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JOSEPH L. BETTENDORF, M.A.I.

*Realtor - Appraiser - Consultant*

AN APPRAISAL REPORT

of

PARCEL NO. 42

257 East Fairfield Avenue  
St. Paul, Minnesota

Owner - Ann Nicol

for

The Port Authority of the City of St. Paul  
60 East Fourth Street  
St. Paul, Minnesota

by

Joseph L. Bettendorf, M. A. I. - S. R. A.  
232 Minnesota Building  
St. Paul, Minnesota



**JOSEPH L. BETTENDORF, M.A.I.**

MEMBER  
ST. PAUL BOARD OF REALTORS  
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SOCIETY OF RESIDENTIAL APPRAISERS

*Real Estate Appraisals - Consultant - Analyst*

CA. 4-2002

MINNESOTA BUILDING

ST. PAUL 1, MINNESOTA

May 28, 1962

The Port Authority of the City of St. Paul  
60 East Fourth Street  
St. Paul, Minnesota

Re: PARCEL NO. 42  
257 E. Fairfield Avenue  
Ann Nicol

Gentlemen:

In accordance with your request I have made a careful inspection of the captioned property, which is more particularly described elsewhere in this report, and have made a study of conditions affecting its value.

By virtue of my investigation I have formed the opinion that the market value of the subject property, as of May 23, 1962, is:

THIRTY ONE THOUSAND DOLLARS - - \$ 31,000.00

It will be noted in the replacement cost approach that the cost of the bar, back-bar, booths, walk-in cooler, and air conditioning unit have been included. A legal determination may be required as to whether or not these items consist of personal property or real property, inasmuch as they are, in a sense, attached and constitute an essential part of this operation. This would be especially true insofar as the bar, back-bar, and booths are concerned.

Your attention is invited to data and discussions following which, in part, form the basis of this conclusion.

Respectfully submitted,

JOSEPH L. BETTENDORF, Appraisals

By:

*J. L. Bettendorf*  
J. L. Bettendorf, M.A.I.  
Cert. No. 2288

JOSEPH L. BETTENDORF, M.A.I.

*Realtor - Appraiser - Consultant*

SALIENT FACTS AND CONCLUSIONS

MARKET VALUE ESTIMATE \$ 31,000.00

SIZE OF PARCEL Irregular - 49/57' x 50'  
2,650 square feet.

SIZE OF BUILDING 53/48 x 40' or Approximately 2,020 sq. ft.

AGE OF BUILDING Recorded as "Old"  
Front of building has been renovated.

TAXES \$ 265.04 Homestead

ASSESSOR'S FULL AND TRUE VALUE

Land \$ 700.00

Building \$ 4,000.00

THE PROPERTY

The subject property comprises an irregular corner site improved with a two story brick building. The property is located in Marshall's Addition, within the corporate limits of the City of St. Paul, in a sector commonly referred to as the "West Side". The property is more particularly located at the northwest corner of State Street and Fairfield Avenue, approximately four blocks northeast of heavily travelled South Robert Street. The site has corner influence and an estimated area of 2,650 square feet. The parcel has a 49 foot frontage on Fairfield Avenue and slightly in excess of 50 feet of frontage on State Street. The site is comparatively level and sets approximately at street grade. No drainage problems are in evidence.

The utilities serving the subject property are public water, public sanitary sewer, gas, electricity, hard surfaced street, curb and sidewalk.

PROPERTY RIGHTS TO BE APPRAISED

Title in fee simple, unencumbered, subject to usual easements for utilities, if any.

ZONING

The zoning of the subject site is "Heavy Industrial".

LEGAL DESCRIPTION

Except the Southwesterly Seventy-one (71) feet of Lot Eleven (11), Block Seven (7), Marshall's Addition, Ramsey County, Minnesota.

HIGHEST AND BEST USE

The present program of utilization is considered the highest and best use of the subject property.

DEFINITION OF MARKET VALUE

Market value is the highest price expressed in terms of money which the property will bring when exposed for sale in the open market with a reasonable time allowed to find a purchaser buying with a full knowledge of all the uses and purposes to which it is adapted and for which it is capable of being used.

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*Realtor - Appraiser - Consultant*

PURPOSE OF THE APPRAISAL

To estimate the market value of the subject property as of May 23,  
1962.

BUILDING DESCRIPTION

The property consists of a two story, brick building with a full basement and a built-up roof. The first floor is divided, basically, into two units. The unit on the right, which is presently utilized as a bar is finished with rubber tile over hardwood floors, knotty pine panelled walls, and tile ceiling. It contains five booths, bar, and indirect lighting. To the rear of this unit are two partitioned off rest rooms. To the left of the tavern is another store unit. The ladies rest room is finished in drywall, plywood ceiling and concrete floor, and contains one water closet. The mens rest room is finished in drywall, plywood and drywall ceiling, concrete floor and has a urinal and water closet.

The second store unit is partitioned off into basically two rooms. The front portion, or larger area, is finished with lath and plaster walls, asphalt tile floor, tile ceiling. This portion of the store has been used for weekly rummage sales. A storage room is partitioned off to the rear which is finished with linoleum floor, tile ceiling, lath and plaster walls. The partitioning is drywall. This room has hot and cold running water with sink.

The basement under the bar section of the building has limestone foundation walls and dirt floor. Joists are 2" x 14", 16" on center. Subflooring is varied (1" x 12" and 1" x 10"). A limestone bearing partition wall divides this portion of the basement from the remaining portion of the basement which lies under the second store unit. Additional support is provided by 6" x 8" wolid wood beams supported by 6" x 8" wooden posts, and a 6" steel "I" beam. The heating unit is forced air gas (converted). At the northeast section of the basement is a concrete slab formerly used to store coal. Also in this portion of the basement is a walk-in cooler or refrigerator unit. Hot water is provided by a 30 gallon automatic gas water heater (American Standard). Access to the balance of the basement is provided in the second store unit. That portion of the basement has limestone foundation walls and dirt floor. Subflooring is 1" x 18"; joists are 2" x 14", 16" on center.

The portion of the basement under the tavern is 8'9" from the dirt floor to the subflooring. The balance of the basement is somewhat deeper.

The second floor has been divided into two separate apartment units. The first apartment, facing State Street on the East, has basically five rooms: kitchen, living room, dining room, 2 bedrooms and a bath.



BUILDING DESCRIPTION - Con't

The walls are lath and plaster, trim is softwood - painted. The dining room and living room have wall-to-wall carpeting; bedrooms have linoleum; kitchen and bath have asphalt tile. One of the bedrooms is located immediately off the kitchen and has no closet. The bath has a water closet, lavatory and tub. The second bedroom has a large walk-in closet which was formerly a portion of the second floor hall. Heat is provided by a space heater.

The second apartment is similar to the first in room arrangement and has also five rooms - living room, dining room, 2 bedrooms and bath. The walls are lath and plaster, trim is softwood - painted. The floors in the two bedrooms, living room, and dining room are linoleum. The kitchen floor is asphalt tile, the bath is linoleum and tile. One of the bedrooms is located immediately off the kitchen and has no closet. The apartment unit is heated with a space heater. The bath has two fixtures and tub. This apartment lacks maintenance and needs decorating.

At the rear of the building is a frame, open porch which also provides access to the second floor from the rear. The tavern portion of the first floor is served with an air conditioning unit which is stored, in part, on the rear porch, off the second floor.

The building has undergone some renovation, specifically, a new brick front, new chimney, and new aluminum cornice. The renovation also included vertical exterior board panelling in addition to the brick. The building, in general, reflects adequate maintenance and appears to be structurally sound.

REPLACEMENT COST APPROACH

40' x 50.5' x 2 =	4,040 sq. ft.	Calculated Area	
\$12.50 per sq. ft. x 4,040 sq. ft. =		\$ 50,500.00	
Less Depreciation, all phases		<u>\$ 25,250.00</u>	
Depreciated Replacement Cost of Building - - - -		\$ 25,250.00	
Depreciated Replacement Cost of Porch		\$ 250.00	
Depreciated Replacement Cost of Air Conditioning Unit		\$ 1,200.00	
Depreciated Replacement Cost of Bar, Back-bar		\$ 500.00	
Depreciated Replacement Cost of one 6' and one 4' cooler		\$ 500.00	
Depreciated Replacement Cost of Walk-in Cooler		\$ 350.00	
Depreciated Replacement Cost of Booths		\$ 300.00	
LAND VALUE		<u>\$ 2,650.00</u>	
		\$ 31,000.00	

INCOME APPROACH

This portion of the appraisal process estimates the value of a property based upon its ability to earn a return on an investment. Based upon the rentals that can be anticipated, a determination as to the net return that an owner-investor can realize from a capital outlay can be determined. The capitalization rate is generally found in the market, based upon sales of other known properties, and can readily be determined. Hence, after processing the income stream, an estimate of value can be arrived at based upon the effective net income.

In analyzing the subject property, its type of operation, the economic background of the area, and based upon past history, it appears a good investment for an owner-operator. This is also typical to this type operation and sales of taverns that operate as a going business are very few. The sales of taverns that could be obtained and studied were placed on the market because the net operation did not produce an effective net income to warrant an investment. This can be attributed, basically, to location and improper management.

In this instance the owner occupies one of the apartments on the second floor which is in excellent condition and has been very well maintained. The other apartment on the second floor has been rented to the same tenant, unheated, unfurnished, for a long period of time, for \$45.00 per month. In inspecting the property, it was concluded that, based upon other known rentals in this area, this apartment would bring \$50.00 per month, unfurnished, unheated.

On the first floor the building is generally divided between the tavern, which has an on-sale 3.2 beer license, and a store presently rented out for rummage sales but was formerly a restaurant. The owner is of the opinion that the greater net income can be obtained with less maintenance and management by renting this portion of the building occasionally for rummage sales, and this rate has been established at \$10.00 per day, net to the owner. However, in viewing the accommodations for the purpose of this appraisal, a rental of \$50.00 per month was established, which appears in line in light of the accommodations offered.

The tavern itself was studied and it was concluded that a rental of \$150.00 per month would reflect the market attitude for an operation such as this.

INCOME APPROACH - Con't

The obligation of the owner would be taxes, insurance, management, and a small reserve for replacements, with maintenance and repair being done by the tenant, such as is typical to properties in this area. Management has been included, however, generally speaking, management is done by the owner-investor, and it is concluded that under these circumstances this item of expense is earned by the owner because of the time element expended to manage a property.

In view of the condition of the owner's apartment, it was concluded that \$65.00 per month, unheated, unfurnished, would be obtainable in the market.

Following is a recapitulation of the gross income:

Apartment No. 1 (owner's)	\$65.00 x 12 =	\$ 780.00
Apartment No. 2	\$50.00 x 12 =	\$ 600.00
Rear Store	\$50.00 x 12 =	\$ 600.00
Tavern	\$150.00 x 12 =	\$ <u>1,800.00</u>
		\$ 3,780.00

SCHEDULE OF EXPENSES

Vacancy (nominal - 5%)	\$ 189.00	
Taxes	265.00	
Insurance	300.00	
Management	220.00	
Reserves	<u>150.00</u>	
	\$ 1,124.00	\$ <u>1,124.00</u>
	Effective Net Income - - - - -	\$ 2,656.00
	\$2,656.00 Capitalized @ 8.5% =	\$ 31,247.00

Rounded to - - \$31,250.00





CORRELATION AND CONCLUSION

MARKET VALUE ESTIMATE

\$ 31,000.00

Having carefully considered the class and character of the property under appraisal, together with a full knowledge of the purpose of the appraisal, it is concluded that the estimate of value as indicated in this report is in reasonable relation to the current market attitude.

The peculiarities of this type operation present problems that must be analyzed in order to arrive at a reasonable conclusion of value.

It is noted that the replacement cost approach, the income approach, and the market data approach are all in reasonable relation to each other. A so-called "grey" area exists concerning the determination as to whether certain items are personal property or real property and, for the purpose of this appraisal, they have been included as real property inasmuch as they are designed and installed to handle this specific property under appraisal. They would have very little, if any, value from a market standpoint if they were to be moved. In all probability, they would not be suitable or fit in another building without alterations that may prove to be disproportionately expensive.

A study of the market indicates that a 3.2 operation in many other locations is not successful to the extent that it provides a suitable and adequate return. There are generally no problems connected with obtaining a 3.2 license inasmuch as no limitation is placed on this type operation as opposed to hard liquor. Hence, no increment exists but in the location by virtue of this operation. It is noted that the subject is successful and has been successful since its inception some seven or eight years ago, and falls in the category of a going business sale rather than a forced sale because of an unsuccessful operation.

Based upon the information contained in this report, it is concluded that the market value estimate, as indicated, is in reasonable relation to the current market attitude, after an analysis and consideration of all factors.

CONTINGENT AND LIMITING CONDITIONS

The legal description furnished us is assumed to be correct.

I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is assumed to be good. All existing liens and incumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and/or competent management.

This appraisal is to be used in whole and not in part by the applicant or by others having written consent of the applicant.

I have made no survey of the property and assume no responsibility in connection with such matters.

I believe to be reliable the information contained in this report and furnished to me by others, but I assume no responsibility for its accuracy.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without the previous written consent of the appraiser or by the applicant and in any event only with proper qualification.

I am not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.



JOSEPH L. BETTENDORF, M.A.I.

*Realtor - Appraiser - Consultant*

CERTIFICATION

I, the undersigned, do hereby certify that I have no present or contemplated future interest in the property appraised, that the compensation for the appraisal is in no manner contingent upon the value reported, and that to the best of my knowledge and belief, the statements and opinions contained in this appraisal are correct, subject to the limiting conditions hereinafter set forth; also that this appraisal has been made in conformity with the Rules of Professional Ethics of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.

*Joseph L. Bettendorf,*

M. A. I. - S. R. A.

APPRAISING QUALIFICATIONS

MEMBERSHIP

American Institute of Real Estate Appraisers  
Charter Member of Minnesota Chapter No. 35  
Member of Education Committee. Director 1959, 1960, 1961  
Society of Residential Appraisers—Senior Member  
Past President, Secretary-Treasurer, Vice President, of Minnesota Chapter No. 16. Director—1960  
St. Paul Board of Realtors  
Director—1959, 1960, 1961  
National Association of Real Estate Boards  
Minnesota Association of Realtors  
American Right of Way Association  
Charter Member of Minnesota Chapter No. 20  
Urban Land Institute

EDUCATION AND GENERAL EXPERIENCE

American Institute of Real Estate Appraisers, Michigan State University, East Lansing, Urban 11, Real Estate  
Nine years consisting of property management, brokerage, residential construction and appraisals of real estate  
Numerous FHA training courses  
Eleven years with Federal Housing Administration as staff appraiser  
Engaged in the appraisal of real estate as a profession, exclusively, since 1940

INSTRUCTOR

St. Thomas, Macalester and Augsburg Colleges on the "Principles of Real Estate Appraising" for the Society of Residential Appraisers

APPRAISAL ASSIGNMENTS

St. Paul Housing and Redevelopment Authority; Minnesota State Highway Department; Villages of Roseville, Maplewood and Arden Hills; Moundsview Township; City of Stillwater, Board of County Commissioners; General Mills, Inc.; Minnesota Mining & Manufacturing Co.; Union Carbide and Carbon Corp.; Remington Rand; Minnesota Mining and Manufacturing Co.; Whirlpool Corp.; American Can Co.; Mortgage Guaranty Insurance Corp.; H. & Val J. Rothschild; Clapp-Thomssen Co.; Northern Pacific Railway; Banks and Savings and Loan Assns.; Shopping Centers; Fee Appraiser for Veterans Administration; Federal Housing Administration as Appraiser, Senior Subdivision Appraiser, Review Appraiser; Numerous Private Clients. Qualified in district court as expert witness. Served as commissioner in condemnation. Consultant in subdivision analysis and land planning.