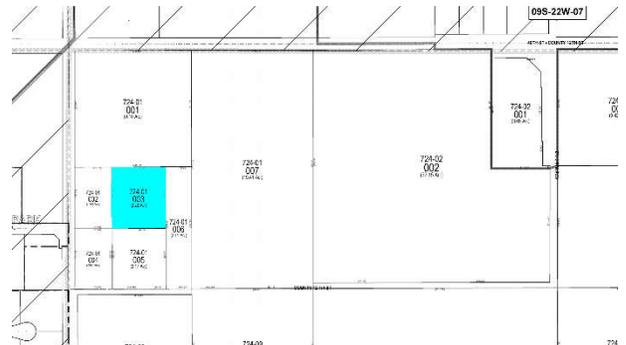
<b>Topography:</b>	Level	<b>Building Area:</b>	NA	<b>Floor Area Ratio:</b>	NA
<b>Access:</b>	Paved Road	<b>Year Built:</b>	NA	<b>Parking:</b>	NA
<b>Utilities:</b>	At property	<b>No. of Stories:</b>	NA	<b>Clear Height:</b>	NA
		<b>Occupancy:</b>	NA	<b>Percent Office:</b>	NA

**Sale Information**

<b>Grantor:</b>	Richard M. Summers and Joy Darlene Summers		
<b>Grantee:</b>	Nathan M. Lemmon		
<b>Date of Sale:</b>	October 2016		
<b>Sales Price:</b>	\$101,000.00 \$1.04 per square foot	<b>Terms:</b>	\$101,000.00 (100%) cash down All cash sale
<b>Recordation:</b>	12/16/2016 Warranty Deed 2016-30164	<b>Three Year Sales History:</b>	None

**Source/Confirmation:** CoStar Group; Recorded Affidavit of Property Value  
Mr. Paul Cunningham, ERA Matt Fischer Realtor (928.210-1731)

**Comments:**  
This site is generally level and at grade with the abutting properties and roadways. Surrounding land uses are primarily agricultural field crops although this property is in a small pocket of land planned for industrial development. This property was purchased for the development of an industrial building.



**Comparable No. 4**



**Property Information**

<b>Property Type:</b>	Vacant Land		
<b>Location:</b>	Northwest of Avenue 5E and 32nd Street		
<b>Address:</b>	4562 E. 30th Place		
<b>City, State ZIP:</b>	Yuma, Arizona 85365	<b>County:</b>	Yuma
<b>Land Area:</b>	44,722 square feet 1.027 acres	<b>Zoning Authority:</b>	City of Yuma
		<b>Zoning District(s):</b>	L-1
		<b>Flood Hazard Zone(s):</b>	X
<b>Legal Description:</b>	Part of the SE¼ of Section 6, Township 9 South, Range 22 West, Gila and Salt River Base and Meridian, Yuma County, Arizona		
<b>Parcel Number(s):</b>	697-27-068		

<b>Topography:</b>	Level	<b>Building Area:</b>	NA	<b>Floor Area Ratio:</b>	NA
<b>Access:</b>	Paved Road	<b>Year Built:</b>	NA	<b>Parking:</b>	NA
<b>Utilities:</b>	At property	<b>No. of Stories:</b>	NA	<b>Clear Height:</b>	NA
		<b>Occupancy:</b>	NA	<b>Percent Office:</b>	NA

**Sale Information**

<b>Grantor:</b>	Danny H. Brower, Trustee		
<b>Grantee:</b>	Miller, Miller and Stewart		
<b>Date of Sale:</b>	November 2017		
<b>Sales Price:</b>	\$120,000.00 \$2.68 per square foot	<b>Terms:</b>	\$120,000.00 (100%) cash down All cash sale
<b>Recordation:</b>	1/9/2018 Warranty Deed 2018-00648	<b>Three Year Sales History:</b>	None

**Source/Confirmation:** CoStar Group; Recorded Affidavit of Property Value  
Mr. Jon Matheus, A.T. Pancrazi Real Estate Services (928-782-0000)

**Comments:**  
This site is generally level and at grade with the abutting properties and roadways. Surrounding land uses include industrial development within the Curtis Industrial Park. This property was purchased with no immediate development plans.



# Timothy A. Haskins, ASA

## APPRAISAL CERTIFICATION, LICENSING AND MEMBERSHIPS

State of Arizona Certified General Real Estate Appraiser; Certificate No. 30668  
Recertified through June 30, 2019

Accredited Senior Appraiser, (ASA) American Society of Appraisers (1995);  
Recertified through October 30, 2020

- Officer – Phoenix Chapter of American Society of Appraisers (1994-1996)
- President – Phoenix Chapter of American Society of Appraisers (1997-1999)

Member, International Right of Way Association (2001)

## PROFESSIONAL AFFILIATIONS

Practicing Affiliate, Appraisal Institute

## EXPERIENCE

Owner, First Appraisal Services, PLC (2016-present)  
Senior Appraiser, First Appraisal Services, Inc. (2000-2015)  
Production Director/Senior Analyst, WMF Robert C. Wilson (1998-2000)  
Senior Managing Appraiser, Appraisal Sciences, Ltd. (1997-1998)  
Staff Appraiser, Appraisal Sciences, Ltd. (1990-1997)

## SCOPE OF ASSIGNMENTS

Vacant Land  
Industrial Facilities  
Office Buildings  
Retail Buildings  
Residential Properties  
Special Use Properties  
Eminent Domain, Estate Planning, Tax Planning  
Litigation Support  
Expert Witness (Maricopa County & Pinal County Superior Courts)

## EDUCATION

University of Arizona, B.S. in Business Administration, 1990

Various Continuing Education Courses, including:

Business Practices and Ethics  
National Uniform Standards of Professional Appraisal Practice  
Uniform Appraisal Standards for Federal Land Acquisitions  
Ethics and the Right of Way Profession  
Basic Capitalization Course  
The Technical Inspection of Real Estate  
The Appraisal of Partial Acquisitions  
Valuation of Conservation Easements Certificate Program  
Office Building Valuation: A Contemporary Perspective  
Principles of Real Estate Negotiation  
Principles of Real Estate Engineering  
Real Estate Finance Statistics and Valuation Modeling  
Marketability Studies: Six-Step Process & Basic Applications  
Forecasting Revenue  
Small Hotel/Motel Valuation



3420 E. Shea Boulevard, Suite 200  
Phoenix, Arizona 85028

602.264-0011  
thaskins@azfas.com

**Department of Financial Institutions**  
**State of Arizona**

**CGA - 30668**

**TIMOTHY A. HASKINS** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

**Certified General Real Estate Appraiser**

and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

**Certified General Real Estate Appraiser**

**TIMOTHY A. HASKINS**

This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.

Expiration Date : **June 30, 2019**

Signed in the Superintendent's office at 2910 North 44<sup>th</sup> Street, Suite 310,  
in the City of Phoenix, State of Arizona, this 23<sup>rd</sup> day of May, 2017.

*Robert D. Charlton*  
**Robert D. Charlton**  
Superintendent