

July 18, 2018



Staff Land Valuation- Aurora Expansion

Proposed by Nate Carlson, Economic Development Coordinator

According to City Attorney and consultation with a local appraiser, the City of Northfield has complete authority to set a land value when negotiating a purchase with a potential buyer. Staff has arrived at a valuation for the property in question, 0.35 acres of current park land, to assess to the buyer, Strobel and Werner Real Estate Holdings Incorporate (dba Aurora Pharmaceutical). The following is a detailed explanation of the calculation used to arrive at the current land valuation of \$22,716 (i.e. \$1.47 per foot).

Reviewing the purchase price of the park land for the three parcels acquired by the City for the Cannon Valley Trail in 2014, I arrived at a pure park land valuation of \$0.06 per square foot. However, this project will have commercial improvements on the conveyed land and cannot solely be valued at park land. Therefore, this land requires a hybrid valuation between commercial and park land.

For the commercial aspect of the land valuation, I utilized the total areas of the adjacent commercial parcels to the Aurora facility and the total assessed land values as documented by the Rice County Assessor's Office. The adjacent parcels totaled six parcels between Jefferson Parkway and Babcock Lane directly West of State Highway 3. The valuation I arrived at for a pure commercial land is \$2.88 per square foot. This value may not reflect current market rate land values. However, the proposed land sale differs significantly from typical commercial land due to the fact that this land sale will have little to no improvements on this site that correlate to typical commercial improvements.

Utilizing the pure park land valuation and the commercial valuation, I arrived at a hybrid land valuation for this property to be \$1.47 per foot. This correlates to a 0.35 acres land cost of \$22,716 for Aurora.