
Appendix

K

Feasibility Study and Analysis
Bruckner, Tillett, Rossi, Cahill & Associates

**FEASIBILITY STUDY and
ANALYSIS of**
*A 70 Home Residential Development
Including 81 docks + 35 moorings on
Canandaigua Lake*
Town of Canandaigua
Ontario County, New York



BRUCKNER, TILLET, ROSSI, CAHILL & LEGRETT

A full service real estate appraisal, analysis and consulting group

1151 Pittsford Victor Road Suite 200 Pittsford, New York 14534

**FEASIBILITY STUDY and
ANALYSIS of**
*A 70 Home Residential Development
Including 81 docks + 35 moorings on
Canandaigua Lake*
Town of Canandaigua
Ontario County, New York

PREPARED
for
Mr Steven P Mancini
Managing Member
RSM Development
197 West Main Street
Victor, New York 14564

PREPARED
by
Christopher S Tillett, MAI, SRA
BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES
110 Linden Oaks, Suite B
Rochester, New York 14625

APPRAISAL DATE
December 1, 2007



BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES

A full service real estate appraisal, analysis and consulting group



BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES

A full service real estate appraisal analysis and consulting group

Christopher S. Tillett MAI SRA
Kevin L. Bruckner MAI
Alfred T. Rossi SRA
Patrick W. Cahill SRA

December 5, 2007

Mr. Steven P. Mancini
Managing Member
RSM Development
197 West Main Street
Victor, New York 14564

Dear Mr. Mancini:

At your request, I have enclosed a **Feasibility Study and Analysis** on the following property:

*A 70 Home Residential Development (proposed)
Including 81 docks + 35 moorings on
Canandaigua Lake
Town of Canandaigua
Ontario County, New York*

The purpose of the report is to analyze the feasibility of a 70 lot subdivision and conversion of the German Brothers Marina to a private use and an alternative use as a 35 lot subdivision and closure of the Marina. The report will be used to present to Town officials as in independent analysis of any cost benefits or losses from construction, occupancy and taxation to taxpayers of the Town of Canandaigua.

The conclusions are contained within the following written report with some supporting data retained within the office file.

Thank you for the opportunity to complete this report. If you should have any questions or need additional information, please call.

Sincerely,
**BRUCKNER, TILLET, ROSSI,
CAHILL & ASSOCIATES**

Christopher S. Tillett, MAI, SRA
NYS Certified Gen. I. R. E. Appraiser #46 4048

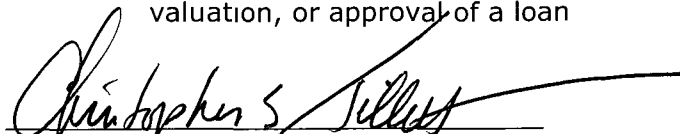
TABLE OF CONTENTS

Certification	2
Assumptions and Limiting Conditions	3
Competency Statement	4
Intended Use of the Appraisal	4
Market Value Defined	5
Estates Defined	5
Scope of Work	5
Summary of Salient Facts and Conclusions	7
Summary of Value Conclusions	8
Neighborhood & Market Description	9
Area Maps	10
Neighborhood Map	12
Subdivision Plan	13
Proposed Marina Improvements	14
Aerial View	16
Photographs	17
Highest and Best Use Summary	18
Estimated Absorption Rate & Period	19
Survey of Lakefront Home	21
Lakefront Home Sales Summary Chart	22
Canandaigua Lake Marina Survey	23
Real Estate Tax Analysis	25
Impact on Services - Schools	27
Impact on Police	30
Impact on Fire Services	30
Impact on Water, Drainage & Lighting	31
Subdivision Development Costs Estimate	33
Marina Contribution to Overall Development	33
Marina Development to Overall Development	33
Estimated Market Value of a Typical Lot	34
Subdivision Development Method	36
Summary of Assumptions and Analysis – 70 Lots	37
Summary of Value Conclusions	37
Summary of Assumptions and Analysis – 35 Lots	37
Summary of Value Conclusions	37
Reconciliation	40
Qualifications of Christopher S Tillett, MAI, SRA	42

CERTIFICATION

I certify that, to the best of my knowledge and belief

- ⇒ the statements of fact contained in this report are true and correct
- ⇒ the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions
- ⇒ I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved
- ⇒ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment
- ⇒ my engagement in this assignment was not contingent upon developing or reporting predetermined results
- ⇒ my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal
- ⇒ my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, this report conforms to the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA)
- ⇒ I have made a personal inspection of the property that is the subject of this report
- ⇒ no one provided significant professional assistance to the person signing this report
- ⇒ the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives
- ⇒ as of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute
- ⇒ as of the date of this report, I am a New York State Certified General Real Estate Appraiser, certification #46 4048, expiration November 18, 2009
- ⇒ this assignment is not based on a requested minimum valuation, specific valuation, or approval of a loan


Christopher S Tillett, MAI, SRA

Date December 11, 2007

ASSUMPTIONS AND LIMITING CONDITIONS

This analysis has been made with the following general assumptions

- 1 No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations Title to the property is assumed to be good and marketable unless otherwise stated
- 2 The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated
- 3 Responsible ownership and competent property management are assumed
- 4 The information furnished by others is believed to be reliable but no warranty is given for its accuracy
- 5 All engineering studies are assumed to be correct The plot plans and illustrative material in this report are included only to help the reader visualize the property
- 6 It is assumed that there are no hidden or unapparent conditions of the property subsoil or structures that render it more or less valuable No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them
- 7 It is assumed that the property is in full compliance with all applicable federal state and local environmental regulations and laws unless the lack of compliance is stated described and considered in the appraisal report
- 8 It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified described and considered in the report
- 9 It is assumed that all required licenses certificates of occupancy consents and other legislative or administrative authority from any local state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in the report is based
- 10 It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report
- 11 Unless otherwise stated in this report the existence of hazardous materials which may or may not be present on the property was not observed by the appraiser The appraiser has no knowledge of the existence of such materials on or in the property The presence of substances such as asbestos urea formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them The client is urged to retain an expert in this field if desired
- 12 I have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disabilities Act (ADA) It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act If so this fact could have a negative effect upon the value of the property Since I have no direct evidence relating to this issue I did not consider possible non compliance with the requirements of the ADA in estimating the value of the property

This report has been made with the following general limiting conditions

- 1 Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used
- 2 Possession of this report or a copy thereof does not carry with it the right of publication
- 3 The appraiser by reason of this appraisal is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made
- 4 Neither all nor any part of the contents of this report (especially any conclusions as to value the identity of the appraiser or the firm with which the appraiser is connected) shall be disseminated to the public through advertising public relations news sales or other media without the prior written consent and approval of the appraiser

This report has been made with the following specific assumptions or limiting conditions

The assumptions concluded within this report may be contingent upon approvals by the Town and satisfactory completion of the proposed improvements according to the plans and specifications outlined in this report The conclusions are also subject to current market conditions and may be impacted by unforeseen events that may alter market conditions prior to the effective date of the various conclusions contained herein

COMPETENCY STATEMENT

Prior to accepting this appraisal assignment, the appraiser was informed by the client as to the nature of the property, its location and the scope of work required. Based upon the appraiser's understanding of the appraisal problem, his/her knowledge and experience is such that he/she is able to complete this assignment competently. Reference is made to the appraiser's qualifications attached hereto.

INTENDED USE OF THE APPRAISAL

The intended use of the appraisal is to independently analyze the following:

- 1) Proposed development of 67 residential building lots, rehabilitating an existing home and privatizing the marina for home owners in relation to
 - a) determine feasibility of demand for proposed development
 - b) calculate real estate tax impact over a 20 year period
 - c) determine impact on services
 - d) are additional infrastructure costs offset by real estate taxes?
 - e) determine impact on schools, police and fire departments
 - f) analyze net impact of development on Town
- 2) Address alternative relating to fewer units, retain marina as a independent profit making entity serving the public at large
- 3) Consider no action
- 4) Calculate value added to each lot from individual boat slip, moorings, proposed community building and other services associated with the water access

MARKET VALUE DEFINED

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of the sale as of a specified date and the passing of title from seller to buyer under conditions whereby

- ◆ Buyer and seller are typically motivated,
- ◆ Both parties are well informed or well advised, and acting in what they consider their best interests,
- ◆ A reasonable time is allowed for exposure in the open market,
- ◆ Payment is made in terms of cash and U S dollars or in terms of financial arrangements comparable thereto, and
- ◆ The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale

Source *The Appraisal of Real Estate, 12th Edition* page 23 as quoted from the *Federal Register* vol 55 no 163 August 22 1990 pages 34228 34229

ESTATES DEFINED

Fee Simple *The absolute ownership unencumbered by any other interest or estate subject only to the limitations imposed by the governmental powers of taxation eminent domain, police power, and escheat* **Source** *The Appraisal of Real Estate, 12th Edition, page 69*

Leased Fee *An ownership interest held by a landlord with a right of use and occupancy conveyed by lease to others, the rights of lessor (the leased fee owner) and leased fee are specified by contract terms contained within the lease* **Source** *The Appraisal of Real Estate, 12th Edition, pg 81*

SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice (USPAP) as the type and extent of research and analysis in an appraisal assignment. The Scope of Work outlines the steps taken by the appraiser in this assignment to produce a credible appraisal report and a reliable value estimate. Prior to accepting this appraisal assignment, the client and appraiser agreed upon the Scope of Work necessary. Although not necessarily specific to Scope of Work in USPAP, the type of report format used to report the appraiser's findings, analysis and conclusions is also addressed.

The Scope of Work for this assignment is as follows

- Prior to accepting the assignment the intended users of the report the appropriate definition of Market Value and the interest to be appraised was identified Any special assumptions or limiting conditions were also discussed
- Once engaged the appraiser made contact with the property representative and inspected the property
- Relevant data for this analysis as it relates to the property and market was obtained from various public and private sources which are deemed to be reliable by the appraiser The verification of sale data absorption information rental data and other market data is made with a source involved with the transaction or who has specific relevant knowledge of the transaction
- The Scope of Work also identifies the type of report whether it is a *Comprehensive* analysis which includes the development of *all applicable* approaches a *Condensed analysis* which includes the development of the *most applicable* approach and *potentially a secondary approach* or a *Concise* analysis which includes *only the most applicable* approach Considering the Intent of the Report to assist the developer to determine feasibility alternatives and impact on the Town all applicable valuation tools will be employed to accomplish the Intent The report can best be described as a Condensed analysis since only applicable data relevant to the conclusions are included within the report Any other data is retained within the office files
- In this analysis the **Subdivision Development Method** has some applicability in order to analyze the current proposal and make a comparison to alternatives Current absorption data from competing area subdivisions was used to project absorption for the subject units There was only one proposed project similar to the subject currently known to the appraiser on Canandaigua Lake and pre sales have not occurred because of the incomplete approval process
- The **Income Capitalization Approach** is a function of the Subdivision Development Method (SDM) Profits from subdivision developments are derived as a development fee and during the building of individual homes Only subdivision development income is considered in the SDM
- The **Sales Comparison Approach** is applied in the valuation of a typical lot within the subject subdivision Completed subdivisions do not typically transfer leaving limited data available for direct comparison
- The **Cost Approach** use is extremely limited because of the lack of specific development cost data from the developer Market data from competing subdivisions on a development cost per lot will be used and this information will be applicable in the SDM
- The conclusions from the various approaches are reconciled in the Reconciliation section of the report
- The appraiser's findings and conclusions are contained in this **Summary Appraisal Report** in accordance with the *Uniform Standards of Professional Appraisal Practice* (USPAP)

Special conditions or circumstances of the assignment are as follows

- Hypothetical conditions and extraordinary assumptions are made because of the proposed status of the property including
 - Development of 69 building lots community building retention of a single family dwelling and converting the marina for homeowner use is a hypothetical condition
 - Potential to development the proposed improvements are an extraordinary assumption

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subdivision Name	Residences at West Lake Marine Club
Location	3950, 3907 & 3904 County Road 16 Town of Canandaigua Ontario County, New York
Owner of Record	RSM West Lake Road LLC
Deed Reference	<u>3950 CR 16</u> Liber 1125 Page 755 Recorded 8/20/2004
	<u>3907 CR 16</u> Liber 763 Page 614 Recorded n/a
Tax Map Number	112 000-01-024 100 #3950 CR 16 113 013-01-010 #3907 CR 16
Specifications	
Total Land Area	75 6± acres, total of 2 parcels, effective developable acreage is estimated to be 50 73 acres
Topography	Relatively level with slight slopes, partially wooded Property as a whole is situated along both sides of County Road 16 (East Lake Road) The property consists has 1,247 38 of road frontage along the west side of County Road 16 and 1,046 02 along the east side of County Road 16 Lake frontage is generally level and developed as a marina West of the roadway the site rises to the west and levels off in the west site area According to a site plan provided by the client, current land use is as follows
Areas of Slopes 20%+	None
Areas of Federal Wetlands	1 96 acres
Wooded Area	8 78 acres
100 Year Floodplain	None
Utility Easement	0 13 acre
	Based upon current site conditions, the parcel(s) are highly developable
Number of Lots	
Existing	None - proposed development
Proposed	
Revised Scope	69 residential building lots, existing single family dwelling and a site for a 4,000 sq ft community building Eighty-one (81) docks and 35 moorings
Typical Lot Size	0 70± acres
Lot Size Range	0 46 to 1 92± acres
Density	1 10 lots/acre (77 05 acres - 70 lots)
Utilities	All public including electric, natural gas sanitary sewer, public water, cable TV and telephone
Zoning	SCR 1, Southern Control Residential Dist - 58 2 acres RLD, Residential Lake District - 17 39 acres

Flood Designation	Zone X, Community Panel #360598 0025C eff 3/3/97
School District	Canandaigua Central Schools
Est d Sale Price of Homes	\$750,000 \$1,500,000
Proposed Improvements	Paved roadways and concrete gutters plus sanitary and storm sewers to be constructed per town specifications
Approvals	Subject to final approval from Town of Canandaigua

Est Assmnt & Taxes Assessments for vacant building lots within the Town range from \$40,000 & \$115,000 The proposed subject lots with an average size of 0.70 acre with 60 lots with views of Canandaigua Lake would likely result in an assessment at the upper portion of the market range

Highest and Best Use As proposed as 70 single family building lots and conversion of the marina to common areas owned by the homeowners

History of the Property The Johnson Farm was purchased by the developer in August 2004 for an indicated consideration of \$2,500,000 The Marina Property is currently under contract for an undisclosed sum The developer is proposing a residential subdivision with homes in the \$1,000,000 price range Conversion of the marina for use by the residence is a cornerstone of the proposed development and feasibility of the development There have been no other known sales of the land that is the subject of this appraisal over the past three years

Summary of Value Conclusions – 70 Lots

'As Is as of December 1, 2007 (date of inspection)	\$2,730,000
Upon Completion ' as of July 1, 2007 (estimated date of completion)	\$4,920,000

Summary of Value Conclusions – 35 Lots

As Is" as of December 1, 2007 (date of inspection)	\$1,425,000
' Upon Completion" as of July 1, 2007 (estimated date of completion)	\$2,550,000

Estimated Marketing Time 1 Year for the lots in bulk

Comments N/A

NEIGHBORHOOD & MARKET DESCRIPTION

The Town of Canandaigua is situated on the north shore of Canandaigua Lake, in the Finger Lakes Region of Upstate New York, approximately 25 miles southeast of Rochester. More specifically, Canandaigua is located in Ontario County. The town and the surrounding communities comprising the northwest sector of Ontario County, are one of the most affluent and fastest growing submarkets in the Rochester metropolitan area. The most recent county's population is nearly 100,000, a 5.1% increase over the 1990's statistics. The Town and City of Canandaigua represent over 11,000 people. The major roadway in the area is I-90 (NYS Thruway), which is north of the town. NYS Routes 332 and US Route 21 are north/south corridors. Route 332 was recently upgraded, converting the roadway to a 4-lane divided highway. This upgrade improved accessibility of the town and lake areas. Convenient access to the Rochester area is important, since a significant percentage of the population works in the Rochester area. New home construction in Canandaigua has been minimal because of the lack of new projects. Alternate home site locations are the Towns of Farmington and Victor, also in northwest Ontario County.

Despite the town's growth, subdivision activity is limited to subdivisions in the northwest sector of the town adjacent to sanitary sewer services. Single-family building permit activity over the past several years has been as follows:

SINGLE FAMILY BUILDING PERMITS TOWN OF CANANDAIGUA									
Year	2000	2001	2002	2003	2004	2005	2006	2007	
Single Family	38	26	45	81	53	80	102	100	

Year to Date 11/30/2007

The data indicates that after a decline in 2004, building activity has been on the rise over the past 3 years. This year (2007) the permit activity is on pace to repeat or exceed the record permits issued in 2006.

Considering the historic population increases, proximity of the town to the Metro Rochester Area, upgrade of Route 332 between Canandaigua and the NYS Thruway, historic trends are anticipated to continue to mirror 2005-07 figures. It is projected that the subject will be able to absorb the proposed lots over a reasonable period of time based upon market data.