




MEMORANDUM

TO: Central Florida Expressway Authority CLIENT-MATTER NO.: 19125.0198
Board Members

FROM: Suzanne M. Driscoll, Esq., Right-of-Way Counsel 

DATE: January 23, 2017

RE: *Central Florida Expressway Authority v. Ramlee Holdings LP, et. al.*
Case No. 2015-CA-001714; Parcel 330 ODA (Smallwood Sign Company)
Location: North side of SR 46 east of Round Lake Road, unincorporated Orange
County
Total Taking of Outdoor Advertising Sign

Following mediation, but before any significant amount of pre-trial discovery, the parties reached a written settlement agreement in the amount of \$80,000.00 for the total taking of Smallwood Sign Company's outdoor advertising sign. The parties also reached agreement on all expert fees, statutory attorney's fees, interest and costs as described below.

DESCRIPTION AND BACKGROUND

Parcel 330 ODA comprises a total taking of a double faced outdoor advertising sign owned by Smallwood Sign Company, Inc. ("Smallwood"). The sign was located on the north side of SR 46 east of Round Lake Road in unincorporated Orange County. CFX took title to the Parcel on December 1, 2015. To date, Smallwood received the good faith estimate of value in the amount of \$13,000 which will be offset as part of the proposed settlement.

CFX Appraisal Report

The CFX's appraisal of the billboard was prepared by Pinel & Carpenter, Inc. Mr. Carpenter utilized both the Cost and Income Approaches to value the subject billboard. He estimated the depreciated reproduction cost of the billboard to be \$10,170. With respect to the Income Approach, Mr. Carpenter began his analysis by estimating the gross income to be \$425/month per face, or \$850 per month total. He further estimated that the sign would remain for a ten year period. In addition, Mr. Carpenter estimated that the management expense would equate to 25% of the gross revenue generated by the billboard. Based upon these assumptions and other expenses generally associated with these structures, Mr. Carpenter concluded that the

net operating income for the subject billboard was \$3,517, the net present value of which, over the estimated ten year period, equates to \$18,900. Accordingly, Mr. Carpenter concluded the value of the billboard via the Income Approach was \$18,900. After reconciliation, and giving most weight to the Cost Approach, Mr. Carpenter concluded the value for Parcel 330 ODA to be \$13,000.

Smallwood Appraisal Report

Smallwood's appraisal was prepared by Franklin Street. Mr. Engelmann used both the Income Approach and the Sales Comparison Approach to value the billboard. With respect to the income, he used the actual leases in place for both faces of the sign to arrive a gross income of \$1,445/month for both sign faces. Additionally, Mr. Engelmann utilized an 8% management expense. Based upon these factors and other expenses generally associated with these structures, he concluded that the net operating income for the subject billboard was \$8,975. Rather than using a present value calculation, Mr. Engelmann used a direct capitalization of earnings to conclude that the value of the billboard via the Income Approach was \$128,000. With respect to the Sales Comparison Approach, Mr. Engelmann utilized six (6) improved billboard sales to derive a gross income multiplier for the subject billboard in the range of 7.50 to 8.25. That produced a value indication for the subject in the range of \$130,000 to \$143,000 to which he concluded a value of \$140,000. Ultimately, Smallwood's appraisal concludes the value of the subject billboard to be \$135,000.

Statutory Attorney's Fees and Costs

Statutory attorney's fees based upon the benefit achieved of \$67,000.00 (\$80,000 less first written offer of \$13,000) amount to \$22,100 ($\$67,000 \times 33\%$). Regarding expert fees, Smallwood retained only 1 expert with an invoice in the amount of \$12,532.85. After review, counsel for CFX determined that a payment of \$10,650.00 (85%) would be reasonable for settlement purposes.

REQUESTED ACTION

Board approval is requested to accept the Settlement Agreement in the amount of \$112,760.00 to settle all pending claims for the taking of Parcel 330 ODA, including full compensation for the outdoor advertising sign, severance damages, business damages, tort damages, interest, attorney's fees, attorney costs, expert fees, expert costs, and any other claims.

The Right of Way Committee recommended approval on January 25, 2017.

Reviewed by: _____

