

A SPECIAL BENEFITS APPRAISAL
RESTRICTED APPRAISAL REPORT
(BRKW File No. 8006)

ONE SINGLE-FAMILY URBAN RESIDENTIAL
PROPERTY AND ONE RURAL RESIDENTIAL
PROPERTY

8648 JORGENSEN AVE. S. AND
9998 85TH ST. S.
COTTAGE GROVE, MN 55016

2021 PAVEMENT MANAGEMENT PROJECT
AREA 1 – JOHANSEN AVE., 85TH ST. AND
ADJOINING AREAS
CITY OF COTTAGE GROVE, MN

VALUATION DATE: OCTOBER 10, 2020

FOR

AMANDA MEYER, PE
ASSISTANT CITY ENGINEER
CITY OF COTTAGE GROVE
12800 RAVINE PARKWAY
COTTAGE GROVE, MN 55016

BY

PAUL J. GLEASON, MAI
AND
MARK A. WARREN, MAI

October 29, 2020

Amanda Meyer, PE
Assistant City Engineer
City of Cottage Grove
12800 Ravine Parkway
Cottage Grove, MN 55016

Re: One Single-Family Urban Residential Property and
One Rural Residential Property
8648 Jorgensen Ave. S. and 9998 85th St. S., Cottage Grove, MN 55016
2021 Pavement Management Project
Area 1 – Johansen Ave., 85th St. and Adjoining Areas
City of Cottage Grove, MN

Dear Ms. Meyer:

In accordance with your request, we are providing you with a special benefits appraisal pertaining to two subject properties fronting roads proposed for improvements via the City of Cottage Grove 2021 Pavement Management Project Area 1 – Johansen Ave., 85th St. and Adjoining Areas. This appraisal is presented in a **Restricted Appraisal Report** format, in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice.

The opinions of the special benefits resulting from the public improvement project are as of October 10, 2020, the date of viewing of the project area and subject properties. The purpose of the appraisal is to provide an opinion of the increase in market value, if any, to the two subject properties resulting from the proposed street/utility improvements project, which is planned for construction in 2021. The intended use of the appraisal is for assisting City of Cottage Grove officials in levying in an equitable manner special assessments to the properties benefited by the project. The intended users are officials of the City of Cottage Grove.

The value benefits, if any, of street, utility and other such public improvements accrue to the land component of a property, not to the value of buildings and other improvements on the land. Consequently, this special benefits analysis is limited to the valuation of only the land components of the properties appraised.

The before-and-after valuation methodology has been used in this appraisal, which analyzes the market value of the land components of the subject properties prior to the proposed project in relation to the market value of the land after the project is completed. The difference between the before and after opinions of land value reflects the value of special benefits.

In our opinion, the special value benefits to the subject properties resulting from completion of the City of Cottage Grove 2021 Pavement Management Project Area 1 – Johansen Ave., 85th St. and Adjoining Areas, as of October 10, 2020, are as follows:

City of Cottage Grove, Minnesota Area 1 - Johansen Ave., 85th St. and Adjoining Areas Opinions of Special Benefits				
Property No.	Property Type/ Fee Owner	Address	PID #	Opinion of Special Benefit
1	Urban Single-Family Residence Eric & Haley Raway	8648 Jorgensen Ave. S.	15-027-21-41-0033	\$5,900
2	Rural Single-Family Residence Jillian Polzin	9998 85th St. S.	15-027-21-14-0003	\$7,600

A **hypothetical condition** in this appraisal is it is assumed, for the purposes of special benefits valuation, that on the effective date of valuation of October 10, 2020, in the before position on that day the streets in the area of the subject properties were in their pre-project state and later on that day, in the after position, the proposed street construction project had been completed. In actuality, the improvement project had been proposed by that date but had not yet begun. Applying the hypothetical condition assuming the “before” and “after” project situations to exist on the same date facilitates completing a before-and-after appraisal as of the effective date of valuation.

Applying the hypothetical condition as described above might have affected the assignment results.

Special Comment: As of the date of this report, the virus known as COVID-19 has been declared a pandemic with a national state of emergency in place. The pandemic has created substantial turmoil in various financial markets and due to the developing situation, it is difficult to determine the future impact of COVID-19 on local commercial and residential real estate markets.

Currently, there is not enough definitive data available indicating what the eventual material impact, if any, the current COVID-19 crisis may have on market conditions affecting the value of real estate. The value opinions contained in this appraisal are based on findings of an analysis of market data available to the appraisers in the time frame containing the effective date of valuation of October 10, 2020 and the period in which this appraisal assignment was completed.

This appraisal assignment is not based on a requested minimum valuation or a specific valuation for approval of a loan. The opinions of market value and special benefits in the appraisal were developed independent of any undue influence.

The appraised values assume all real estate taxes and special assessment balances, if any, have been paid in full. The values are gross values with no allowances made for brokerage commissions, real estate taxes or other carrying costs associated with a property during its marketing period. The values are based on an exposure time of one to six months.

This appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.

The facts and information contained in this report were obtained from sources that are considered to be reliable and are true to the best of our knowledge and belief, but are not guaranteed. This appraisal report is contingent upon the assumptions and limiting conditions included within this report.

Your attention is directed to the following report which summarizes the data, analyses and conclusions that support the opinions of value.

Sincerely,


BRKW APPRAISALS, INC.



Paul J. Gleason, MAI

Certified General Real Property Appraiser

Minnesota License #4003073



Mark A. Warren, MAI

Certified General Real Property Appraiser

Minnesota License #20415370

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IDENTIFICATION OF PROPERTIES APPRAISED/LEGAL DESCRIPTIONS

The owners, addresses, tax parcel numbers and legal descriptions of the appraised subject properties are presented below. A map depicting the area of the proposed improvement project and the location of the subject properties within the project area is shown on the next page. The properties are described in greater detail later in this report.

Subject Properties Summary				
Property No.	Property Type/ Fee Owner	Address	Tax Parcel I.D. No.	Legal Description
1	Urban Single-Family Residence Eric & Haley Raway	8648 Jorgensen Ave. S.	15-027-21-41-0033	Lot 9, Block 3, Pine Meadow 5th Addn.
2	Rural Single-Family Residence Jillian Polzin	9998 85th St. S.	15-027-21-14-0003	Lengthy legal description, which is on file in appraisal office.

PURPOSE/INTENDED USE OF THE APPRAISAL/INTENDED USERS

The purpose of the appraisal is to provide an opinion of the increase in market value, if any, to the two subject properties resulting from the proposed street/utility improvements project, which is planned for construction in 2021. The intended use of the appraisal is for assisting City of Cottage Grove officials in levying in an equitable manner special assessments to the properties benefited by the project. The intended users are officials of the City of Cottage Grove.

PROPERTY RIGHTS APPRAISED

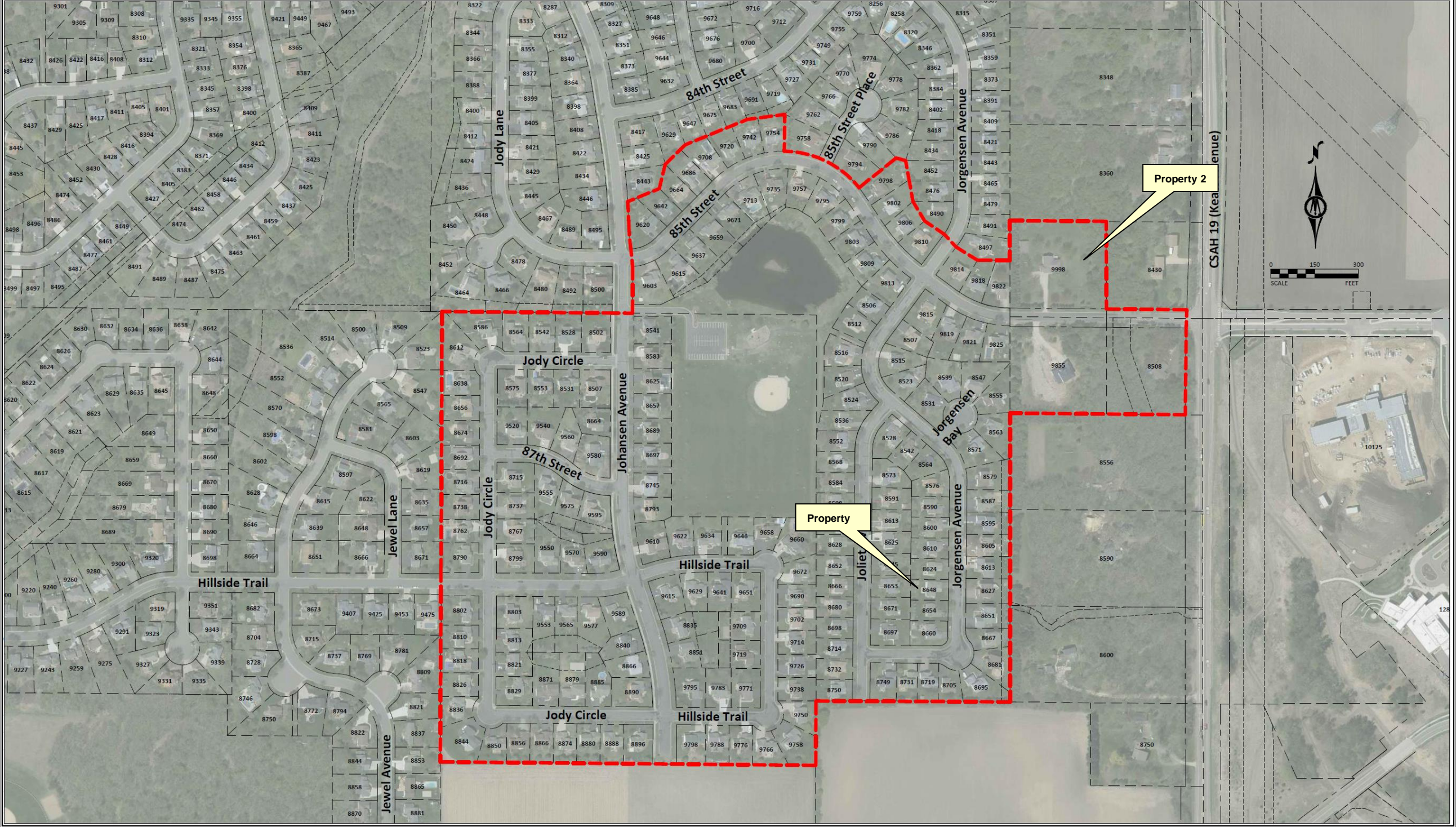
The property rights appraised are those of the fee simple estate.

DATES OF INSPECTION AND VALUATION

The effective date of this appraisal is October 10, 2020. On this date, the area of the proposed City of Cottage Grove 2021 Pavement Management Project Area 1 – Johansen Ave., 85th St. and Adjoining Areas was visited by Mark A. Warren, MAI, and an exterior viewing was made of the subject properties from adjoining public roadways. Paul J. Gleason, MAI viewed the project area and exterior of the subject properties from adjoining public roadways on October 14, 2020.

MARKET VALUE DEFINITION

Although the appraisal communicated in this report was not prepared for a financial institution, the commonly-used definition of market value found in the federal regulations of the agencies that regulate financial institutions has been used in this assignment.



Subject Properties Identification/Assessment Map

SCOPE OF WORK

The appraisers were provided by the City with various information describing the proposed project improvements, including a draft section (Existing Conditions and Proposed Improvements) of a feasibility report prepared by Bolton & Menk, Inc. The subject properties are appraised for special benefits purposes by completing a before-and-after valuation approach. The properties are valued in their state before the project has commenced, and then again after, assuming the project improvements have been completed. The difference between the before and after values reflects the concluded increase in value, or special benefits, accruing to each property as a result of the improvement project.

The special benefits of public improvement projects such as new street construction accrue to the land component of properties only, and not to the buildings and supporting site improvements. Consequently, the focus of valuation in this report is on land only, even though both subject properties contain improvements on the land. Opinions of the market value of the subject property land components have been developed in this appraisal using the Sales Comparison Approach method of valuation. The Sales Comparison Approach involves the comparison and analysis of land parcels recently sold which are similar to the subject land.

The application of the Cost Approach and the Income Approach typically applies only when a property valuation includes buildings and other improvements having contributory value. For the purposes of this appraisal, which focuses on land value only, neither of these approaches was necessary for developing credible opinions of special benefits resulting from the proposed project. Consequently, the Cost and Income Approaches were not applied in this appraisal.

This report is presented in a **restricted appraisal report format** in compliance with the reporting requirements of Standards Rule 2-2 (b) of the Uniform Standards of Appraisal Practice (USPAP). The results of the analysis and the conclusions pertaining to the market value of the subject property are presented in an abbreviated manner in this report, at a level of detail sufficient for the needs of the intended user, which is the client. Additional notes, analyses, and supporting data are retained in the appraisers' office work file. The report does not contain supporting rationale for all of the opinions and conclusions stated in this report. The report is intended to be read and used only by the client and intended users identified herein.

HISTORY OF OWNERSHIP

There are no apparent recorded arms-length transfers of the subject properties within at least three years prior to the date of valuation. The appraisers are not aware of any current listing, pending sale or purchase option pertaining to either of the subject properties as of the effective date of valuation.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

An Extraordinary Assumption is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) 2020-2021 Edition ©The Appraisal Foundation, Page 4, 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.

A Hypothetical Condition is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) 2020-2021 Edition ©The Appraisal Foundation, Page 4, as:

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.

Comments: A **hypothetical condition** in this appraisal is it is assumed, for the purposes of special benefits valuation, that on the effective date of valuation of October 10, 2020, in the before position on that day the streets in the area of the subject properties were in their pre-project state and later on that day, in the after position, the proposed street construction project had been completed. In actuality, the improvement project had been proposed by that date but had not yet begun. Applying the hypothetical condition assuming the “before” and “after” project situations to exist on the same date facilitates completing a before-and-after appraisal as of the effective date of valuation.

Applying the hypothetical condition as described above might have affected the assignment results.

See Contingent and Limiting Conditions, which are standard assumptions that apply to the appraisal, later in this report.

CONTINGENT AND LIMITING CONDITIONS

This appraisal report is subject to the following Limiting Conditions and Assumptions:

1. The legal descriptions contained herein are assumed to be correct.
2. The appraiser assumes no responsibility for matters legal in nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
3. No survey has been prepared of the property by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
4. Information furnished by others is assumed to be reliable. However, the appraiser assumes no responsibility for its accuracy.
5. In cases where no soil tests have been submitted, the appraiser has assumed a good subsoil condition, subject to visual observations noted in the report.
6. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or for engineering that might be required to discover such factors.
7. The appraiser is not required to give testimony or appear in court because of having made this appraisal with reference to the property in question, unless arrangements have been previously made.
8. The distribution of the total valuation in this report between land and improvements applies only under the highest and best use of the property.
9. The Bylaws and Regulations of the professional appraisal organizations with which the appraiser is affiliated govern disclosure of the contents of the appraisal report.
10. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and, in any event, only with proper written qualifications and only in its entirety.
11. Neither all nor any part of the contents of this report, or a copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the appraiser. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.
12. The value conclusion assumes all taxes and special assessments are paid in full.
13. The after improvements valuation in this appraisal is based on the assumption that proposed project improvements have been completed in accordance with the description of the work provided to the appraisers by the City of Cottage Grove.

Environmental Disclaimer: The value opinions in this report are based on the assumption that the subject properties are not adversely affected by the existence of hazardous substances or detrimental environmental conditions. A routine inspection of the properties did not reveal or indicate any such conditions. In that the appraisers are not qualified in this field of expertise, the client is encouraged to retain an expert in such investigations, if so desired.

COMPETENCY PROVISION

Paul J. Gleason, MAI has been a professional real estate appraiser since 1992. Mark A. Warren, MAI has been a professional real estate appraiser since 2003. Included in this report for your review are copies of their professional qualifications. Both appraisers have completed numerous special benefit valuations, similar that contained within this report, in the past several or more years. Experience and knowledge provide each appraiser with the necessary background to complete this appraisal assignment in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice.

ZONING

The subject properties are zoned R4, Low Density Residential.

DESCRIPTION OF SUBJECT PROPERTIES

Neighborhood

The subject properties are located within the central part of Cottage Grove, at the eastern edge of the current developed area, which transitions into agricultural and rural residential land further to the east. The neighborhood is primarily residential in nature, containing average-value homes, mixed with public/institutional uses including parks, and a couple of churches.

Description of Subject Properties			
Property No./Address	Land Area (Ac.) ¹	Use/Improvements	Comments
1. 8648 Jorgensen Ave. S.	0.21	Single-family home built in 1997	Fronts west side of Jorgensen Ave. S. with 71 feet of frontage. Minimal trees and a generally level lot.
2. 9998 85th St. S.	2.27	Single-family home built in 1995	Fronts north side of 85th St. S. with 330 feet of frontage. Gentle downward slope from west to east. Moderately treed landscape. Gross area is 2.50 acres; land area net of road right-of-way is approximately 2.27 acres.
¹ Land area is according to county records, excludes road right of way, if any, and is subject to survey			

DESCRIPTION OF EXISTING INFRASTRUCTURE

A draft section (Existing Conditions and Proposed Improvements) of a feasibility report pertaining to the project area was provided by the City of Cottage Grove and reviewed by the appraisers. The area infrastructure, as well as the proposed improvements, are summarized below and on the following page, with text primarily copied and pasted directly from the draft section of the feasibility report into this appraisal report.

Streets: The Pine Meadows neighborhood includes the following street segments as part of the 2021 Pavement Management Project:

- 85th Street, from approximately 280 feet west of Keats Avenue to Johansen Avenue (9603 – 9998)
- Jorgensen Avenue, from 85th Street to Joliet Avenue (8506 – 8749)
- Joliet Avenue, from Jorgensen Avenue to the south end (8506 – 8750)
- Jorgensen Bay (8531 – 8571)

The Sandy Hills neighborhood includes the following street segments as part of the 2021 Pavement Management Project:

- Johansen Avenue, south of 85th Street to the south end (8541 – south of 8890)
- Jody Circle (8502 – 8896)
- 87th Street, from Jody Circle to Johansen Avenue (8715 – 9595)
- Hillside Trail, loop from Jody Circle and Johansen Avenue to Jody Circle and Hillside Trail (8790 – 9795)

The streets within these neighborhoods are urban-residential and are generally 32 feet wide (from face of curb to face of curb) with D412 concrete curb and gutter; Johansen Avenue is 40-feet wide (from face of curb to face of curb). The streets in the Pine Meadow and Sandy Hills neighborhoods were constructed from 1992 to 1998. The in-place pavement section of these streets was designed to be approximately 3-inches of bituminous over 6-inches of aggregate base.

A visual inspection was performed in 2020 to evaluate the pavement surface conditions in the neighborhoods. The inspection determined the pavement conditions are considered “fair” and generally have major distress. In addition, there are sections of existing curb and gutter that have settled, cracked, or have other defects that will require replacement.

Pothole repairs and skin patch overlays have been performed to keep the roads in a drivable and relatively smooth condition. A significant amount of street maintenance funds have been used or are anticipated in upcoming maintenance cycles in these areas.

Past experience on recent projects has shown that the pavement cracking pattern on streets of this general age and condition range extends well below the surface. In fact, the seal coat can help mask the cracking in some instances.

Coring of the pavement was performed to determine the thickness of the existing street section and evaluate pavement condition. From the cores, the average section in the neighborhoods consists of approximately 3.81 inches of bituminous over 6.75 inches of base. The thicker than expected bituminous is in part due to multiple seal coat applications or a skin patch overlay, as well as difficulty in evaluating bituminous depths from the stripped cores.

Several of the cores within the neighborhoods displayed some degradation due to stripping, which is described as the separation of aggregate from the asphalt due to moisture. The stripping found degrades the strength and durability of the pavement. Some of the cores were noted as broken, meaning the stripping was severe enough that the bituminous fell apart as the core was extracted. The locations of stripping generally coincides with areas where extensive maintenance has been performed via skin patch overlays and patching, whereas areas with slight stripping may not be visible at the pavement surface.

Due to the granular subgrade soils and good aggregate base, the pavement structure as a whole is typically structurally sound. Therefore, the issue facing the City is typically functional and not structural – meaning the recurring maintenance issues due to the stripped pavement material raveling and breaking apart.

Sanitary Sewer: The sanitary sewer system within the project area consists primarily of 8-inch diameter PVC. The neighborhoods are in the process of having their sanitary televised and inspected, and will be evaluated upon completion.

Water Main: The water mains within the project area are 6 to 18-inch diameter DIP, which were installed in conjunction with the development of the neighborhoods. The water mains are believed to be in good condition. However, projects of similar eras have had instances of excessive bolt corrosion on valves and it is possible the valves in the project area may be in a similar condition. Therefore, some select valves will be checked for corrosion prior to street work occurring. Additionally, there are expected to be some valves which are not operational and will need to be addressed with the project. The valves will be operated and evaluated by Public Works prior to the start of the project.

Storm Sewer: The neighborhoods are in the process of having their storm sewer televised and inspected, and will be evaluated upon completion.

DESCRIPTION OF PROPOSED IMPROVEMENTS

Streets: Due to the age of pavements in the neighborhoods (22 to 28 years old), the observed depth and extent of the pavement stripping in the cores, extent of previous City maintenance, and past City experience with streets of this age and condition, a mill-overlay is not recommended at this time.

The risks typical of all mill-overlay projects, such as reflective cracking and the associated maintenance required were evaluated to determine acceptable risk levels. Past projects have shown that stripping of the pavement can extend well below the surface of the pavement, making complete removal of the stripped portions unfeasible. In those cases, the remaining pavement posed risk for excessive volume of cracking or raveling in the base course.

Due to the types of distress present in the existing pavement, the anticipated acceleration of deterioration due to the asphalt stripping, and risks associated with a mill-overlay at this age, the residential streets within the neighborhoods are proposed to undergo a full pavement removal and replacement with 3.5 inches of new pavement. The wear course is proposed to be virgin mix, excluding the use of recycled asphalt pavement (RAP).

The concrete curb and gutter in the neighborhoods are proposed to undergo spot replacement. The curb in poor condition will be evaluated for removal just prior to construction. Preliminary estimates indicate that approximately 25% will need to be removed and replaced in the Pine Meadows neighborhood and 10% in the Sandy Hills neighborhood. The percentage of curb is not necessarily evenly distributed and there may be some long sections of curb replacement. Where conditions are favorable, the goal is that the concrete curb and gutter lasts two pavement lifecycles.

In locations where curb is replaced in front of driveways, curb will be removed and replaced. Impacted concrete driveways will be patched the entire width with in-kind materials as a part of the street rehabilitation process. In areas of spot curb replacement, this patch typically extends a few feet behind the curb.

Restoration is anticipated to consist of screened Loam Topsoil Borrow with seed and hydro-mulch.

Traffic signs are proposed to be replaced as a part of this project to meet federal retro reflectivity requirements. In addition, signs will be evaluated for conformance to the adopted City sign policy and signs will be removed or supplemented as required.

The existing streetlight system has received routine maintenance and does not have any major areas of concern. The existing four feed point cabinets in the neighborhoods are beyond their useful life and should be replaced as part of the project. Existing poles, direct-bury wire, and handholes will remain in place. Should the spot curb removal process impact the existing direct-bury wiring, spot repairs will be completed as necessary.

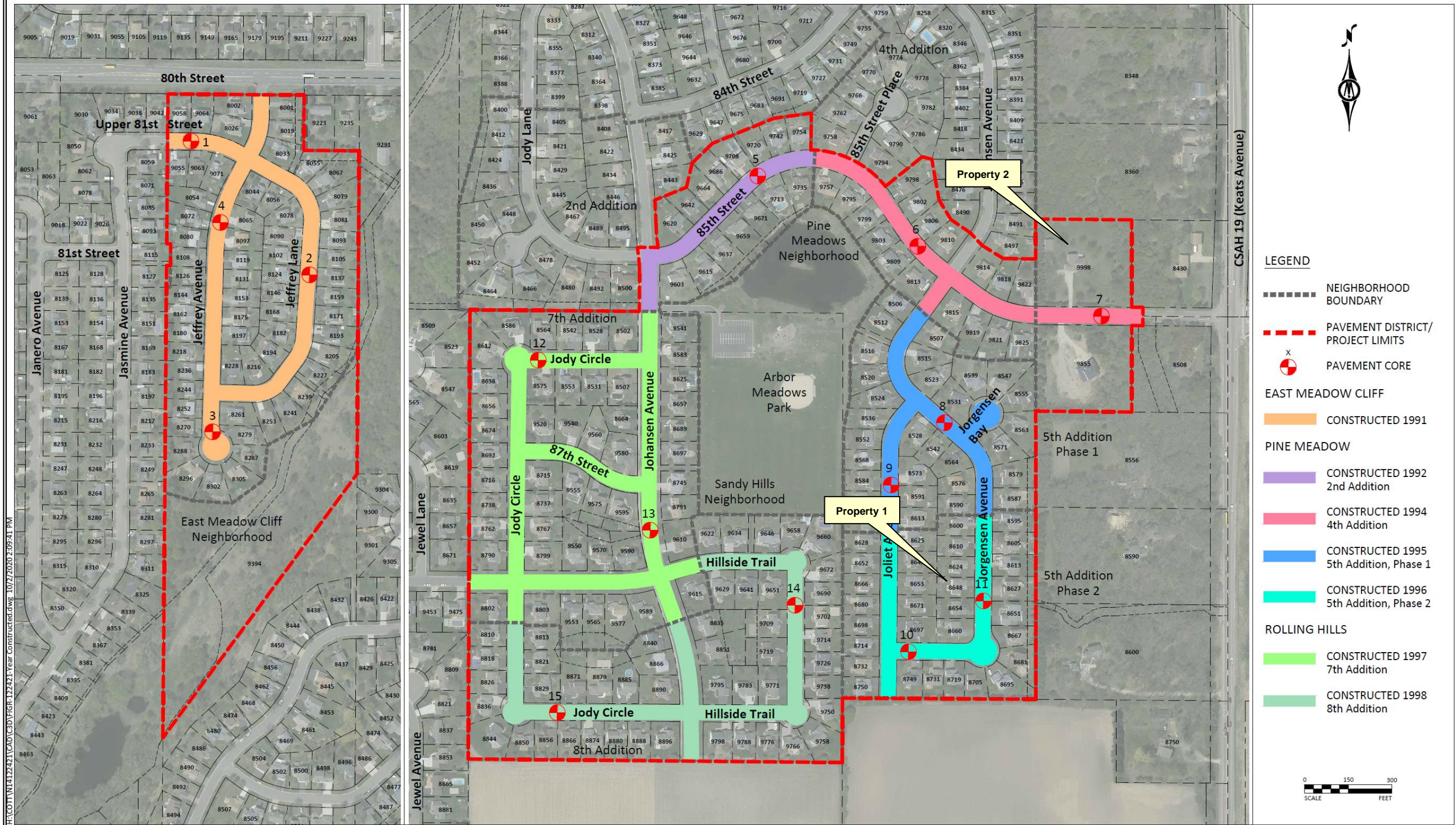
Walkway: Costs have been included to update all pedestrian ramps to the current Americans with Disabilities Act (ADA) standards. All pedestrian ramps will be evaluated and reconstructed to compliant pedestrian ramps; this may include removing some segments of existing sidewalk to meet the require landings and grades.

Sanitary Sewer: The sanitary sewer manhole castings will be salvaged and reinstalled. The existing concrete adjusting rings will be replaced with new high-density polyethylene (HDPE) adjusting rings to conform to current City standards. Additional sanitary sewer repairs will be decided on based on the televising and the structure inspections that are currently being performed.

Water Main: It is proposed that broken valve top sections be removed and replaced as a part of this project. It is anticipated that a small sample of valves be dug up and checked for bolt corrosion in the spring. Any corroded bolts would be replaced if necessary, and additional valves with like conditions could be dug up and checked if warranted. As a part of this process, the valve box would be replaced in conjunction with the work. Also, it is proposed to extend the hydrant barrel on any hydrant requiring adjustment. Finally, hydrants will be reconditioned by sandblasting and painting, and concrete hydrant access pads are proposed to be constructed in accordance with current City standards.

Storm Sewer: The intent of this project is to rehabilitate the streets and not change existing drainage patterns. In-line repairs are recommended to address cracks and leaking or offset joints. Structures in poor condition will be replaced to conform to current City standards. Adjustment rings for manholes will be replaced with HDPE rings. Catch basin rings will not be replaced unless the curb adjacent to them is removed, or failure of the rings has occurred. The existing castings will be salvaged and reinstalled. Additional storm sewer repairs will be decided based on the televising and the structure inspections that are currently being performed.

Public Works staff provided input on areas with historic drainage concerns. No major flooding or drainage issues were noted; therefore, only minor curb grade modifications are proposed to facilitate drainage.



Project Location Map

HIGHEST AND BEST USE

Highest and Best Use – Before Project Improvements

As Vacant:

Property	Highest And Best Use, As Vacant
1. Urban SF Home - 8648 Jorgensen Ave. S.	Development with one single-family home
2. Rural SF Home - 9998 85th St. S.	Development with one single-family home

As Improved:

Only an exterior inspection from the public roadway was made of the subject properties; no interior inspection was made of the building(s) on the properties. Though an in-depth highest and best use analysis of the property, as improved, was not completed, based on available information pertaining to the improvements located on the two subject properties, it appears to be reasonable to conclude that their highest and best uses, as improved, is for continuation of their current uses. Consequently, such is our conclusion, as shown in the table below.

Property	Highest And Best Use, As Improved
1. Urban SF Home - 8648 Jorgensen Ave. S.	Continued use as a single-family home
2. Rural SF Home - 9998 85th St. S.	Continued use as a single-family home

Highest and Best Use – After Project Improvements

After the street improvements, the highest and best use of the subject properties remains the same relative to the before improvements position.

SPECIAL BENEFIT CONSIDERATIONS AND CONCLUSIONS

1. Before the proposed improvements, the street surface in the project area is relatively old, deteriorated and in fair condition. It can be anticipated that further deterioration will result in a worsening of problems associated with advanced age, including improper drainage, uneven driving surfaces, increased formation of potholes, etc.
2. The condition and quality of streets and utilities serving and fronting commercial, industrial, residential and institutional properties influences the value, curb appeal and general desirability of the properties.
3. The proposed rehabilitation of the streets serving the subject properties will substantially improve the safety, convenience and general appeal of access into and out of the subject properties. The rehabilitation process reverses the deteriorating state of the existing pavement and areas of failing concrete curb and gutter, and the improvements will result in optimum drainage of the streets to promote a long lifespan of the new street surface.
4. Safety aspects for vehicles traveling on a rehabilitated street are enhanced by the elimination of potholes, cracks, etc. Street icing problems are reduced as water is more efficiently diverted off the roadway surface that could otherwise collect in the deteriorated street areas during frost season.
5. The proposed repairs and replacements, as necessary, of water main, sanitary sewer and storm sewer utility components in the project area will preempt potential major problems and disruptions in these systems, as well as extend the life of this infrastructure, deferring the need for total replacement to a significantly later point in time.
6. The proposed project improvements will result in some general benefit to the neighborhood and properties beyond the immediate subject neighborhoods, since those passing through the subject area will benefit from better driving conditions. However, a significant amount of benefit resulting from the project is special, attaching to the properties directly fronting and accessing the rehabilitated street, including the subject properties.
7. The land value increase for the two subject properties in the project area, on a percentage basis as well as on a per-square-foot-of-land basis, a per-front-foot basis and a total dollars basis, resulting from the street improvement project varies. This variance is due primarily to differences between the properties in parcel land value and parcel size.

SPECIAL BENEFIT ANALYSIS PROCESS

Arriving at an opinion of special value benefits accruing to the subject properties as a result of completion of the proposed City of Cottage Grove 2021 Pavement Management Project Area 1 – Johansen Ave., 85th St. and Adjoining Areas is accomplished by developing "before improvements" and "after improvements" opinions of market value for the subject land parcels. The improvements on the land are concluded to have the same value contributions to the total property value in both the "before and after" improvements positions. Consequently, the extent of special value benefits from the public improvements project can be reliably derived by analyzing the value of the land only, by applying the Sales Comparison Approach.

The Sales Comparison Approach was applied in valuing the subject properties. This approach involves the comparison of recently sold land parcels similar to each subject property. The comparable sale prices are analyzed and adjustments are made for value-related differences relative to each subject property. The result of the analysis and adjustments is the generation of a range of value indications for the subject land. The strengths and weaknesses of each comparable sale and its value indication are evaluated before arriving at a final value opinion for each subject property land component, before and after the project.

Retained in the appraisers' office work file for this assignment are market data, notes and other supporting information pertaining to the application of before-and-after valuation analyses completed for each subject property for the purpose of arriving at opinions of special benefit. Shown below is the result of these analyses, presenting the opinions of the special benefit values as of October 10, 2020 resulting from the City of Cottage 2021 Pavement Management Project Area 1 – Johansen Ave., 85th St. and Adjoining Areas.

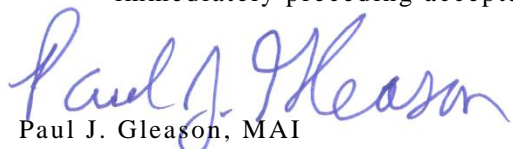
City of Cottage Grove, Minnesota				
Area 1 - Johansen Ave., 85th St. and Adjoining Areas				
Opinions of Special Benefits				
Property No.	Property Type/ Fee Owner	Address	PID #	Opinion of Special Benefit
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2	Rural Single-Family Residence Jillian Polzin	9998 85th St. S.	15-027-21-14-0003	\$7,600

The above opinions of special benefits reflect an increase in the market value of the subject properties resulting from the proposed public improvement project. The before and after project market values associated with these conclusions of special benefits are based on estimated property exposure times of one to six months.

CERTIFICATION

The undersigned does hereby certify that in this appraisal report:

1. This appraisal assignment is not based on a requested minimum valuation or specific valuation for approval of a loan. The estimate of market value identified in this report was developed independent of any undue influence.
2. Neither our engagement to make this appraisal (or any future appraisals for this client), nor any compensation, therefore, are contingent upon the development or report of a predetermined value or direction in value that favors the cause of the client, the amount of value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
3. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
4. We have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
5. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
6. To the best of our knowledge and belief the statements of fact contained in this appraisal report upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
7. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased analyses, opinions, and conclusions.
8. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice.
9. No one provided significant professional assistance to the person(s) signing this certification.
10. We have made a personal inspection of the property that is the subject of this report.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Paul J. Gleason and Mark A. Warren have completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.
13. The by-laws and regulations of the Appraisal Institute govern disclosure of the contents of this appraisal report.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he/she is connected, or any reference to the Appraisal Institute or MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.
15. We have the knowledge and experience to complete this appraisal in a competent manner. We have not been sued by a regulatory agency or financial institution for fraud or negligence involving an appraisal report.
16. No services as an appraiser or in any other capacity have been performed regarding the properties that are the subject of the report within the three year period immediately preceding acceptance of this assignment.



Paul J. Gleason, MAI
Certified General Real Property Appraiser
Minnesota License #4003073



Mark A. Warren, MAI
Certified General Real Property Appraiser
Minnesota License #20415370

PROFESSIONAL QUALIFICATIONS
PAUL J. GLEASON, MAI

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

MAI Member – The Appraisal Institute

APPRAISER LICENSE

Certified General Real Property Appraiser – State of Minnesota –
License #4003073

EDUCATION

University of Wisconsin at La Crosse, Wisconsin – 1985
Bachelor of Science Degree in Business Administration

PROFESSIONAL EXPERIENCE

Principal – BRKW Appraisals, Inc., St. Paul, MN, 2007-present
Staff Appraiser – BRKW Appraisals, Inc., St. Paul, MN, 1993-2006
Appraiser – Certified Appraisers, Excelsior, MN, 1993
Appraiser – Stiles Appraisals, Inc., Plymouth, MN, 1992-1993

Expert Witness Testimony – For real estate litigation in numerous condemnation commissioners' hearings, arbitration hearings and in District Court

Presenter/Speaker at Minnesota Department of Transportation's 2016 Right of Way Professionals Workshop, Brainerd, MN

Presenter/Speaker at Minnesota Department of Transportation's 2014 Right of Way Professionals Workshop, Brainerd, MN

Presenter/Speaker at Minnesota Department of Transportation's 2012 Right of Way Professionals Workshop, Brainerd, MN

Presenter/Speaker at Minnesota Department of Transportation's 2010 Right of Way Professionals Workshop, Breezy Point, MN

Appraisal assignments have been completed for the following purposes:

Condemnation – Partial and total acquisitions, in fee title and in easement form
Property Damage Claims Litigation

Special Benefits Valuation

Mortgage Financing

General Valuation Needs – Purchase negotiations, listing prices, internal family or partnership transactions, estate planning/taxes, marriage dissolution, etc.

PROPERTY TYPES APPRAISED

Land – Commercial, industrial, residential acreage, agricultural, finished lots
Commercial Buildings – Office, industrial, retail, medical office, auto dealerships
Apartment Buildings/Complexes
1-4 Family Residential – Single-family home, townhome, condo, duplex, fourplex

PROFESSIONAL REAL ESTATE STUDIES

Appraisal Institute courses, including all required for MAI designation:

Course 110: Appraisal Principles (examination passed)
Course 120: Appraisal Procedures (examination passed)
Course 210: Residential Case Study
Course 310: Basic Income Capitalization
Course 410: National Uniform Standards of Professional Appraisal Practice
Course 420: Business Practices and Ethics
Course 510: Advanced Income Capitalization
Course 520: Highest and Best Use and Market Analysis
Course 530: Advanced Sales Comparison and Cost Approaches
Course 540: Report Writing and Valuation Analysis
Course 550: Advanced Applications

Numerous additional classes and seminars for appraisal pre-license and continuing education requirements, on an ongoing basis, from Appraisal Institute and other sources

CLIENTS INCLUDE

Minnesota Cities of Afton, Austin, Apple Valley, Blaine, Cambridge, Cottage Grove, Eagan, Lino Lakes, Maplewood, Northfield, Oak Park Heights, Owatonna, Prior Lake, Rochester, Savage, Wabasha and Woodbury, among others

Anchor Bank	Associated Bank
BMO Harris Bank N.A.	Bremer Bank
Bridgewater Bank	Dougherty, Molenda, Solfest, Hills & Bauer, P.A.
Eckberg, Lammers, Briggs, Wolff & Vierling, PLLP	Greene Espel PLLP
Minnesota Bank & Trust	Minnesota Dept. of Transportation
US Bank	Western Bank

And various other individuals, attorneys, communities and counties

Revised: July 1, 2020

PROFESSIONAL QUALIFICATIONS
MARK A. WARREN, MAI

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

MAI Member – The Appraisal Institute

APPRAISER LICENSE

Certified General Real Property Appraiser - State of Minnesota - License
#20415370

EDUCATION

University of Minnesota, Minneapolis, Minnesota
Bachelor of Arts Degree – Religious Studies Major, 2003

PROFESSIONAL EXPERIENCE

Principal – BRKW Appraisals, Inc., St. Paul, MN, 2016-present
Staff Appraiser – BRKW Appraisals, Inc., St. Paul, MN, 2009-2015
Appraiser – The Appraisal Group, Maple Grove, MN, 2005-2009
Appraiser – Elmquist-Warren Appraisals, St. Paul, MN, 2003-2005

Expert witness testimony in commissioners' hearings for condemnation cases

PROPERTY TYPES APPRAISED

Apartment Buildings	Medical Clinics	Restaurants
Auto Service Centers	Mini-Storage Buildings	Retail Stores
Banks	Mixed Use Properties	Shopping Centers
Churches	Mobile Home Parks	Single Family Homes
Condos & Townhomes	Office Buildings	Special Purpose
Convenience Stores	Office-Showrooms	R & D Buildings
Gas Stations	Office-Warehouses	Vacant Land
Manufacturing Buildings	Recreational Facilities	

PROFESSIONAL REAL ESTATE STUDIES

Basic Income Capitalization, Appraisal Institute, 2005
Advanced Sales Comparison & Cost Approaches, Appraisal Institute, 2006
Report Writing & Valuation Analysis, Appraisal Institute, 2006
Advanced Income Capitalization, Appraisal Institute, 2007
Highest & Best Use & Market Analysis, Appraisal Institute, 2007
National USPAP Update Course, Appraisal Institute, 2007 & 2009
Associates Guidance Leadership Program, Appraisal Institute, 2009
The New Residential Market Conditions Form, Appraisal Institute, 2009
Condemnation Appraising: Principles & Applications, Appraisal Institute, 2009
Fundamentals of Separating Real Property, Personal Property, and Intangible
Business Assets, Appraisal Institute, 2012
Advanced Concepts & Case Studies, Appraisal Institute, 2016

CLIENTS INCLUDE

Cities of Cottage Grove, Eagan, Hastings, Inver Grove Heights, Newport,
Northfield, Pine Island, Savage, Wabasha and Woodbury

Old National Bank	Alliance Bank
Bremer Bank	Bridgewater Bank
Carver County CDA	Centennial School District
Dakota County CDA	Deerwood Bank
Dougherty, Molenda, Solfest, Hills & Bauer, P.A.	Eckberg, Lammers, Briggs, Wolff & Vierling, PLLP
Hiway Federal Credit Union	Home Federal Savings Bank
First State Bank of Wyoming	Landmark Community Bank
MidWestOne Bank	North Star Bank
Minnesota Bank & Trust	Minnesota Dept. of Transportation
US Bank	Wells Fargo Bank

And various other individuals, attorneys, communities and counties

Revised: July 1, 2020