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June 6, 2016

Mr. Robert Wilson
Senior Project Manager
Design and Construction Management
Sanitation District No. 1
1045 Eaton Drive
Fort Wright, Kentucky 41017

RE: Valuation of Sanitary Sewer Easement
Boone County School District Finance Property
10379-10435 US Highway 42
Union, Kentucky 41091

Dear Mr. Wilson:

At your request, I have completed an analysis of the value of the proposed permanent easement for the property. The permanent easement is for a force main sanitary sewer line that will run from Richwood Road from the south, past the subject, and tie in with an existing sewer line north of Double Eagle Drive in Union, Kentucky. The easement will run along the eastern property line of the subject parcel. A portion of the easement area will be open cut; however, the northern section of the easement under Double Eagle Drive will be a bored pipe. The easement will run along the frontage of the parcel on US Highway 42, very close to the right-of-way. There is no fee simple take or temporary construction easement. There is only the permanent easement.

According to the PVA, the subject is situated in the City of Union in Boone County. The property is located on a highly traveled road, just south of the City of Florence. This is a desirable Northern Kentucky suburban community. The area does have some rural characteristics such as some properties with not all public utilities available to all areas, and large amounts of vacant land used for farming and other purposes. The area has suburban characteristics due to convenient proximity to local shopping, the interstate, and employment centers. More highly concentrated commercial activity in the area is located north along US Highway 42 in northern Union and the City of Florence. There is some office space and commercial uses in the immediate subject area. The subject parcel has frontage on US Highway 42, as well as on the south side of Double Eagle Drive. US Highway 42 runs northward into Union and Florence, and southward into rural Boone County. Although the Boone County area is one of the fastest growing in the region, the national recession had slowed growth even in this area. However, as the economy recovers, growth appears to be picking up. This is particularly true for single-family residential homes in the area.

Mr. Robert Wilson

June 6, 2016

Page 2

This preliminary valuation analysis has been prepared for the benefit of Mr. Robert Wilson, Senior Project Manager, and the Sanitation District No. 1. No one else is authorized to rely on information provided in this letter. This appraiser is not responsible for unauthorized use of this analysis or the information herein. Schoepf/Associates, Inc. has not completed any appraisal or consulting work on this property in the past three years. The date of viewing for this report as well as the effective date of the report is April 29, 2016. The appraiser met with representatives of Boone County Schools.

If negotiations are not successful, condemnation proceedings including court actions may be necessary. If that is the case, a complete narrative summary appraisal developing the before value and after value of the entire property, including all improvements, would need to be completed. This report is based upon a drive-by viewing. The appraiser did not view the interior or exterior of any structural improvements.

The purpose of this analysis is to estimate the value of the easement area only. All of the analysis and evaluation procedures are based on vacant land only.

After the project is in place, the landowner will have full surface rights over the property as encumbered by the permanent easement, except if the easement holder would like to return to the area in order to provide maintenance or repairs to the sewer line. The landowner will never again be able to build on the area encumbered by this permanent easement. However, the easement is near the road frontage in an area that is generally not buildable due to setback lines.

The value of the permanent easement encumbrance will be developed by determining the value per acre of the land, which will be encumbered by the easement. This value per acre will be multiplied by the size of the permanent easement and damaged at 75% of fee simple title. This amount of damage is felt to be appropriate taking into consideration the loss of use of the area encumbered by the easement and its location near the property line. Current zoning requires a minimum front yard setback of 30 feet. It appears as though almost the entire easement is located in the zoning setback area. Therefore, the land encumbered will have a value after the easement is in place of only 25% of fee simple title. The property is not affected by any fee simple take.

This appraiser realizes that tracts of land similar to the subject have an overall value per acre, which is appropriate for the tract of land. However, the way in most properties are configured leads to different areas of the same parcel of land having different values per acre, depending on the area where it is located on the property. The value per acre of the frontage of the property tends to have the highest value per acre, while typically the rear portions of the property have the lowest. Any portions of a site that are adversely affected by floodplain, prior easements, poor topography, etc., may also be adversely affected and be lower than other portions of the site.

The subject parcel is identified by the Boone County Property Valuation Administrator (PVA) as 052.00-00-028.00. GIS indicates the parcel contains a total area of 151 Acres. The PVA indicates that there are two tracts of land that contain a total area of 156.658 Acres. The subject property is the location of three schools that are part of the Boone County School District. They include Ryle High School, Gray Middle School, and Mann Elementary School. The easement enters the property near the southeastern property line and runs in a north/south direction along the entire frontage on US Highway 42. The property is currently titled in the name of Boone County School District Finance. The most recent transfer is not listed on any public source. The property has been utilized by the school system for many years. There has been no transfer within the past three years.

The subject property has approximately 1,975 feet of frontage on the west side of US Highway 42. Double Eagle Drive runs along the northern property line with approximately 2,300 feet of frontage. The property has one road, which enters the property from US Highway 42. It is known as Raiders Run. It runs in a somewhat circular direction to the south side of Double Eagle Drive. The easement will run along the eastern property line near the right-of-way. A sidewalk with streetlights is located along the frontage in what appears to be the right-of-way. The easement area will be, basically, along the right-of-way only. It is primarily 20 feet in depth. The pipeline construction will close Raiders Run near the easement, although half of the road will be open at all times. Double Eagle Drive will not be closed, as the pipeline will be installed from under the road. No trees are noted in the easement area. There are some drainage grates and other utilities in the area of the easement. However, if these are affected, they will be replaced after the project in as similar condition as possible before the project was started.

The subject site contains approximately 151 Acres. The property is serviced with all public utilities. The main parcel is improved with three large school buildings, as well as parking areas, roads, tennis courts, baseball fields, and a football field. The area in which the easement is located is a grassy area located primarily along the right-of-way. No fencing, buildings, or other structures will be affected.

Subject Photographs



School, As Viewed from US Highway 42



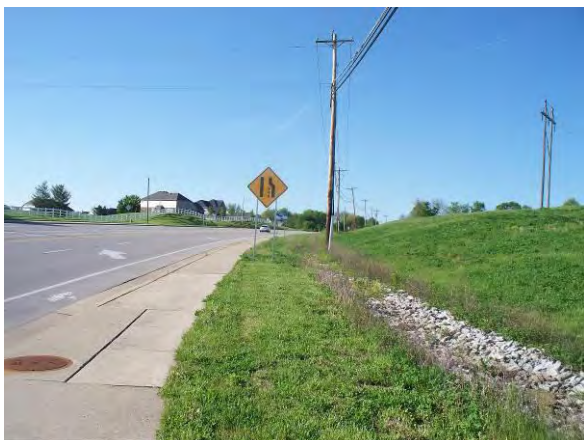
Area of Easement, South of Raiders Run,
Taken from Raiders Run



Area of Frontage along US Highway 42
Easement to be Located near Right-of-Way



Area of Frontage along US Highway 42
Easement to be Located near Right-of-Way



View of Easement Area Looking South,
Just South of Raiders Run



Drainage Area, South of Raiders Run



Street Scene – Raiders Run



View of Subject from US Highway 42



View of Subject from US Highway 42



View of Subject from US Highway 42



Drainage Area near Double Eagle Drive

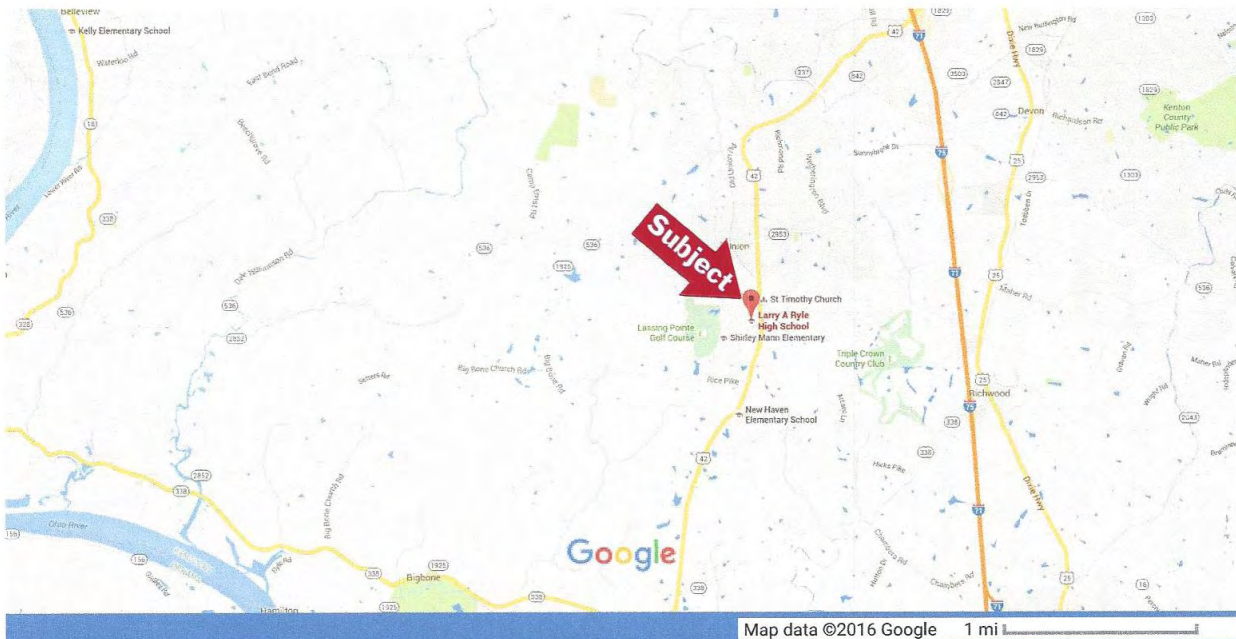


Sign for Schools Located near Double Eagle Drive



View of Easement Area Looking South on US Highway 42, Just South of Double Eagle Drive

Neighborhood Map



The subject property is part of a “PF/UTO” zone district. This district is Public Facilities with a Union Town Overlay. This is a somewhat restrictive district, which allows public facilities. Principally permitted uses include government offices, police, fire, schools, colleges, hospital complex, dental clinics, and nursing homes. The minimal lot size is 20,000 SF with a front setback line of 30 feet. The use as a school complex appears to be a legal, conforming use. The Union Town Overlay was established to provide incentive to develop the residential, recreation, and public facilities land uses of the Study Area in a certain manner. This overlay has regulations for any potential development including streetscapes, streets, sidewalks, alleys, landscaping, and other restrictions.

In the highest and best use analysis for the subject, the subject property is currently zoned “PF”, Public Facilities. All public utilities are available to the site. The property is located on US Highway 42. Located to the north are concentrations of properties that are more commercial oriented. Near the subject are primarily single-family residential developments, large farms, and some smaller medical type offices. Most commercial uses are obviated by zoning. Zoning does allow some office type facilities. Taking into consideration the subject’s characteristics, the highest and best use of the subject site, as if vacant, is for development for some type of office or public facilities, which take into consideration the restrictions of the Union Town Overlay. The highest and best use, as improved, is for continued use as three schools.

The subject property is currently assessed by the Boone County PVA for 2015 as follows.

Land:	\$ 1,629,400
Improvements:	<u>\$30,880,400</u>
Total Taxable Value:	\$32,509,800

The property has an education exemption. No taxes are due.

GIS Plat Showing the Approximate Location of the Proposed Easement



The easement is primarily 20 feet in width. There are some minor variations in width along the easement. It is approximately 1,885 linear feet in length. It is located directly on the right-of-way of US Highway 42. The easement will contain a total area of 37,691 SF or 0.865 Acres. The permanent easement is primarily in a grassy area just west of the existing sidewalk and light poles.

Any site improvements, which are affected, will be repaired after the project is complete.

This report values the land encumbered by the permanent easement only. This is not considered to be a full before and after appraisal.

The following sales have been utilized to determine the value for the subject land.

C.S. No. 1

Address:	1760 Elmburn, Hebron
Deed Reference:	Book 993, Page 378; PIDN: 035.00-07-605.00
Grantor:	Drees Company
Grantee:	Boone County Board of Education
Date of Sale:	June 9, 2011
Sale Price:	\$1,014,930
Area:	Land: 17.09 Acres
Unit Price:	\$59,387/Acre

Comments:	This property was purchased for a new school. This is on a side street with little visibility.
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C.S. No. 2

Address: 875 North Bend Road, Hebron
Deed Reference: Book 764, Page 270; PIDN: 034.00-00-011.02
Grantor: Arlinghaus Builder
Grantee: Boone County Board of Education
Date of Sale: October 1, 1999
Sale Price: \$514,500
Area: Land: 14.059 Acres
Unit Price: \$36,596/Acre

Comments: This parcel is located on KY 237, north of the interstate. It is less of a commercial district than properties located closer to Interstate 275. The property was purchased to construct North Point Elementary School.

C.S. No. 3

Address: 6489 Camp Ernst Road, Burlington
Deed Reference: Book 764, Page 270; PIDN: 049.00-00-067.01
Grantor: Rosa Lee Shively
Grantee: Boone County Board of Education
Date of Sale: October 1, 1999
Sale Price: \$437,500
Area: Land: 11.69 Acres
Unit Price: \$37,425/Acre

Comments: This parcel was purchased for a new school.

C.S. No. 4

Address: 11846 Taylor Mill Road, Independence
Deed Reference: PIDN: 048-00-00-102.00
Grantor: Charles Satchwill, Jr.
Grantee: Kenton County School District Finance Corporation
Date of Sale: June 2, 2004
Sale Price: \$900,000
Area: Land: 40.53 Acres
Unit Price: \$22,206/Acre

Comments: This parcel was purchased to build the new Twenhofle Middle School in Kenton County.

The sales used are all properties, which were purchased for public facilities, similar to the subject. This appraiser realizes that these sales are older; however, no sales more recent were located. Some of the sales are located on heavily traveled roads, similar to the subject, while some are in less commercial oriented districts. The subject, although being located on US Highway 42, is south of one of the main commercial districts in Union and Florence. The above sales indicate a range in value from approximately \$22,000/Acre to \$59,000/Acre. Many of the parcels are smaller than the subject in size, and require a negative adjustment for economies of scale. The subject property has good location as well as desirable topography.

Taking into consideration the above, it is this appraiser's opinion that the market supports a value for the subject site of \$50,000/Acre.

Therefore, the damage caused by the permanent easement is as follows.

0.865 Acres, times \$50,000/Acre, times 75% damage, equals \$32,438.
Rounded: \$32,500

There are no temporary construction easements or other easements necessary for the project. The easement runs, basically, over a grassy area along the right-of-way. Any site improvements disturbed will be repaired after the project is in place.

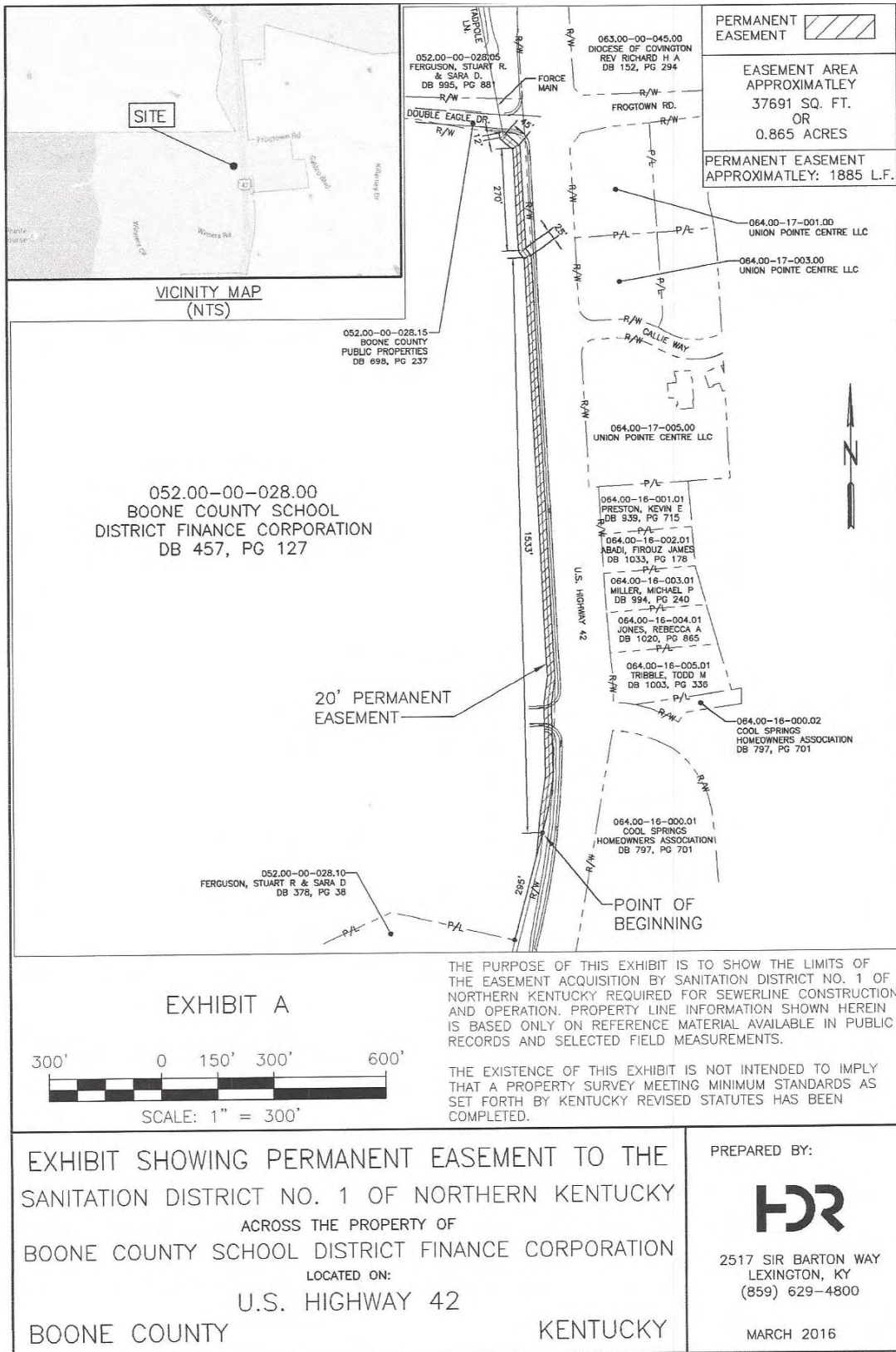
The plat showing the subject parcel and location of the proposed easement follows.

Mr. Robert Wilson

June 6, 2016

Page 12

Easement Plat



Mr. Robert Wilson

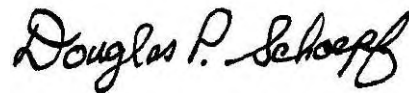
June 6, 2016

Page 13

This letter is not to be construed as a full appraisal report. It is only an analysis into the value of the acquisition of the permanent easement encumbrance, which will be placed across a portion of the subject property. Should the negotiations not be successful, a condemnation proceeding may be required with possible court action. If this is the case, this appraiser will need to complete a full narrative appraisal report, which indicates the value before and after the project, including all improvements.

I hope the information provided is sufficient for your needs. Should you require any additional information, please feel free to contact this office.

Sincerely,
Schoepf/Associates, Inc.

A handwritten signature in black ink that reads "Douglas P. Schoepf". The signature is written in a cursive, flowing style.

Douglas P. Schoepf