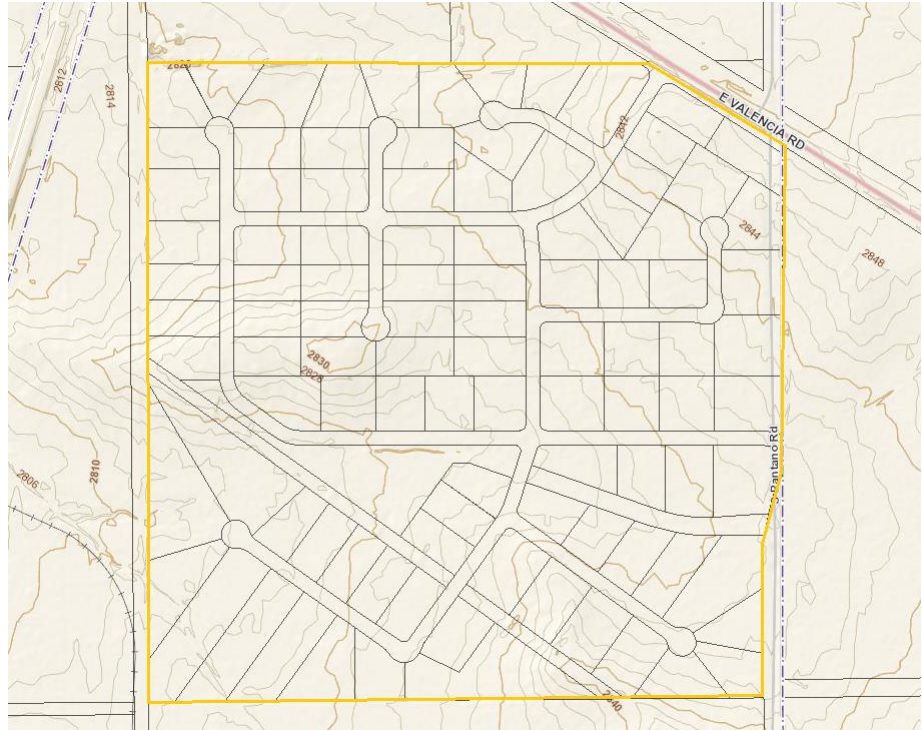


that are mostly rectangular in shape, with a few irregular triangular-shaped cul-de-sac lots. The parcels are all sufficient in size to remain functional.

### Topography

The topography of the site is generally level.

#### TOPOGRAPHY MAP



### Soils

The USDA Natural Resources Conservation Service Mapping was consulted to determine soil types. Approximately 70% of the site has predominant soil types of Tubac Gravelly Loam, Sahuarita soils, Mohave soils, Urban land, or Stagecoach-sahuarita soils which are considered to have minimal limitations for commercial construction. The remaining approximate 25% of the site is Hantz Loam which has 'very limited small commercial building construction potential'. This area coincides with the area designated as Riparian Habitat. Per the final plat approval, the Riparian Area has been reduced with mitigation and it is possible that the area of development limitation risk due to soil consistency has also been reduced. A soil survey is recommended and additional analysis is beyond the expertise of the appraiser. It is an extraordinary assumption of this report that the soil quality of the site is sufficient for most industrial type development.

**SOILS MAP**

**Pima County, Arizona, Eastern Part (AZ669)**

Pima County, Arizona, Eastern Part (AZ669)

Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
34	Hantz loam, 0 to 1 percent slopes	39.6	23.6%
72	Sahuarita soils, mohave soils and urban land, 1 to 5 percent slopes	41.8	24.9%
78	Stagecoach-Sahuarita association, 1 to 8 percent slopes	20.5	12.2%
81	Tubac gravelly loam, 1 to 8 percent slopes	65.8	39.3%
<b>Totals for Area of Interest</b>		<b>167.8</b>	<b>100.0%</b>

Source: USDA Natural Resources Conservation Service

### SMALL COMMERCIAL BUILDING CONSTRUCTION POTENTIAL



Red=very limited, yellow= somewhat limited, green = not limited

#### Vegetation

Vegetation is native desert cacti and shrubs. The subject owner reported completion of plant mitigation requirements including transplanting all inventoried barrel cacti within the property edge borders, along proposed interior roadways, and in periphery of drainage open space. The owner reported an agreement with Pima County which permitted some of the barrel cacti to be donated within the community.

#### Minerals

It is unknown whether the subject has mineral rights or value in any subsurface minerals. Mining and excavation activities were not observed in the subject area. In accordance with Schedule B II exceptions within the title report, it appears that the United States has possibly reserved mineral rights on the site.

#### Size

According to the Final Plat Map for the VP Commerce Center recorded November 23, 2010, the subject contains 158.05 gross acres, or 139.13 acres net of dedicated roadways. The site is platted and engineered for 99 individual industrial lots which range in size from 0.87 acres to 3.37 acres and average 1.30 acres. Common Areas A, B, and C total 8.11 acres. Per the Final Plat, the total area of streets (to be publicly dedicated) is 2.26

miles, or approximately 18.92 acres (per Pima County Surveyor).

Lot #	Lot Size(Ac)	Lot #	Lot Size(Ac)	Lot #	Lot Size(Ac)
1	1.62	34	1.02	67	1.09
2	1.04	35	1.09	68	1.08
3	1.13	36	1.07	69	1.01
4	1.35	37	1.02	70	2.18
5	1.25	38	1.02	71	1.36
6	1.59	39	1.12	72	1.14
7	1.14	40	1.12	73	1.03
8	1.23	41	1.07	74	1.01
9	1.07	42	1.07	75	1.11
10	1.19	43	1.20	76	1.09
11	1.40	44	1.41	77	1.34
12	1.09	45	0.87	78	1.78
13	1.15	46	0.93	79	1.46
14	1.15	47	0.93	80	1.19
15	1.09	48	1.10	81	1.19
16	1.80	49	1.03	82	1.37
17	1.07	50	1.03	83	1.37
18	1.34	51	1.03	84	1.19
19	1.08	52	1.04	85	1.18
20	1.24	53	3.37	86	1.63
21	1.04	54	3.06	87	1.54
22	1.04	55	1.82	88	1.34
23	1.02	56	3.04	89	1.52
24	1.04	57	2.44	90	1.30
25	0.96	58	1.96	91	1.10
26	0.96	59	1.62	92	0.99
27	1.03	60	1.10	93	1.10
28	1.03	61	3.28	94	1.21
29	0.96	62	1.18	95	1.06
30	0.91	63	1.51	96	1.01
31	1.15	64	1.45	97	1.01
32	1.22	65	1.45	98	1.02
33	0.97	66	1.43	99	1.18
				<b>Total</b>	<b>128.41</b>

Area	Size
Common Area A	1.77
Common Area B	5.71
Common Area C	3.24
<b>Total</b>	<b>10.72</b>

## Hydrology

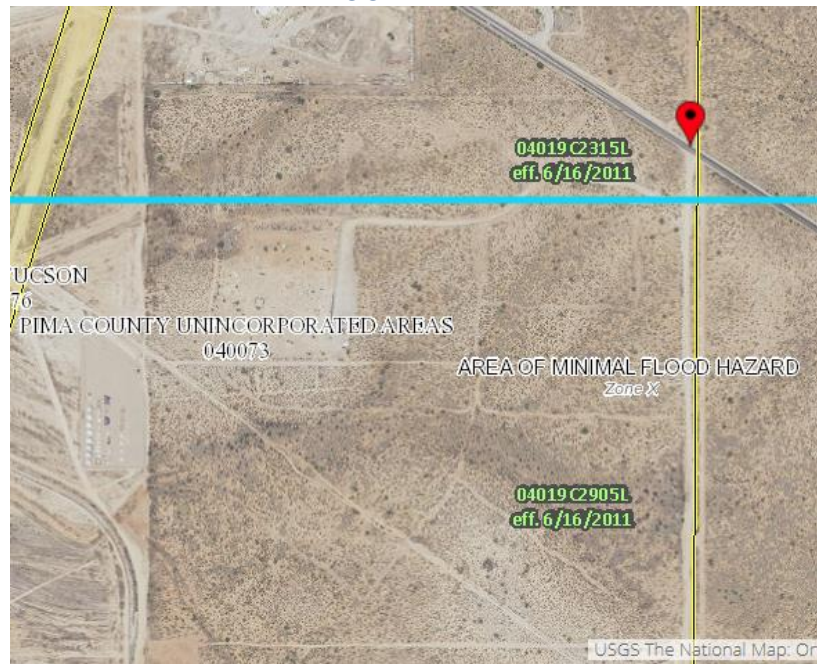
The subject is located within Zone X, outside the 100-year floodplain, per FEMA Flood Insurance Rate Maps 04019C2315L and 04019C2905L, dated June 16, 2011.

Areas of the site are within the Xeroriparian C, as identified in the following map. Note that per the Final Plat, new Riparian Habitat Limits were field-mapped during the development review process, shown on Page 8 of 10 and shall be used by the Regional Flood Control District for

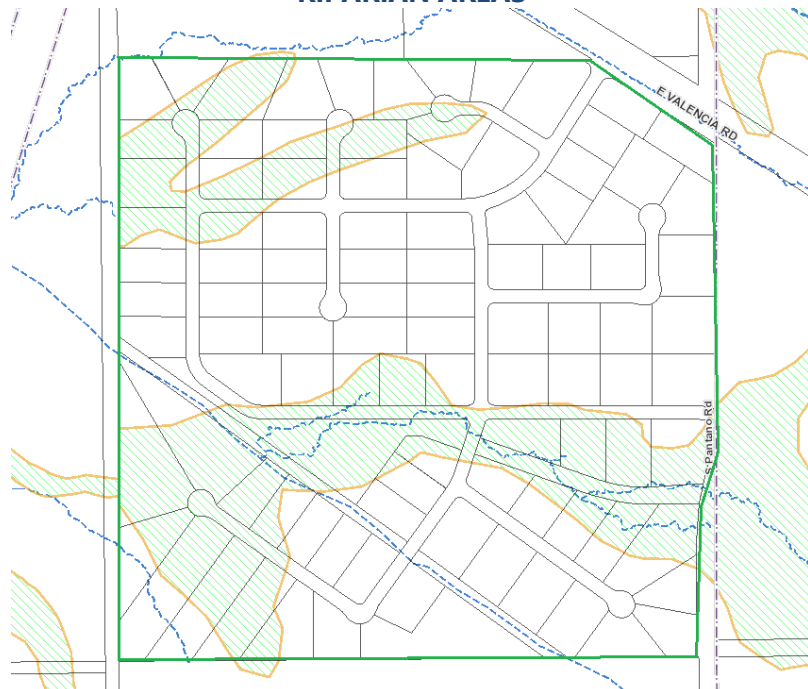


Regulatory Review and Approval. Number 18 of the Permitting Notes for the Final Plat reports that the disturbance of Riparian Habitat, as shown on the Plat, has been mitigated for during the development review process. All remaining regulated riparian habitat is contained entirely within the Riparian Mitigation Area which has been reduced to under 5 acres per the Plat Map.

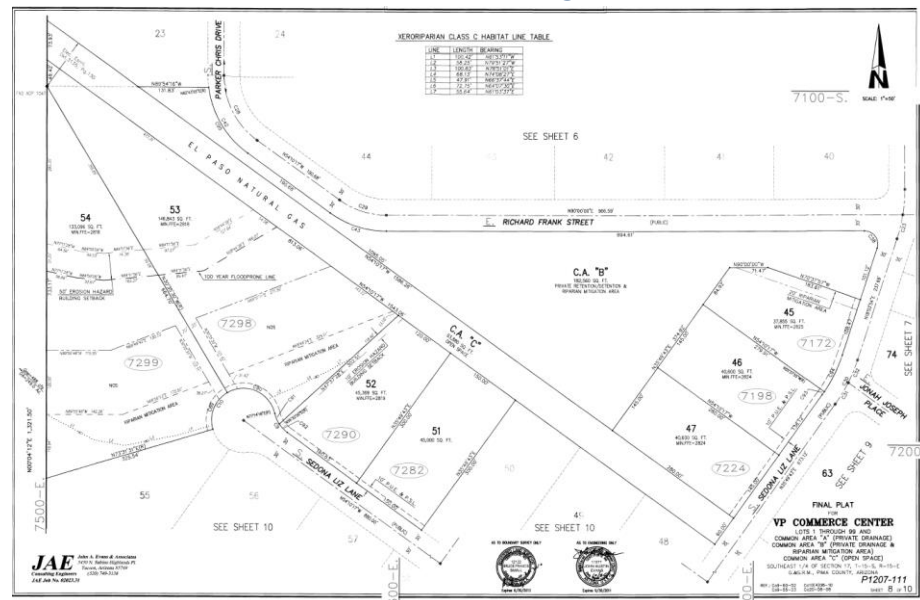
#### FEMA FLOOD HAZARD MAP



#### RIPARIAN AREAS



### NEW RIPARIAN HABITAT LIMITS PER FINAL PLAT



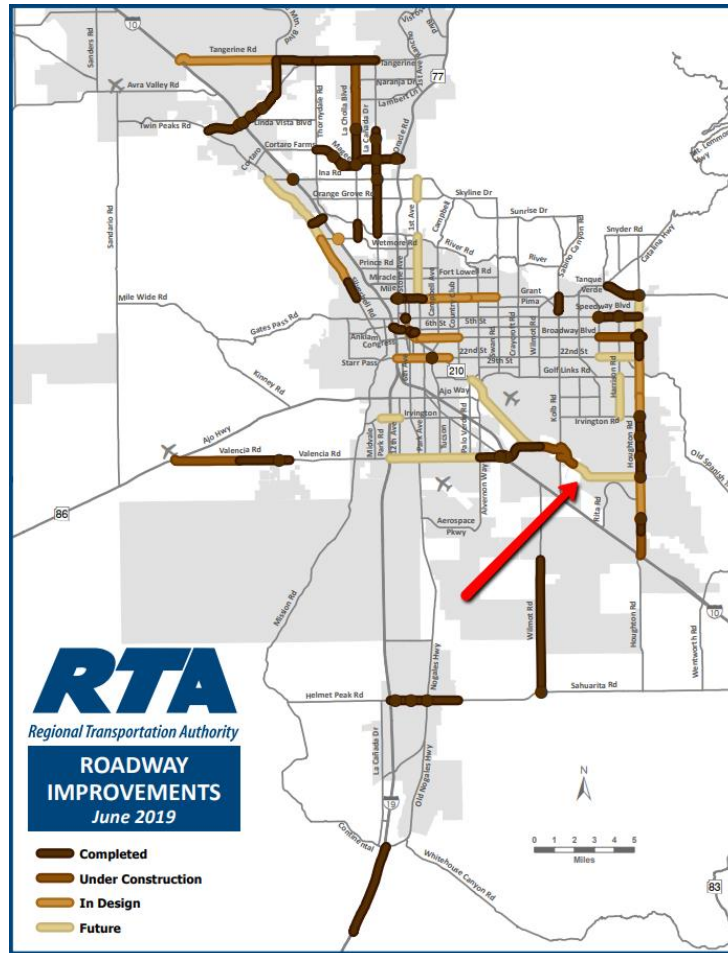
#### Access

Access to the site is available from Valencia Road, a three-lane asphalt paved arterial in the subject vicinity. The center lane is for left turns. Valencia Road has recently been widened, starting in 2018, from Wilmot Road to just east of Kolb Road. In the subject vicinity, Valencia Road transitions from three lanes to the west to two-lanes to the east. Additional road widening of Valencia Road east to Houghton Road is currently in the design phase, according to Michael Graham of Tucson Department of Transportation. Mr. Jim De Grood, Deputy Director of PAGnet, reported that funding for design work on this segment is available in 2020-2021. Funding for construction is available starting mid-2022 and construction is likely to take 18 months. Mr. DeGrood reported that there is no indication at this time that a traffic signal will be part of the design or warranted at the intersection of Pantano Road and Valencia Road, near the subject. Furthermore, he reported that while wet utility line extensions (water and sewer) were included in the road widening to the west of Kolb Road, this is not typical and is not necessarily part of the road widening project east to Houghton Road. He stated that this would be a function of demand from area property owners, who would incur costs via offsets in the ROW easement compensations.

Per the Final Plat Permitting Notes, no building permit shall be issued for the 75<sup>th</sup> lot until a signal warrant analysis is submitted and approved by Pima County Department of Transportation. Upon analysis, it is not necessarily a given that a traffic signal will be warranted at that time, although Mr. Boccardo reported that his consulting traffic engineer believed it would be highly likely if 74 of the subject lots had been built

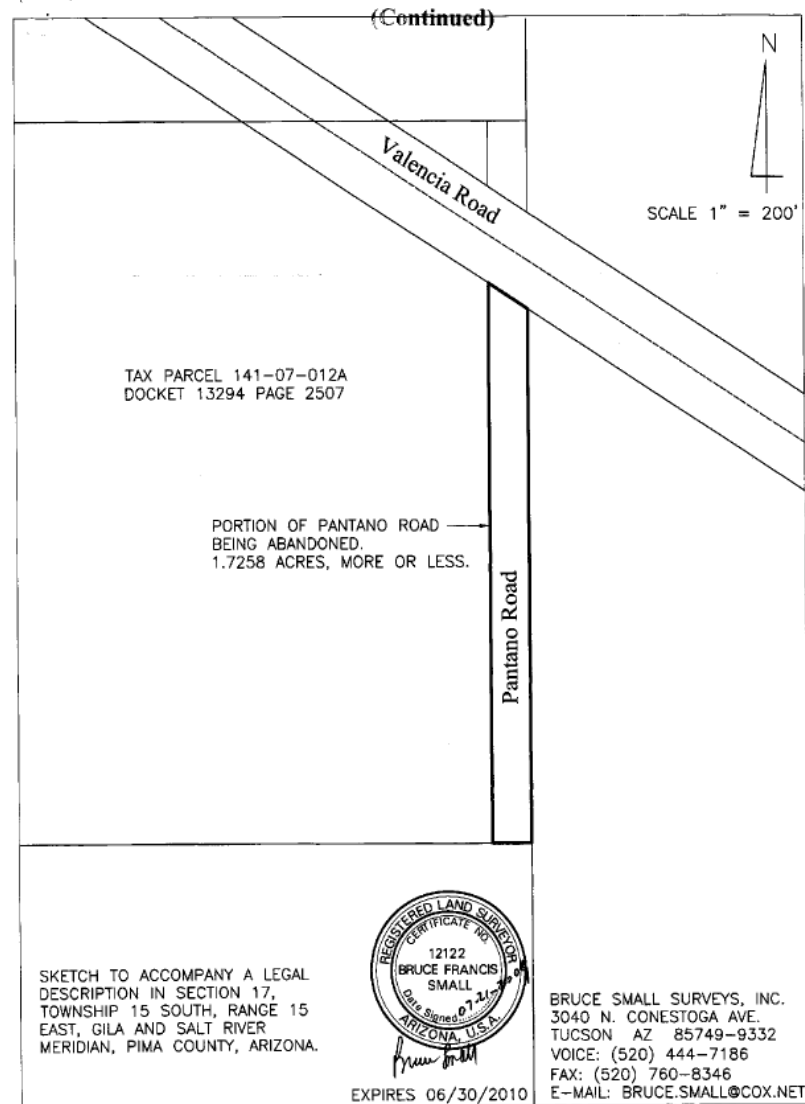
out and improved. Variables include onsite employee density and the potential for the RTA to fund a traffic signal prior to the sell out of 74 lots.



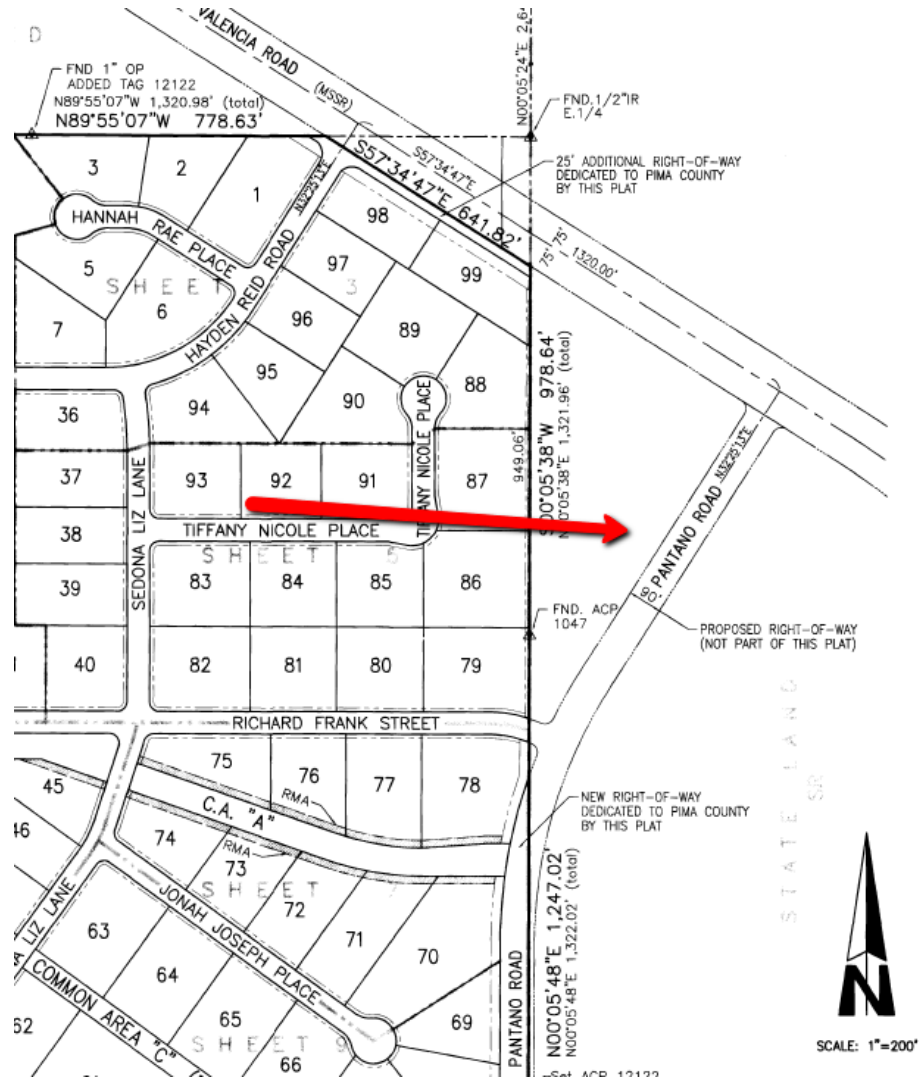


The Pantano Road alignment is a graded dirt road which runs along the eastern border of the site. This section of Pantano Road was vacated and abandoned to become part of the subject plat in Resolution No. 2010-266 reported November 15, 2010 in Docket Book 13935 at Page 3258.





Per the final plat, no building permit will be issued for the 40<sup>th</sup> lot until a second access point to Valencia is constructed. The second access point will require an easement across State Land (see plat below). The cost of the easement and constructing the second access point is unknown.



### Visibility

Average. The subject has limited frontage and access from an arterial roadway with the majority of the site interior.

### Utilities

Electricity is widely available in the subject area. The nearest sewer and water lines are approximately ½ miles west of the subject, as the crow flies, in Kolb Road. Wet utility extensions would require the extension/construction costs, as well as the cost of obtaining an easement across the adjacent owner's land. In a report dated March 20, 2008, Bosque Engineering estimated off-site sewer extension costs to the subject at \$979,282 to \$1,208,749, say \$1,100,000, if extended from the west, with costs varying depending on the contribution from the adjacent property owner. Updated costs are not available and it is an extraordinary assumption of this report that these costs would be similar to estimated current extension costs. Indeed, the existing sewer line locations have not changed and input data at \$70/LF for line extension is consistent with current estimates by Pima County Wastewater representatives.

To avoid extraordinary extension and connection fees, Mr. Boccardo has researched and implemented agreements for alternative systems for wet utilities. Standard septic systems for the subject lots were estimated by Bosque Engineering to cost \$6,650/unit in 2008, or \$658,350. Updated verbal cost estimates from Ridgeline Engineering estimated costs between \$6,500 to \$6,800 per lot, which supports the original cost estimates. Based on the extraordinary cost differential, the subject was approved for a waiver to utilize septic systems based on County Code 7.21.037. Discussions with area brokers indicate that larger industrial users are less likely to agree to utilize septic systems, particularly if their operation requires high water use. However, smaller users would be more receptive to septic use, although it may negatively affect land pricing slightly.

The subject owner has established the VP Domestic Water Improvement District to serve the site, which was approved in Resolution No 2011-48 and recorded March 18, 2011 in Document 20110770757. A 100-year water supply certificate was issued for the VP Water District on August 28, 2012. The owner, Mr. Boccardo, reported that there is currently one existing domestic well on the site but a second commercial well is required to service the proposed industrial improvements on the site. ADWR records did not indicate an existing registered well. Greg Carlson Engineering has provided preliminary costs for installing the new commercial well, and providing water storage and pumping for the project, at \$512,988, which excludes permitting costs and line extensions to the individual lots.

#### Lot Development Costs

The total cost per lot for water and septic infrastructure is estimated at \$1,171,338, or \$11,832/lot for the 99 lots. Water infrastructure will be required to be completed prior to lots sales, while septic systems can be installed as needed. Dirt Works Contracting estimated lot development costs of \$25,000/lot in a letter dated October 31, 2019. Kerry at Dirt Works, (520-240-6158) confirmed that the lot development costs include lot grading, interior paved roadways to each lot, and water and electric lines extended to each lot. It does not include the cost of the commercial well installation and storage or the individual septic systems. Combining the water, septic, and onsite infrastructure costs, the lot development costs equate to \$36,832 per lot.

November 1, 1019

VP Domestic Water Improvement District  
 6302 E Calle Dened  
 Tucson, AZ 85710  
 Attn: Greg Boccardo  
**RE: Preliminary Cost Estimate**



**GREG CARLSON ENGINEERING, L.L.C.**  
 1521 E. Broadway Boulevard, Tucson, AZ. 85719  
 (520)-624-0070 fax (520)-624-4197  
 e-mail: gcreng@gcreng.biz

Dear Mr. Boccardo:

Per your request, Greg Carlson Engineering, LLC has prepared a **preliminary** cost estimate for installing a new well, providing water storage, & pumping for the VP Domestic Water Improvement District serving the VP Commerce Center (Bk 65, Page 37). Greg Carlson Engineering, LLC **has not** evaluated the ADWR permitted maximum annual volume for the existing non-exempt well or future wells, Type 2 water rights and/or leases, permitting of new wells in an Active Management Area, well siting, water quality, or any other issues/costs associated with siting a new well site or water availability for this project.

Our preliminary estimate is based upon the following assumptions:

#### Fire Flow

1. International Fire Code Table B105.1(2) will apply to the development.
2. Buildings will be Type 1A and 1B and less than 70,900 sq ft in area, or Type IIA and IIIA less than 39,700 sq. ft in area, and will have sprinkler systems in accordance with Table B105.2 f the IFC.
3. A 1,500 gpm fire flow for a 2 hour duration will be the minimum required for all buildings.

#### New Well Requirements

1. The new well will be 600 ft deep.
2. The new well will have a 16 inch surface casing and a 8 inch production casing.
3. 3-phase power is available at the well site.
4. Well water meets minimum drinking water standards without treatment.

#### Water Storage and Booster Requirements

1. Davis Bacon Wages do not apply.
2. Water Storage Tank will be bolted steel tank.

#### **VC Commerce Center Off-Site Sewer Improvements**

Item	Engineer's Opinion of Probable Cost				
	Quantity	Unit	Unit Cost	Cost	VCV Cost
12" Sewer	1360	lf	110	149,600	74800
J&B Kolb Road	100	lf	450	45,000	22500
48" manhole	4	ea	8000	32,000	16000
8" Shared Sewer	1320	lf	70	92,400	46200
48" manhole	4	ea	6000	24,000	12000
8" VCV Sewer	2640	lf	70	184,800	184,800
J&B Railroad (2 times)	200	lf	450	90,000	90,000
48" shared manhole	8	ea	6000	48,000	48,000
30 ft wide ROW	79200	sf	3	237,600	237,600
Construction Total				903,400	731,900
Contingency (15%)				180,680	146,380
Engineering (8%)				86,726	70,262
Construction Management (3.5%)				37,943	30,740
<b>Total Cost</b>				<b>\$ 1,208,749</b>	<b>\$ 979,282</b>



## Standard Septic System

### Engineer's Opinion of Probable Cost

Item	Quantity	Unit	Unit Cost	VCV Cost
Standard Septic System	99 ea		6000	594,000
Engineering	99 ea		500	49,500
Pima County Permit	99 ea		150	14,850
				<b>\$ 658,350</b>

**Total Cost for Septic \$ 658,350**

Preliminary Cost Estimate  
 VP DWID  
 Page 2

3. Required Storage will be regulated by Fire Flow, namely 1,500 gpm for 2 hour duration = 180,000 gallons.
4. Water Storage Tank will be placed on a gravel pack/steel ring foundation.
5. Native soils below storage tank have adequate bearing capacity.
6. Only 1 end suction type fire pump will be required.
7. System booster will be end suction/hydro-pneumatic tank configuration.

### PRELIMINARY COST ESTIMATE

Description	Cost	Comments
New Well	\$90,000	600 ft deep well
Well Pump	\$10,000	pump & column piping
Storage & Foundation	\$200,000	180,000 gallon tank and tank ring
Fire Pump	\$19,000	dedicated 1,500 gpm pump, motor and fittings
Boosters & Tank	\$35,000	Assumes alternating 10 HP pumps or less
Site electric	\$25,000	Assumes new service panel and pump/tank controls, excludes connection fee
Misc. valves & appurtenances	\$15,000	valves, meters, stands, etc
Design Fees	\$39,400	10% of total
Taxes	\$20,488	5.2% (65% of 8%)
Contingency	\$59,100	15% of total cost
<b>TOTAL</b>	<b>\$512,988</b>	

This preliminary cost estimate does not include connecting the existing non-exempt well to the system. This preliminary cost estimate does not include permitting fees.

Sincerely,  
**GREG CARLSON ENGINEERING, LLC**



Greg Carlson, P.E.

Expires 6-30-20

**STATE OF ARIZONA  
DEPARTMENT OF WATER RESOURCES  
CERTIFICATE OF ASSURED WATER SUPPLY**

This is to certify that

**Title Security Agency of Arizona, an Arizona corporation, as Trustee under Trust No.2012,**  
**owner,**

has met the requirements of A.R.S. §§ 45-576 and the applicable regulations, and

By powers vested in the Director of the Arizona Department of Water Resources by the  
State of Arizona, and subject to the conditions contained in the applicable regulations,


Is issued this Certificate of Assured Water Supply for

**VP Commerce Center  
Township 15 South, Range 15 East, Section 17  
GSRB&M Pima County, TUCSON Active Management Area**


Sufficient water of adequate quality will be continuously available to satisfy the water demand of  
the referenced subdivision for at least one hundred years. The referenced subdivision consists of  
**99 lots** as described in the preliminary plat on file with the Department, and has an estimated  
water demand of **50.75 acre-feet per year**. The subdivision will be served **groundwater** by VP  
**Domestic Water Improvement District.**

This Certificate is invalid as to any entity not named above.  
This Certificate may be assigned pursuant to A.A.C. R12-15-705.

**Certificate Number: 27-700728.0000**



**ARIZONA DEPARTMENT OF WATER RESOURCES**

  
Program Manager

8/28/12  
Date

TYPE A CERTIFICATE

**DIRTWORKS**  
CONTRACTING

October 31, 2019

Mr. Greg Boccardo  
GRB Construction Group  
6302 E. Calle Dened  
Tucson, AZ. 85710

Dear Mr. Boccardo,

Based on the details provided, we estimate the cost to develop your project would be \$25,000.00 per lot for the first phase of 42 lots. We estimate the balance of your project cost to also be \$25,000.00 per lot.

Thank you in advance for the opportunity to provide you with budget numbers and we look forward to working together.

Kind regards,



Lorenzo Hernandez  
Project Coordinator/Estimator  
Dirt Works Contracting

DIRTWORKS Contracting Inc.  
3262 E. 44<sup>th</sup> Street  
Tucson, AZ. 85713  
520-777-8773

## Easements

A current title report was prepared by Pioneer Title Agency, Inc. and dated January 31, 2018 under File No. 204358. There were no observed or reported restrictions, encumbrances, special assessments or easements which would adversely affect the subject site. Common Area "C" as denoted on the final plat consists of a diagonal linear easement for an El Paso Natural Gas line. The easement traverses the southern portion of the site from northwest to southeast and does not adversely affect the development or marketability of the site. The exceptions presented within Schedule B of the Title Report are discussed below:

### Discussion of Schedule B Exceptions

Exceptions 1-5 protect against information that is not found in public records. The appraiser did not observe any site conditions nor confirm and information which is not reported in the title report. An ALTA survey is recommended.

Exception 6-7 concerns the property taxes on the subject. The taxes are current.

Exceptions 8, 11-17 references easements on the recorded plat. The noted easements are not expected to adversely affect the marketability or developability of the subject property.

Exception 9 is vague regarding any reservations or exceptions in Patents. It appears that the United States has possibility reserved mineral rights on the site. No evidence of nearby mining or potential mineral value was observed the subject area.

Exception 10 references water rights. Water rights for the subject are only observed in conjunction with the Water Improvement District. The Certificate of Assured Water Supply for the subject Water Improvement District provides 50.75 acre feet/year as reported in DWR No. 27-7000728.0000.

Exception 18 refers to any existing easements, rights or reservations which remain within the abandoned Pantano Road. The abandoned Pantano Road is located along the eastern edge of the property and was absorbed into the platted lots in this area.

Exceptions 19 and 22 refer to the CC&Rs for the VP Commerce development. There were no items addressed within the CC&R's which would appear to adversely affect the subject's marketability or developability.

Exceptions 20 and 21 reference the approved Water Improvement District.

These exceptions are not expected to affect the marketability or value of the subject property.



 <b>First American Title™</b>	<b>Commitment for Title Insurance</b> BY <b>Pioneer Title Agency, Inc.</b> as agent for FIRST AMERICAN TITLE INSURANCE COMPANY
<b>Schedule BII</b>	
Order Number: 204358 KM	Escrow Officer: Kim Moss at (520) 797-2693

#### EXCEPTIONS

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys fees or expenses) that arise by reason of:

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company

A. Defects, liens, encumbrances, adverse claims or other matters, in any, created, first appearing in the Public Records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires of record for the value the estate or interest or mortgage thereon covered by this Commitment.

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a Public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.

2. Any facts, rights, interests or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.

3. Easements, liens or encumbrances, of claims thereof, that are not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the Public Records.

(Note: The above Exceptions Nos. 1 through 5, inclusive, will be eliminated from any A.L.T.A. Extended Coverage Policy, A.L.T.A. Plain Language Policy, A.L.T.A. Homeowner's Policy, A.L.T.A. Expanded Coverage Residential Loan Policy and any short form versions thereof. However, the same or similar exception may be made in Schedule B of those policies in conformity with the remaining Exceptions of this Commitment shown below.)

6. Taxes for the full year of 2018, a lien not yet due or payable.

7. ANY ACTION by the County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.

8. Easements and all other matters shown on the recorded plat(s) of said subdivision.

9. Reservations or exceptions in Patents or in Acts authorizing the issuance thereof.

10. WATER RIGHTS, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records. This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.

11. Easement(s) to Western Gas Company and rights incident thereto as set forth in [Book 51 of Miscellaneous Records at page 20](#).

12. Easement(s) to Western Gas Company and rights incident thereto as set forth in [Book 51 of Miscellaneous Records at page 4](#) and in Book 53 of Miscellaneous Records at page 311

13. Easement(s) to El Paso Natural Gas Corp and rights incident thereto as set forth in [Book 73 of Miscellaneous Records at page 211](#)

14. Easement(s) to Southern Pacific Railroad Company and rights incident thereto as set forth in [Docket 462 at page 538](#) and in [Docket 863 at page 58](#)

15. Easement(s) to Tucson, Gas, Electric Light and Power Company and rights incident thereto as set forth in [Docket 608 at page 371](#)

16. Easement(s) to Pima County and rights incident thereto as set forth in Docket 2098 at page 497.

17. Easement(s) to Tucson Electric Power Company and rights incident thereto as set forth in [Docket 13437 at page 2348](#).

18. ANY PRIVATE RIGHTS, RESERVATIONS or EASEMENTS on, under and across those portions of said land lying within of Pantano Road abandoned by Resolution No. 2010-266 as recorded in [Docket 13935 at page 3258](#) and by Deed recorded in [Docket 13936 at page 1331](#)

19. RESTRICTIONS, CONDITIONS, COVENANTS, EASEMENTS, RESERVATIONS, LIABILITIES AND OBLIGATIONS, including but not limited to any recitals creating easements or party walls contained in instrument recorded in [Docket 13941 at page 503](#), omitting, if any, from the above, any restrictions based on race, color, religion, sex, sexual orientation, handicap, familial status, marital status, disability, ancestry, source of income or national origin as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law; Together with all matters pertaining the imposition of any transfer or conveyance fee contained within the document(s). The provisions for such fee require it to be paid upon transfer or conveyance of the land.

20. THE EFFECT of Resolution No. 2011-48 with Pima County, Arizona, as set forth in Sequence No. [20110770757](#)

21. Terms, conditions, restrictions, easements, liabilities and/or obligations as set forth in Agreement recorded in Sequence No. [20122200117](#)

22. RESTRICTIONS, CONDITIONS, COVENANTS, EASEMENTS, RESERVATIONS, LIABILITIES AND OBLIGATIONS, including but not limited to any recitals creating easements or party walls contained in instrument recorded in Sequence No. [20122200118](#), omitting, if any, from the above, any restrictions based on race, color, religion, sex, sexual orientation, handicap, familial status, marital status, disability, ancestry, source of income or national origin as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law; Together with all matters pertaining the imposition of any transfer or conveyance fee contained within the document(s). The provisions for such fee require it to be paid upon transfer or conveyance of the land.

## Surrounding Uses

*South:* Vacant land within the Port of Tucson

*North:* Vacant land and industrial buildings

*East:* Vacant publicly owned State land

*West:* Vacant land and lots within Port of Tucson followed by the new Amazon distribution facility.



Site Improvements	None. Insurgent Airsoft leases approximately 8.05 acres of land and has placed various sheds, portable toilets, and obstacles on the site which are not affixed. These are considered personal property and not included within the valuation.
Environmental	A Phase I Environmental inspection was not provided. There is no visual evidence of underground storage tanks. There were no observed soil or subsoil conditions which would prevent the subject parcel from being put to its highest and best use. It is an extraordinary condition of this report that the soil quality of the site is sufficient for most industrial type development. According to the AZDEQ Map, the site is not within a Superfund or WQARF designated area. It is an extraordinary assumption of this report that there are no known factors of archeological significance, geological significance, or environmental or hazardous conditions found on the site.
Conclusion	The site is a vacant land parcel within an industrial area of southeast Tucson with arterial access and currently lacking sufficient wet utilities.

## Subject History

### Use of Real Estate as of the Effective Date of Value

The subject property is vacant land platted with 99 industrial lots as of the effective date of appraisal.

### Use of Real Estate as of the Date of this Report

Same as above, as required by USPAP and UASFLA.

### Tenancies/ Leases

Approximately 8.05 acres of the site (Lots 24-31) is leased on a month to month basis to Insurgent Airsoft for use as an air soft shooting range. The lease rate is \$1200/month with an annual increase of \$100/month. The tenant utilizes the land only for their operation and have no utilities or permanent structures on the site. The leased fee interest is not considered within this appraisal due to the short term nature of the lease.

### Ownership and Sales History

According to the Pima County Assessor's records and the title report prepared by First American Title, title to the subject property is vested in Title Security Agency, L.L.C., Trust No. 201634-S. The property was acquired in two phases in 1972 and 1989/1990 as raw vacant land. There have been no market transactions involving the subject property in the past 10 years.

The property was approved and recorded as a 99-lot platted industrial development on November 23, 2010 in Docket Book 13941 at Page 492. The property is currently listed between \$2.99/S.F. to \$3.35/S.F. Current and historic listing prices are presented below. The property owner, Mr. Greg Boccardo, confirmed that the listing prices reflect the 'as is' condition of the site.

Phase	Lots	Listing Price Per S.F.		
		Feb. 2018	June 2018	Nov. 2019
Phase 1	1-39	N/A	\$2.99	\$3.35
Phase 2	40-74	N/A	\$2.99	\$3.35
Phase 1-3	1-99	\$2.50	\$2.75	\$2.99

Mr. Boccardo reported three LOI's from Southwest Gas in 2014, which are summarized below. These offers were never signed into contract:

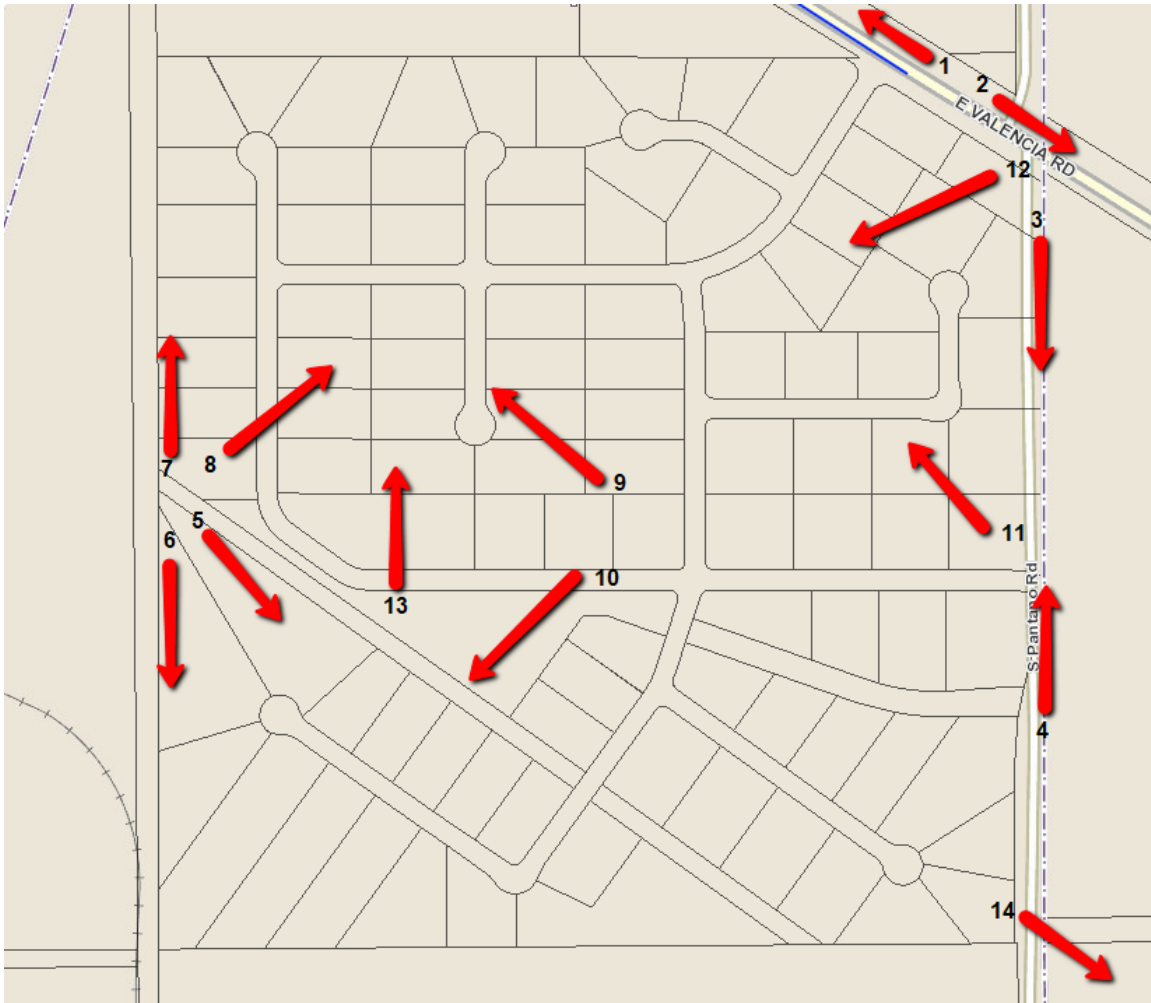
LOI Date	Acres	Offer Price	Offer Price/S.F.	Conditions
Oct-14	24.91	\$800,000	\$0.74	20' ROW from Valencia, Seller providing water and ROW through property for utilities
Oct-14	29.82	\$950,000	\$0.73	20' ROW from Valencia, Seller providing water and ROW through property for utilities
Dec-14	29.78	\$2,500,000	\$1.93	Seller designs and constructs access road, traffic light signal, ROW through property for utilities, seller providing water



In addition, Home Goods presented an LOI for the subject property dated October 29, 2014. The offer price was \$2.85/S.F. for 115 acres and contingent on the seller to construct, at their own expense, water facilities and wastewater septic systems with sufficient capacity to meet the needs of the purchaser. This offer was never signed into contract.

I have considered and analyzed the known history of the subject in the development of my opinions and conclusions.

## Subject Photographs



1. View looking northwest along Valencia Road



2. View looking southwest along Valencia Road



Photo by Carolyn Van Hazel 11/12/2019  
3. Street scene looking south along Pantano Road alignment



Photo by Carolyn Van Hazel 11/12/2019  
6. View looking south through the southern half of the property along the western border



Photo by Carolyn Van Hazel 11/12/2019  
4. View looking north along Pantano Road alignment



Photo by Carolyn Van Hazel 11/12/2019  
7. View looking north through the northern half of the site along the western border



Photo by Carolyn Van Hazel 11/12/2019  
5. View looking southeast through the southern half of the property



Photo by Carolyn Van Hazel 11/12/2019  
8. View looking northeast through the northern half of the site.





Photo by Carolyn Van Hazel 11/12/2019  
9. View looking northwest from center of site



Photo by Carolyn Van Hazel 11/12/2019  
12. View looking southwest through the northern half of the site.



Photo by Carolyn Van Hazel 11/12/2019  
10. View looking southwest from center of site



Photo by Carolyn Van Hazel 11/12/2019  
13. Area leased by Insurgent Airsoft



Photo by Carolyn Van Hazel 11/12/2019  
11. View looking northwest through northern half of site



Photo by Carolyn Van Hazel 11/12/2019  
14. Solar field to the southeast of subject on state land



## Assessment and Tax Data

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### Assessment Methodology

In Arizona, property tax is based on a full cash value (FCV) and a limited property value (LPV). Full cash value is equal to market value, with certain exceptions (e.g., agricultural property, golf courses and shopping centers). Limited value is determined by statute, and can never exceed full cash value. The assessment ratio is based on the subject's classification into one of nine categories. The most typical categories are residential property (10%); vacant land (15%); and commercial property (18%). The subject is vacant land and assessed at a 15% ratio.

On November 6, 2012, voters approved an amendment to the Arizona Constitution known as the Arizona Property Tax Assessed Valuation Amendment, or Proposition 117, which changes how property taxes are calculated beginning in the 2015 tax year. After 2015, real estate taxes will be based on the combined primary and secondary tax rates applied only to the LPV, which, by statute, cannot be increased by more than 5% per year (except under certain limited exceptions, including new construction).

### Assessed Values and Property Taxes

The subject property is identified as tax parcels 141-07-0380 through 141-07-1390. There are no delinquent taxes associated with these parcels. The following tables summarize the tax and assessment information for the subject tax parcels. The parcels are all assessed at 15% for vacant land. The 2019 taxes total \$21,034, or \$212.46 average per platted lot. Assessed value and taxes on the subject property would likely decrease significantly if the subject was replatted for a single user. Alternatively, the assessed values and taxes are expected to increase significantly upon development of the lots.

Lot #	APN	2020 FCV	2020 LV	2019 Taxes
1	141-07-0380	\$38,872	\$12,273	\$264.70
2	141-07-0390	\$24,852	\$7,847	\$169.27
3	141-07-0400	\$27,133	\$8,567	\$184.82
4	141-07-0410	\$32,281	\$10,191	\$219.85
5	141-07-0420	\$29,901	\$9,441	\$203.67
6	141-07-0430	\$38,205	\$12,062	\$260.18
7	141-07-0440	\$27,425	\$8,659	\$186.80
8	141-07-0450	\$29,379	\$9,276	\$200.06
9	141-07-0460	\$25,612	\$8,086	\$174.39
10	141-07-0470	\$33,576	\$10,601	\$228.60
11	141-07-0480	\$33,576	\$10,601	\$228.60
12	141-07-0490	\$26,185	\$8,267	\$178.30
13	141-07-0500	\$27,646	\$8,726	\$188.30
14	141-07-0510	\$27,646	\$8,729	\$188.30
15	141-07-0520	\$26,185	\$8,267	\$178.30
16	141-07-0530	\$43,128	\$13,616	\$293.69
17	141-07-0540	\$25,536	\$8,062	\$173.95
18	141-07-0550	\$32,215	\$10,170	\$219.41
19	141-07-0560	\$25,890	\$8,174	\$176.34
20	141-07-0570	\$29,800	\$9,408	\$202.90
21	141-07-0580	\$24,852	\$7,847	\$169.27
22	141-07-0590	\$24,869	\$7,851	\$169.42
23	141-07-0600	\$24,378	\$7,695	\$165.96
24	141-07-0610	\$25,028	\$7,901	\$170.48
25	141-07-0620	\$23,100	\$7,293	\$157.37
26	141-07-0630	\$23,100	\$7,290	\$157.37
27	141-07-0640	\$24,566	\$7,756	\$167.32
28	141-07-0650	\$24,566	\$7,756	\$167.32
29	141-07-0660	\$23,100	\$7,293	\$157.37
30	141-07-0670	\$21,891	\$6,911	\$149.02
31	141-07-0680	\$27,453	\$8,667	\$186.95
32	141-07-0690	\$29,118	\$9,193	\$198.26
33	141-07-0700	\$23,334	\$7,376	\$158.88

Lot #	APN	2020 FCV	2020 LV	2019 Taxes
34	141-07-0710	\$24,544	\$7,749	\$167.16
35	141-07-0720	\$26,106	\$8,243	\$177.86
36	141-07-0730	\$25,704	\$8,115	\$175.00
37	141-07-0740	\$24,544	\$7,749	\$167.16
38	141-07-0750	\$24,544	\$7,749	\$167.16
39	141-07-0760	\$26,846	\$8,476	\$182.87
40	141-07-0770	\$26,752	\$8,446	\$182.27
41	141-07-0780	\$25,618	\$8,088	\$174.39
42	141-07-0790	\$25,656	\$8,100	\$174.69
43	141-07-0800	\$28,831	\$9,102	\$196.31
44	141-07-0810	\$33,794	\$10,670	\$230.12
45	141-07-0820	\$20,820	\$6,573	\$141.77
46	141-07-0830	\$22,330	\$7,051	\$152.08
47	141-07-0840	\$22,300	\$7,051	\$152.08
48	141-07-0850	\$26,326	\$8,312	\$179.20
49	141-07-0860	\$24,750	\$7,814	\$168.53
50	141-07-0870	\$24,750	\$7,814	\$168.53
51	141-07-0880	\$24,750	\$7,814	\$168.53
52	141-07-0890	\$24,953	\$7,877	\$169.87
53	141-07-0900	\$80,764	\$25,497	\$549.96
54	141-07-0910	\$73,203	\$23,111	\$498.59
55	141-07-0920	\$43,537	\$13,746	\$296.55
56	141-07-0930	\$72,800	\$22,983	\$495.72
57	141-07-0940	\$58,461	\$18,457	\$398.16
58	141-07-0950	\$47,029	\$14,847	\$320.25
59	141-07-0960	\$38,900	\$12,281	\$264.86
60	141-07-0970	\$26,289	\$8,300	\$179.07
61	141-07-0980	\$78,607	\$24,818	\$535.28
62	141-07-0990	\$28,301	\$8,934	\$192.68
63	141-07-1000	\$36,226	\$11,438	\$246.74
64	141-07-1010	\$34,650	\$10,940	\$235.99
65	141-07-1020	\$34,650	\$10,940	\$235.99

Lot #	APN	2020 FCV	2020 LV	2019 Taxes
66	141-07-1030	\$34,165	\$10,787	\$232.67
67	141-07-1040	\$26,056	\$8,226	\$177.42
68	141-07-1050	\$25,760	\$8,133	\$175.45
69	141-07-1060	\$24,312	\$7,676	\$165.64
70	141-07-1070	\$52,182	\$16,475	\$355.45
71	141-07-1080	\$32,480	\$10,254	\$221.22
72	141-07-1090	\$27,232	\$9,027	\$194.80
73	141-07-1100	\$24,678	\$7,791	\$168.07
74	141-07-1110	\$24,141	\$7,622	\$164.43
75	141-07-1120	\$26,611	\$8,402	\$181.20
76	141-07-1130	\$26,067	\$8,324	\$179.51
77	141-07-1140	\$32,011	\$10,106	\$218.04
78	141-07-1150	\$42,621	\$13,456	\$290.22
79	141-07-1160	\$34,964	\$11,040	\$238.11
80	141-07-1170	\$28,534	\$9,009	\$194.33
81	141-07-1180	\$28,582	\$9,024	\$194.64
82	141-07-1190	\$32,916	\$10,392	\$224.22
83	141-07-1200	\$32,748	\$10,339	\$223.02
84	141-07-1210	\$28,541	\$9,011	\$194.33
85	141-07-1220	\$28,274	\$8,927	\$192.53
86	141-07-1230	\$39,149	\$12,361	\$266.68
87	141-07-1240	\$36,997	\$11,681	\$252.04
88	141-07-1250	\$32,061	\$10,122	\$218.34
89	141-07-1260	\$36,439	\$11,505	\$248.26
90	141-07-1270	\$31,055	\$9,806	\$211.53
91	141-07-1280	\$26,326	\$8,312	\$179.20
92	141-07-1290	\$23,649	\$7,468	\$161.14
93	141-07-1300	\$26,327	\$8,312	\$179.20
94	141-07-1310	\$28,963	\$9,144	\$197.20
95	141-07-1320	\$25,409	\$8,023	\$173.03
96	141-07-1330	\$24,103	\$7,609	\$164.13
97	141-07-1340	\$24,094	\$7,607	\$164.13
98	141-07-1350	\$24,526	\$7,743	\$167.02
99	141-07-1360	\$28,278	\$8,928	\$192.53
Common Area A	141-07-1370	\$550	\$525	\$11.30
Common Area B	141-07-1380	\$550	\$525	\$11.30
Common Area C	141-07-1390	\$550	\$525	\$11.30
<b>Total</b>		<b>\$3,083,634</b>	<b>\$975,154</b>	<b>\$21,034</b>

# Zoning and Other Land Use Regulations

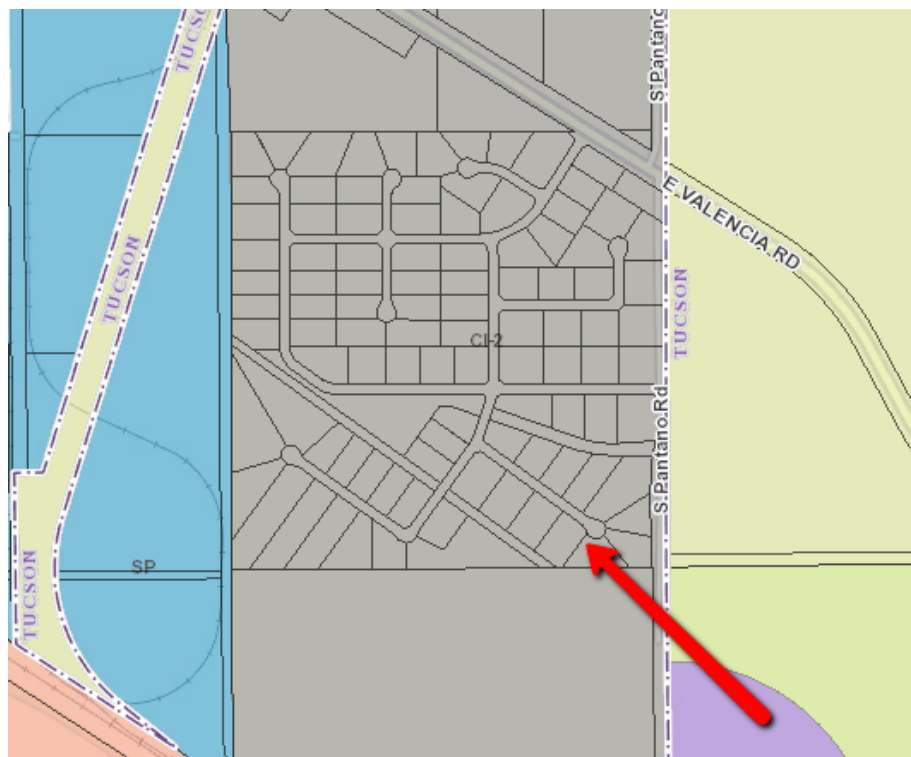
## Zoning

CI-2, Industrial, Pima County

The CI-2 zoning designation permits a variety of industrial and commercial uses with the following development standards:

DEVELOPMENT STANDARDS	
CI-2, General Industrial	
Minimum site area:	None
Minimum Setbacks	
Front:	15'
Side:	0
Rear:	10'
Maximum Height:	54'
Maximum height restricted to 39' if non-industrial use	
Source: Pima County	

## ZONING MAP



## Other Land Use Regulations

The underlying land use designation for the subject in accordance with the Pima County General Land Use Plan is MA, Military Airport.



**Military Airport (MA)**

- a. Objective: To recognize Davis-Monthan Air Force Base (DMAFB) as a unique and significant factor in shaping the history, character, and economy of Eastern Pima County; provide guidance for future compatible land uses to promote the health, safety and welfare of the community; and, to promote the long-term viability of the base and its missions.
- b. Residential Gross Density: New residential development is not a compatible use.

**GENERAL LAND USE PLAN**



The property is also within the Approach-Departure Corridor 2 (ADC-2), which consists of accident prone zones in the first 30,000 feet of the Approach-Departure Corridor at the southeastern end of the main Davis Monthan AFB runway.

#### Compatible Uses Permitted within the ADC-2

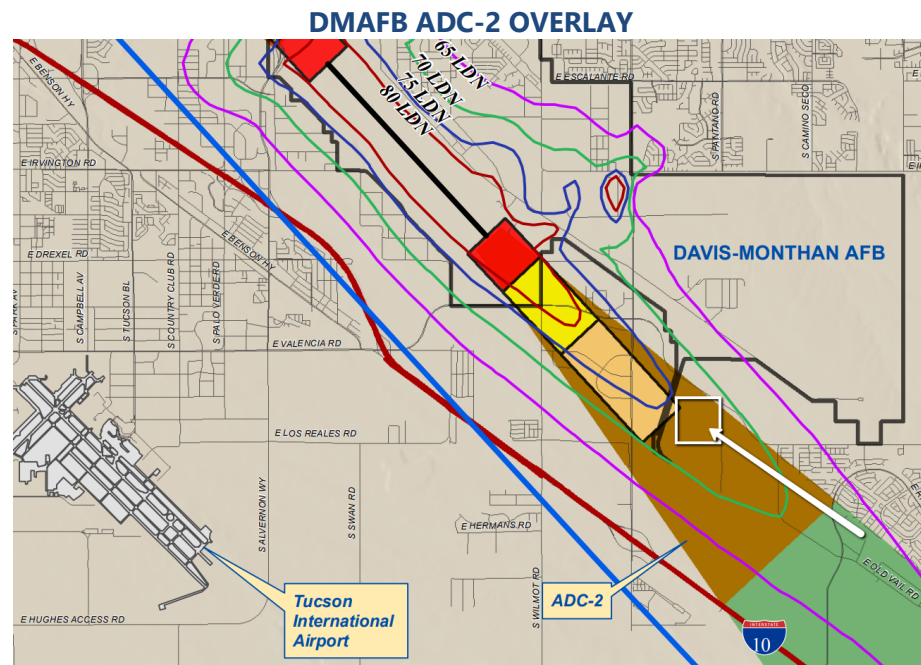
- General Agriculture/Livestock (excluding accessory retail sales)
- Cemeteries
- Rail Lines, Roadways, Vehicle Parking
- Agriculture processing and services
- Wholesale Trade and Distribution, except chemical, petroleum, and rubber products or other hazardous or highly flammable materials.
- Manufacturing and Industrial Processing, except chemical, petroleum, and rubber products or other hazardous or highly flammable materials.
- Communications Facilities and Utilities
- Outdoor recreation (not including places for people to gather)
- Government Services, but not including landfills, facilities which provide services directly to the public or places of public assembly, or facilities providing services that are critical for public health and safety.

#### Current Use Standards within the ADC-2:

- Intensity of Use: Not to exceed 20 employees per acre of net lot area
- Minimum planned area development shall not be less than 5 acres
- Maximum floor area ratio shall not exceed 30% of gross site area

The subject plat was approved prior to the ADC-2/ JLUS regulations which placed a minimum lot size of 5 acres on land within the ADC-2. The smaller subject lot sizes are permitted as a legal non-conforming grandfathered use.

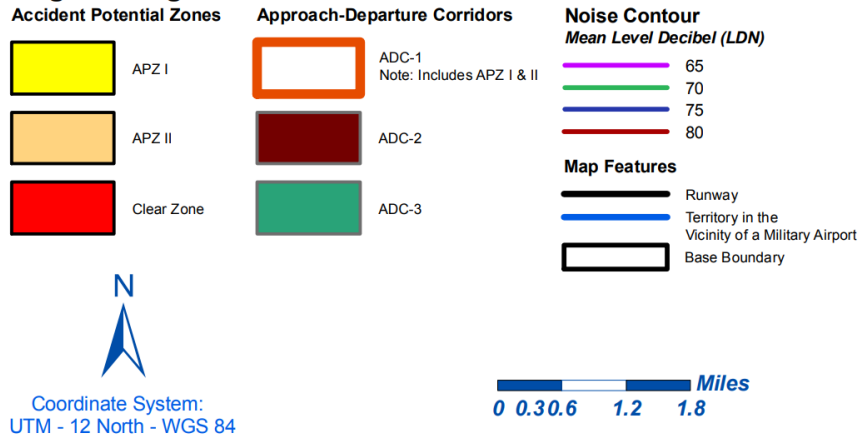
The site is also within the Noise Control District B, which is the high-noise area inside of the 70 Ldn noise corridor, with noise levels of 70 Ldn or greater.



## Davis-Monthan Air Force Base

Tucson, Arizona

### Legend: High Noise & Accident Potential Zones



**Table 5-1: Noise Compatibility Criteria**

Use <sup>1</sup>	Over 80 Ldn	75 – 80 Ldn	70 – 74 Ldn	65 – 69 Ldn
Residential	N	N	N	N
Outdoor Public Assembly, including stadiums, and amphitheaters	N	N	N	N
Hospitals, Clinics, Extended Care Facilities, and Nursing Homes	N	N	N	N
Elementary and Secondary Schools	N	N	N	N
Other Educational Facilities, including Colleges and Trade Schools	N	N	N	N
Cultural Activities (including Libraries, Museums, Auditoriums, and Concert Halls) and Religious Facilities	N	N	N	N
Cemeteries	N	N	N	Y
Arenas and other similar places of Indoor Public Assembly	N	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Indoor Recreation (including clubhouses, swimming pools, etc.)	N	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Retail Sales	N	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Restaurants, Eating and Drinking Establishments	N	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Hotels, Resorts, and other Lodging Facilities	N	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Business, Personal, and Professional Services, including General Offices and Clinics	N	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Government Services	N	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Professional and Scientific Equipment Manufacturing	N	Y <sup>2,3</sup>	Y <sup>2,3</sup>	Y <sup>2,3</sup>
Agricultural Processing and Services	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Wholesale Trade and Distribution	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Manufacturing and Industrial Processing	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>
Rail Lines, Roadways, and Vehicle Parking	Y	Y	Y	Y
Communications Facilities and Utilities	Y	Y	Y	Y
Outdoor Recreation	Y	Y	Y	Y
Agriculture (not including processing and services)	Y	Y	Y	Y

**Notes to Table 5-1:**

<sup>1</sup>Except as expressly identified in Table 5-1, compatibility of accessory or secondary uses shall be determined based on the primary use, and not based on the primary use (e.g., restaurants accessory to Lodging shall be considered as lodging uses).

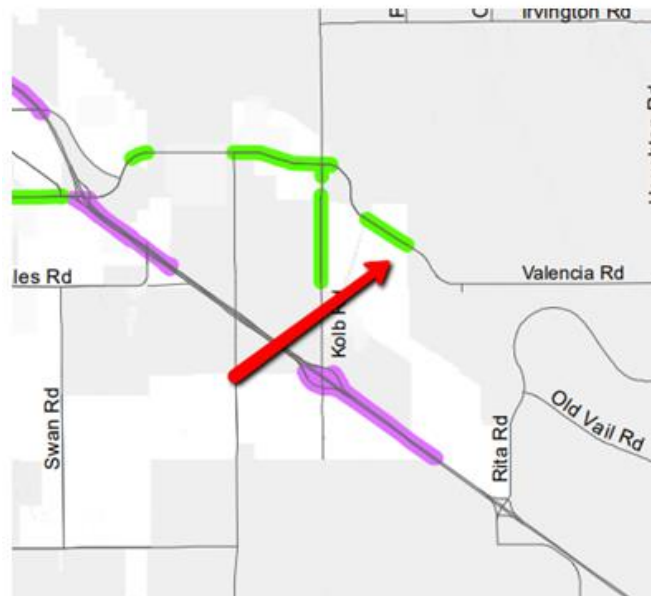
<sup>2</sup>With appropriate sound attenuation in conformance with the noise-attenuation standards contained in ARS §28-8481 (K) and §28-8482.

<sup>3</sup>Uses involving highly sensitive processes or equipment may not be suitable.




## Plat Requirements

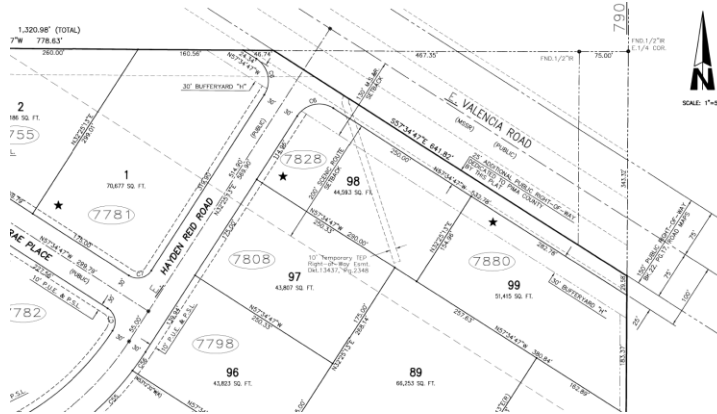
The subject was approved for a 99-lot platted industrial subdivision, VP Commerce Center, by Pima County and recorded November 23, 2010. Permitting Notes significant to the development of the property, as platted are reproduced below:

4. Plat is subject to Pima County Ordinance 18.11.040 in reference to setbacks for Major Streets and Scenic Routes. Fronting the subject, Valencia Road is considered a Major Scenic Route. Buildings within 200 feet of the right-of-way are limited to a maximum height of 24 feet. All buildings or structures shall have setback requirements of half of the required future right-of-way width according to the Major Streets and Scenic Routes Plan. The required setback line is marked on the Final Plat.



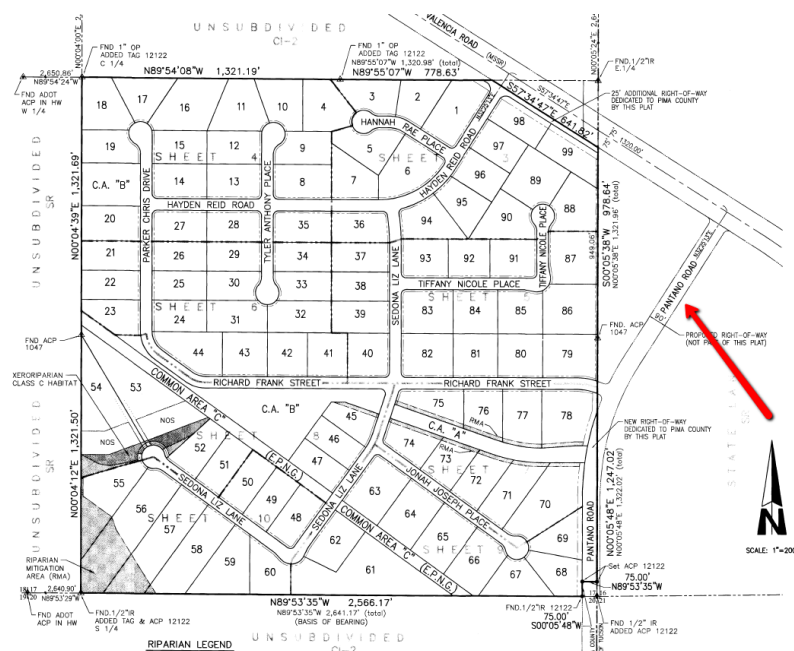
**TRANSPORTATION PLAN SYMBOLS**

-  Scenic, Major Route
-  Scenic, Not Major Route
-  Scenic, State or Interstate Highway



8. Phase 2 drainage improvements must be constructed prior to the development of any lots in Phase 2 or Phase 3 (Lots 40-99).

10. No building permits are to be issued for the 40<sup>th</sup> lot until a second access point to Valencia Road, in addition to "Hayden Reid". Phase 1 assurances are not to be released until Phase 1 improvements to Valencia Road are constructed. I contacted Mark Holden, Pima County Development Services Director, along with Lauren Ortega, Deputy Director of Building and Site Improvement at Pima County in regards to this requirement. Both Mark and Lauren reported that the second access point will still be required if the 99 lots are developed and is indicated on the plat map below. The second access point will require an easement across State land. Estimated costs are unknown. Mark Holden confirmed that the second access point requirement will be waived under the Restricted Use Easement for Parcel A, which allows 43 lots to be developed.





Neither Mark nor Lauren were able to determine what 'improvements to Valencia Road' were necessary for the Phase 1 assurances. The improvement requirements were originally set forth in a traffic study which is no longer in the file at Pima County. Mr. Boccardo reported that the improvements referenced a center turn lane which was already completed by Southwest Gas to service their property to the north. It is an extraordinary assumption of this report that the road improvements to Valencia Road have been satisfied to issue assurances for Phase 1 lot development.

11. No building permits are to be issued for the 75<sup>th</sup> lot until a signal warrant analysis is submitted and approved by PCDOT traffic engineered for the intersection of Valencia Road and the new Pantano Road alignment, if and when a signal is warranted, the developer will install signal. As discussed previously, only an analysis is required at this time, which may or may not warrant a traffic signal requirement, although it is highly likely. Bill Strickler, traffic engineer, provided a rough estimate of potential costs of a traffic signal at \$500,000 to \$1,500,000.

## **Conclusion**

The subject zoning permits a variety of industrial and commercial uses. The location within the AEZ, NCD-B, and ADC-2 prohibit residential uses along with industrial or commercial uses with high employee densities. The approved subject plat requires various phased road and drainage improvements prior to lot permit releases.

## Highest and Best Use

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The Highest and Best Use of a property is “the highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonable near future.” (UASFLA)

### Analysis of Highest and Best Use as if Vacant

#### Legally Permissible

The subject is zoned CI-2, industrial, under the Pima County Zoning Code. The zoning allows a variety of industrial and commercial uses. The subject is also located within the Airport Environs Zone, the Approach Departure Corridor 2, and the Noise Control District B overlay. The additional overlays prohibit residential development and restrict industrial or commercial development to uses with a maximum of 20 people per acre of net lot area. The subject plat was approved prior to the minimum site size requirement and the lots are considered a legal non-conforming use. The subject lots permit maximum site coverage of 30%. Rezoning is unlikely.

#### Physically Possible

The subject contains 158.05 gross acres (139.13 net acres) and is platted for 99 industrial lots which average 1.30 acres each. The size is sufficient for most development. The property has paved arterial access from Valencia Road, although the frontage window is small. The site is generally level and outside the 100-year floodplain. Riparian areas have been mitigated and reduced to small areas within the plat. Electricity is available to the site, which lacks water and sewer capacity for industrial development. Water and sewer extension costs and connection fees are financially prohibitive. The site has been approved for a waiver to utilize septic systems for wastewater requirements. Individual septic systems are estimated to cost \$6,650 per unit. Additionally, the property owner has obtained approval for the formation of a domestic water improvement district. However, a commercial well is still required which has an estimated cost of \$512,988 for the drilling, installation, storage, and pumping equipment. Surrounding land uses are vacant land and/or industrial development. The physically possible uses for the site include investment or industrial development, as small individual lots per the plat, or as a large single industrial user (if replatted).

#### Financially Feasible

After determining the uses that are physically possible and legally permissible, an appraiser considers the uses that are likely to produce an adequate return on investment based on a cost/benefit analysis or through direct market observation. The current zoning permits a variety of industrial uses, limiting users to those with low employment densities of 20 or fewer per acre. Physical and legal restrictions limit the site to two options: industrial lot subdivision development and sell out of 99 lots, or investment/ single large industrial use (if replatted). The feasibility of each potential use is considered within this analysis.

### **Analysis of Industrial Subdivision Development**

The subject is currently platted for 99 industrial lots. Bulk sales of platted industrial land parcels were not discovered. A discounted cash flow is developed to test the financial feasibility of developing the subject lots for sell-out. Given the size of the development, phased construction would be prudent. I interviewed area brokers in regards to industrial subdivision development on the property. Their opinions and comments are provided in the table below and are considered throughout this analysis.

Broker	Company	Lot Price Opinion	Absorption Opinion	Septic Influence	Comments
Paul Hooker	PICOR	Above \$1.50/S.F.	3 or less/year	Septic systems are not a big deal for smaller users if the price point is right.	There is not a lot of demand for new construction as costs are too high. Buyers are only looking for lots to build on if they need yards and have exhausted all other options.
Jessee Blum	CBRE	\$1.50 - \$2.00/S.F.	2-3/year	Septic systems are not a negative factor for small users	There is a significant demand pool for small users, but there is lots of competition both for lots and existing space. Spec building is not supported due to high costs of construction compared to low rental rates.
Rob Glaser	PICOR	\$1.50 - \$2.00/S.F.	3/year	Septic systems are a huge negative for larger users and many won't even consider a site which does not have sewer. Smaller users have some negative perceptions towards septic systems, but will make it work, especially if the land is priced attractively.	Demand for industrial land is very low in the subject area.
Tim Healy	CBRE	Less than \$2.50/S.F.	At least 20 years to absorb 99 lots in the subject area	Smaller users do not care about septic vs. sewer. Larger corporate users tend to have high water operations which would require sewer.	There is good demand for small users in the market, but new construction cannot compete with existing inventory for costs. There is a limited market for one acre lots, but there is also a tremendous amount of competition in the Southeast and Airport submarkets
Steve Cohen	PICOR	Under \$2.00/S.F.; maybe as low as \$1.25/S.F. due to septic	Less than 3/year	Septic systems are viewed negatively. The property would need to compete on price as buyers have too many options.	There is currently no speculative building due to the huge gap between costs to build and existing building prices. Bulk pricing for a large industrial site is under \$1.00/S.F., maybe in the \$.80/S.F. to \$.90/S.F. range.



The map displays the Davis-Monthan Air Force Base in Tucson, Arizona, and its surrounding industrial and commercial areas. Key features include:

- Airport Run:** Located near the Tucson International Airport.
- Swan Eco-Industrial:** Situated south of the airport.
- Southpointe Industrial:** Located east of the base.
- Subject VP Commerce:** A yellow circle marking a specific location east of the base.
- Rita Ranch Commerce Center:** Located further east, near S Rita Rd.
- Davis-Monthan Air Force Base:** The central focus of the map, showing its extensive grounds and internal roads.
- Major Roads:** E Irvington Rd, E Valencia Rd, S Alvernon Way, S Tucson Blvd, S Park Ave, S Wilcox Rd, S Kolb Rd, S Rita Rd, and S Harrison Rd.
- Highways:** I-19 and I-10 are shown.
- Other Landmarks:** Tucson International Airport, Davis-Monthan Air Force Base, and various industrial and commercial zones.

Based on comparable data found in the market, supported by broker comments, I estimate an average lot price for the subject at \$1.75/S.F. which considers the subject location, lot sizes, and septic use. The average lot size within the development is 1.30 acres for an estimated average lot price of \$99,099, rounded to \$100,000 (1.30 x 43,560 x \$1.75). The average lot price assumes a developed lot with paved access, an installed septic system, electricity, and water lines to the lot.

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Development	2019 taxes - Similar Sized Parcels
Airport Run	\$1,435 - \$1,737
Southpointe Industrial Park	\$1,237 - \$1,449
Rita Ranch Commerce Center	\$495 - \$2,597
Swan Eco Industrial Park	\$701 - \$786

Development costs would include an interior roadway to each lot, electric, and water lines to each lot and an installed septic system. Dirt Works Contracting estimated \$25,000/lot development cost which includes asphalt paved interior roads, grading, and water and electricity stubbed out to each lot. It does not include the cost of the well or the individual septic systems. The well cost was previously reported at \$512,988 and is applied in Year 1. Individual septic systems, installed, were reported at \$6,650/lot and are applied at the time of lot sale with costs increasing at 3% per year. It is assumed that the developer would incur this cost, as it is customary in the market for finished industrial lots to include all utilities, and the prices reflect this condition. The remaining lot development costs of \$25,000/lot are applied assuming 25 lots finished every 5 years (with 24 lots finished in Year 16). A 3% annual increase in costs are applied. Note that a second access point will be required prior to development of Lot 40 and a traffic signal may be required prior to development of Lot 76. These costs are unknown and not applied within this analysis, resulting in an overstated present value conclusion under the subdivision lot development scenario. This analysis is to test financial feasibility only in comparison to abandoning the plat for investment or single user development.

A developer's profit of 10% is applied along with commissions and administrative costs at 7%. Lot values and expenses are appreciated at 3%. A discount rate of 10% is applied.

The present value of the subject property, as developed through a subdivision cash flow analysis with the market derived assumptions, is \$1,004,370, rounded to \$1,000,000. Recall this is an overstated estimate as the potential costs for a second access point and traffic signal have not been included. This yields a 20 year absorption period and equates to \$0.15/S.F. **This is not a market value conclusion but merely a test of feasibility for an optional program of utilization.** The industrial subdivision option is marginally financially feasible but has increased risk and downside resulting from required upfront development costs and potential future costs from a second access point and traffic signal requirement.