

FAIR MARKET VALUE REPORT

VILLAGE OF SHOREWOOD PROPERTY

HUBBARD PARK

3565 NORTH MORRIS BOULEVARD

SHOREWOOD, WISCONSIN

AS OF:

DECEMBER, 1990

PREPARED BY:

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February 28, 1994

Wisconsin Department of
Natural Resources
Milwaukee, Wisconsin

Gentlemen:

The undersigned has made an investigation and appraisal of certain real estate owned by the Village of Shorewood and known as:

HUBBARD PARK
3565 North Morris Boulevard
Shorewood, Wisconsin

and submits herewith this report on findings.

The appraisal has been undertaken for the several-fold purpose of expressing opinions as to:

- a) The fair market value of the property before and after the drawdown of the Milwaukee River North Avenue dam,
- b) The fair market value of the boathouse on the premises before and after the drawdown of the dam, and
- c) Compensation due the Village for the loss of the boathouse tenant beyond interim payments set forth in an Intergovernmental Cooperation Agreement dated December 9, 1991.

Based upon personal inspections of the subject property and its surrounding neighborhood, and after careful review and analysis of all the pertinent information and data assembled during the course of research on the matter, it is the opinion of the undersigned that as of December, 1990:

THE FAIR MARKET VALUE OF THE PROPERTY	
BEFORE DAM DRAWDOWN, is	\$ 1,100,000
THE FAIR MARKET VALUE OF THE PROPERTY	
AFTER DAM DRAWDOWN, is	\$ 1,100,000

THE FAIR MARKET VALUE OF THE BOATHOUSE BEFORE DAM DRAWDOWN, is . . .	\$ 50,000
THE FAIR MARKET VALUE OF THE BOATHOUSE AFTER DAM DRAWDOWN, is . . .	\$ 50,000
COMPENSATION DUE THE VILLAGE FOR THE LOSS OF THE BOATHOUSE TENANT BEYOND INTERIM PAYMENTS, is	Nil

with the fair market value opinions relating to the Fee Simple Title in and to the designated real estate considered as free and clear of liens and encumbrances excepting zoning laws, municipal and other governmental ordinances, and easements of record; and that for compensation beyond interim payments referenced to the Intergovernmental Cooperation Agreement.

The appraisal has been concerned with a nominally 8.75 acre land holding in two parcels separated by a railroad corridor, situated at the termination of Morris Boulevard south of Menlo Boulevard and along the Milwaukee River, improved as a public park including two principal buildings occupied by a restaurant and the Shorewood Women's Club, a boat house and a youth pavilion, together with companion yard improvements

During December, 1990 a downstream dam was opened lowering the water level of the Milwaukee River and the appraisal opinions have been directed to the same.

The accompanying sectionalized narrative report contains facts and data of a general informational nature, a description of the subject property and its surroundings, an in-depth study of property highest and best use as the foundation for the rendered opinions, a development of appraisal methodology and procedures considered pertinent in support of the rendered opinions; and attached exhibits including illustrative renderings to assist the reader, and supportive data and information.

Employment in and compensation for the preparation of this report are in no manner contingent upon its findings, and the undersigned certifies that:

1. He has no present or contemplated future financial interest in the appraised real estate.
2. He has no personal bias regarding the subject matter of the report or the involved parties.
3. To the best of his knowledge and belief, the statements of fact contained in the report upon which the analysis, opinions and conclusions concerning the real estate are dependent, are true and correct.

4. The report identifies certain assumptions which may affect the value opinions and accordingly, the right to review findings is reserved in the event of contradiction. Specifically among these regards land size which has been independently computed on the basis of available data including Quarter-Section Tax Key Plats in the absence of a property survey.
5. He has personally inspected the subject property and the comparative market data relied upon in the report.
6. None other than the undersigned appraiser prepared the analysis, opinions and conclusions appearing in the report.

No investigation has been made of and norresponsibility is assumed for the title to or any liabilities against, the appraised real estate. Good and merchantable title to the property has been assumed.

Respectfully submitted,



C. G. Olson
Real Estate Consultant

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PROPERTY ANALYSIS

IDENTIFICATION OF THE PROPERTY

The appraisal is concerned with a public park situated at 3565 North Morris Boulevard in the Village of Shorewood, Milwaukee County, Wisconsin. Ownership in the real estate is vested in the name of:

VILLAGE OF SHOREWOOD

who reportedly have owned the property since the 1930's.

Known as "Hubbard Park" and operated by the community for recreational activities and having tenancy occupied by a restaurant, women's club and other organizations together with a rowing club, the designated real estate being a part of the Northeast 1/4 of Section 9, Township 7 North and Range 22 East, is known as:

Tax Key No. 275-1194
Tax Key No. 275-8988-001
Tax Key No. 275-8989-001

Renderings in the Exhibit Section to the report further identify the subject property.

PURPOSE

The several purpose of the appraisal has been to express value opinions as to:

- a) The fair market value of the property before and after the drawdown of the Milwaukee River North Avenue dam,
- b) The fair market value of the boathouse on the premises before and after the drawdown of the Milwaukee River North Avenue dam, and
- c) Compensation due the Village of Shorewood for the loss of the boathouse tenant beyond interim payments set forth in an Intergovernmental Cooperation Agreement dated December 9, 1991.

with all of the opinions referenced to a December, 1990 date of appraisal.

The term "fair market value" as used in the report is defined as "the amount of money which a property will bring in an open and competitive real estate market under all conditions needed for a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming that the priced obtained following conventional market exposure for an expectable period of time, is not affected by undue motivation."

By definition the values to be reported exclude any consideration of a specific buyer having a particular need for the property or alternately, a seller pressured to contract. An arms-length exchange of the property has been assumed, wherein the seller would receive cash or its equivalency.

The value opinions are referenced to the Fee Simple Title in and to the designated real estate considered as if free and clear of liens and encumbrances excepting zoning laws, municipal and other governmental ordinances, and easements of record. Good and merchantable title to the property has been assumed.

SCOPE

The investigation has included several personal inspections of the subject property during October and December, 1993 and January, 1994; inspections of the neighborhood surrounding the property and an observation of historical development patterns, property occupancies and economic trends prevailing therein, as the same relate to real estate values; consultations with Village of Shorewood personnel regarding factual information concerning the property; inquiries with parties of interest to or informants familiar with documentary data involving comparative realestate relied upon in the report together with a personal view of each; a development of appraisal methodology and procedures considered applicable in support of the value findings; and a review of other pertinent facts, data and information assembled during the course of research on the matter.

In the absence of confirming documentation to the contrary, the property has been assumed free of contaminants and hazardous materials requiring remediation.

The appraisal has been directly solely to the designated property known as "Hubbard Park" and has excluded any consideration of bordering lands to the east owned by the Village represented by "River Park" and extending to North Oakland Avenue programmed for companion use as a public park.

ZONING

The portion of the subject west of the railroad corridor is zoned P-3 Park & Preservation District and that to the east is designated B-6 One & Two Family Residence District. Lands within the former district are intended for the preservation of scenic, historic, scientific and recreational uses while single family and duplex dwellings are primary uses in the latter.

A Zoning Map and the P-3 Park & Preservation District ordinance are included as Exhibit A to the report.

HIGHEST AND BEST USE

As designated and in public ownership the highest and best use of the subject property is concluded to be represented by its park use based upon these criteria and the historical utilization for such purpose.

If the property were in private ownership its most profitable use is most strongly suggested for multiple family development based upon a consideration of:

- a) The physical characteristics of the property including its secluded orientation indicating that the premises is not particularly well suited for use in other real estate sectors; the attractive setting along the Milwaukee River offering opportunities for companion recreational activities beyond view; size allowing broad options for development for such purpose; and the availability of installed municipal sanitary sewer and water services.
- b) The use of other lands of similar orientation along the Milwaukee River both upstream and downstream.
- c) The demands of the market from which buyers and users of the property would emerge, having in mind the absence of inventory since most streamside property is currently developed or is publically owned.

Use of the property in this manner requires a zoning change to permit development. The same is viewed as a reasonable probability based primarily on compatibility. In this latter regard it is noted that just to the east are high rise apartments of rather recent construction and bordering on Morris Boulevard are older single family and duplex residences. When further recognizing the secluded orientation of the property, it is then apparent that multiple family development is compatible.

By the current Village of Shorewood Zoning Ordinance a change to Planned Development District is suggested. This ordinance designates no allowable densities but rather, requires that all development be individually approved in this regard. Therefore for purposes of establishing a reasonably attainable density, an investigation has been made of other multiple family projects in the community which exhibit:

- a) Riverview Apartments across Morris Boulevard from the subject consisting of two high rise apartments containing 428 dwelling units occupying a 3.90 acre site in two parcels, indicating nearly 110 dwelling units per acre.
- b) Ravina a twelve unit condominium development along Lake opposite East Beverly Road comprised of duplex buildings. A density at the rate of 4.3 dwelling units per acre is indicated for the 2.78 acre companion land.
- c) Eastwood Condominiums occupying 4.47 acres along Oakland Avenue just south of Capitol Drive and on both sides of East Shorewood Boulevard. The multiple building complex consisting of three story structures with 221 units, indicates a development density approaching 50 dwelling units per acre.

Collectively the foregoing vary broadly in attained density with Riverview reflecting its companionship with sizeable open space land (River Park), Ravina obviously being sensitive to surrounding development including mansion residences and Eastwood as a development directly off existing streets. Initially it would appear reasonable to project subject density far beyond that of Ravina but at a lesser rate than Eastwood.

The physical characteristics of the subject require consideration as they relate to a supportable density. These include a) the effective

size of the parcel east of the railroad corridor is considerably reduced by the need for a roadway to serve the riverside tract, b) the sizeable proportion of the latter within the 100 year flood inundation line and its configuration peculiarity limiting options for building placement and c) the limited means of access to the riverside parcel for emergency vehicles, requiring passage through marginally sized tunnels and over grounds subject to periodic flooding.

With these further factors in mind an overall moderate density is thought appropriate of which twenty dwelling units per acre, less than Eastwood but greater than Ravina as aforesaid, is concluded as reasonable. At this rate the property is then supportive of 176 dwelling units. When referenced to the earlier mentioned concerns regarding the riverside parcel it is then judged that this portion of the premises is supportive of a lesser density compared to the east tract. This observation is reflected by the following projections:

<u>Component</u>	<u>Size & Density</u>	<u>Development</u>
East Parcel	1.30 Acres @ 50 Units per Acre	= 64 Units
Riverside	<u>7.45 Acres @ 15 Units per Acre</u>	= <u>112 Units</u>
<u>Total Property</u>	8.75 Acres @ 20 Units per Acre	= 176 Units

with the computations refined to the nearest four multiple as commonly developed.

Regarding the characteristics of the development, it is judged that the east parcel is best suited as an apartment building of several story height as dictated by site size and the requirement for a roadway and the riverside portion for condominiums or apartments of low profile in a cluster arrangement.

The opinion of property highest and best use as if in private ownership forms the foundation for estimating fair market value later in the report.

DESCRIPTION OF THE PROPERTY

The Location The property is situated at the termination of North Morris Boulevard just south of East Menlo Boulevard and along the Milwaukee River in the Village of Shorewood a near north-shore suburban community of Metropolitan Milwaukee. This location at the southwesternmost quadrant of the Village lies distant approximately three miles north of the City of Milwaukee central downtown business core.

The surrounding neighborhood is entirely mature with development present in substantially all real estate classes. Residential uses predominate and sizeable areas are devoted to institutional, commercial occupancies are orientated on area arterials and industrial all of a light and non-noxious nature, is nominal.

The residential sector is represented mainly sixty year and older single family and duplex dwellings moderately to higher priced, dated and newer market rent apartments generating favorable rents and live-in health care centers. Commercial uses of a local shopping and service nature fronting on Oakland Avenue and Capitol Drive include groceries, small retail shops, a number of restaurants including fast food chain establishments, vehicle fueling stations and car care centers, and drug stores. Also within the sector are a number of office buildings commonly with professional occupancy. Institutional type uses are characterized by considerable acreage in parkland along the Milwaukee River including the subject and Kern Park, Estabrook Park and Gordon Park of the Milwaukee County Parks System. Other institutional class development includes the sizeable campus of Shorewood High School and its Intermediate School, and the University of Wisconsin-Milwaukee to the south in the City of Milwaukee.

At its location the subject is situated across the Milwaukee River from Kern Park and old dwellings and duplexes on side streets off North Humboldt Avenue in Milwaukee. Along Morris Boulevard are a mixture of single family residences and duplexes while directly to the east are two high rise apartment buildings of recent construction and River Park. Its location can be classified as secluded since the property is situated at a street termination with a major portion of its land area orientated beyond a railroad right-of-way corridor

and bordered by the Milwaukee River as a barrier to development beyond to the west.

The surrounding district is economically stable and has developed in a compatible manner. Due to the absence of an inventory of building sites other than at widely scattered locations, further growth is not likely unless justified by removing underutilized improved property to attain a site for a higher intense development. Property prices in the area are firm with an upward trend experienced during recent years.

A Locational Plat included as Exhibit B to the report orientates the subject property with respect to its surroundings.

The Land The subject land holding comprises an area of 8.75 acres, more or less in two parcels separated by a railroad corridor, identified and described as follows:

East Parcel 1.30 acres, more or less, in an irregularly shaped tract at the southerly termination of North Morris Boulevard just south of East Menlo Boulevard, whose southerly bounds in curvilinear alignment lies common with a roadway serving the balance of the subject to the west, a westerly line of about 392 feet along the railroad right-of-way and a north bounds in two courses of about 240 feet.

The land lies in slight slope or terrace, inclined downward from north to south and moreso along the roadway. Retaining walls enclose higher grounds to the north and west.

Riverside Parcel A highly elongated tract extending nearly 1,400 feet along the Milwaukee River, of 80 foot and 140 foot width on the north and south bounds, having an easterly curvilinear line along the railroad. Access to the parcel is provided by dual limestone tunnels for vehicle passage of 15 foot side and ten to twelve foot vertical clearance, and a corrugated pedestrain tunnel with concrete portals.

The property has severe topography with approximately 2.70 acres of its 7.45 acre, more or less, lying in low profile along the Milwaukee River within the 100 year flood interval line or over thirty-five percent. Inward from the bottom lands is a steep upward incline at a gradient towards twenty percent in areas and beyond top of slope is more gradual excepting in the vicinity of of two buildings, the Hubbard Park Lodge and the Women's Club.

Brush and scrub trees extend along the River exposure, the bottom lands are open and the higher grounds are wooded, characterized by stands of mature oaks.

The separating railroad right-of-way passes on a fill section. The corridor was acquired by Milwaukee County during the 1970's from Sidney Levy through the Chicago & North Western Transportation Company to preserve its continuity for possible future transportation use and as a nature trail during the interim. Rail service continues on the line for a few shippers to the south but it appears likely that at a future date, the need for this activity will cease.

Municipal sanitary sewer and water services are installed to the lands and hydrants for fire protection are provided the Riverside Parcel.

A Land Plat as Exhibit C-1 to the report more particularly shows the relative size, orientation and configuration of the property.

The Improvements. The property is improved with four buildings all situated on the Riverside Parcel, identified and described as follows:

Women's Club Single story mixed stone and half-log wood frame building, 19'-10" x 62'-0", 15'-6" x 45'-6", 24'-0" x 59'-6" and 22'-6" x 44'-8", containing a gross floor area of 4,368 square feet. The interior has a spacious general activity room, a limited service kitchen, men's and ladies rest rooms, and storage and meeting rooms.

Hubbard Park Lodge One and two story face and creme city brick, half-log and wood frame building, 40'-0" x 72'-6" with a 10'-0" x 15'-6" front projection, comprising a gross ground floor area of about 3,055 square feet. Off the entrance projection is a rustic appointed dining room with the balance of the interior including a full service kitchen, storage and food preparation areas, rest room and an office together with balcony restaurant seating and small upper level living quarters at the rear.

Youth Pavilion 28'-0" x 43'-2" brick and wood frame building with a full length covered front porch, containing a gross floor area of 1,209 square feet, more or less.

Boathouse Single story on slab wood frame storage type building with lap siding, a 10 foot sidewall height, a double pitched roof with asphalt shingles and galvanized drainage, and a pair of end swing service doors. Measuring 24'-2" x 70'-2", the building contains a 1,209 square foot gross floor area.

Excepting for the newer boathouse the buildings are fifty years or more in age. All were observed to be structurally sound and in good condition with the boathouse near new.

Yard improvements on the premises include a near fifty vehicle capacity asphalt surfaced parking lot on the East Parcel reconstructed and upgraded since the December, 1990 appraisal date together with nominal landscaping and a bituminous concrete extension of Morris Boulevard to a vehicle tunnel access to the Riverside Parcel. On the latter are lengths of low profile chain link fencing along the railroad corridor, assorted landscaping in addition to natural growth trees, concrete and asphalt access walks, decorative yard lighting standards, various wood fences and handrails along steps upward from bottom lands, permanent seats at scattered locations, a brick shed enclosing power service, playground apparatus, a circular asphalt paved curbed drive extending off the vehicular tunnel, bar-b-que pits and bird feeders, a flagpole, informational signage and unimproved trails throughout the premises.

A Property Plat appearing as Exhibit C-2 to the report shows building placement and topographic characteristics, followed by an Aerial Photograph of March, 1990. Subject Photographs taken by the appraiser on October 26, 1993 at Exhibit D, further illustrate property characteristics.

PROPERTY DESCRIPTION AFTER DAM DRAWDOWN

The subject real estate retains all its priorly described physical characteristics excepting that subsequent to December, 1990 the water elevation of the passing Milwaukee River is commonly at lower lower levels. As to property use, the Milwaukee Rowing Club has terminated its occupancy of the boathouse.

IMPACT OF THE DAM DRAWDOWN

The dam drawdown has been assumed equivalent to the acquisition of a property right. When viewed in this manner any fair market value diminution accruing to the real estate is then represented by

severance damages to the remainder since there is no physical taking from the property. Severance damages are related to "outside" factors which in this instance is the lower level of water passing in the Milwaukee River.

Firstly, it is obvious that this change has no affect on the fair market value of the property to be determined on the basis of its exchange in the open market. Under this concept its highest and best use has been established for multiple family development. For such purposes the property enjoys full enjoyment of all the property characteristics contributing to its value after dam drawdown and particularly regarding its setting along the stream, thusly confirming no value diminution.

Nextly it is appropriate to address the change as it relates to the public park use. In this regard and having in mind again that there is no physical "taking" from the property, it can reasonably be concluded that all park functions are available for utilization in like manner after dam drawdown. This observation has considered primarily that the setting along the River is retained or the most prominent physical characteristic. Only the boathouse is impacted as it relates to a specific occupancy. The building, however, is not a special purpose structure unsuited for alternate utilization. Rather, the building is viewed as a general purpose storage shed which could house differing occupancy for such purposes of which storage for boats other than those of the Milwaukee Rowing Club and park maintenance, equipment and apparatus are certainly possible.

Based upon these discussion and observations it is then concluded that no severance damages accrue to the remainder property as a result of the dam drawdown, assuming again that the latter represents the taking of a property right, whether the same is referenced to property highest and best use in the private sector or continued use of the premises for public park purposes. Within the conclusion is the further opinion that specifically, there is no diminution in value or severance damage accrual to the boathouse.

As to the boathouse, a function of the appraisal has also been to express an opinion regarding compensation due the Village of Shorewood

for the loss of its occupancy, beyond interim payments set forth in an Intergovernmental Cooperation Agreement previously identified in the report. This latter consideration, beyond the scope of a real estate valuation, is addressed later in the report.

VALUATION

INTRODUCTION

The primary purpose of the investigation as priorly discussed in the report is to express opinions as to:

- a) The fair market value of the property before and after the dam drawdown, and
- b) The fair market value of the boathouse before and after drawdown.

Consistent with accepted real estate appraisal practice fair market value is based upon the highest and best use of the property when exposed for sale in the open marketplace. This use has been established for multiple family development and accordingly, only land is involved when measuring the same.

The Market Approach a comparative procedure wherein sales of reasonably similar property are directly related to the subject, giving due consideration to areas of consistency and those of divergence, is the applicable appraisal methodology.

Regarding the boathouse valuation, its fair market value contribution when directed as a component of a public park, is measured on the basis of its replacement cost new less depreciation with said amount referenced solely to this direction and not implying that the building contributes to value as an addition to land. In like manner the other park improvements also contribute when utilized for park purposes and these determinations will also be expressed. The procedures then distribute property components when used for a park. The total distribution must be related to the fair market value of the property by the market exchange concept since it is axiomatic that the findings not exceed the same.

The third opinion to be expressed relates to compensation due the Village for the loss of boathouse tenancy. This determination can be measured by the fair rental value of the facility, referenced to interim payments by the agreement earlier identified in the report

The outlined appraisal methodology is developed in subsequent sections of the report.

BEFORE & AFTER CONCEPT

SUMMARY OF COMPARATIVE DATA

<u>Key</u>	<u>Address</u>	<u>Date</u>	<u>Price</u>	<u>Size</u>	<u>Per Dwelling Unit Price</u>
(1)	8940 Park Plaza Court Brown Deer	1990 **	\$1,440,000 1,500,000	272 Units 272 Units	\$ 5,300 5,500
(2)	9418 N Green Bay Road Brown Deer	1990	700,000	176 Units	4,000
(3)	7575 West Drexel Ave Franklin	1992	225,000	50 Units	4,500
(4)	3510 West Rawson Ave Franklin	1992	300,000	48 Units	6,250
(5)	6825 West Rawson Ave Franklin	1993	400,000	80 Units	5,000

** - Denotes Current Offering

Descriptions of the foregoing and informational details attendant to the transactions appear in Exhibit E to the report.

ANALYSIS

All of the data selected for comparison to the subject represent land purchased or suited for upscale apartment building development. Sales (1) and (2) are situated to the north with the latter along the Milwaukee River; and Sales (3) through (5) are located in suburban City of Franklin.

Price per dwelling unit has been employed as a common means of relating the sales to the subject since this measure is most oftentimes of reference to informed parties making a market for multiple family development land. By the criteria the sales exhibit a pricing pattern between \$ 4,000 per dwelling unit and \$ 6,250 per dwelling unit with the variance attributed to expectable differing physical characteristics, additional land expense accruing for utility services in several instances and the passage of time in a rising market. An overview of the data initially suggests that subject value lies near the highest indicator, particularly when considering its setting.

The following table applying lump-sum amounts for time frame and special motivation on the part of the seller in a single instance to equate the sales to the appraisal date; and percentage adjustments to identify and measure physical differences between the data and the subject, demonstrates the comparative procedure:

SALE NO.	(1)	(2)	(3)	(4)	(5)
Address	8940 Park Plaza	9418 North Green Bay	7575 West Drexel	3510 West Rawson	6825 West Rawson
PRICE	\$1,440,000	\$ 700,000	\$ 225,000	\$ 300,000	\$ 400,000
Time	-	-	- 22,500	- 27,000	- 64,000
Motivation	<u>-</u>	<u>+140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
ADJUSTED PRICE	\$1,440,000	\$ 840,000	\$ 202,500	\$ 273,000	\$ 336,000
Size In Dwelling Units	272	176	50	48	80
ADJUSTED PRICE PER DWELLING UNIT	\$ 5,295	\$ 4,770	\$ 4,050	\$ 5,690	\$ 4,200
<u>PHYSICAL FACTORS</u>					
Location	-	-	+ 10 %	+ 10 %	+ 10 %
Size	+ 15 %	-	- 10 %	- 10 %	- 5 %
Setting	+ 20 %	+ 25 %	+ 20 %	+ 20 %	+ 25 %
Topography	- 10 %	- 10 %	- 10 %	- 10 %	-
Other Land Cost	<u>-</u>	<u>+ 15 %</u>	<u>+ 40 %</u>	<u>-</u>	<u>+ 20 %</u>
<u>Net Adjustment</u>	+ 25 %	+ 30 %	+ 50 %	+ 10 %	+ 50 %
INDICATED SUBJECT VALUE PER DWELLING UNIT	\$ 6,619	\$ 6,201	\$ 6,075	\$ 6,259	\$ 6,300
INDICATE VALUE OF PROPERTY					
x 176 Units	\$1,164,900	\$1,091,400	\$1,069,200	\$1,101,600	\$1,108,800

Discussions and analysis offering support for the table applications are set forth in the following paragraphs.

Time Sales (1) and (2) conveyed near the appraisal date require no adjustment. That for the remaining data have been based upon research disclosing an upward trend during the subsequent periods for multiple family development lands with

the amounts substantially equivalent to a one-half percent per month or six percent annualized in a downward direction.

Motivation Sale (2) was sold following lengthy market exposure by a financial institution who acquired ownership following mortgage default. The disposal price is viewed as considerably below market with the application equivalent to twenty percent of price referenced to the discussed conditions.

Location Sales (3) through (5) are outlying suburban locations in areas of obviously less convenience than the subject and wherein land prices are commonly at lower levels. Thusly, all have been adjusted upward. Sales (1) and (2) both north shore locations, require no factoring.

Size Investigation discloses that when all other comparative factors are consistent or offsetting, larger parcels of multiple family development land tend to develop somewhat lower unit selling prices with the same attributed to the need for phasing of larger ventures. Sale (2) of like size as the subject requires no adjustment, Sale (1) being larger has been assigned an upward allowance and the remaining data all smaller, are entitled to downward applications.

Setting Upward allowances are necessary in all instances to recognize the orientation of the subject along the river as a common betterment. Higher adjustments in this direction have been included for Sales (2) and (5) since the former is situated in companion with commercial development and the latter lies nearby stone extraction activities.

Topography The terrain peculiarities of the subject requires special measures beyond typical site preparation and therefore all the sales excepting Sale (5) have been adjusted downward. No allowance is necessary for the latter in considerable slope and whose strata has near surface stone deposits.

Other Land Cost At time of purchase Sale (2) was encumbered by a sizeable building complex which was razed when developing the land. The upward allowance is referenced to this cost reported in the range of \$ 100,000. That for Sales (3) and (5) are referenced to special assessments for sanitary sewer and water paid by the buyers, the former approximating \$ 100,000 and the latter \$ 80,000.

Other areas of direct comparison oftentimes considered when valuing multiple family development land including zoning, the availability of municipal utility services, configuration and easement encumbrances affecting property use options, are concluded to require no adjustment in all instances.

CORRELATION

The comparative process has developed value indications rather narrowly between about \$ 1,070,000 and \$ 1,165,000 with three centered near \$ 1,100,000. All of the reviewed market evidences are judged entitled to due consideration when formulating a final opinion and within the exhibited range, the fair market value of the subject property is correlated at \$ 1,100,000. This amount corresponds to a unit value of \$ 6,250 per dwelling unit which is considered consistent with the pattern suggested by the supportive data. Moreover, the latter confirms a prior observation that subject value is represented at a rate near the highest priced comparative.

In accordance with discussion and reasoning earlier set forth in the report, the fair market value of the property after impoundment is represented at a consistent amount or \$ 1,100,000.

The fair market value conclusions have been referenced to an exchange of the property in the open marketplace based on its highest and best use in the private sector from which buyers and users of the property would emerge. By this concept the existing improvements contribute no increment towards property value beyond the amount vested in the underlying land as vacant. Nevertheless as components of a park in public ownership, these improvements when thusly in use represent an asset value and their contribution on this basis can be expressed as follows:

Women's Club

4,368 Square Feet Ground Floor Area
@ \$ 73.75 per Square Foot
less 30 Percent Depreciation . . . \$ 225,000

Hubbard Park Lodge

3,055 Square Feet Ground Floor Area
@ \$ 90.00 per Square Foot
less 30 Percent Depreciation . . . 192,500

Youth Pavilion

1,209 Square Feet Ground Floor Area
@ \$ 62.00 per Square Foot
less 40 Percent Depreciation \$ 45,000

Boathouse

1,696 Square Feet Ground Floor Area
@ \$ 34.75 per Square Foot
less 15 Percent Depreciation 50,000

Land & Yard Improvements

Residual Contribution 587,500

TOTAL DISTRIBUTED FAIR MARKET VALUE \$ 1,100,000

When viewed in this manner the components contribute like amounts after dam drawdown for reasoning earlier set forth in the report including the boathouse at a consistent \$ 50,000.

BOATHOUSE OCCUPANCY TERMINATION

As discussed in the Introduction to Valuation the underlying basis for measuring compensation due the Village of Shorewood for the loss of tenancy beyond interim payments is the fair rental value of the building referenced to the latter.

Return on Investment a concept commonly employed when establishing fair rental value has been employed. The process applying a fair rental rate to the fair market value of the property, is developed at:

\$ 50,000 Contributory Fair Market of Boathouse	
@ 10 Percent Fair Rental Rate . . .	\$ 5,000

with the contributory value referenced to earlier findings in the report when distributing park assets and the rental rate commensurate with returns expected in the real estate investment market.

The \$ 5,000 annual rent is less than the \$ 7,250 payment as a provision of the Intergovernmental Cooperation Agreement and therefore it is the opinion of the appraiser that no payments beyond the latter are necessary.

While the \$ 7,250 amount includes reference to loss of park use beyond that of the boathouse, it is a further opinion that no provision for the former can be assigned as a component, based upon earlier conclusions that the park is not affected by the dam drawdown.

SUMMARY AND CONCLUSION

The results of the appraisal developed in the preceding report sections are summarized as follows:

Fair Market Value of the Property Before Dam Drawdown	\$ 1,100,000
Fair Market Value of the Property After Dam Drawdown	\$ 1,100,000
Fair Market Value of Boathouse Before Dam Drawdown	\$ 50,000
Fair Market Value of Boathouse After Dam Drawdown	\$ 50,000

Based on these fair market value findings it is then concluded that as of December, 1990 the dam drawdown results in no diminution in property value, both the park in its entirety nor the boathouse as specifically addressed.

It is a further opinion that the Village of Shorewood is entitled to no payments beyond that provided by the Intergovernmental Cooperation Agreement, based on the findings developed in the report.

C. G. OLSON

Real Estate Consultant

15835 Ridgefield Court • Brookfield Wisconsin 53005 • Phone (414)782-8752

CURTIS G. OLSON

EDUCATION Northern Michigan University, 1952 to 1954, majoring in mathematics.

Michigan Technological University, 1954 to 1957, B.S. in Civil Engineering, with majors in structures, Transportation and Sanitation.

Real Estate and Business Enterprise appraisal courses conducted by American Appraisal Company; attendance at numerous seminars.

PROFESSIONAL Member, American Society of Civil Engineers (ASCE), Urban Planning and Transportation Institutes; Lecturer at seminars conducted by American Society of Appraisers, American Institute of Real Estate Appraisers, and American Right of Way Association.

EXPERIENCE 1957-1963 American Appraisal Company, real estate and special services department

1963-1987 Partner, Spiegel-Olson & Associates, Real Estate Consultants

1987- Self-employed as real estate consultant and appraiser.

ASSIGNMENTS Fair market valuations covering broad variety of real estate classes, business enterprises and intangible property including:

Residential Single family dwellings and mansions to apartments and condominiums.

Commercial Offices; neighborhood and super-regional shopping centers; hotels, motels and resorts; service stations and garages; retail stores and shops; restaurants including fast food chain; business parks.

Industrial Industrial parks; shops and warehouses; truck terminals; manufacturing plants upwards to beyond 3.0 Million square feet.

Agriculture Farms of various types, orchards; tobacco plantations; stables.

CURTIS G. OLSON

Special Purpose Churches; elementary, junior and senior high schools, public and parochial; college buildings; marinas and harbor terminal facilities; breweries; railroads, operating and abandoned right-of-way; chemical plants; bus terminals; resorts and country clubs; private and public golf courses; public buildings including fire stations, city halls and libraries; bonded warehouses; shipyards; quarries; YMCA and YWCA's; cemeteries; grain elevators and tank farms; cement plants; radio stations; steel mills.

Other Business enterprises; patents and trademarks; closely held securities; mineral rights; air rights; raparian rights; circus wagons.

EXPERT
TESTIMONY

Circuit Courts Milwaukee County, Dane County, Waukesha County, Walworth County, Racine County, Kenosha County, Door County, Winnebago County, Washington County, Sheboygan County, Green County, Wisconsin; Sangamon County, Illinois.

Federal Cincinnati, Ohio; Fort Smith, Arkansas

INTERGOVERNMENTAL COOPERATION AGREEMENT
CONCERNING NORTH AVENUE DAM

This Agreement is entered into this 9th day of Dec, 1991, by and between the Village of Shorewood ("Village"), a municipal corporation, and the City of Milwaukee ("City"), a municipal corporation.

Witnesseth:

Whereas, Acting pursuant to sec. 66.30, Stats., the Village and City desire to work cooperatively concerning the implementation of the Environmental and Engineering Study ("Study") considering the removal of the North Avenue Dam ("Dam") located in the City; and

Whereas, The Study will be conducted by the Wisconsin Department of Natural Resources ("DNR") acting pursuant to sec. 31.307(1), Stats.; and

Whereas, The Village has authorized entry into this Agreement pursuant to Resolution/Motion adopted 12/2/91; and

Whereas, The City has authorized entry into this Agreement pursuant to Resolution 911468 adopted 11/25/91;

Now, Therefore, In consideration of the premises and the mutual covenants hereinafter expressed, the City and the Village agree as follows:

1a. Both the Village and City recognize that their joint involvement in the design of the Study and the selection of

the consultant(s) which will perform the Study are critical to the success and impartiality of the Study. Therefore, both the Village and City will formally request the DNR to include, to the fullest extent permissible under law, the participation of the Village and City in the design of the Study and the selection of the consultant(s) to perform the Study as well as inclusion in the design of the Study of provision for substantial public participation.

b. The City and the Village will request the DNR to include, as a part of the Study, an appraisal of the fair market value of both the Boathouse (as described on Exhibit A) located within Hubbard Park and the Park itself (as described on Exhibit B). The valuation appraisal shall separately determine the values of (i) the Boathouse and (ii) the Park both before the Dam impoundment was drawn down in December, 1990 and after the drawdown (as of the same time, but assuming the drawdown as a permanent condition). The appraisal shall also separately determine the loss in value to the Boathouse, if any, assuming that the impoundment is restored as described in paragraph 3 but further assuming the Milwaukee Rowing Club will not return to the Boathouse as a tenant with use comparable to that intended in December, 1990. The appraisal shall also determine the existence, if any, and extent of monetary loss (without regard to the Interim Payments as hereinafter described) resulting from the

Village's loss of use of the Boathouse and the Park for the period measured from April 1, 1991 until the earlier of either: (a) the restoration of the Dam impoundment to the pre-December, 1990 level; or (b) the issuance of a Dam abandonment permit by the DNR. The selection of an appraiser or appraisers shall be done by a method mutually agreed to by the City and Village. In the event the City and Village cannot agree within a reasonable time, each of the City and the Village shall appoint an M.A.I. appraiser who shall, within thirty (30) days after their appointment appoint a third appraiser and the values required to be determined herein shall be the average of appraisals by all three. If the two appraisers fail to so appoint a third within such time, the parties shall petition the Milwaukee County Circuit Court to make such appointment. If the DNR does not include the "before" and "after" Boathouse and Park appraisals and the temporary loss of Boathouse and Park use appraisals, as outlined above, as a part of the Study, the City shall pay the cost of such appraisals at its expense.

2. The Village and City will fully cooperate with the DNR in undertaking the Study. The cooperation will include, but not be limited to, making reasonable access to their land abutting the Milwaukee River available to the DNR; provided such access shall not interfere with the use of such lands by the Village and/or the City.

3. Within 90 days after the conclusion of the Study and dissemination of applicable reports and summaries to interested parties, the City will determine whether or not to apply for a permit to abandon the Dam pursuant to sec. 31.185, Stats., and as provided in sec. 31.307(3), Stats. If the City determines not to seek a Dam abandonment permit, it shall close the Dam gates within said 90 day period or as soon thereafter as is practicable from an environmental, engineering and climatological standpoint.

4a. Until either the impoundment north of the Dam is restored to the pre-December, 1990 level or the DNR grants the City a permit to abandon the Dam, the City will pay the Village an Interim Payment to compensate the Village for its temporary loss of use of both the Boathouse located in Hubbard Park and the Park, itself. The annual Interim Payment will be \$7,250. The Interim Payment will commence effective April 1, 1991, with the first payment due on December 1, 1991 (the initial payment will include all amounts due and owing since April 1, 1991). Subsequently, Interim Payments will be due on a quarterly basis, payable by the City within 15 days after the end of each quarter, starting with the quarter ending March 1, 1992.

b. If the City determines to pursue a permit to permanently abandon the Dam, the City agrees that as a precondition of the issuance of the permit by the DNR, as

provided in sec. 31.185(5), Stats., the City will upon issuance of the permit pay to the Village the amounts of compensation determined through the appraisal process described in Section 1.b. above, i.e., any loss of value to the Boathouse plus any loss of value to the Park resulting from the permanent abandonment of the Dam and any additional sums, over and above Interim Payments received by the Village pursuant to Section 4.a., needed to compensate the Village for the loss of use of the Boathouse structure and the Park between April 1, 1991 and the date of the issuance of the Dam abandonment permit.

c. If the City determines not to pursue a permit to permanently abandon the Dam, the City agrees that it will pay to the Village any sums identified in the appraisal process described in Section 1.b. above which are identified as additional sums, over and above the Interim Payments received, needed to compensate the Village for the loss of use of the Boathouse and Park between April 1, 1991 and the date upon which the City returns the impoundment north of the Dam to the pre-December, 1990 level and loss of value, if any, to the Boathouse resulting from the loss of the Milwaukee Rowing Club as a tenant as described in paragraph 1b, should such loss have then occurred.

d. The parties commit to assist each other's efforts to seek alternative funding sources, including, but not necessarily limited to, the State of Wisconsin, to pay the cost of any financial obligations incurred by either party as a result of implementing their respective obligations hereunder.

5a. Subject to the City's ability to assert any defense at law or equity against third parties, the City shall be responsible for and shall indemnify and hold the Village harmless for any and all damages to property or persons which were proximately caused by the continued drawdown of the Dam impoundment.

b. If the Village is sued in an action seeking damages which were proximately caused by the City's drawdown of the Dam impoundment, the Village may, at its option, tender defense of the action to the City and the City shall accept tender and represent the Village's interest.

c. The City's obligations under subsections a. and b. above shall not extend to events which occur after the earlier of the return of the Dam impoundment to the pre-December, 1990 level or the issuance of a Dam abandonment permit by the DNR.

6. The Village and City will jointly request the DNR to continue its rehabilitation of the exposed banks of the Milwaukee River north of the Dam, including reseeding, weed, erosion, safety, rodent (rodent control only insofar as necessary

if rodents present a public nuisance or public health threat which is shown to be a direct result of the drawdown of the Dam impoundment) and odor control. The City and Village will also jointly request the Milwaukee Metropolitan Sewerage District to modify sewer outfalls which are exposed as a result of the Dam impoundment drawdown.

7. The City and Village both agree to mutually cooperate in undertaking the Village's plan for the development of Hubbard/River Park, including but not limited to the westward extension of East Edgewood Avenue, west of Oakland in order to provide ingress and egress to Hubbard Park - River Park. The nature and extent of the City's direct financial obligations are described in a preliminary fashion (i.e., based upon preliminary plans received from the Village) on Exhibit C. It is understood by the parties that in order to implement the City's Exhibit C obligations, that future approvals by the City's Common Council will be required. If those approvals are not given by July 30, 1992, the Village may terminate this Agreement and any and all of its obligations hereunder. If such approvals are given, the City will carry out its Exhibit C obligations in coordination with the Village's implementation of its Hubbard/River Park development. If the Village does not provide the City with finalized plans for the East Edgewood extension by April 15, 1992, the City shall be relieved from its Exhibit C obligations under this section.

8. If a decision is made by the City to petition the DNR for the permanent abandonment of the Dam and if such a permit is issued by the DNR, the City commits to assist the Milwaukee Rowing Club in relocating its headquarters from the Hubbard Park Boathouse to another suitable location. The City will continue on an interim basis in the meantime to assist the Milwaukee Rowing Club.

9. By the execution of this Agreement, the Village hereby withdraws its July 19, 1991 Notice of Claim filed with the City Clerk provided that if this Agreement terminates pursuant to paragraph 7 above, the Village's claim shall be deemed reinstated without prejudice and the City shall have 120 days from that date of termination to allow or disallow the Village's Claim, as provided in sec. 893.80(1), Stats. The Village further commits that upon the performance by the City of all of its commitments and obligations hereunder, that it will execute a release, which releases the City from any and all liability to the Village resulting from:

a. Any damages resulting from the temporary loss of use of the Boathouse structure from April 1, 1991 until the earlier of the return of the Dam impoundment to the pre-December, 1990 level or the issuance of a Dam abandonment permit by the DNR.

b. Any damages attributable to the loss of value to the Boathouse structure resulting from the granting of a permit by the DNR allowing the abandonment of the Dam.

c. Any damages attributable to the loss of value to Hubbard Park resulting from the granting of a permit by the DNR allowing the abandonment of the Dam.

d. Any consequential damages attributable to those matters set forth in subparagraphs a. through c. above.

Further, such release shall in no way preclude the Village from participating in any proceedings regarding the City's application for a permit to abandon the Dam.

Dated and signed as of the day and year first above shown.

IN THE PRESENCE OF:

CITY OF MILWAUKEE

Rud. E. Wyttenbach

[Signature]
Mayor

Kathleen H. Morris

Ronald Konhaert
City Clerk

COUNTERSIGNED:

Amary A. Dubet

[Signature]
Comptroller

DEPUTY

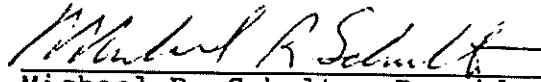
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IN THE PRESENCE OF:

VILLAGE OF SHOREWOOD

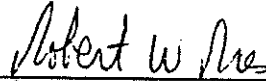


EDWARD C. MADORE



MICHAEL R. SCHULTE, President

PBMCD:dms
10/24/91
NorthAve



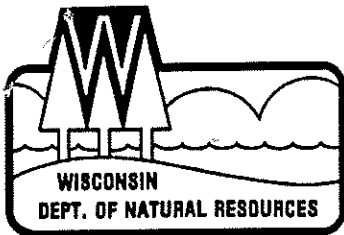
ROBERT W. RIES, Clerk-Treasurer

Approved as to content this
2nd day of Dec, 1991.


SPECIAL DEPUTY CITY ATTORNEY

Approved as to form and execution
this 12th day of Dec, 1991.


SPECIAL DEPUTY CITY ATTORNEY



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

George E. Meyer
Secretary

Southeast District
Post Office Box 12436
2300 N. Martin Luther King Jr. Drive
Milwaukee, Wisconsin 53212
TELEPHONE: 414-263-8500
TELEFAX #: 414-263-8434

March 3, 1994

File Ref: 3200

Edward Madere, Village Manager
Village of Shorewood
3930 North Murray Avenue
Shorewood, WI 53211-0016

Michael Wisniewski
City of Milwaukee
Department of City Development
809 North Broadway Street
Milwaukee, WI 53201

Dear Gentlemen:

Enclosed for your information and use is a copy of the Hubbard Park appraisal report prepared by Mr. C.G. Olson for the North Avenue Dam Feasibility Study. A copy has also been provided to Woodward-Clyde Consultants.

In order to reach closure on this remaining task for the feasibility study, I respectfully request that the parties do the following:

1. Village of Shorewood and City of Milwaukee return one set of joint, consolidated comments to me by March 25, or sooner.
2. I will forward the comments to Mr. Olson for his review and response by March 31.
3. I will forward Mr. Olson's response to the Village of Shorewood, City of Milwaukee and Woodward-Clyde Consultants.

Please call me if you have any questions or comments at 263-8699.

Sincerely,

Will Wawrzyn
Water Resource Manager

enclosure

c: Gloria McCutcheon AD/SEH
Richard DeYarmen PM/SEH
Steve Westenbroek WR/2
Jim Bachhuber Woodward-Clyde Consultants
John Scripp Whyte & Hirschboeck
Pat McDonald City of Milwaukee

n:\willback\finalapp.ww



Department of City Development

Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission

Michael L. Morgan

Commissioner

Daniel F. Boyce

Deputy Commissioner

File Reference:

March 22, 1994

DCD:MJW:MJG:WP

Mr. William Wawrzyn
Wisconsin Department
of Natural Resources
2300 North Dr. Martin Luther King, Jr. Drive
P.O. Box 12436
Milwaukee, WI 53212

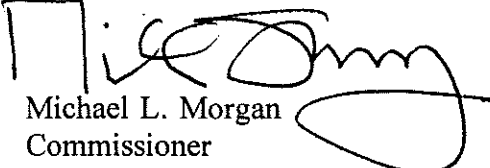
Dear Mr. Wawrzyn:

We have reviewed the Hubbard Park appraisal report prepared by C.G. Olson in connection with the North Avenue Dam Feasibility Study forwarded to us by your letter of March 3, 1994. Based on that review, we conclude that the findings and conclusions of value are supportable and reasonable. Further, C.G. Olson based his opinion of value using sound and acceptable appraisal practices.

We further believe that the appraisal satisfactorily addresses the issues raised in our agreement with the Village of Shorewood and, as such, we recommend that no changes or modifications to the appraisal report are necessary.

If you have any questions, please contact Michael Wisniewski at 286-5852.

Sincerely,



Michael L. Morgan
Commissioner

cc: Edward Madere, Village of Shorewood
Patrick B. McDonnell
John Scripp, Whyte & Hirschboeck

WHYTE HIRSCHBOECK DUDEK S.C.

Law Offices

JOHN SCRIPP
DIRECT DIAL (414) 223-5025

Suite 2100
111 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

March 23, 1994

(414) 273-2100
Fax: (414) 223-5000

OFFICES IN MILWAUKEE, MADISON,
MENOMONEE FALLS, MASHTOWOC
AND ZÜRICH, SWITZERLAND

Mr. Will Wawrzyn
Water Resource Manager
Wisconsin Department of
Natural Resources
Southeast District Office
P. O. Box 12436
2300 N. Martin Luther King Jr. Drive
Milwaukee, WI 53212

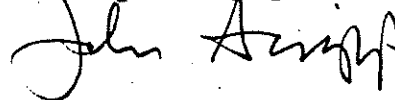
Re: Fair Market Value Report by C. G. Olson dated
February 28, 1994

Dear Will:

We have reviewed the Olson report on behalf of the Village of Shorewood and expect to have comments concerning it. It will not be practical for me to furnish those to you at this time. We propose to do so on or before April 15, 1994. I have conferred with City Attorney Pat McDonnell, on behalf of the City of Milwaukee, and can advise that he has no objection to our furnishing our joint comments to you by that date.

If you have any question concerning this letter, please contact me.

Very truly yours,



John Scripp

lmb

cc: Mr. Patrick McDonnell, Special
Deputy City Attorney, City of Milwaukee
Mr. Michael Wisniewski, City of Milwaukee
Mr. Edward Madere, Village Manager,
Village of Shorewood

90711.1/JS



A Salute To Clients

WHYTE HIRSCHBOECK DUDEK S.C.

Law Offices

JOHN SCRIPP
DIRECT DIAL (414) 223-5025

Suite 2100
111 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

March 29, 1994

(414) 273-2100
Fax: (414) 223-5000

OFFICES IN MILWAUKEE, MADISON,
MENOMONEE FALLS, MANTOWOC
AND ZURICH, SWITZERLAND

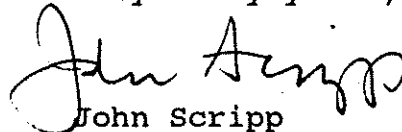
Mr. Will Wawrzyn
Water Resource Manager
Wisconsin Department of
Natural Resources
Southeast District Office
P. O. Box 12436
2300 N. Martin Luther King Jr. Drive
Milwaukee, WI 53212

Re: Fair Market Value Report by C. G. Olson dated
February 28, 1994

Dear Will:

Per our March 23, 1994 letter, the Village of Shorewood will furnish its comments to the Olson report on or before April 15, 1994. We understand that the draft feasibility study may be ready for distribution prior to that time. It would not be appropriate to distribute the Olson report or its results as part of the feasibility study until the Village's comments have been furnished to Mr. Olson and he has the opportunity to review and respond to those comments to the Village of Shorewood, City of Milwaukee and Woodward & Clyde. The Village will, of course, do its best to get its comments to you for Mr. Olson before April 15, to the extent possible.

Very truly yours,


John Scripp

lmb

cc: Mr. Patrick McDonnell, Special
Deputy City Attorney, City of Milwaukee
Mr. Michael Wisniewski, City of Milwaukee
Mr. Edward Madere, Village Manager,
Village of Shorewood
Mr. C. G. Olson

91885.1/JS



White To Agents

WHYTE HIRSCHBOECK DUDEK S.C.

Law Offices

JOHN SCRIPP
DIRECT DIAL (414) 223-5000

Suite 2100
111 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

April 14, 1994

(414) 273-2100
Fax: (414) 223-5000

OFFICES IN MILWAUKEE, MADISON,
MENOMONIE FALLS, MANITOWISH
AND ZURICH, SWITZERLAND

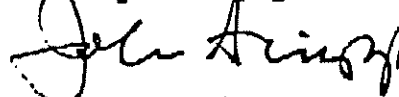
Mr. Will Wawrzyn
Water Resource Manager
Wisconsin Department of
Natural Resources
Southeast District Office
P. O. Box 12436
2300 N. Martin Luther King Jr. Drive
Milwaukee, WI 53212

Re: Fair Market Value Report by C. G. Olson dated
February 28, 1994

Dear Will:

Enclosed find the Village of Shorewood's comments regarding the Olson Report. As you can see from the comments, the Village has serious reservations and questions that the appraisal methodology, assumptions and conclusions do not follow the Intergovernmental Cooperation Agreement provisions which were agreed by the Village and the City to govern the appraisal. We look forward to Mr. Olson's response.

Very truly yours,



John Scripp

lmb
Enclosure

cc: Mr. Patrick McDonnell, Special
Deputy City Attorney, City of Milwaukee
Mr. Michael Wisniewski, City of Milwaukee
Mr. Edward Madere, Village Manager,
Village of Shorewood
Mr. C. G. Olson



A Salute To Clients

VILLAGE OF SHOREWOOD

COMMENTS TO FAIR MARKET VALUE REPORT BY C. G. OLSON
DATED FEBRUARY 28, 1994

1. PURPOSE:

The Appraiser's purpose (p. 1) focuses the appraisal on reaching three stated opinions of value. The Appraiser's valuation (p. 19) appraises only these three.

Comment: Paragraph 1.b. of the Shorewood/Milwaukee Intergovernmental Cooperation Agreement ("ICA") requires the following determinations of value: (1) the boathouse, before and after the drawdown; (2) the park, before and after the drawdown; (3) loss in value to the boathouse assuming that the impoundment is restored and that the Milwaukee Rowing Club will not return to the boathouse as a tenant with use comparable to that intended before the drawdown; and (4) the extent of monetary loss resulting from the Village's loss of use of the boathouse and the park for the period of the drawdown. The appraiser's purpose and valuation do not distinguish between or address items 3 and 4.

2. HIGHEST AND BEST USE:

The Appraisal states, at page 5, "Opinion of property highest and best use as if in private ownership forms the foundation for estimating fair market value later in the report."

The appraisal determines that the highest and best use of the subject property "in public ownership" is "represented by its park use based upon these criteria and the historic utilization for such purpose." It then states that "if the property were in private ownership, its most profitable use is most strongly suggested for multi-family development."

Comment: Basic appraisal tenets require that a highest and best use be (1) physically possible; (2) legally permissible; (3) financially feasible; and (4) maximally productive. Given the severe topography, narrow shape, railroad track intervention, lack of road frontage, flood plain, shoreland and wetland proximity of the park real estate, the first two tenets of highest and best use for a multi-family private use of the park would not seem to be satisfied. Is the highest and best use not as a public park? No investigation is made or disclosed as to the value-in-exchange of the Hubbard Park property as park land, e.g. DNR sales of excess park land, Milwaukee County sales or purchases of park land on open market.

3. IMPACT OF DRAWDOWN: (Park)

Regarding the public park use, the appraisal states "it can reasonably be concluded that all park functions are available for utilization in like manner after dam drawdown."

Comment: The appraisal makes no mention and places no value on one prominent such use: rowing. Rowers have been coming to Hubbard Park to use the river continuously for decades, until the drawdown. There are other historic uses of the impoundment, including swimming. The impoundment has provided a visual attractive border to the Village's park improvements that the appraisal does not mention. These current and historic functions which were the subject matter of the ICA are not mentioned, considered or valued. The cost to provide these amenities is not discussed or considered.

4. IMPACT OF DRAWDOWN: (Boathouse)

The appraisal acknowledges (p. 10) that the boathouse is "impacted as to a specific occupancy." It then includes that "the building, however, is not a special purpose structure unsuited for alternate utilization."

Comment: This conclusion ignores that the structure was specially built to be used as a boathouse. The appraisal ignores the specific design, construction, location and exclusive use of the structure as a boathouse from its reconstruction at a cost in excess of \$97,155 shortly before the drawdown. The building was constructed as a single use building to house boats for rowing on the impoundment. If the Village intended to construct a storage shed, it would have constructed it at less cost, and would not have wasted such a prominent location along the river by locating a storage shed there.

5. VALUE ASSIGNED TO BOATHOUSE AS IMPROVEMENT:

Comment: The appraisal values the boathouse at a depreciated cost (p. 18). No mention is made of the reconstruction of the boathouse as a special use structure pursuant to construction contract dated September 17, 1990 for a cost in excess of \$97,155. No explanation is provided for the apparent departure from appraisal practice of considering extremely recent construction cost as a significant measure of value or of assigning depreciation to a new building.

6. BOATHOUSE OCCUPANCY TERMINATION:

The Appraisal (p. 19) focuses only on a fair rental value of the boathouse and compares the appraisal rental value against the \$7,500 ICA interim payment.

Comment: As noted under paragraph 1, the appraisal fails to address items No. 3 and 4 of paragraph 1.b. of the ICA. Moreover, if historic cost is used as a basis for the boathouse value, a higher fair rental value would result. Fair rental value is not an appropriate measure for the loss of use to the park (beyond that of the boathouse). No mention is made of the loss to the Village due to the drawdown of recreational use and view amenities described above.

7. CONCLUSION:

Comment: The Appraisal's concentration on multi-family housing as the highest and best use of the property is suspect. Its comparables and valuation method is accordingly rendered suspect. The Appraisal's valuation of the property as park land is based on this suspect valuation in private use without any independent verification of market value park land. The Appraisal ignores and makes no attempt to value the loss to the park of recreational activities or view alteration caused by the drawdown.

The Appraisal's valuation of the boathouse ignores virtually immediate past historic cost and arbitrarily considers the boathouse as not a special use structure. The Appraisal makes no investigation of the cost to renovate the boathouse to another use or the value of such other use. It makes no appraisal as required by the ICA of the loss to the Village if the Milwaukee Rowing Club, the only identifiable area rowing club tenant, ceases to be a tenant of the boathouse if the impoundment is restored.

C. G. OLSON

Real Estate Consultant

15835 Ridgely Court • Brookfield Wisconsin 53005 • Phone (414)782-8752

April 29, 1994

State of Wisconsin
Department of Natural Resources
Southeast District Office
2300 N. Martin Luther King Jr. Drive
Milwaukee, Wisconsin 53212

Attention: Mr. Will Wawrzyn
Water Resource Manager

Gentlemen:

Re: Hubbard Park
3565 North Morris Boulevard
Shorewood, Wisconsin

This letter individually responds to the comments by the Village of Shorewood on the fair market value report prepared by the undersigned on the above-captioned property, dated February 28, 1994.

1. Purpose

In reference to Items (3) and (4) set forth in the latter, both have been inherently addressed by the value findings for the park in its entirety and the boathouse before and after the dam drawdown as well as the conclusion regarding compensation due the Village beyond interim payments for the loss of the boathouse tenant.

2. Highest and Best Use

By definition fair market value measures "value in exchange" when a property is exposed to the open and competitive real estate market. While it is stated that the highest and best use of the property is for continued park use, the same has been referenced to its specific ownership. With the value in exchange concept in mind it is obvious that the property could not be competitively marketed in the public sector and therefore there is no basis for measuring market reaction by this criteria. Rather, the competitive private sector then represents the available market if the property were offered for sale and the appraisal has appropriately been directed to the latter.

The report has clearly addressed the physical characteristics of the property for use in the private sector in the form of elements of detracting and those of enhancement, and has stressed comparability as the basis for supporting the reasonable probability of attaining a

Mr. Will Wawrzyn
April 29, 1994
Page 2

Hubbard Park
3565 North Morris Boulevard
Shorewood, Wisconsin

zoning change as required to mature a multiple family development on the premises. Thusly, the physically possible and legally permissible tenants of highest and best use determination have been satisfied.

With these observations in mind and in accordance with accepted real estate appraisal standards, the fair market value developments in the report have been properly directed.

Although this writer agrees that continued park use is indicated, there is no data available to support its valuation on this basis in the form of park sales other than those purchased by others for differing purposes. Over a period of years, Milwaukee County has sold numerous lands designated park property. Commonly, the latter represent excess land not needed for future park use and your appraiser has been involved in their valuation. None, however, are meaningful as indicators of subject value. Moreover, there are no known exchanges of developed parkland in Metropolitan Milwaukee. purchased for continued park use.

3. Impact of Drawdown (Park)

Exception is taken to comments on "rowing" and "swimming" since these activities are available for enjoyment following dam drawdown. While a specific rowing activity as conducted by the Milwaukee Rowing Club has not been continued, the stream is suited for general boating and then to an equivalent intensity. Thusly, it is concluded that the loss of a specific sector of rowing has no affect on the fair market value of the property after drawdown.

The further comment regarding the "cost to provide these amenities" (as cited in the letter) is not appropriate since these are natural features which have been identified severaltimes in the report.

4. Impact of Drawdown (Boathouse)

Although built for the Milwaukee Rowing Club use the structure is not a single use building which as stated in the report, is suited for alternate occupancy of which boat storage has been suggested, with the latter companion with such activities to which the stream is suited after dam drawdown.

5. Value Assigned to Boathouse as Improvement

The building contributes no increment to property fair market value before or after dam drawdown. When viewed as a component of park use, however, an amount has been assigned to recognize its contribution with the same not implying that the building contributes to value as an addition to land to which the fair market value findings have been solely directed. By this scenario historical cost is not

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meaningful but rather, replacement cost to provide equivalent utility less depreciation is the appropriate measure.

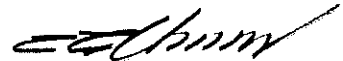
6. Boathouse Occupancy Termination

The report computations referenced to fair rental value need only address the boathouse since the recreational use and view amenities are not affected by the drawdown as stated therein. The finding at \$ 5,000 annually measuring loss of tenancy lies below that of the Intergovernmental Cooperation Agreement with this relationship then responding to Items (3) and (4) as directed by the Agreement to be determined.

7. Conclusion

The comments in the letter are a review and general summary of those identified by Items (1) through (6). All have been addressed and therefore no further response is necessary.

Very truly yours,



C. G. Olson
Real Estate Consultant