

Jeffrey L. Kelley  
Certified General Appraiser

*Gregory J. Kelley, C.G.A.\**  
*Jeffrey L. Kelley, C.G.A.*

\* Also Certified in Wyoming

March 22, 2006

Teton County Commissioners  
c/o Roger Hoopes  
89 North Main Street, #1  
Driggs, Idaho 83422

**RE: Complete Summary Appraisal Report**  
Subject: Parcel #1– Teton County Courthouse Property  
89 North Main Street  
Driggs, Teton County, Idaho

Parcel #2– Teton County Sheds Property  
70 West North Buxton  
Driggs, Teton County, Idaho

Dear Commissioners:

As requested, I have made a careful, personal inspection of the above-referenced properties. I have also prepared a Complete Summary Appraisal Report, wherein I have provided you with my opinion of the *market value* of these properties in their present “as is” condition.

*Market Value* is defined as “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.” Implicit in this definition are various conditions that can be found in the full Market Value definition, which is set forth in the report.

I have prepared these appraisals for you as a representative of the Teton County Commissioner’s Office. It has been reported that the Commissioner plans to use this appraisal to establish a value for these properties so that they may trade them. *The use of this appraisal by anyone other than the Commissioners, their assignee, associates, accountants or counsel is strictly prohibited. Furthermore, this appraiser assumes no one, except the Teton County Commissioners and their assignee will rely upon the content and opinions of value herein.*

I have prepared this appraisal in compliance with the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP). At your request, I have prepared a Complete Summary Appraisal Report. In this report, I have considered the Cost, Sales Comparison and Income Approaches.

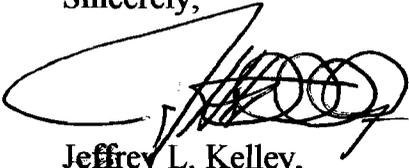
Based on my inspection, study and review of the market, it is my opinion that the market value of the subject parcels, as of March 3, 2006, is as follows:

09.28.2006

[REDACTED] [REDACTED] [REDACTED]

**Parcel #2- County Sheds Property: \$464,000**

Sincerely,



Jeffrey L. Kelley,  
CGA #362

## PARCEL 2 - COUNTY SHEDS PROPERTY:

### SUMMARY OF SALIENT FACTS AND CONCLUSIONS:

Owner of Record:	Teton County is the recorded owner of this property. They have held title to it for more than five (5) years.
Location:	This property is found at 70 West N. Buxton Street, which is in Driggs, Teton County, Idaho.
Legal Description:	Tax #1155-1449 and Tax #2646 of Block 1 and Lots 18 through 25, Block 2, to the Driggs Main Street Annex, City of Driggs, Teton County, Idaho.
Land Size:	87,183 s.f.
Land Description:	This property is rectangular in shape. It is bordered on the west and north by Buxton Street. Its topography is level and on-grade with the land surrounding it.
Zoning Designation:	Light Industrial (M - 1)
Flooding Designation:	This parcel is found outside any flood-designated area. This information was confirmed by Flood Insights with Community No. 160166.
Improvements:	A 2,776 s.f. shop building with 1,948 s.f. shop area and 552 s.f. office and open conference room area. It was constructed in the 1980's. A 4,000 s.f. Quonset shed (very old) and an 1,800 s.f. storage shed (very old) with a similar-sized lean-to shed.
Highest and Best Use:	<u>Unimproved:</u> Light Industrial Development <u>Improved:</u> Shop Building with Potential Industrial Development
Valuation Date:	March 3, 2006
<i>Estimate of Value:</i>	<b><i>\$464,000</i></b>

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**PURPOSE AND INTENDED USE OF THE APPRAISAL:**

***Purpose of the Appraisal:*** This appraisal is a market analysis on the Teton County Courthouse and Teton County Sheds properties, which are located in Driggs, Idaho. The analysis herein is based on the highest and best use of these properties in their "as is" condition. This appraisal is based on the "fee simple" title of each property. The effective date of this appraisal is March 3, 2006.

At the client's request, each property has been appraised separately. There are no assumptions or extraordinary conditions assumed in this appraisal, except for those stated below.

***Intended User:*** Roger Hoopes of the Teton County Commissioner's Office has asked our firm to prepare these appraisals. The Teton Commissioner's Office is considered the client of this report. The County Commissioners and possibly the Blackfoot Farms are the intended users of this document.

***Intended Use:*** The Teton Commissioner's Office and Blackfoot Farms plan to use these appraisals as a base value for possibly trading the properties in the future.

**SCOPE OF THE APPRAISAL:**

The client has requested that a market analysis be performed on the County Courthouse and the County Sheds properties. These properties are to be appraised separately. The appraisal is to include the land, buildings and fixtures. Both appraisals are based on the highest and best use of each parcel in its "as is" condition. The "fee simple" title of each property has been appraised.

A Complete Summary Appraisal Report has been used to analyze and report these appraisals. In a Complete Appraisal, three (3) standard methods of valuation are employed. They are the Cost, Sales Comparison and Income Approaches. I have considered all three (3) approaches herein. However, I have only used the Sales Comparison Approach to arrive at an opinion of value for the Courthouse property. I have used both the Sales Comparison and Cost Approach to arrive at an opinion of value for the County Shed property. My explanation for not using the other approaches is explained in the body of this report.

The sales used in the analysis have all been confirmed and verified. They have been confirmed by the seller, the buyer or through the local Multi-listing service. I have verified all closed transaction with a Warranty Deed. These deeds will remain in my file, which I will keep in house for five or more years.

**STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS:**

[REDACTED]

- [REDACTED]
- [REDACTED]

**Parcel 2 - County Sheds Property:**

The appraisal of this parcel is subject to the following assumptions and limiting conditions:

- This property does not contain any hidden or latent environmental issue that will affect its value. I was unable to find any obvious conditions or concerns on the property. However, my inspection was cursory in nature. Furthermore, I am not a qualified environmental auditor. I recommend the client obtain an asbestos analysis on the building, if one has not already been completed, prior to selling or trading it to another entity.

**EXPOSURE TIME:**

Parcel 1 would have an exposure time of one (1) year or more in order to sell at the opinion of value herein. Parcel 2 would have an exposure time on the market of one (1) year or less. These opinions are based on the uniqueness of the properties and sales of similar properties in the area.

**ESTATE TO BE APPRAISED:**

The estate to be appraised is the “fee simple” title to each property in its “as is” condition. The term “fee simple,” suggests that each parcel is not encumbered by any other interests, but only subject to easements, recorded right-of-ways and the four (4) powers of government— eminent domain, escheat, taxation and police power. The term “as is,” refers to the legal and physical condition of each parcel in its relationship to its highest and best use as of the *effective date* of this appraisal.

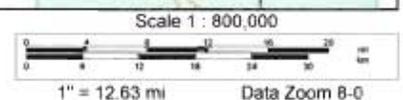
**INSPECTION OF THE PROPERTY:**

I inspected both properties on March 3, 2006. I made a complete and thorough inspection of them on that date. The photographs herein were taken then. *The effective date of this appraisal is March 3, 2006.*

**DEFINITIONS USED IN THIS APPRAISAL:**

1. **Market Value:** The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as a specified date and the passing of title from seller to buyer under conditions whereby:
  - (a) Buyer and seller are typically motivated;
  - (b) Both parties are well informed or well advised and both acting in what they consider their own best interest;
  - (c) A reasonable time is allowed for exposure in the open market;
  - (d) Payment is made in terms of cash in U.S. dollars, or in terms of financial arrangements comparable thereto; and
  - (e) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
  
2. **Highest and Best Use:** The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the near future. Alternatively, that use from a reasonably probable and legal alternative use, found to be physically possible, appropriately supportive, financially feasible and which results in highest land use.
  
3. **Improvements:** Buildings or other relatively permanent structures or developments located on, or attached to land.

# Area Map



**AREA DATA:**

The subject parcels are found several blocks from each other in the City of Driggs. Driggs is the county seat of Teton County and is found in the middle of it.

***Teton County:*** Teton County had a population of 5,999 persons in the 2000 Census. This was a 74.0% increase from 1990. Teton County is the 2<sup>nd</sup> fastest growing county in Idaho and one of the fastest growing counties in the nation.

Some of the communities in Teton County include Driggs, Victor and Tetonia. Victor is located eight (8) miles south of Driggs, and Tetonia, which is located six (6) miles northwest of Driggs. (*See Area Map.*)

This county is found along the extreme eastern edge of Idaho. It is situated between the Big Hole and the Teton Mountain Ranges. Most of the county's area consists of rural, open land. This land is used primarily as irrigated agricultural land, wet and dry pasture land and for residential and recreational home sites.

Teton County is located near Jackson Hole, Wyoming. Jackson Hole is approximately twenty-two (22) miles east and over Teton Pass from this area. In recent years, many people have moved into Teton County, Idaho to avoid paying high real estate prices in and around Jackson Hole area. As a result, property values have steadily increased in the county during the past 10 years.

Teton County is bisected by State Highway 33 and 31. Highway 33 bisects the county north and south. It connects Victor to Driggs. It continues west of Driggs approximately 55 miles to Rexburg. It continues southeast of Victor twenty-two (22) mile to Jackson Hole, Wyoming.

State Highway 31 runs west of Victor to Swan Valley, Idaho, where it connects with U.S. Highway 26. This highway continues west toward Idaho Falls, Idaho. Victor is separated from Swan Valley by Pine Creek Pass.

Teton County is commonly known as the Teton Basin. Its elevation ranges from 6,000 to approximately 6,500 feet. Its summer temperatures rarely exceed 85° and its winter lows often drop well below 0°.

**Driggs** Driggs is the county seat of Teton County. It had a population of 1,100 persons in the 2000 Census. Its population has increased 30.0% since 1990. It has a sizeable commercial district, with a large grocery store, retail stores, a lumber yard, convenience stores, restaurants, gas stations and other types of businesses. Several banks and professional office buildings are found within the city.

This city is part of the Teton School District. This district has several elementary schools, a junior high and high school. The school district is rated for size as A-3 in the state. Victor and Teton are included in this school district.

Residential homes make up most of Driggs. Single family dwellings are the most common types of homes in the city. A few residential apartments are found in the city. New residential apartments have been developed on the south side of the city. The only other apartments include a small apartment on the northeast side of the city and a government subsidized project northwest of the city.

Driggs is incorporated and has a Mayor and Council system. It is protected by the Teton Sheriff's Department and the Teton Rural Fire District. The city also maintains and operates its own water and sewer systems. The Driggs Sewer District extends to Victor. All of the properties lying along this trunk line have access to this sewer system.

Driggs operates the Driggs-Reed Memorial Airport, which is a small-craft airport. This airport is large enough to accommodate small, private jets and light aircraft. Recently, the airport extended its runway and upgraded its aviation navigational system. *(A detailed description of the airport and its equipment can be found in the Addendum Section of this report.)*

The primary utilities in the area include the Fall River Rural Electric Cooperative, which provides electrical service, and Qwest, which provides telephone service. Scheduled airline services are available at Idaho Falls and Jackson, Wyoming.

***General Economy:***

Historically, the economy in Teton Valley has been primarily influenced by agriculture, with some timber harvesting and limited amounts of mining. However, new development and an increase in population have driven the economy toward service industries and tourism.

Most of the employment in the valley is agricultural related. However, recreational employment has become more predominant during the past decade. Most of the winter employment is found at Grand Targhee, which employs both local and many out-of-state seasonal workers. Summer employment is found among agricultural farms, building contractors and with recreational outfitters.

Some of the tourist and recreational activities in the valley include skiing at Grand Targhee Ski Resort, cross country skiing and snowmobiling. During the summer, fishing, hiking and horseback riding are the biggest recreational activities. The annual Hot-Air Balloon Festival and summer activities at Grand Targhee Resort also draw a large number of people to the valley.

The general economy of Teton County has remained stable during the 1990's. Personal income in the valley has increased during the past ten (10) years. Land values have also increased in the valley during this period of time. From 1987 to 1997, land values increased 186%.<sup>1</sup> These values have continued to dramatically increase during the past 4 years.

Teton County has also become a popular location for people seeking a second home in a recreational area. Many new homes have been constructed around Driggs and Alpine, Wyoming. New development along the Teton River is also occupied as second dwellings. This area has a panoramic view of the Teton Mountain Range. The increase in population due to these new homes and dwellings has increased land values in the area.

***Sources of Income:***

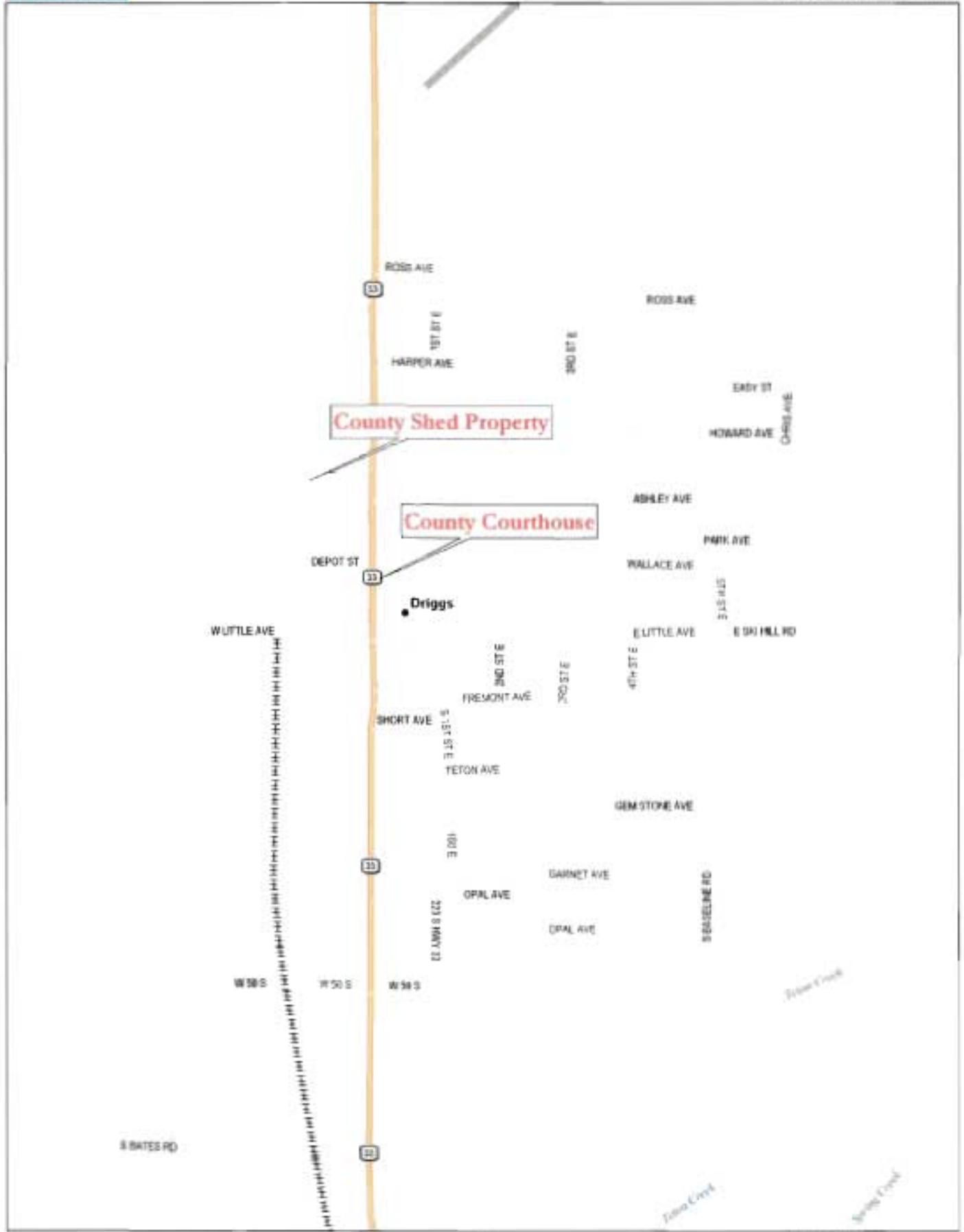
The primary sources of income in the Teton Basin are services (i.e., real estate, banking, insurance, law and medical). Farming represents the second largest industry, followed by construction. The personal income per capita in 1996 was \$12,471. The work force at that time was 2,262 persons.

The dramatic growth in the city and county has created new commercial development within Driggs. As a result, a new supermarket and shopping center are being constructed inside the city. This is the only supermarket in the area. Although a smaller grocery store is found in Victor, Broulims Food is the only large-scale grocery store in the valley.

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<sup>1</sup> Based on U.S. Census Bureau County Profile information.

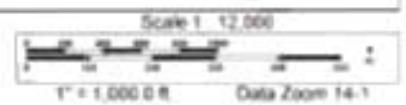
# Neighborhood Map



County Shed Property

County Courthouse

Driggs







**Parcel 2 - County Sheds Property:**

This parcel is found at the southeast corner of Front and Buxton Street, on the western edge of the city. (See *Neighborhood Map*.) The area surrounding it is primarily commercial and light industrial use. It is bordered on the south by a commercial building and on the east by the back of commercial businesses facing Main Street. It also borders the back of the Teton School District's Main Office building, which faces Main Street.

This area is approximately 60 percent built-up. The land lying west of Front Street is agricultural land. At one time, Front Street was an old railroad right-of-way running through the city. Since the right-of-way was sold, a new office building complex with garages and shop have been constructed northwest of the property. This is the only new development in the area.

Buxton Street is a paved road running west from Main Street. It intersects with Front Street, a graveled road, at the northwest corner of the property. Both streets are secondary thoroughfares in the city.

The subject area is zoned for M - 1 use. Most of the improvements are industrial in nature. It appears this zoning designation will not change in the foreseeable future, unless major changes occur within the city.

**OWNERSHIP HISTORY:**

[REDACTED]

**Parcel #2:**

Teton County is also the recorded owner of this parcel. They have held title to it for more than five (5) years.

**LEGAL DESCRIPTION:**

The legal descriptions of the subject parcels are as follows:

[REDACTED]

[REDACTED]

[REDACTED]

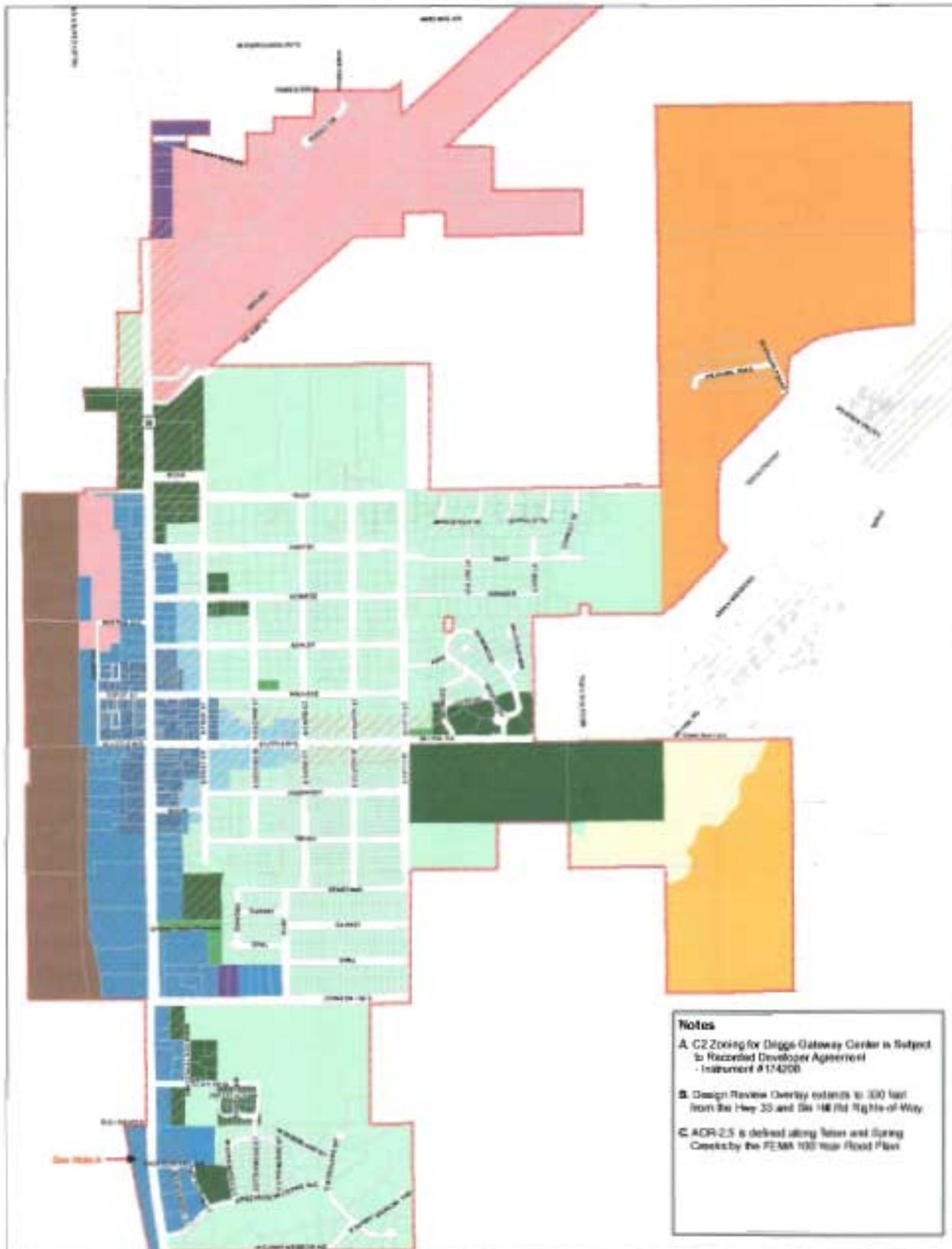
**Parcel 2 - County Sheds Property:**

Tax #1155-1449 and Tax #2646 of Block 1 and Lots 18 through 25, Block 2, to the Driggs Main Street Annex, City of Driggs, Teton County, Idaho.

# Zoning Map



# CITY OF DRIGGS ZONING MAP



**Notes**

A. C2 Zoning for Driggs Gateway Center is Subject to Recycled Developer Agreement - Instrument # 174208

B. Design Review Overlay extends to 300 feet from the Hwy 35 and SR 148 (Rd) Right-of-Way

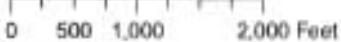
C. ADR-2.5 is defined along Silver and Spring Creeks by the FEMA 100 Year Flood Plain

- |   |                                     |
|---|-------------------------------------|
| City Limits                                 | C-2 Downtown Commercial             |
| Design Review Overlay                       | C-3 Service & Highway Commercial    |
| A-0.5 Agricultural (0.5 Acre Min. Lot Size) | CBD Central Business District       |
| ADR-0.5 (0.5 Acre Avg Density Residential)  | M-1 Light Industrial                |
| ADR-1.0                                     | R-1 Single & Two-Family Residential |
| ADR-2.5                                     | R-2 Combined Residential            |
| C-1 Neighborhood Commercial                 | R-3 Multiple-Family Residential     |

## CITY OF DRIGGS

PLANNING AND ZONING DEPT.

MARCH 7, 2006



City of Driggs, Teton County, ID, and City of Driggs. All other rights reserved. The City of Driggs shall not be held liable for errors or omissions on the data described and/or displayed herein.

**ASSESSED VALUE AND TAXES:**

Since all of the properties are owned by Teton County, they are not assessed for tax purposes.

**COUNTY ZONING:**

According to the City of Driggs Planning and Zoning Department, the subject parcels have been zoned as follows:



**Parcel #2:**    *Zoning: M - 1*

This parcel is zoned for Light Industrial (M - 1) use. Under this designation, the property can be used for a variety of manufacturing, or storage uses. This designation extends north and west of the subject parcel. The present use of the parcel is in compliance with this use restriction. *(See Full Zoning Ordinance in the Addendum Section of this report.)*

**FLOOD PLAIN DESIGNATION:**

Both parcels are found outside any flood-designated area. This information was confirmed by Flood Insights with Community No. 160166.

# **Aerial Map**

**(County Sheds Property)**



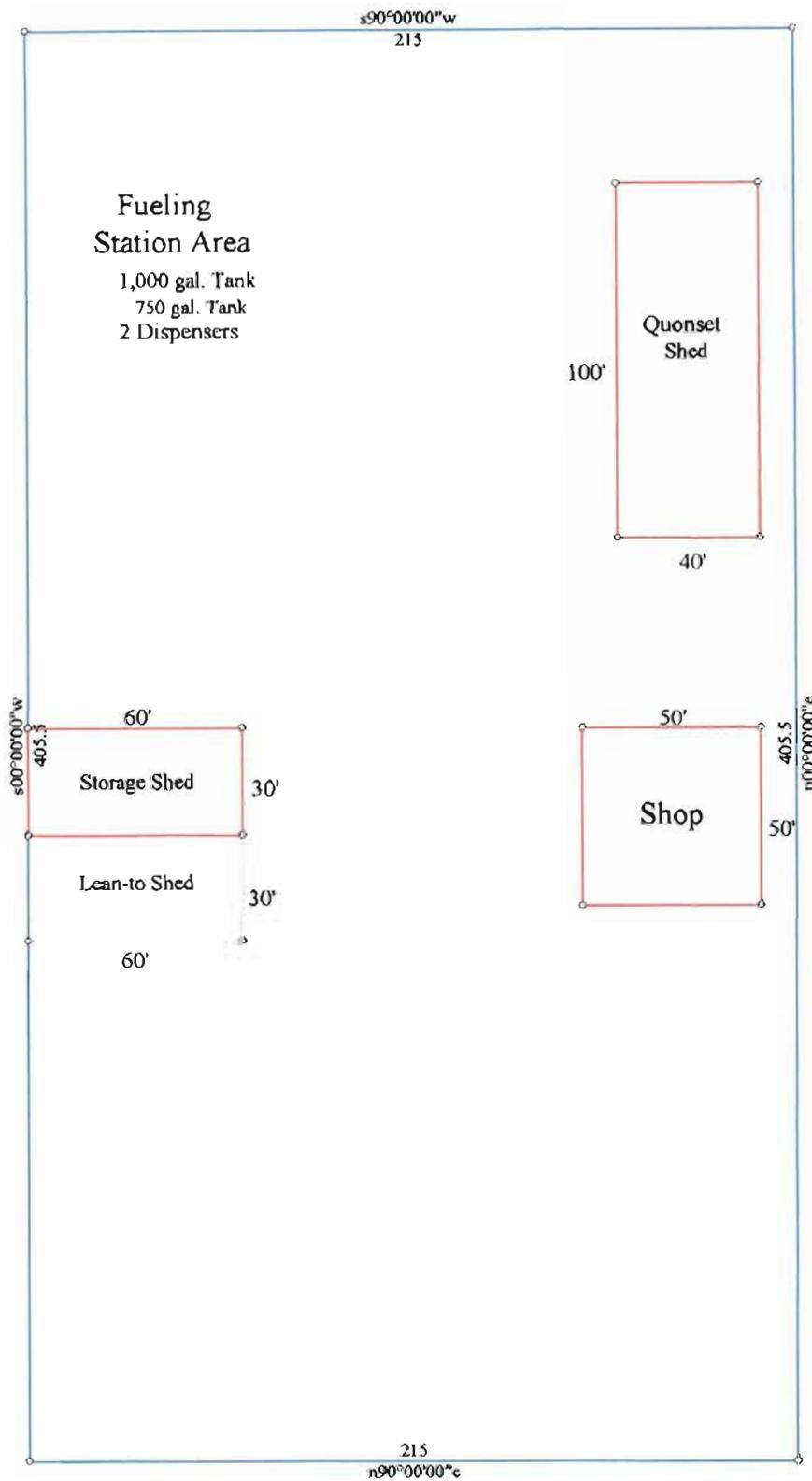
Aerial of County Shed Property

# Plat Map

# North Buxton



Front Street



Scale 1 inch = 50 feet

## Plat Map

Land Size: 87,183 s.f.  
Shop Building: 2,776 s.f.  
Quonset Shed: 4,000 s.f.  
Storage Shed: 1,800 s.f.

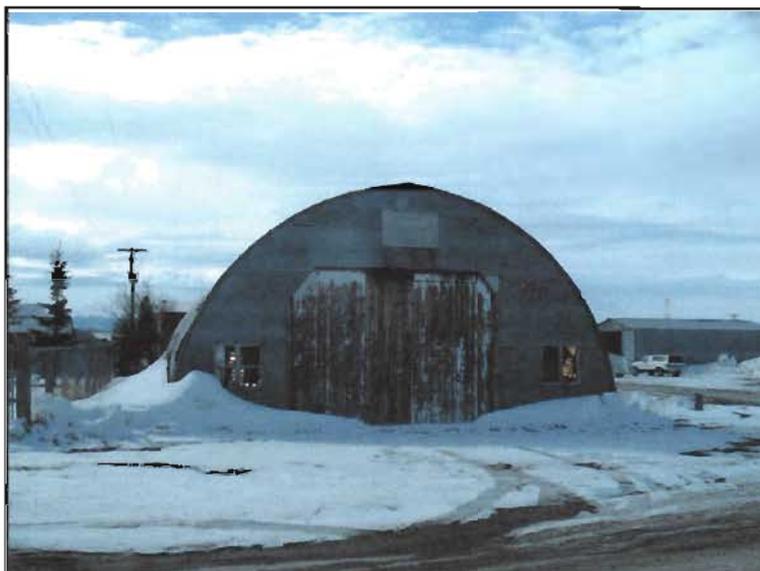
## COUNTY SHEDS PROPERTY



1. Looking north along Buxton Avenue at the property.



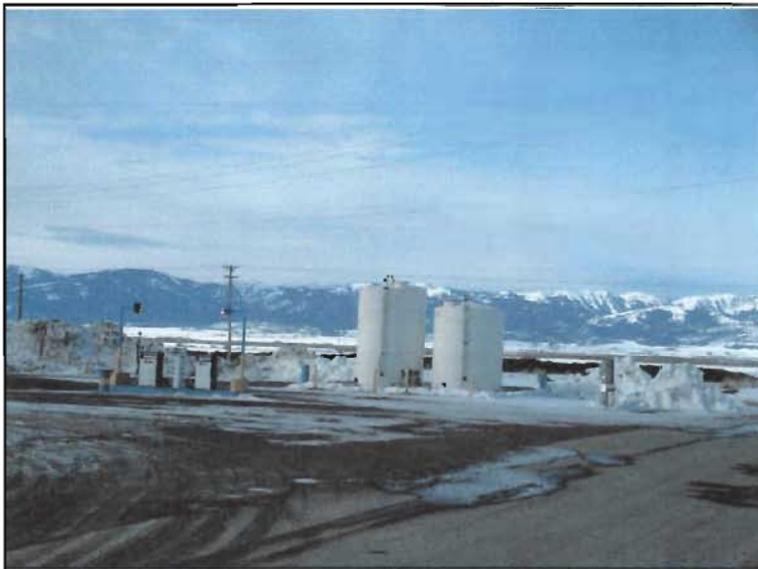
2. Looking south east at the subject property.



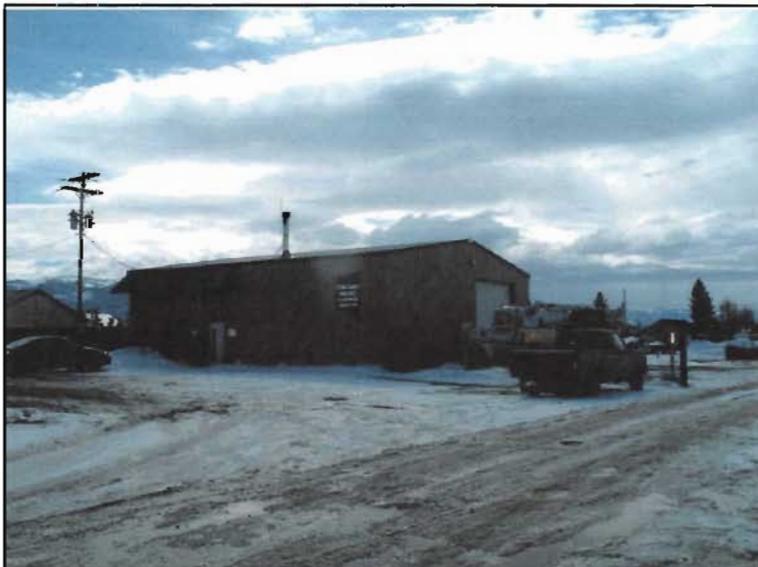
3. Looking south at an older storage shed, which is located at the northeast corner of the property.



4. Looking north at the interior of this storage shed.



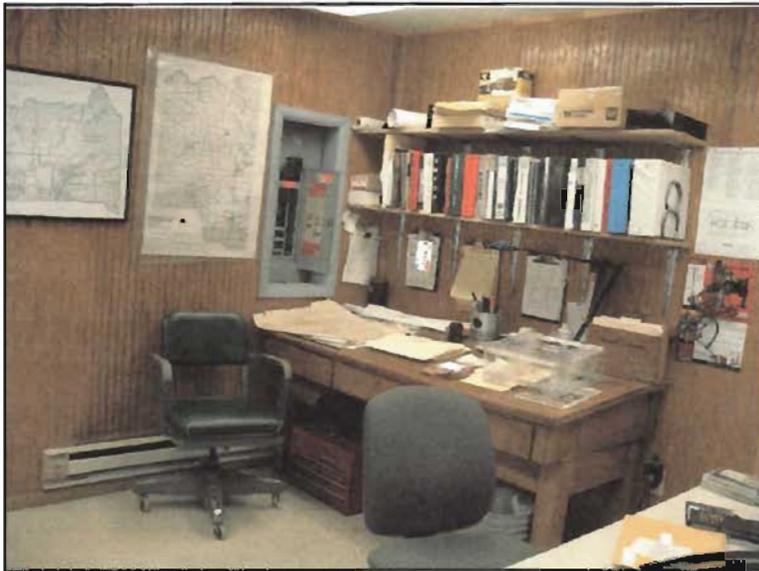
5. Looking west at a fueling station in the northwest corner of the property.



6. Looking southeast at a shop, which is located in the middle of the property.



7. Looking at the shop area inside this building.



8. Looking at an office area inside the building.



9. Looking west at a storage garage and shed on the west side of the property.

**Parcel 2 County Shed Property:**

*Location and Land Size:*

This is an 87,183 s.f. tract of land. It is rectangular in shape. It has 215 feet along Buxton Avenue and 405.50 feet along Front Street. Its physical address is 70 West N. Buxton. (See Plat Map, and Photographs.)

*Topography:*

The topography of this parcel is level to undulating. It is on-grade with the land surrounding it.

*Access:*

This property is accessible from Buxton Avenue. However, it has unrestricted access from Front Street as well. (See Plat Map.) The streets surrounding this parcel do not have curb, gutters or sidewalks.

*Building Descriptions and Conditions:*

This parcel is improved with a 2,776 s.f. shop building, 4,000 s.f. Quonset shed and 1,800 s.f. storage shed with similar-sized lean-to shed. It is also improved with a 1,000-gallon and 750-gallon fueling station. (See Photographs.)

*Shop Building:*

This building is a steel-framed, metal-sided structure set on a concrete foundation. It was constructed in the 1980's and is in good condition. It features 1,948 s.f. of shop area, 276 s.f. of office area and a 276 s.f. conference room above the office. (See Photographs 6 through 8.)

The office area is finished with concrete and linoleum-tiled flooring, plastered ceilings and finished sheet-rocked walls. The shop area is finished with insulated batting walls. It is heated with a waste-oil furnace. The office area is heated with electric wall space heaters.

The shop is accessible by a 14' by 16' overhead garage door and passage doorway. The office has a separate entrance out to the north side of the building. The office area is also cooled with an A/C wall unit.

*Quonset Storage Shed:*

This is a 4,000 s.f., wood-framed structure with tin siding. It is accessible from both ends with wood, sliding doors. It has a concrete floor and electricity. It is not insulated and not heated. It is in poor condition. (See Photographs 3 and 4.)

*Storage Shed:*

This is a 1,800 s.f., wood-framed structure with tin siding and roof. It has a dirt floor and no garage door. It has electricity, but is not insulated or heated. It is in poor condition.

An 1,800 s.f. lean-to shed is attached to this building. It is wood-framed and tin sided. It also has a dirt floor. (See Photograph 9.)

*Fueling Station:*

A fairly new fueling station is found in the northwestern corner of the property. This area is improved with a 1,000-gallon, aboveground diesel tank and a 750-gallon, aboveground gasoline tank. These tanks connect to the fuel dispensers that are situated on a concrete pad. The tanks themselves are situated above a concrete spill pond. The dispensers are improved with electronic card-swipes. These improvements appear to be in very good condition. (See Photograph 5.)

The southern half of the property is fenced with a wire post fence. Its surface consists of a minor gravel base.



**Parcel 2 - County Sheds Property:**

**A. Unimproved Condition:**

**Legally Permissible:**

This parcel is zoned for Light Industrial (M - 1) use. This zoning designation allows the property to be used for manufacturing, storage and a variety of other industrial uses.

**Physically Possible:**

The subject parcel is an 87,183 s.f. tract of land. It is rectangular in shape. It is found along two (2) secondary streets in the city. It is found near other commercial and industrial buildings. Based on its size and location, the property has good utility for commercial or light industrial use.

**Financially Feasible:**

There is demand for light industrial development in the area. Most industrial development is found around the airport. The subject area is the only other light industrial land in the city. As the growth continues in the area, the subject area will continue to have good demand for light industrial use—particularly since such use is restricted to only two areas.

**Maximally Productive:**

The property is found in an area that is industrial in nature. It is located near downtown Driggs. The area is only one of two areas within the city that is zoned for manufacturing use. Therefore, the highest and best use of the property, as unimproved, is some type of light industrial or commercial use.

**B. Improved or Present Condition:**

**Legally Permissible:**

This property is zoned for Light Industrial (M - 1) use. The present use of this parcel is in compliance with this use restriction. I conclude this zoning restriction will not change in the foreseeable future unless something significant changes by way of development in the area.

Physically Possible:

The property is improved with a 2,776 s.f. shop building, 4,000 s.f. Quonset shed and 1,800 s.f. storage shed. It is also improved with a fueling station with two (2) aboveground fuel tanks—one 750 gallon and the other 1,000 gallon. This equipment is relatively new and in good condition.

The Quonset shed and storage shed are older buildings. They are in poor condition and are at the end of their economic life. The shop building is the most substantial building on the property. It is in average to good condition. It provides a good utility to the land.

Financially Feasible:

The shop building provides a good return to the property. The other buildings have very little, if any utility.

The fueling station has good utility to the county. It is used to fuel all county vehicles. It may have some utility to a potential buyer in the market. If the property were sold to an excavation company, the fueling station would have some utility. However, its contributory value would not be the same as the “cost new” or “replacement value” of this equipment.

Maximally Productive:

This property is found on a secondary street, in Driggs. It is improved with buildings that could be used for a variety of light industrial uses. It could be used as a storage yard for an excavation or paving company. It could also be used as a truck or vehicle repair facility. Based on its current configuration, the property has good utility as a shop with additional land for future industrial development.

## **APPROACHES TO VALUE:**

Three approaches to value are generally considered in arriving at an estimate of the value of Real Estate. These are called Sales Comparison, Cost and Income approaches.

The application of the Sales Comparison Approach produces an estimate of value by comparing the subject with similar properties of the same type and class that have sold or are currently offered for sale in the same or complementary areas. The sale prices of properties, deemed most comparable, set the range in which the value of the subject property will fall. When properly applied, this approach generally allows for both depreciation and appreciation in value.

In the Cost Approach, a value is estimated by computing the present replacement cost of the improvements and then applying an appropriate depreciation rate to arrive at a depreciated value of the improvements. This depreciation rate is concluded either from comparing sales for similar types of properties to their replacement cost, or from the various accepted Age-Life methods, or both. This is then added to the land value, found by comparison in the market, to arrive at a value for the property.

This approach is based on the assumption that the replacement cost is the upper limit of value. This approach is best used when the improvements are new or near new and are proper improvements for the property. As improvements increase in age and as depreciation accumulates, the validity of this approach lessens.

The Income Approach is a process of developing the net rental income from a property into an indication of value. This is accomplished by analyzing the relationship of net rental incomes from similar properties to their selling prices in the market. The relationship between this net income and the selling price is called a capitalization rate. The net income is divided by the capitalization rate to show value.

I have considered all three (3) approaches herein. However, I have only used the Sales Comparison Approach in arriving at an opinion of value for Parcel 1. I have not used the Cost or Income Approach because I conclude the "highest and best use" of this parcel is vacant land available for development.

I have used the Sales Comparison Approach and Cost Approach to arrive at an opinion of value for Parcel 2. The Cost Approach has been used to arrive at a contributory value of the buildings and improvements thereon. The Sales Comparison Approach has been used to arrive at an opinion of value for the land. The following is a conclusion of my analysis.

**Parcel 2 - County Sheds Property:**

I have used the Sales Comparison Approach to arrive at an opinion of value for the land in this parcel. I have used the Cost Approach to arrive at a contributory value for its improvements.

Typically, the Sales Comparison Approach is used to arrive at the value of the property as a whole. However, I was able to find any sales within the city that are improved like the subject. Therefore, I have used the Cost analysis to derive the value of these buildings. I have used two sales of improved properties to arrive at an opinion of value for the shop building. A token value has been given to the other improvements on the property.

**A. Land Valuation:**

I have used three (3) sales to arrive at an opinion of value for the subject land. These sales are located in the Driggs and Victor area. The following is a list of sale I have considered in my analysis.

List of Sales								
Sale	Buyer	Date	Sale Price	Land Size (S.F.)	Price Per S.F.	Zoning	Location	Utility
	Hartshorn Oil, Inc.	Apr-04	619,000	380,714	\$1.63	PC	Hwy. 33, Victor	Commercial
	CCI, LLC	Apr. 01	67,726	31,799	\$2.13	PC	Lot 22, Teton Towne, Victor	Commercial
	Andrea Weller	Mar-02	78,500	35,284	\$2.22	PC	Lot 30, Teton Towne, Victor	Commercial
1	Terra Ventures	Oct-04	585,000	231,740	\$2.52	PC	Lots 9 12, Teton Towne	Commercial
2	Confidential	Jul-05	625,000	135,036	\$4.63	C-2	State Highway 33	Comm/Ind.
3	Dennis Sessions	Aug-05	375,000	75,826	\$4.95	C-2	Lot 7 Broulins Retail Center	2nd Retail

The sales considered range in value from \$2.52 to \$4.95 per s.f. They range in time from October 2004 to August of 2005. I have adjusted Sale #1 up for time. I have used Sale #2 to make this adjustment.

Sale #1 and #2 are found in Victor. They are found in a commercial area on the north side of town. This area is zoned for C-2, which is more similar to an M - 1 zoning than CBD. There are some light industrial businesses in this area.

Once again, I have used a *quantitative analysis* to compare the selected sales to the subject property. I have isolated various factors that affect value. These factors are location, size, zoning and utility. I have adjusted each sale using these factors. The following is a conclusion of my analysis.

**Time:** I have adjusted Sale #1 up 25% for time. I have used Sale #2 to make this upward adjustment. Sale #2 is a good indication of value for Sale #1 since it is located directly south of it.

**Location:** I have adjusted Sale #2 and #3 down for their superior locations. Sale #2 is found on the north side of Victor and the commercial district. Sale #3 is found in a new retail center in Driggs. It is situated away from the Main Street and lies behind some existing buildings. Therefore, I have only adjusted it down \$0.50 per s.f. I have made not adjustment to Sale #1, although it is located in Victor. Like the subject, it is found in an area with other light industrial development.

**Size:** I have adjusted Sale #1 up \$1.50 per s.f. because it is a larger tract than the subject and the other sales. No adjustment has been made to the other sales for this factor.

**Zoning:** I have adjusted all of the sale down \$0.50 per s.f. because of their superior zoning. Unlike the subject, these properties can be used for a higher use, such as commercial and retail development. However, most of the properties around Sale #1 and #2 are not retail in nature, but more heavily commercial and light industrial.

**Utility of the Land:** This factor is a "catch all" for determining the overall quality of a tract of land. I have adjusted Sale #1 up \$1.00 per s.f. because of its shape and configuration. Although it has 800 feet along the highway, its depth is very narrow. It ranges from 150 feet on the north to approximately 300 feet on the south. This size restricts its utility to some type of use like storage units or other industrial storage area. I conclude the other sales are similar to the subject in this manner.

The following is the summary of my adjustments:

Sales Adjustment Table							
Element	Subject	Sale 1		Sale 2		Sale 3	
Sale Price:	-		\$585,000		\$625,000		\$375,000
Land Size (s.f.):	87,183		231,740		135,036		75,826
Price Per Acre.:	-		\$2.52		\$4.63		\$4.95
Property Rights:	Fee Simple		Fee Simple		Fee Simple		Fee Simple
Adjusted Price:	-		0		0		0
Financing Terms:	N/A		Cash		Cash		Cash
Adj. for Financing:	-		0		0		0
Condition of Sale:	N/A		Arm's Length		Arm's Length		Arm's Length
Adj. for Condition:	-		0		0		0
Market Conditions:	N/A		Oct-04		Jul-05		Aug-05
Adj. for Market Cond.:	-		25%		0%		0%
Other Adjustments:							
Location:	Buxton	Teton Center	0	Hwy 33 Victor	-1.00	Brolium's Dev.	-0.50
Size:	Medium	Large	1.50	Medium	0	Medium	0
Zoning:	M-1	C-2	-0.50	C-2	-0.50	C-2	-0.50
Utility of the Land:	Comm/Ind.	Comm/Off.	0	Comm/Ind.	1.00	Comm	0
<b>Total Net Adjustment:</b>			<b>\$1.63</b>		<b>-\$0.50</b>		<b>-\$1.00</b>
Total Net Adjustment:							
as % of Sale Price:			65%		-11%		-20%
<b>Final Adj. Sale Price:</b>			<b>\$4.16</b>		<b>\$4.13</b>		<b>\$3.95</b>

These sales indicate a value near \$4.00 per s.f. I have applied this rate to the subject land. As a result, the land has an indicated value of \$348,732 per s.f.

**B. Building Valuation:**

The shop is the only building on the property that has substantial value. I have given a significant token value to the fueling station because the equipment is new. Even if not used by a future buyer, the equipment could be salvaged and moved. The remaining buildings on the property (the Quonset shed and storage shed) have very little value outside their current use by the county.

I have used two (2) sales of improved buildings in the Teton Valley to arrive at an opinion of value for the subject building. I did not compare these sales directly with the subject because they are not exact comparables. However, the buildings on them do provide a "per s.f." indication of value for the subject improvement.

	Improved Sale 1	Improved Sale 2
Sale Price	\$190,000	\$357,000
Price Per S.F.:	\$47.50	\$42.06
Sale Date:	Aug-03	Aug-02
S.F. of GBA:	4,000	8,488
Location:	Lot 5 Mustang	481 Lupine
Land Size (S.F.):	58,370	43,560
Land Value Per S.F.	\$1.65	\$2.00
Total Land Value:	\$96,311	\$87,120
Building Size:	4,000	8,488
Bldg. Value Per S.F.	\$23.42	\$31.80
Total Building Value:	\$93,690	\$269,880

The first sale is a hanger at the Driggs Airport. This building is similar to the subject because it is a metal skin structure with a small office in it. Its design makes it very similar to the subject. It is a fairly new building that is in a condition similar to the subject.

The second sale is of a T-shirt making operation in Victor. This building is nicer than the subject. It has approximately 20% office area at the front. However, most of the building is metal, like the subject. It has an indicated value of \$31.80 per s.f.

I have tied the value of the shop building to Sale #1. I conclude these two (2) buildings are very similar to each other. Therefore, the subject has an indicated value of \$65,014.

I have arrived at an opinion of value for the fueling station equipment by taking its "cost new" or "replacement cost" value and reducing it by typical depreciation. I have also reduced this value by the fact that it is "special use" equipment. It, therefore, has a contributory value of \$50,000 to the land.

Based on the above, I conclude the subject property has an indicated value as follow:

Land Value: \$348,732

<u>Building Values</u>	
Shop Building:	\$65,000
Quonset Shed:	0
Storage Shed:	0
Fueling Station:	<u>50,000</u>
Total Building Value:	115,000
Opinion of Value:	<u>\$463,732</u>

***Called At: \$464,000***

## **Addendum**

- ▶ **Zoning Ordinances for CBD & M - 1**
- ▶ **Parcel #1 -Land Sales Map**
- ▶ **Parcel #1 - Land Sales Data**
- ▶ **Parcel #2 - Land Sales Map**
- ▶ **Parcel #2 - Land Sales Data**
- ▶ **Certification and Statement of Limiting Conditions**
- ▶ **Qualifications of the Appraiser**

## **Section 10. CBD ( Central Business District)**

The purpose of the Central Business District Zone is to provide for the business and civic functions that make up the city's historic core. The Central Business District (CBD) has a strong pedestrian character and provides for concentrated small-scale commercial activity, which serves the needs of the community and visitors.

### **A. Uses Allowed:**

1. Club or lodge;
2. Hotel;
3. Motel;
4. Restaurant or Café
5. Retail store;
6. Personal service shop;
7. Tavern, lounge or pub;
8. Theater, indoor;
9. Bank;
10. Office of a professional or administrative nature;
11. Office of a medical nature; and
11. Bed and breakfast.

### **B. Conditional Uses Permitted:**

1. Bowling alley, dance hall or similar establishment;
2. Radio or television studio;
3. Commercial or private parking lot;
4. Crafts shop;
5. Microbrewery;
6. Home business;
7. Multiple-family dwelling;
8. Recreation / fitness center; and
9. Building for nonprofit community functions.

### **C. Height Regulations:**

Any building or structure or portion thereof hereafter erected shall not exceed forty-five (45) feet in height unless approved by Conditional Use Permit.

### **D. Setback Requirements:**

No front, rear, nor side yards shall be required except when a building or group of buildings abuts upon a residential zone. A yard, having a width of not less than ten (10) feet, shall be provided on the side or sides of any lot abutting a residential zone. A yard, with a depth of not less than fifteen (15)

feet, shall be provided at the rear of any lot abutting a residential zone. A rear yard may be used for off-street parking and loading.

**E. Area Requirements:**

There shall be no minimum lot size except that residential uses shall have the same area requirements as set forth in the R-3 Zone.

**F. Accessory Buildings:**

Accessory buildings shall not be placed in front yard and shall meet the same setback requirements as principal buildings. An accessory building or group of accessory buildings with a residential use shall not cover more than thirty (30) percent of the rear yard. Accessory buildings under 120 square feet in size shall not be required to meet rear and side yard setback requirements.

**G. Off-Street Parking Requirements:**

All off-street parking shall be governed by Chapter 2, Section 3.

**H. Signs:**

The erection of signs is regulated by the current Sign Ordinance adopted by the City of Driggs.

### **Section 13. M-1 (Light Industrial)**

The purpose of the M-1 Light Industrial Zone is to provide for and encourage the grouping of light industrial uses. Uses must be capable of operating in a location where appearance of buildings and the treatment of the land about them will be unobtrusive and not detrimental to surrounding commercial or residential uses.

#### **A. Uses Allowed:**

1. Manufacturing, assembling, fabricating, processing, packing, repairing, or storage uses which have not been declared a nuisance by statute, resolution or any court of competent jurisdiction and provided these uses shall not cause:
  - a. Unreasonable dust, smoke, gas, fumes, noise, vibration, or odor beyond the boundaries of the site on which such use is conducted; nor
  - b. Hazard of fire, explosion, or other physical damage to any adjacent building or vegetation;
2. Wholesaling, warehousing, storage, and distribution;
3. Storage of contracting equipment, maintenance or operating equipment of public agencies or public utilities or materials and equipment of a similar nature;
4. Food processing; and
5. Industrial laundry and dry cleaning.
6. Grain elevator and bulk storage such as for potatoes, hay, and other similar uses;
7. Radio or television studio;
8. Auction establishment;
9. Auto gas/service station;
10. Auto sales and service;
11. Trailer sales and rentals;
12. Commercial or private off-street parking lot;
13. Auto body and paint shop;
14. Truck repair/service station;
15. Business services, as defined in Chapter 4, Section 5;
16. Crafts shop;
17. Cottage industry
18. Bottling and distribution plant;
19. Contractor's shop;
20. Sale of hay, grain, seed and related supplies;
21. Sale of heavy building material and machinery;
22. Sale of salvaged goods within an enclosed building;
23. Sheet metal, roofing or sign painting shop;
24. Storage warehouse;
25. Trade or industrial school; and
26. Temporary building as necessary for construction purposes, and for a period not to exceed one year.

B. Conditional Uses Permitted:

1. Kennel;
2. Broadcasting tower for radio or television;
3. Storage for wholesale or for distribution in bulk of any flammable liquid above or below ground;
4. Sawmill or log production facility;
5. Impound yard or any similar safe storage facility;
6. Micro-brewery;
7. Animal hospital / vet clinic;
8. Private amusement park, ball park, race track or similar uses;
9. Transit or trucking terminal; and
10. Public utility installation.

C. Height Regulations:

Any building or structure or portion thereof hereafter erected shall not exceed forty-five (45) feet in height unless approved by conditional use permit.

D. Setback Requirements:

1. Front yard:

The front yard setback shall be a minimum of twenty (20) feet when a lot abuts, touches, adjoins, or is across the street from a residential zone; otherwise, no front yard setback is required.

2. Side yard:

The side yard shall be a minimum of twenty (20) feet when a lot abuts, touches, or adjoins a residential zone; otherwise, no side yard setback is required.

3. Rear yard:

The rear yard shall be a minimum of twenty (20) feet when a lot abuts, touches, or adjoins a residential zone; otherwise, no rear yard setback is required.

E. Area Requirements:

There shall be no minimum lot size.

F. Accessory Buildings:

Accessory buildings shall not be placed in front yard and shall meet the same setback requirements as principal buildings. An accessory building or group of accessory buildings with a residential use shall not cover more than thirty (30) percent of the rear yard. Accessory buildings under 120 square feet in size shall not be required to meet rear and side yard setback requirements.

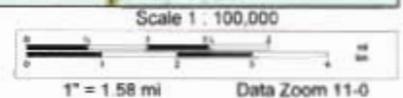
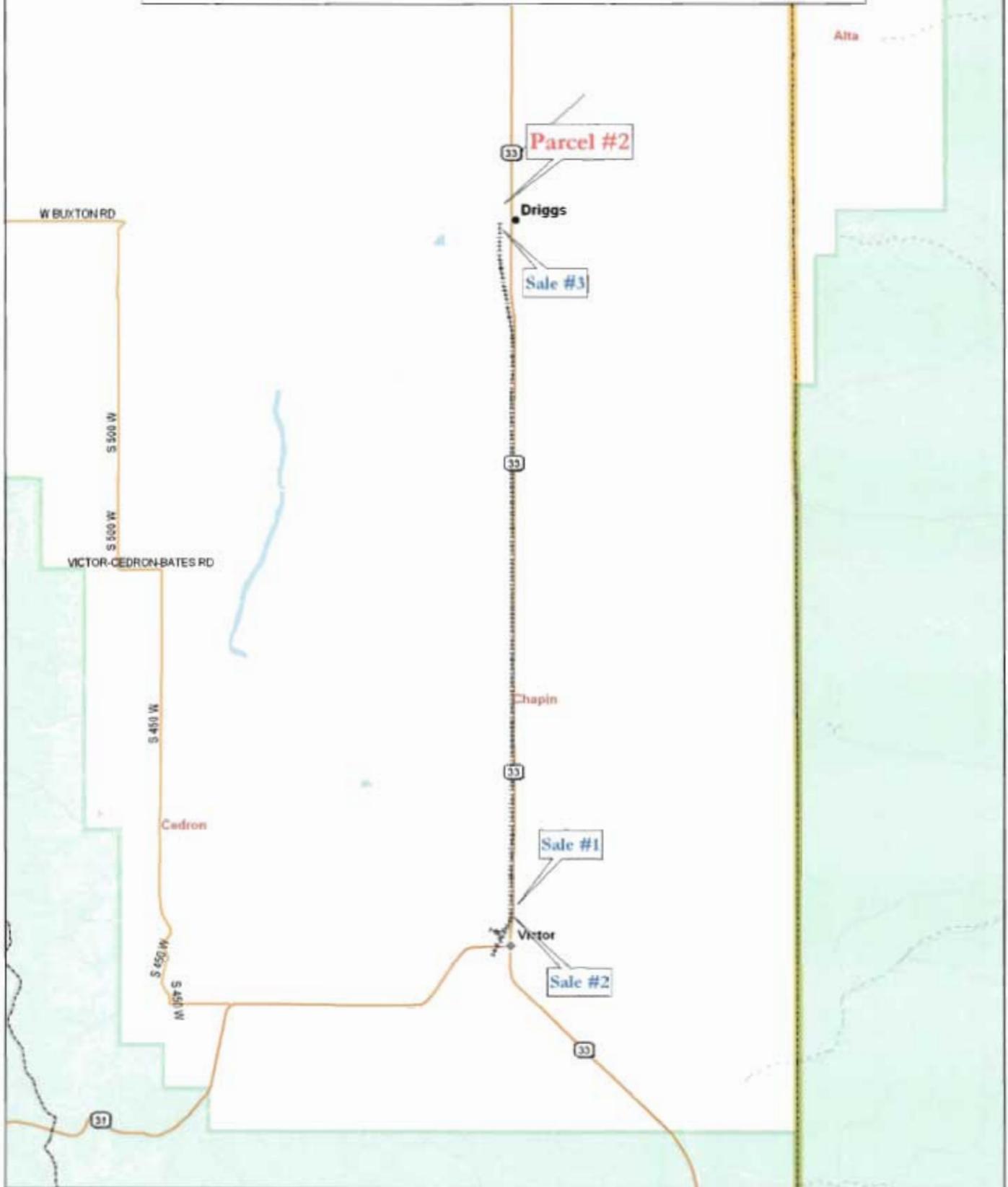
G. Off-Street Parking Requirements:

All off-street parking shall be governed by Chapter 2, Section 2.

H. Signs:

The erection of signs is regulated by the current Sign Ordinance adopted by the City of Driggs.

# Parcel #2 - Land Sales Map



**Land Sale # 1**

<b>Buyer</b>	Terra Ventures	
<b>Seller</b>	Teton Towne Center	
<b>Date</b>	October 2004	
<b>Consideration</b>	\$858,000	
<b>Land Size</b>	231,740 s.f. or 5.32 acres	<b>Acres/Sq. Ft.</b>
<b>Estimated Value of Improvements</b>	None	
<b>Estimated Value of Land</b>	231,740 s.f. @ \$2.52 per s.f.	
<b>Sales Data</b>	Warranty Deed	
<b>Information verified by</b>	Buyer	
<b>Legal Description</b>	Lots 9 through 12, Block 1, Teton Towne Center, City of Victor, Teton County, according to the recorded plat thereof.	
<b>Location</b>	This property is found along the east side of State Highway 33, on the north side of Victor, in Teton County, Idaho.	
<b>Property Description</b>	This is a squarely-shaped tract of land with frontage along the highway and a secondary road leading into a commercial subdivision. This property has access to city sewer and water. It has good exposure along the highway.	
<b>Zoning</b>	C-1	
<b>Highest and Best Use</b>	Commercial Development	
<b>Remarks</b>	This property is found in a commercial park, located in the City of Victor. It has frontage along the highway. The area is developed with a lumber yard and other commercial and retail businesses.	

**Land Sale # 2**

<b>Buyer</b>	Confidential	
<b>Seller</b>	Ellis	
<b>Date</b>	July 2005	
<b>Consideration</b>	\$625,000	
<b>Land Size</b>	135,036	Acres/Sq. Ft.
<b>Estimated Value of Improvements</b>	Older dwelling and out buildings @ \$0	
<b>Estimated Value of Land</b>	135,036 s.f. of commercial land @ \$5.14 per s.f.	
<b>Sales Data</b>	Warranty Deed	
<b>Information verified by</b>	Multi-Listing Service	
<b>Legal Description</b>	A portion of Sec. 2, T. 3 N., R. 45 E.B.M., Victor, Teton County, Idaho.	
<b>Location</b>	This property is found at 789 South Highway 33, in Victor, Teton County, Idaho.	
<b>Property Description</b>	This is a narrow strip of land with 800 feet along the highway. Its depth is 150 to 300 feet, which limits its utility for commercial use. It is a level tract of land adjacent to a commercial business park on the north. It is improved with a dwelling along its southern border. This improvement has no value.	
<b>Zoning</b>	Commercial	
<b>Highest and Best Use</b>	Commercial Development	
<b>Remarks</b>	Property does not have city sewer and water.	

**Land Sale # 3**

<b>Buyer</b>	Dennis Sessions	
<b>Seller</b>	Broulims	
<b>Date</b>	August 2005	
<b>Consideration</b>	\$375,000	
<b>Land Size</b>	75,826 s.f.	<b>Acres/Sq. Ft.</b>
<b>Estimated Value of Improvements</b>	None	
<b>Estimated Value of Land</b>	75,826 s.f. @ \$4.95 per s.f.	
<b>Sales Data</b>	Warranty Deed	
<b>Information verified by</b>	Buyer	
<b>Legal Description</b>	Lot 4, Broulims Retail Center, to the City of Driggs, Teton County, Idaho.	

**Location** This property is found in the 100 Block of South Main Street, in Driggs, Teton County, Idaho. It is part of a commercial development that includes the new Broulims Supermarket.

**Property Description** This is an oddly-shaped tract of land that lies away from Main Street behind some existing commercial buildings. However, it is located in a planned unit development. It has some exposure from Main Street and Little Avenue. It has access to city utilities.

**Zoning** Downtown Commercial

**Highest and Best Use** Retail Development

**Remarks** The property is a vacant tract of land. It is part of a planned unit development.

## **CERTIFICATION AND STATEMENT OF LIMITING CONDITIONS:**

The Appraiser certifies that, to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. The Appraiser has no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The Appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value, the attainment of a stipulated result, the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
8. I have visited the property that is the subject of this report. However, my visit was cursory in nature.
9. No one provided significant real property appraisal assistance to the person signing this certification.
10. All conclusions and opinions concerning the real estate that are set forth in this letter were prepared by the Appraiser(s), whose signature appears on this report. No change of any item in this report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.

## **CONTINGENT AND LIMITING CONDITIONS:**

The certification appearing in this report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser.

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property 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 considered to be under responsible ownership.
2. Any sketch or plat map attached may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has not made a survey of the property.

3. The Appraiser is not required to give testimony or appear in court because of having made the inspection with reference to the property in question, unless arrangements have been previously made thereto.

4. Any distribution of the valuation in this report between land and improvement applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

5. 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 which might be required to discover such factors.

6. Information, estimates, and opinions furnished to me and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished can be assumed.

7. The description of the property herein is stated for the purpose of arriving at an opinion of value. It should not be used for any other purpose, such as a description for a prospectus or for describing the property for sale. All parts of this appraisal should only be construed as applying to the opinion of value herein and should not be used separately for specific information.

8. Disclosure of the contents of this report is restricted to the intended users of the report. No other individual is authorized by the appraiser to use this report.

9. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the Appraiser. The Appraiser has no knowledge of the existence of such materials on or in the property. The Appraiser however, is not a qualified environmental auditor who has the skill to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. Any latent environmental problem within or underneath the property may also affect its value. The value estimate herein is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.



Jeffrey L. Kelley, C.G.A.

Idaho State Certified Appraiser, #ICA-362

## QUALIFICATIONS OF THE APPRAISER

**Jeffrey L. Kelley**

Idaho State Certified Appraiser, #ICA-362

### **Education:**

Juris Doctorate - Whittier College School of Law, Los Angeles, CA

Bachelor of Science - Brigham Young University, Provo Utah

Major: Real Estate Finance

Minor: Economics

### **Background:**

Assisting Appraiser - Kelley Real Estate & Appraisal since 1994;

Practicing Attorney - State of California, June 1991 - July 1994;

Member of the Idaho State Bar - April 1995;

Member of the Utah State Bar - May 1994;

Member of the California State Bar - June 1991;

### **Special Training:**

Institute Appraisal Course 120, 310, 320, 510 and 520

Standard and Ethics Courses — App. Inst. Course 420 A & B

Advanced Condemnation Appraisal Courses

App. Inst. Courses 710 & 720

ASFMRA Conservation Easement Seminar

Various Continuing Education Society Seminars

### **Experience:**

- **Commercial Properties:** Retail, Industrial, Professional Office & Apartment Complexes;
- **Agricultural Properties:** Farmland, Ranches and Range Land;
- **Recreational Properties:** Conservation (Before & After) Easements, Fee Ownerships, Estate Tax Appraisals;
- **Condemnation Appraisals:** Various ITD Projects around eastern Idaho as well as local municipality condemnation appraisal including the City of Blackfoot, Rexburg, Pocatello and Fremont County.
- **Specialized Appraisals:** Conservation Easements, Development and Mineral Right Extractions, Schools, Gravel Pits, Railroad Right-of-Ways and Potato Fresh Pack and Processing Facilities
- **Client Base:** Major Lending Institutions, Idaho Transportation Department, Bureau of Land Management, Idaho Department of Parks & Recreation, Bureau of Rec., Army Corp of Eng. City of Pocatello, City of Idaho Falls, The Nature Conservancy, Attorneys, Accountants, General Service Administration, Small Business Administration, Farm Service Agency, L.D.S. Church & other governmental and private entities.