

## **RESTRICTED USE APPRAISAL**

### **City of Colorado Springs/Colorado Springs Utilities Parking Lot**



#### **Prepared for:**

The City of Colorado Springs, Colorado  
On behalf of its Parks, Recreation and Cultural Services Department  
30 South Nevada Avenue, Suite 502  
Colorado Springs, Colorado 80903

#### **Prepared by:**

Kyle L. Wigington, P.C.  
P.O. Box 88455  
Colorado Springs, Colorado 80908

Effective Date of Appraisal

March 16, 2016

*original*

**KYLE L. WIGINGTON, P.C.**

P.O. BOX 88455  
COLORADO SPRINGS, CO 80908

Phone: 719.635.9614  
Fax: 719.559.3728

General Practice Attorney  
Certified General Real Estate Appraiser

March 16, 2016

The City of Colorado Springs  
On behalf of its Parks, Recreation and Cultural Services Department  
Attention: Christian Lieber, RLA Park Development Manager  
30 South Nevada Avenue, Suite 502  
Colorado Springs, Colorado 80903

Dear Mr. Lieber:

Pursuant to your request, I have completed a restricted appraisal of the market value of the property described as the "City of Colorado Springs/Colorado Springs Utilities Parking Lot" property located in El Paso County, Colorado.

As per mutual agreement with the City of Colorado Springs (client) and Kyle L. Wigington, P.C. (appraiser), the format used is defined as a Restricted Use Appraisal. It complies with the requirements set forth under Standard 2-2(c), of the Uniform Standards of Professional Practice, but is subject to the Assumptions and Limiting Conditions listed in this report. This appraisal report states the information used to arrive at a conclusion of value. **It is noted that the opinions of the appraiser in a restricted format may not be fully understood without additional information in the appraiser's work file. Therefore, this appraisal is limited to use by the client only.**

The purpose of this appraisal is to estimate the "As Is Market Value" for the subject property for the potential transfer of the subject property to a private entity. The intended use of this report is for internal decision making and solely limited to the client, The City of Colorado Springs.

Based upon my independent appraisal and the exercise of my professional judgment, my market value estimate for the property as of March 14, 2016, is **\$580,000** subject to any stated extraordinary assumptions and hypothetical conditions.



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Kyle L. Wigington, J.D.  
Certified General Appraiser  
Colorado License # 1315439

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Letter of Transmittal

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## **Certification Statement**

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

- I have personally inspected the subject property appraised and I have also made a personal field inspection of the comparable sales relied upon in making my appraisal, examined sales instruments of record, and have confirmed the sales transactions with the buyer and/or seller unless otherwise noted. The photographs in this appraisal report reasonably represent the subject property and comparable sales relied upon.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity and consistent with the Uniform Standards of Professional Appraisal Practice (USPAP).
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- Statements of fact contained in this report are true and correct. 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.
- I understand this appraisal may be used in connection with the disposal of real property for the referenced project.
- I have 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have not revealed the findings and results of this appraisal to anyone other than my client, nor will I do so until required by due process of law or by having publicly testified as to the findings.
- I acknowledge that this appraisal report and all maps, data, summaries, charts and other exhibits collected or prepared under this agreement shall become the property of the City of Colorado Springs without restriction or limitation on their use.
- No one provided significant real property appraisal assistance to the person signing this report.
- The use of this report is subject to the requirements of the Board of Real Estate Appraisers, State of Colorado, Department of Regulatory Agencies relating to review by its duly authorized representatives.
- As of the date of this report, I, Kyle L. Wigington, have completed the requirements of the continuing education program of the Board of Real Estate Appraisers, State of Colorado.

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The effective date of appraisal and valuation is as of March 14, 2016. The date of the appraisal report is March 16, 2016.
- Based upon my independent appraisal and the exercise of my professional judgment, my market value estimate for the property as of March 14, 2016 is **\$580,000** subject to any stated extraordinary assumptions and hypothetical conditions.



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Kyle L. Wigington, J.D.  
Certified General Appraiser  
Colorado License # 1315439

### Executive Summary/Subject Identification

|                                                      |                                                                                                            |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Project Name:                                        | City of Colorado Springs/Colorado Springs Utilities Parking Lot                                            |
| Parcel Number:                                       | Part of 7406301002                                                                                         |
| Name of Owner:                                       | City of Colorado Springs                                                                                   |
| Name of Tenant:                                      | None                                                                                                       |
| Property Address or Location:                        | Refer to Legal Description                                                                                 |
| Owner Present at Inspection:                         | The appraiser conducted a site inspection of the subject property on March 14, 2016.                       |
| Property Interest Appraised:                         | Fee Simple subject to any Extraordinary Assumptions and Hypothetical Conditions                            |
| Effective Appraisal Value Date:                      | March 14, 2016                                                                                             |
| Date of Appraisal Report:                            | March 16, 2016                                                                                             |
| Environmental Concerns:                              | None stated                                                                                                |
| Larger Parcel Land/Site Area:                        | The subject property is unimproved land with a total area of .55 acres according to client.                |
| Owner and/or Tenant Occupancy:                       | Vacant                                                                                                     |
| Owner Improvements:<br>(buildings, structures, etc.) | None                                                                                                       |
| Subject 5-Year Sales History:                        | According to the El Paso County Assessor records, there has been no sales activity in the past five years. |
| Zoning:                                              | Hillside Low Density Residential – City of Manitou Springs                                                 |
| Highest/Best Use Before Take:                        | Parking Lot                                                                                                |

## Scope of the Appraisal

In preparing this appraisal I have:

- Made a complete physical inspection of the property on March 14, 2016.
- Researched public records for assessment and historical sales information pertaining to the subject property.
- Analyzed income and expense information provided by the owner, if applicable.
- Researched the demographics and other data effecting the area and neighborhood. Among our sources of information that we referenced were; properties that we have previously appraised in the area, relevant publications, periodicals, U.S. Census data, and other reference material.
- Researched pertinent neighborhood data, comparable listings, comparable rentals, and comparable sales.
- Gathered comparable improved sales, comparable listings, comparable rentals, comparables expenses, etc. from similar neighborhoods and/or previous appraisals that we have made on similar properties.
- Analyzed the current real estate market and trends for the subject's property type, particularly in the subject's market area.

In preparing the written report I have:

- Identified the property by tax identification number and deed references.
- Considered the purpose and intended use of the appraisal.
- Prepared a brief history of the property.
- Stated the current definition of market value and exposure time.
- Determined the property rights being appraised as the Fee Simple interest in the property.
- Discussed and analyzed the physical attributes of the subject site.
- Analyzed the Highest and Best Use of the site.
- Analyzed and discussed the reasoning for choosing the most applicable approach or approaches in determining the value for the subject property.
- Considered all three approaches to value and determined which approach or approaches were applicable, given the nature of the assignment and the characteristics of the subject property.

- Thoroughly discussed and documented our value conclusions by the applicable approach and/or approaches.
- Analyzed and discussed the Reconciliation of the applicable approaches and final conclusions of values.
- Stated the Assumptions and Limiting Conditions upon which this report was based.
- Determined there are no adjudicated water rights at the subject property.
- Assumed there are no mineral resources with commercial value on the subject property.

### **Assumptions and Limiting Conditions**

The certification of the appraiser appearing in the appraisal report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the appraiser in the report.

#### **Extraordinary Assumptions**

An extraordinary assumption is an assumption directly related to a specific assignment which, if found to be false, could alter the appraiser's opinions or conclusions.

Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis.

1. *The acreage calculation utilized in this report is based on a portion of a larger identified parcel. The breakout of acreage for this report was estimated by the City of Colorado Springs and submitted to the appraiser for consideration. No survey was provided to the appraiser supporting the acreage calculation.*
2. *Some of the assumptions regarding the data used in the Income Approach were provided by the client. If those assumptions provided change, the integrity of the approach must be reassessed.*

#### **Hypothetical Conditions**

A hypothetical condition is that which is contrary to what actually exists but is supposed for the purpose of analysis.

Hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in the analysis.

1. *There are no hypothetical conditions utilized in this report.*

## **General Assumptions and Limiting Conditions**

1. The legal descriptions, land areas, surveying and engineering data provided by the client are assumed to be correct. The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photographs are included for the same purpose. Site plans are not surveys unless prepared by a certified surveyor.
2. This is a Restricted Appraisal Report, which is intended to comply with the reporting requirements set forth in Standards Rule 2 of USPAP.
3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report. The property is appraised "as if free and clear" of liens and encumbrances, but subject to existing easements, covenants, deed restrictions, and rights-of-way of record.
4. Opinions, estimates, data, and statistics furnished by others in the course of studies relating to this report are considered reliable.
5. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated land use. Separate allocations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
6. This report is as of the date set out and is not intended to reflect subsequent fluctuations in market conditions, up or down.
7. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or arranging for engineering studies that may be required to discover them.
8. It is assumed the subject property complies with all applicable zoning and use regulations and restrictions, unless non-conformity has been stated, defined, and considered in this appraisal report.
9. It is assumed the use of land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass unless otherwise stated in this report.
10. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection of the subject property. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the subject property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, or for any expertise or knowledge required to discover them.

**Representative Subject Photos Taken by Kyle Wigington on March 14, 2016**



Main Parking Lot looking SW to Utilities Facility



Main Parking Lot looking NE



Frontage of Parking Lot on Ruxton Ave. (Note vehicles on street)



Rear of Parking Lot



Entrance to Lot from Ruxton Ave.



View to Additional Parking Area



Rear Topography of Parking Area



Gated Entry for Public into Parking Area



Directional Signage



View to Incline and Additional Parking Area

## USPAP Reporting Options

To develop the opinion of value as per the request of my client, the City of Colorado Springs, the appraiser performed a complete appraisal in **Restricted Use Format** according to the guidelines set forth below by the 2014-2015 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

The Restricted Appraisal Report may be appropriate when:

- the client is the only intended user of the appraiser's opinions and conclusions set forth in the report;
- the client understands the limited utility of this option;
- the intended use of the appraisal warrants restricted disclosure about the research and analysis completed in the development of the assignment results; and
- the client (the only intended user) does not need the level of information required in an Appraisal Report.

When an appraiser uses the Restricted Appraisal Report option, a prominent notice to any reader must be provided. The prominent notice must warn any reader of the report that the rationale for the appraiser's opinions and conclusions set forth in the report may not be understood properly without the additional information that is in the appraiser's workfile.

### Definition of Value

A current definition of Market Value as cited in USPAP Advisory Opinion 22 (AO-22) is:<sup>1</sup>

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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as if a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and acting in what they consider their own best interests.
- A reasonable time is allowed for exposure in the open market.
- Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

According to USPAP Advisory Opinion 22, this definition

...is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal

Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

Exposure Time assumes that:<sup>2</sup>

- The subject property would sell at the appraised value(s) as of the effective date(s) of the appraisal.
- 
- The subject property was on the market for a reasonable time prior to the date of value and that the terms of sale are typical of other properties of its type that have sold as confirmed by exposure times of comparable sales.

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<sup>1</sup> 2012-2013 USPAP PUBLISHED BY THE APPRAISAL FOUNDATION / DEFINITIONS, P. U-5

VALUE: the monetary relationship between properties and those who buy, sell, or use those properties. Comment: Value expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified for example, market value, liquidation value, investment value.

<sup>2</sup> *ibid.* P. U-3

EXPOSURE TIME: estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of sale at market value on the effective date of the appraisal.

## **Identification of Appraised Property**

The property being appraised is a vacant parking lot. It is located in El Paso County, in the State of Colorado. The subject property is described as .55 deeded acres of vacant land, owned by the City of Colorado Springs and under the control of Colorado Springs Utilities.

The subject property is identified by the El Paso County Assessor office as part of schedule number 7406301002. The assessor information for this parcel is included on the following pages. It appears the property is annexed into the City of Manitou Springs and subject to the Hillside Low Density Residential zoning district.

The acreage determination was made by the City of Colorado Springs and communicated to the appraiser for consideration in the report. The property is basically described as a part of the above referenced schedule number that lays along the northwest side of Ruxton Avenue depicted on the following map.

## Map of Subject Property

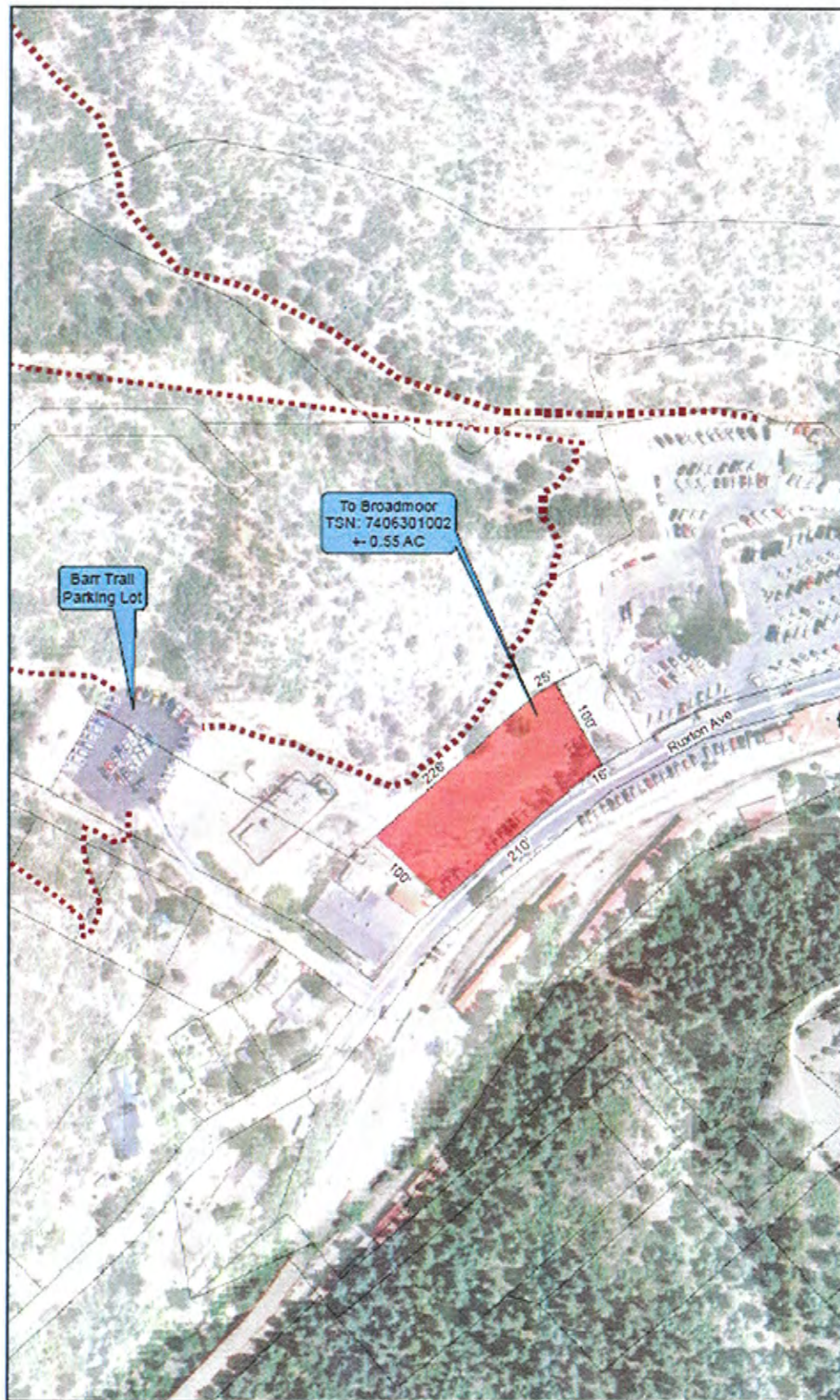


Exhibit D- Proposed City Land  
To the Broadmoor



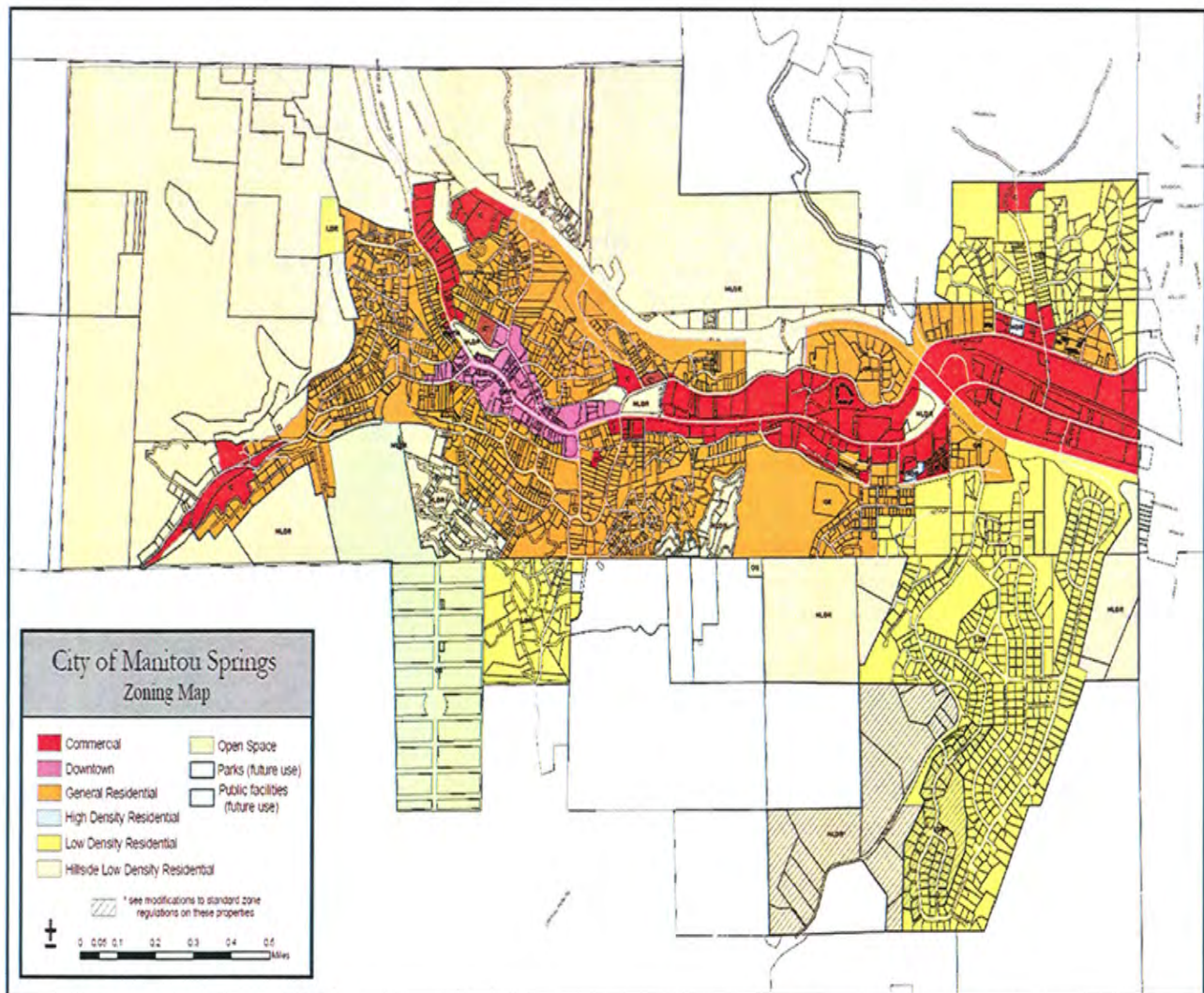
**Assessor Parcel Map – 7406301002**



**Assessor Aerial Map – 7406301002**



## Zoning Map



**Public Record Property Information**

Friday, March 11, 2016 Time: 1:20:45 PM

**Personal Information**

Schedule No: 7406301002  
 Owner Name: COLORADO SPRINGS CITY OF  
 Location: 540 RUXTON AVE  
 Mailing Address: 30 S NEVADA AVE  
 COLORADO SPRINGS CO 80903-1802

Previous Parcel

Replaced Parcel

**Legal Description**

LOTS 1 TO 12, LOT 13 EX E 50 FT BLK 26 MANITOU IRON  
 SPGS CO ADD MANITOU SPGS

**Market Information (2015 Values)**

Levy Year: 2015 Mill Levy: 76.913 Exempt Status: Fully Exempt

| Table | Use Code              | 2015 Market Value | 2015 Assessed Value | Exempt |
|-------|-----------------------|-------------------|---------------------|--------|
| Land  | POLITICAL SUBDIVISION | \$43,800          | \$0                 | EX     |
|       | <b>Total Value</b>    | <b>\$43,800</b>   | <b>\$0</b>          |        |

**Tax Entity and Levy Information**

( District: HBH )

| Taxing Entity                        | Contact Name       | Contact Phone  |
|--------------------------------------|--------------------|----------------|
| EL PASO COUNTY                       | FINANCIAL SERVICES | (719) 520-6498 |
| EPC ROAD & BRIDGE SHARE              |                    | (719) 520-6498 |
| CITY OF MANITOU SPRINGS              | REBECCA DAVIS      | (719) 685-5481 |
| EPC-MANITOU SPGS ROAD & BRIDGE SHARE |                    | (719) 520-6498 |
| MANITOU SPRINGS SCHOOL NO 14         | TIM MILLER         | (719) 685-2015 |
| PIKES PEAK LIBRARY                   | MIKE VARNET        | (719) 531-6333 |
| SOUTHEASTERN COLO WATER CONSERVANCY  | JAMES BRODERICK    | (719) 948-2400 |

Sale Information

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Land Information

| Seq # | Use                   | Exempt | Area       |
|-------|-----------------------|--------|------------|
| 1     | POLITICAL SUBDIVISION | EX     | 1.56 acres |

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Residential Information

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Commercial Information

## **Purpose of Appraisal**

The purpose of this appraisal is to estimate the "as is" market value of the property interest(s) specified in this report as of the effective date of this appraisal.

## **Intended Use of the Appraisal**

The appraiser has been engaged by the City of Colorado Springs, on behalf of its Parks, Recreation and Cultural Services Department, the client for this appraisal and also the intended user. The appraiser has been informed that the appraisal will be used for the sole purpose of assisting the client in determining value for the decision making process concerning the potential transfer or sale of the property. Therefore, the intended use of this appraisal is to assist my client, the City of Colorado Springs and Parks, Recreation and Cultural Services Department, in the determination of market value subject to specific assumptions and limiting conditions.

## **Zoning Districts**

The subject property is .55 acres located in El Paso County, Colorado. It appears the property is annexed into the City of Manitou Springs and subject to the Hillside Low Density Residential zoning district.

## **The Highest and Best Use Analysis**

The Appraisal Institute in The Dictionary of Real Estate Appraisal, Fourth Edition, Chicago, 2002, p. 135, defines highest and best use as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

It should be noted that the concept of highest and best use is driven by *economic* considerations and market forces, not by public interest.

Legally, the property currently is zoned Hillside Low Density Residential. This zoning district appears to be the “catch-all” district for the outlying areas of the City annexation that do not immediately fit into other classifications. That is not to say that the property, or smaller portions thereof, could not be rezoned to some other classification. At this time however, it appears that factors other than the legally permissible uses attributable to the property would be somewhat more controlling.

One such controlling use would relate to the physical possibility for potential uses of the parcel. The physical characteristics related to the rugged and steep terrain located within the property would significantly impact future uses on the vast majority of the property. It appears that the terrain itself would limit use of the property to the current use for parking.

Another controlling use would be the limitation placed upon any type of future development of the parcel that would require excavation or sub-surface disturbance. It appears that, according to the client, there are several significant utility corridors that are located on the property. These were reported to be located on the western area of the property. It is therefore considered probable that there would be significant limitations imposed either legally or from a

physical standpoint that could limit development beyond the current use. It was further reported to the appraiser that there would most likely be significant deed restrictions that would be placed upon the subject property as part of the proposed transfer. These deed restrictions would further limit any development potential of the subject beyond the current use.

The financially feasible uses would once again be impacted by the physical attributes of the property. It appears that although it could take significant financial investment to take the property to a use to something other than a parking area, it may not be feasible to do so at this time.

Once again, the maximum productivity associated with uses available to the subject property would be impacted by “economic factors” and those factors would limit the potential uses of the property. There is only a small portion of the property that could be utilized for any use other than parking.

The property, as it sits today is being utilized as a semi-public “pay-to-park” parking area. The highest and best use of the subject property is, in my opinion, limited to its current use given the constraints listed above.

## Property Rights Appraised

The property rights being appraised consist of the Fee Simple Estate of the subject property. A Fee Simple Estate is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>4</sup>

The value of the Fee Simple Estate is, therefore, impacted by its current zoning, if any, tax status, condemnation proceedings, public easements, and environmental legislation. The Fee Simple Estate encompasses all rights of ownership not limited by government, including the right of occupancy (use), the right to lease and receive rents, the right of conveyances to another, etc. This interest is analogous to the total "bundle of rights", each of which may be severed and conveyed by the Fee Simple owner. The Fee Simple Estate may be severed into various partial or fractional interests, including the leased fee and leasehold interests. The Fee Simple Estate is the sum of the leased fee and all leasehold interests.

### Personal Property is Excluded from this Appraisal

Any movable equipment, furnishings, and fixtures necessary to the operation of this property were not included in the value of the real estate. If necessary to the operation of the real estate as a hotel, personal care residence, etc., and a value is required by the client, the personal property has been allocated separately.

#### Personal property is defined as follows:

Personal property is, generally, movable items - that is, those not permanently affixed to and part of the real estate. Thus personal property is not endowed with the rights of real property ownership. Examples of personal property are furniture and furnishings that are not built into the structure, such as refrigerators and freestanding shelves.<sup>5</sup>

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<sup>4</sup> The Appraisal of Real Estate, 13th. Edition (Appraisal Institute, Chicago, IL, 2008), p. 114

<sup>5</sup> ibid., p. 7

## Valuation Analysis

Having determined that the Highest and Best Use of the subject property is at its present use, I proceeded with my analysis. This included a review of the market and an assessment of the potential demand for similar properties. Finally, I estimated the Market Value of the subject property by considering the applicable approaches to value.

The Valuation Process - The valuation process is a systematic approach that identifies the appraisal problem, analyzes a property's characteristics, and generally engages three common valuation methods to form an opinion of market value.

The steps in the valuation process include:<sup>6</sup>

- Identification of the problem
- Scope of work determination
- Data Collection and Property Description
- Data Analysis
- Site Value Opinion
- Application of the Approaches to Value
- Reconciliation of Value indicators and final Opinion of Value
- Report of Defined Value

There are three generally accepted approaches to value in the appraisal of real property. These are summarized as follows.

The Sales Comparison Approach consists of analyzing the sale of comparable properties within the immediate area and/or in similar locations by a comparison of their respective similarities and differences. A judgment is then made as to the value of the subject property, based upon the adjusted values.

The Income Approach consists of estimating the potential annual gross income using actual or market derived rentals. Deducted from this amount, to arrive at a projected net income, are projected vacancy, annual expenses, and an estimated reserve for replacement. The resulting net income is capitalized into value.

The Cost Approach consists of estimating the cost new of the building improvements, deducting depreciation from all sources, and adding the value of the land and lot improvements. It is often the most difficult approach to apply to existing buildings because of the problem encountered in accurately estimating depreciation.

Only the Income Approach was developed for purposes of this report. The appraiser analyzed sales in the Colorado Springs market area that could be said to have a highest and best use similar to that of the subject for parking purposes. None of these sales appeared to be based on a “pay to park” or commercial scenario. All of the sales identified were either transferred to churches to expand parking for church goers or they were for public free “park and ride” type operations. None of the sales were considered appropriate once the income approach for the subject property was developed.

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6 The Appraisal of Real Estate 13th Edition, Pages 129 and 131 Appraisal Institute

## **Income Approach**

For purposes of this report we have developed elements of the income approach to value into the analysis as support for the market value conclusion given the limited sales data available. It should be noted that given the restricted nature of this report and the extreme income related variables that surround the unique nature of this particular subject property, the income approach is merely summarized for purposes of this report.

It appears that the subject parking lot has recently been designated as a “pay to park” area by local agencies. We are unclear as to what entity actually is extending authority over the property to collect parking fees. That said, what this development does is to impact the highest and best use potential of the subject property and lend itself to the development of an income approach to value.

As previously indicated, many commercial parking lots are bought, sold and valued based on the income producing element intrinsic to the site. We have attempted to explore that factor with regard to this property although there are many variables that cannot be fully defined regarding this site.

It appears based upon the inspection that there is a \$7 per day charge to each vehicle that enters the parking area for the Manitou Incline. Patrons may choose from several different parking areas and it appears that this subject parking area is included in the patron’s options. This parking area appears to include not only the dirt parking area behind the controlled access gate but also a certain amount of “on-street” parking that, according to the client, is subject to the \$7 per day parking fee as well and would be included as part of this subject property.

There appears to be adequate room to safely park a total of approximately thirty five (35) vehicles in both the subject dirt lot and the on-street parking area along the frontage. Access to the main part of the property is through a gate and control arm.

For purposes of any income approach to value, key elements reported as expenses attributable to the subject property are included in the valuation process and deducted from the

effective gross income for the property. In this case, it appears the expenses would be limited to taxes, insurance, replacement for reserves, and maintenance to include plowing in inclement weather. For purposes of this report we have assumed an indicated expense ratio of 35%.

A key element in the analysis is related to the concept of vacancy. There is no information available related to vacancy for the lot. It is plausible that the lot would not be fully occupied on daily basis throughout the entire year. Off-season times, weather events, and maintenance would all play a part in determining the number of days to be applied to the daily rental rent in the analysis. For purposes of this report we will assume a 50% vacancy rate.

Information provided to the appraiser indicates that there would be a certain amount of “turnover” of the parking spaces on a daily basis. While a turnover concept is plausible, the application of a turnover rate is somewhat speculative at this point and no data was provided that would give any indication as to the actual turnover that should be considered. We have decided that given the fact that some turnover is considered plausible, a turnover rate of two times a day will be applied in the analysis. Although it could be argued that some spaces may turn more than twice a day, it is also plausible that some spaces may be occupied for the entire day.

Finally, the appraiser must develop a capitalization rate to be applied to the net income determination in order to develop the indicated market value. Our sources show that capitalization rates for commercial parking operations range from 8% to 10% based upon the number of spaces available and the long term commercial viability of the operation. In this case we have relied upon the upper end of the capitalization rate range given an amount of uncertainty regarding, not only the data assumptions for the analysis, but also the political and administrative elements present regarding the operation of the property.

Set out below are the basic calculations that would be applicable under the developed income approach for the property.

|                     |   |                         |   |                        |
|---------------------|---|-------------------------|---|------------------------|
| 35 parking spaces   | x | \$7 per day rental rate | = | \$245 per day          |
| \$245 per day       | x | 2 turnovers per day     | = | \$490 per day          |
| \$490 per day       | x | 182 days (50% vacancy)  | = | \$89,180 gross         |
| \$89,180 gross      | - | Expense Ratio @ 35%     | = | \$57,967 net income    |
| \$57,967 net income | / | 10% Capitalization Rate | = | <b>\$580,000 value</b> |

### Value Estimate

We have relied primarily upon those assumptions previously set out in the analysis. Any change in these basic assumptions could have a dramatic effect on the value determination. Estimates utilized for the total number of paid spaces available, vacancy, and turnover rate have not been verified by supporting data or documentation. We have utilized the best sources of information available to make informed assumptions relevant to the analysis. Note that no actual income information was provided to the appraiser by the client. Should additional information become available we would certainly readdress our analysis.

Accordingly, the estimated market value for the subject parcel based upon the application of an income approach for a "pay-to-park" parking lot is as follows:

**\$580,000**

## **Competency Provision**

The guidelines of the Uniform Standards of Professional Practice (USPAP) of the Appraisal Foundation as mandated under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that:

Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently.

The signatory to this report has prepared appraisals that are similar in location and type to the subject property and meets the competency provision as set forth by USPAP.

## **Addenda**

1. Appraiser Qualifications

## **Qualifications of Appraiser**

### ***CURRICULUM VITAE*** ***KYLE L. WIGINGTON, J.D.***

P.O. Box 88455  
Colorado Springs, Colorado 80908  
719-635-9614  
Kyle.Wigington@WigingtonLaw.com

#### **EDUCATION**

Juris Doctor (JD) - Hamline University School of Law, St. Paul, MN - 1998  
Master of Arts (MA) - Webster University, St. Louis, MO - 1988  
Bachelor of Arts (BA) - Chadron State College, Chadron, NE - 1983  
Associate of Applied Science (AS) - Community College – U.S. Air Force - 1986

#### **EXPERIENCE**

Attorney at Law - Admitted: Colorado State Courts and U.S. District of Colorado  
Certified General Real Estate Appraiser – State of Colorado  
Conducted Appraisal Assignments in Colorado, Nebraska, South Dakota, Idaho, Wyoming, Kansas, Iowa, Minnesota, New Mexico, California, Ohio, Texas  
Licensed Real Estate Broker - Colorado Real Estate Commission - Inactive  
Member - American Bar Association, Colorado Bar Association, El Paso County Bar Association - CBA Real Estate Section and Water Law Section  
Associate Member – Appraisal Institute  
Member - International Right of Way Association  
Member - National Association of Realtors - Colorado Association of Realtors – Pikes Peak Area Association of Realtors  
Appointed as Tax Appeal Referee - El Paso County Board of Equalization  
Qualified Expert Witness in Real Estate Matters - Colorado/Minnesota/Nebraska/ South Dakota

## PARTIAL CLIENT LISTING

United States Department of Defense  
State of Colorado Department of Transportation  
State of South Dakota Department of Transportation  
State of New Mexico Department of Transportation  
El Paso County Colorado  
La Plata County Colorado  
Mesa County Colorado  
Pueblo County Colorado  
Arapahoe County Colorado  
Clear Creek County Colorado  
Teller County Colorado  
City of Colorado Springs Colorado  
City of Durango Colorado  
City of Montrose Colorado  
City of Grand Junction Colorado  
City of Delta Colorado  
Town of Georgetown Colorado  
Colorado Springs Utilities  
Sunflower Electric Power Corporation  
Intermountain Rural Electric Association  
Cherokee Metropolitan District  
Baptist Road Rural Transportation Authority  
Pikes Peak Regional Transportation Authority  
Woodmen Road Metropolitan District  
Climax Molybdenum Corporation  
Black Forest Fire District  
Security Fire Protection District  
Land Services, Inc.  
TRS Corporation  
URS Corporation  
Wilson & Company  
Nolte & Associates  
H.C. Peck & Associates  
DMJM/Harris  
J.F. Sato & Associates  
Universal Field Services  
AT&T Corporation  
Power Engineers  
Safeway Incorporated  
First National Bank of Canyon City  
Norwest Investment and Trust  
Wells Fargo Bank  
Peoples National Bank

## PARTIAL PROJECT LISTING

Southern Delivery System Water Pipeline Project – Southern Colorado  
Woodmen Road/Academy Boulevard Interchange – Colorado Springs, CO  
U.S. 550 Widening Project – Bloomfield, NM  
Hodgen Road Widening Project – El Paso County, CO  
U.S. Department of Defense Buffer Zone – Ft. Carson, CO  
4<sup>th</sup> Street Bridge Realignment – Pueblo, CO  
Interstate 90 Realignment – Rapid City, SD  
Montrose Westside Arterial/Grand Avenue – Montrose, CO  
Woodmen Road Safety Corridor Improvement Project – Colorado Springs, CO  
Guanella Pass Widening Project – Georgetown, CO  
Vincent Drive Realignment – Colorado Springs  
La Plata County Highway Project – Durango, CO  
Platte/Powers Interchange Redesign – Colorado Springs, CO  
Proby Parkway Roadway Construction – Colorado Springs, CO  
North Ft. Dodge to Lancer 115 Kv Transmission Line – Dodge City, KS  
Vacated Railroad Right of Way Consulting Report – Climax Mine, Leadville, CO  
Electrical Transmission Project – Clipper Windpower Development, El Paso County, CO  
El Paso County Board of Equalization – Tax Appeal Arbitrations  
Teller County Board of Equalization – Tax Appeal Arbitrations  
County Line Road Realignment Project – El Paso County Colorado  
Cherokee Water District Pipeline Construction Project – El Paso County, CO  
Baptist Road Realignment/Construction Project – El Paso County, CO  
23 & G Road Intersection – City of Grand Junction, CO  
Black Forest and Burgess Intersection – El Paso County, CO  
Parks, Trails and Open Space Acquisitions – City of Colorado Springs, CO  
State of Nebraska Tax Appeal Litigation TERC Commission – Dawes County, NE  
Meridian Road Widening Project – El Paso County, CO  
B Street Bridge Construction – El Paso County, CO  
Broncos Parkway Expansion – Arapahoe County, CO  
City of Delta Truck Bypass/Confluence Drive – Delta, CO  
Powers/Woodmen Road Interchange – Colorado Springs, CO  
U.S. Highway 24 Widening Project – El Paso County, CO  
Interstate 25 Bridge Bypass – Trinidad, CO  
Interstate 25 Widening Project – Colorado Springs, CO  
Parks, Trails and Open Space Acquisition – Durango, CO

# PRIOR EXPERT WITNESS DESIGNATION BY COURT JURISDICTION (APPRAISAL)

## Colorado State District Court

|                |                                    |                         |      |
|----------------|------------------------------------|-------------------------|------|
| El Paso County | CSU v. Group XIX Land & Cattle     | Eminent Domain          | 2014 |
|                | CSU v. Norris                      | Eminent Domain          | 2013 |
|                | CSU v. Ultra Petroleum             | Eminent Domain          | 2013 |
|                | City C/S v. Bink'M, LLC            | Eminent Domain          | 2011 |
|                | City C/S v. York Plaza, LLC        | Eminent Domain          | 2010 |
|                | City C/S v. Anderson Mahon Ent.    | Eminent Domain          | 2009 |
|                | City C/S v. Colo. Ranch Homes LLC  | Eminent Domain          | 2009 |
|                | City C/S v. Woodmen Center 99, LLC | Eminent Domain          | 2009 |
|                | El Paso County v. Good             | Eminent Domain          | 2009 |
|                | El Paso County v. Salinas          | Eminent Domain          | 2009 |
|                | State v. List                      | Eminent Domain          | 2009 |
|                | State v. Bridle Pass, LLC          | Eminent Domain          | 2006 |
|                | State v. Jenkins                   | Eminent Domain          | 2006 |
|                | State v. Dalby                     | Eminent Domain          | 2004 |
|                | State v. Capital Pacific Holdings  | Eminent Domain          | 2004 |
|                | Collazo v. WIIN                    | Contract Action         | 2003 |
|                | Leyton v. Leyton                   | Dissolution of Marriage | 2001 |
|                | Beech v. Beech                     | Partition Action        | 2001 |
|                | Dang v. Sullivan                   | Lease/Contract Action   | 2002 |
|                | Lane v. Sun                        | Lease/Contract Action   | 1999 |
| Pueblo County  | CSU v. Walker Ranches, LLP         | Eminent Domain          | 2015 |
|                | CSU v. Kay                         | Eminent Domain          | 2012 |
|                | CSU v. Maxwell                     | Eminent Domain          | 2012 |
|                | CSU v. Walsh                       | Eminent Domain          | 2012 |
|                | CSU v. PAL Construction            | Eminent Domain          | 2011 |
|                | CSU v. Bell                        | Eminent Domain          | 2011 |
| Teller County  | State v. Silvers                   | Eminent Domain          | 2004 |
| Weld County    | Johnson v. Norwest Bank            | Contract Action         | 1997 |

## Nebraska State Supreme Court

|                                                                         |      |
|-------------------------------------------------------------------------|------|
| Review of Expert Testimony in TERC Proceedings (Property Tax Valuation) | 2005 |
|-------------------------------------------------------------------------|------|

## State of Nebraska TERC Commission

|                                                                                         |      |
|-----------------------------------------------------------------------------------------|------|
| Testified before the State of Nebraska TERC Commission re: Dawes County Tax Assessments | 2005 |
|-----------------------------------------------------------------------------------------|------|

## State of South Dakota

|                              |                |      |
|------------------------------|----------------|------|
| Meade County State v. Norman | Eminent Domain | 2008 |
|------------------------------|----------------|------|

Kyle Lee Wigington  
12556 Black Forest Road Ste 100  
Colorado Springs, CO 80903

State of Colorado  
Department of Regulatory Agencies  
Division of Real Estate



COPY

Board of Real Estate Appraisers

*Marcia Waters*

Director: Marcia Waters

Kyle Lee Wigington

Certified General Appraiser

License #: CG.001315439

Status: Active

Expires: 12/31/2016

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