



South Mountain Transportation Corridor Study

Citizens Advisory Team
Technical Report Summary

Draft Right-of-Way Cost Estimate

What is included in the Draft Right-of-Way Cost Estimate?

The right-of-way (R/W) cost estimates are composed of three components: acquisition, relocation and demolition. Properties being acquired are classified as either business, residential or vacant. A determination of highest and best use for the properties was made based upon an analysis of its physical and legal characteristics, the influences of the surrounding region and neighborhood, and supply and demand of the properties market segment. Once highest and best use of the property was determined, recent comparable sales and current listings were evaluated, and discussions occurred with knowledgeable market participants (real estate agents, developers, and area buyers/sellers) familiar with the land in the various market segments.

Acquisition cost estimates were prepared in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions and the Uniform Standards of Professional Appraisal Practice (USPAP), 2005 except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions required revocation of USPAP's Jurisdictional Exception Rule.

Field studies were performed in December 2005 and cost estimates were developed during January 2006.

Factors Affecting Real Estate Costs

As real estate is fixed in location, it is important to analyze the external forces, which affect its value. This section introduces the four interrelated forces that have both a direct and indirect affect upon the marketability of real estate in the Phoenix metropolitan area. These factors are:

Environmental Forces: This category of market forces includes an analysis of topography, climate, land-use patterns, water availability, transportation and street patterns as well as constraints on future growth and development potential.

Economic Forces: This category includes an analysis of population and employment trends, wage levels, local market trends (including supply/demand characteristics of major market segments), availability of financing, and the availability of goods and services.

Government Forces: This category includes an analysis of local/regional governmental attitudes and policies regarding growth, development, provision of services, taxation, city planning and incentives to commerce, industry and real estate development.

Social Forces: This category includes an analysis and discussion of the demographic composition of the population and its demand for real estate. Consideration is also given to attitudes of the population regarding education, growth, development and lifestyle options.

Highest and Best Use Analysis

Highest and best use reflects a basic assumption about real estate market behavior – that the price a buyer will pay for a property is based on his or her conclusions about the most profitable



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use of the land or property. As defined by *The Dictionary of Real Estate Appraisal*, highest and best use is:

The reasonably probably and legal use of vacant land or 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 profitability.

The determination of a property's highest and best use may or may not conform with the existing use. The determination of highest and best use must be based upon careful consideration of prevailing market conditions, trends affecting market participation and change, and the existing use of the subject property. This analysis was performed for all vacant and improved land.

Assumptions

The R/W cost estimates were developed using the following assumptions:

- ▶ No title reports were acquired, rather the Maricopa County Assessor's records were used
- ▶ Acquisition costs for property was made for partial and total parcel takes
- ▶ Improved properties were typically estimated using the Sales Comparison Approach
- ▶ Parcels identified as public R/W were not included
- ▶ Properties were inspected from the exterior only, typically from the public R/W
- ▶ The title to the property is marketable and free and clear of all liens
- ▶ Utility relocation costs were not estimated
- ▶ The property is owned in fee simple title without encumbrances, unless otherwise mentioned
- ▶ Legal descriptions were correct and descriptive of the subject property, no survey or title reports were obtained for verification
- ▶ Improvements are within the boundaries of property lines and no encroachments exist unless otherwise noted
- ▶ No hidden or unapparent conditions of the property, subsoil or structures exist that would render the property more or less valuable
- ▶ Subsurface rights (mineral, oil, etc.) were not considered unless otherwise noted
- ▶ Property was assumed as vacant or improved and there was no historical or archeological significance
- ▶ All applicable zoning and use regulations and restrictions have been complied with unless a nonconformity is noted
- ▶ Properties are not in violation of any government regulations or laws pertaining to the environment
- ▶ No hazardous materials present on the property unless otherwise noted



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- ▶ No inclusion of the time and cost of potential condemnation litigation
- ▶ Railroad tracks, spurs and drill lines will not be severed from the improved properties relying on them
- ▶ Drainage channels and canals will not be severed and will be allowed to pass through the freeway R/W
- ▶ Above ground storage tanks (except those owned by Arizona Fueling Facilities Corporation – tank farm), transmission towers and related improvements were considered relocatable personal property

The conclusion of opinions of values were not based on:

- ▶ Racial, ethnic, or religious homogeneity of the inhabitants of an area or of a property
- ▶ Racial, religious, and ethnic factors as predictors of value trends or price variance
- ▶ Neighborhood trends analyzed upon stereotyped or biased presumptions relating to race, color, religion, sex or national origin, or upon unsupported presumptions relating to the effective age or remaining life of the property or the life expectancy of the neighborhood in which it is located.

Why address these issues in the Environmental Impact Statement (EIS)?

While cost is not a primary criteria for eliminating alternatives during the detailed study phase, it is a criteria used in the comparison of similar alternatives. As such, a certain level of cost estimating is performed.

What if the project was not constructed?

If the project were not constructed, the funding currently designated would be returned to Regional Freeway Funding source administered by the Maricopa Association of Governments (MAG).

Are there any specific and/or unique impacts from the action alternatives?

Highest and best use R/W costs, for the purposes of this report, are categorized by commercial, vacant and residential. Within each category, costs were determined for acquisition of the parcel, relocation of the occupant (residential or business) and demolition of existing infrastructure and facilities.

Table 1 summarizes the R/W cost per alternative by type of parcel use.



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Table 1. Total Right-of-Way Cost by Parcel Type

Alternative	Commercial	Vacant	Residential	Total
E1	\$134,000,000	\$82,000,000	\$116,000,000	\$332,000,000
W55	\$224,000,000	\$19,000,000	\$25,000,000	\$268,000,000
W71	\$189,000,000	\$382,500,000	\$135,500,000	\$706,000,000
W101WFR	\$332,000,000	\$233,500,000	\$62,500,000	\$628,000,000
W101WPR	\$365,000,000	\$234,000,000	\$61,000,000	\$660,000,000
W101CFR	\$293,000,000	\$319,000,000	\$106,000,000	\$718,000,000
W101CPR	\$325,500,000	\$320,000,000	\$104,500,000	\$750,000,000
W101EFR	\$273,500,000	\$338,500,000	\$110,000,000	\$722,000,000
W101EPR	\$306,000,000	\$339,000,000	\$109,000,000	\$754,000,000

Table 2 summarizes the total R/W cost by alternative for the corridor.

Table 2. Total Right-of-Way Cost by Alignment

Alignment	Western Section	Eastern Section	Total
W55 and E1	\$268,000,000	\$332,000,000	\$600,000,000
W71 and E1	\$706,000,000	\$332,000,000	\$1,038,000,000
W101WFR and E1	\$628,000,000	\$332,000,000	\$960,000,000
W101WPR and E1	\$660,000,000	\$332,000,000	\$992,000,000
W101CFR and E1	\$718,000,000	\$332,000,000	\$1,050,000,000
W101CPR and E1	\$750,000,000	\$332,000,000	\$1,082,000,000
W101EFR and E1	\$722,000,000	\$332,000,000	\$1,054,000,000
W101EPR and E1	\$754,000,000	\$332,000,000	\$1,086,000,000

Table 3 summarizes the R/W cost per mile by alternative.

Table 3. Right-of-Way Cost per Mile

Alternative	Length (miles)	Cost per Mile
E1	13.1	\$25,000,000
W55	8.5	\$31,500,000
W71	9.1	\$77,500,000
W101WFR	10.4	\$60,500,000
W101WPR	10.4	\$63,500,000
W101CFR	10.3	\$70,000,000
W101CPR	10.3	\$73,000,000
W101EFR	10.2	\$71,000,000
W101EPR	10.2	\$74,000,000
Average		\$60,500,000

Table 4 summarizes the R/W cost per acre of parcel type by alternative.



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Table 4. Right-of-Way Cost per Acre by Type of Parcel

Alternative	Commercial	Vacant	Residential
E1	\$250,000	\$550,000	\$2,550,000
W55	\$300,000	\$250,000	\$1,200,000
W71	\$300,000	\$950,000	\$1,300,000
W101WFR	\$400,000	\$750,000	\$1,500,000
W101WPR	\$400,000	\$750,000	\$1,450,000
W101CFR	\$300,000	\$1,000,000	\$2,050,000
W101CPR	\$350,000	\$1,000,000	\$2,050,000
W101EFR	\$350,000	\$850,000	\$2,100,000
W101EPR	\$350,000	\$850,000	\$2,050,000
Average	\$350,000	\$850,000	\$1,800,000

Are the conclusions presented in this summary final?

It is quite likely that quantitative findings relative to impacts are subject to change. The reasons for future changes which will be presented to the public during the Draft EIS, Final EIS and Final Design stages are based on the following:

- ▶ Refinement in design features through the design process
- ▶ Updated aerial photography as it relates to rapid growth in the Western Section of the Study Area
- ▶ On-going communications with the City of Phoenix regarding measures to minimize harm to South Mountain Park/Preserve
- ▶ On-going communications with GRIC in regards to granting permission to study action alternatives on GRIC lands
- ▶ Potential updates to traffic forecasts as updated regularly by MAG
- ▶ Potential updates with regards to the special 2005 survey to augment the 2000 Census
- ▶ As design progresses, cost estimates for construction, R/W acquisition, relocation and mitigation will be updated on a regular basis (The RTP Freeway Program is updated by ADOT every six months)

However, even with these factors affecting findings, it is anticipated the affects would be equal among the alternatives and consequently impacts would be comparatively the same. This assumption would be confirmed if and when such changes were to occur.

As a member of the Citizens Advisory Team, how can you review the entire technical report?

The complete technical report is available for review by making an appointment with Mike Bruder or Mark Hollowell at 602-712-7545.