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## Insurance Value Report For

**City of Watertown, Wisconsin**  
Municipal Property Insurance Company



Appraisal Effective Date: August 1<sup>st</sup>, 2023





# Insurance Appraisal Report Overview

The following overview of the insurance appraisal report will help you and your organization to better understand the eight (8) exhibits of the report and property data contained within. If any questions arise after review of your appraisal report, feel free to contact Austin Engelhardt at AAE Consulting Group.

email: [aengelhardt@aaeconsultinggroup.com](mailto:aengelhardt@aaeconsultinggroup.com) | phone: (414) 350-1630

**Certificate Letter** – This section of the report identifies the subject property, defines the scope of the appraisal, and states the intended use and intended users of the appraisal. The certificate letter also identifies the valuation effective date (the value conclusions are accurate as of this date). Organizational experience and qualifications are also highlighted. The certificate letter also lists the limiting conditions and includes the certificate statements required for adherence to the Uniform Standards of Professional Appraisal Practice (USPAP).

**Insurance Summary Report** – This exhibit reports the value conclusions in summary format for all property included in the appraisal study, organized by physical location with subtotals contained within. The summary report also contains limited property data (frame type, square footage, and year built).

**Insurance Detail Report** – This exhibit provides full detail on each property that is subject of the appraisal. Broken down into 5 subsections - *Location Information, Construction Characteristics, Underwriting Data, Valuation Conclusions, and Notes* - this report section lists the information required to accurately determine insurable value and satisfies MPIC's appraisal reporting requirements, along with a digital image of each property appraised.

**Additional Property Photographs** – This exhibit includes additional property photographs in support of the appraised property utilizing the onsite methodology.

**Desktop Valuation Analysis (3 sections)** – This portion of the report is separated into three sections, based on asset classification (buildings, property in the open, and contractor's equipment), and lists all property that are subject to the Desktop Valuation methodology as outlined in MPIC's property appraisal program. This value analysis has been developed without physical inspection and is based solely on information provided by MPIC and its insured representatives without verification by AAE Consulting Group appraisers.

**Appraisal Reconciliation Report** – The final exhibit reconciles the current appraised value conclusions to the previously reported values on an individual, line-by-line property basis. Percentage change in values is stated for each property with the overall change in value for the entire property portfolio shown at the bottom of the report. This report helps to identify locations with large changes in value and offers notes to help the report reader better understand the reasoning behind large increases or decreases in insurable value.



# Table of Contents

Certificate Letter .....	EXHIBIT 1
This exhibit states the purpose of the valuation study, its intended users, limiting conditions, and contains various other information required for USPAP compliance.	
Insurance Summary Report .....	EXHIBIT 2
This exhibit reports the value conclusions in summary format for all property included in the appraisal study and contains limited underwriting information – Onsite building appraisal methodology.	
Insurance Detail Report .....	EXHIBIT 3
This exhibit reports the value conclusions as well as various construction and underwriting data, complete with the property’s digital image – Onsite building appraisal methodology.	
Additional Property Photographs .....	EXHIBIT 4
This exhibit reports additional property photographs in support of the appraised property – Onsite building appraisal methodology.	
Appraisal Reconciliation Report .....	EXHIBIT 5
This exhibit reconciles the current appraised value conclusions to the previously reported values on an individual (location by location) property basis.	





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August 23, 2023

Mr. Blair Rogacki, CPCU  
Chief Executive Officer  
Municipal Property Insurance Company  
9701 Brader Way, Suite 301  
Middleton, WI 53562

Mr. Rogacki -

AAE Consulting Group is pleased to provide our conclusions of value resulting from the recent property insurance appraisal for the **City of Watertown** in accordance with the specifications outlined by the Municipal Property Insurance Company (MPIC); an independent property insurance provider operating in the state of Wisconsin, operating solely for Wisconsin local government entities. Municipal Property Insurance Company was founded in 2015 by and with the support of the Wisconsin Municipal Mutual Insurance Company (WMMIC), Cities and Villages Mutual Insurance Company (CVMIC), and the League of Wisconsin Municipalities Mutual Insurance (LWMMI). Specifically designed to address the unique needs of municipalities for a stable and comprehensive property insurance company and serve as more than just an insurer. MPIC also acts as a service partner that provides the highest quality insurance product and ancillary services to municipalities.

The intended use of the appraisal is to provide value conclusions that will assist MPIC with its effort to maintain proper and supportable insurance to value, insurance limit placement, proof of loss documentation, and collection of important underwriting data as it relates to their property insurance reporting requirements. Our reported opinions are intended to provide assistance to MPIC in achieving their risk management goals and do not constitute a recommendation for insurance coverage. Any insurance coverage decisions shall remain the responsibility of MPIC and its insureds. Our report may only be utilized for the intended use described above.

The submitted reports have been deemed as an "Appraisal Report (Summary)" and are prepared under Standards Rule 8-2a (i – x) and Advisory Opinion 38. The criterion for this type of report has been achieved in the certificate letter of the report. Individualized detailed valuation backup will reside in our appraisal workfile and may be provided upon request of the client or in the event of court appearance.

MPIC is the sole intended user of this report or other work product produced in relation to this assignment. MPIC may disclose a copy of the report to other insurance professionals acting in an advisory role in connection with the intended use of this appraisal. Distribution of this report or other work product produced in relation to this assignment is prohibited without the written consent of AAE Consulting Group. No third party shall have the right of reliance on this report.

**Replacement Cost** can be described as the cost to construct or replace an item of equal quality and utility. Modern materials and manufacturing/construction methods will be used in the replacement of an item. *Replacement Cost* does not take into consideration improvements necessary to conform to changes in building codes, demolition, debris removal, site accessibility or site work, reuse of building components or services, overtime, bonuses for labor, soft costs, extraordinary fees, premiums for materials, or other contingencies. For insurance purposes, the prices used for labor, materials, overhead, profit and fees are those in effect as of the effective date of the valuation.

**Exclusion Amount** is defined as a provision in an insurance contract that describes property or portions of property that are not covered within the aforementioned contract. Through the direction of MPIC, insurance exclusions have been deemed standard and considered in the calculation of insurable value for property included as part of the appraisal study. Typical exclusions that were considered as part of this appraisal include: land acquisition costs, underground utilities, site preparation, basement excavation, and portions of foundations. For specific exclusions, we recommend referring to the current property insurance policy and consulting with a knowledgeable insurance professional.

Based upon the findings and valuation methodologies used in this study, it is our opinion that, for the intended use of this valuation, the replacement cost of the subject properties, as of August 1<sup>st</sup>, 2023 is fairly represented in the rounded totals:

Appraisal Type	Replacement Cost
Onsite Buildings	\$14,198,200
Onsite Contents	\$6,495,400
Onsite Property in the Open	\$0
<b>Total Onsite</b>	<b>\$20,693,600</b>
Desktop Buildings	\$0
Desktop Contents	\$0
Desktop Property in the Open	\$0
Desktop Contractor's Equipment	\$0
<b>Total Desktop</b>	<b>\$0</b>
<b>Report Grand Total</b>	<b>\$20,693,600</b>

In the event of a partial loss, the cost to repair/replace is typically proportionately higher when compared to the cost of full replacement. Physical changes to the property after the date of our field inspection are not reflected in this report.

The assets that were included in the study include:

- Buildings & Structures
- Process Equipment (reported as a portion of the total building value)
- Building Contents/Movable Equipment
- Property in the Open
- Contractor's Equipment

The assets that were excluded from the study include:

- Assets of an intangible nature
- Land/Landscaping
- Inventories, supplies, consumables, spare parts, records, drawings, and materials
- Licensed vehicles
- Fine art
- Property leased from others
- Improvements to leased property
- Employee's personal property
- Any property not presented to our staff or not in place at the time of inspection
- Property in the open not covered by MPIC
- All other property not specifically included in the scope of work



## **Scope of Work**

### ***Onsite Appraisal Methodology***

As outlined in the appraisal program developed by MPIC, select assets were identified for onsite appraisal services. This appraisal methodology included a physical inspection.

**Buildings/Structures:** At each location (unless centrally located), a review of construction documents and architectural plans was conducted, and information was utilized to increase the accuracy of various data points. A building sketch was created, if appropriate, with the aid of the plan dimensions or by physically measuring each structure. To adhere to the specifics set forth by the Uniform Standards of Professional Appraisal Practices (USPAP), square footage information was calculated and confirmed for each building appraised via onsite appraisal methodology. Construction type, fire protection systems, building HVAC systems, interior/exterior finishes, and other important construction data were collected and confirmed via physical walk-through of each building. Additional information has been noted in the report narrative outlining any unique exposure concerns including vacant and/or unoccupied structures and additional structures not indicated on MPIC's schedule of insured locations.

All fixed process equipment located in utility structures (water, wastewater, electrical utilities, etc.) has been valued as a portion of the overall Building value and excluded from the calculated Contents value (described below). Aggregate process equipment values have been reported separately in our final report.

**Equipment/Contents:** For each property inspected, a determination of equipment/content values was established and reported. Detailed notes were recorded with the value calculated based on the type, quality, and density of equipment/furniture present. Although AAECG did not conduct a complete inventory of all equipment, our valuation methodology included a hybrid "lot and tally" procedure combined with a square foot cost modeling approach.

**Property in the Open:** Select locations have been identified through MPIC's appraisal program requiring onsite appraisal. Our appraisal staff has conducted a thorough inventory and valuation of all assets. Although reported in aggregate in the following report, a database was supplied to maintain consistency concerning the level of detail maintained by MPIC and their insureds.

### ***Desktop Appraisal Methodology***

As outlined in the appraisal program developed by MPIC, select property was identified for desktop appraisal services. No onsite inspection services were conducted for these identified assets. Our valuation of all assets falling out of the onsite scope (as defined by MPIC) was based solely on information provided by MPIC and their insureds. The results of our desktop value analysis do not constitute a replacement for the more detailed onsite appraisal methodology.

**Buildings/Structures:** The information supplied from the master statement of values and previous appraisal information were analyzed to provide a reasonable estimate of current insurable value. The accuracy of the supplied information was not verified via inspection and was assumed accurate. In the event that critical information was not available, the assigned appraiser made educated assumptions and/or requested additional information to derive at the reported opinion of value.



**Equipment/Contents:** Equipment and contents for properties appraised under the desktop appraisal methodology were reviewed based on reasonable assumptions, considering the size and occupancy of the building contained within. As no physical inspection services were performed, heavy reliance was made on the reported values shown via the SOV and previous appraisal reports.

**Property in the Open:** Property in the open assets appraised under the desktop appraisal methodology were reviewed based on reasonable assumptions pertaining to quality and size. As no physical inspection services were performed, heavy reliance was made on the reported values shown via the SOV and previous appraisal reports.

**Contractor's Equipment:** The purpose of our desktop solution was to provide MPIC with accurate and supportable insurable values for contractor's equipment. Our methodology included a desktop analysis of MPIC's current equipment database as well as supplemental information, as provided directly from the insured. Our service did not include onsite inspection/verification of the equipment information provided. Our appraisal staff has reviewed past appraisal conclusions to determine reasonable values. We utilized various costing sources, online resources, and internal equipment databases (new business) in addition to applying developed trend factors to bring previously reported values to current (in-force business reappraisals).

We have relied on MPIC and/or their insureds to provide greater detail on specific items that were not supported by our proposed valuation methodology. In select cases, AAE Consulting Group appraisers have communicated directly with the insured to provide greater detail on specific items.

### **Approaches to Value**

As Replacement Cost conclusions (insurance purposes) are the intent of the appraisal, the cost approach was used most effectively. The other approaches to value were considered but not implemented since these approaches are most commonly used to develop some form of market value and were not applicable for the intended use of this assignment. As stated under USPAP Standards Rule 7.4, the appraiser has considered each approach to value and decided which were applicable to the current project scope.

- **Cost Approach:** Defined as starting with the current replacement cost new of the subject and deducting for the loss in value caused by physical deterioration, functional obsolescence, and economic obsolescence. This approach was the primary approach used in the study; however no deductions were taken due to the scope of the project to arrive at insurable replacement cost.
- **Income Approach:** Defined as the present value of future economic benefits of owning the property. Due to the nature and scope of the project, this approach was considered but *not implemented*. As defined in the intended use of this report, the income approach was not deemed as an acceptable means to derive at replacement cost. In addition, isolated income from a specific piece of equipment was impractical to develop.
- **Market Approach:** Defined as adjusting the prices that have been paid for assets comparable to the asset being appraised, equating the comparable to the subject. This approach was considered but *not implemented* due to the value definitions set forth by the scope of the project.



Flood zone and elevation data was made through the acquisition of GPS information collected by the assigned appraiser during the inspection process (Onsite Appraisal Method). The gathered GPS data was supplied to a 3<sup>rd</sup> party vendor for analysis and determination of the flood zone and elevation. AAE Consulting Group has not independently verified this information and cannot certify the accuracy of the data returned from this vendor.

Our opinion of value is represented as of the effective date and only for the intended use of the engagement. Should you have any questions regarding our report, please feel free to contact us directly at 414.350.1630 or via email at [aengelhardt@aaeconsultinggroup.com](mailto:aengelhardt@aaeconsultinggroup.com).

Respectfully,

*AAE Consulting Group*





### **Limiting Conditions**

1. Our report and value conclusions are intended solely for the intended use and intended users stated herein.
2. AAE Consulting Group has relied on certain information provided by the Client during our investigation. All information that has been provided to our staff by Client personnel is presumed to be accurate and reliable. AAE Consulting Group did not attempt to verify the accuracy of this information and accepts no responsibility for its accuracy.
3. AAE Consulting Group reserves the right to make adjustments to our opinions of value as deemed necessary and appropriate.
4. Our report will only be used for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties that need to review the information contained therein. No one should rely on the report as a substitute for his or her own due diligence. Possession of this report or any copy thereof does not carry with it any rights including the right of publication. No portion of this report shall be disseminated to the public through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of AAE Consulting Group.
5. AAE Consulting Group relied upon certain publicly available information during our investigation. It is assumed that this information is accurate. AAE Consulting Group did not attempt to verify the accuracy of this information and accepts no responsibility for its accuracy.
6. It is beyond the scope of this report to determine or assign ownership and/or insurance responsibility for any of the property included in this report. We assume no responsibility for the final determination of insurance responsibility as it relates to property ownership, leases, partnerships or other forms of legal interest in any of the property included in this report. No investigation was conducted, and we assume no responsibility for title to, or liabilities against the property appraised.
7. No person other than those identified (and the Client) had any significant professional input on the valuation process. Exceptions to this statement may include 3<sup>rd</sup> party vendors (flood zone and elevation determination) and contracted appraisers utilized to satisfy the expertise requirements to complete the valuations in the timeframe established.
8. It is assumed that there are no hidden, unapparent or inherent conditions to the property that may affect the valuation of the property. No responsibility is assumed for such consideration, or for arranging engineering studies that may be required to discover them. No environmental audit of the subject property has been conducted as part of this appraisal. It is assumed that the use of the subject assets complies fully with any and all environmental regulations and laws. It is also not our intent to provide safety, engineering or hazardous material surveys. Responsibility is not assumed for those areas.
9. AAE Consulting Group will maintain and house copies of our project backup and field notes, all relative correspondence, and the final reports and database(s) for a period not less than five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment,



- whichever period expires last. This policy is outlined in accordance with the American Society of Appraisers and the Uniform Standards of Professional Appraisal Practice (USPAP).
10. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
  11. Architectural blueprints were not made available to our staff in all cases during the appraisal process. Some property measurements were manually conducted by our appraisers while onsite. While this adversely affected the overall accuracy of our value conclusions, reasonable efforts were made to accurately obtain important information during the appraisal process. Our staff also utilized aerial imagery to verify and confirm certain property measurements. Equipment specs that are often collected via review of blueprints were also estimated during the onsite inspection. AAE Consulting Group does not accept responsibility for the accuracy of these estimates due to the limited amount of information provided to our staff during the inspection process.
  12. As discovered throughout the appraisal inspection process, certain properties may have been noted as being "historic". Through our further investigation, AAE Consulting Group's assigned appraiser(s) have noted these properties as being listed on the National Register of Historic Places. It is recommended that a specialized historic appraisal be conducted by a qualified firm. AAE Consulting Group accepts no responsibility for determining "historic reproduction cost" pertaining to these applicable properties. The values provided in this appraisal follow the definition of value as stated in the report.
  13. The Municipal Property Insurance Company agrees to indemnify and hold AAE Consulting Group, harmless from any losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject to in connection with this engagement, except for those attributed to our negligence. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, subcontractor, and affiliate or like individual or agency. In the event we are subject to any liability in connection with this appraisal, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.



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, impartial, and unbiased professional analyses, opinions, and conclusions.
- ☒ I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- ☒ I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within a three-year period immediately preceding the agreement to perform this assignment.
- ☒ I have no bias with respect to any 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 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.
- ☒ I have made a personal inspection of the property that is the subject of this report for those properties appraised under the Onsite Appraisal Methodology. No inspection was performed for those assets appraised under the Desktop Appraisal Methodology.
- ☒ The American Society of Appraisers has a mandatory recertification program to remain current accreditation. I verify that the accredited members of the project team are in compliance with these requirements.
- ☒ No one has provided significant appraisal assistance to the person signing this certification.

*Austin Engelhardt, ASA*

**AAE Consulting Group**  
Austin Engelhardt, ASA, CPCU  
President



**Insurance Summary Report**  
***Municipal Property Insurance Company***



	<u>Frame Type</u>	<u>Year Built</u>	<u>Building RCN</u>	<u>RCN Less Excl.</u>	<u>Contents RCN</u>	<u>PITO RCN</u>	<u>Total RCN</u>
	<u>ISO Class</u>	<u>Total SF</u>	<u>Exclusions</u>				
<b>Site:</b> 0003 - Library							
<b>Building:</b> 01 - Library 100 South Water Street Watertown, WI 53094	Joisted Masonry	1906	\$14,743,700	\$14,198,200	\$6,495,400	\$0	\$20,693,600
	2-Joisted Masonry	41,528	\$545,500				
			<b>Site Totals :</b>	<b>\$14,743,700</b>	<b>\$14,198,200</b>	<b>\$6,495,400</b>	<b>\$0</b>
				<b>\$545,500</b>			<b>\$20,693,600</b>
			<b>Report Totals:</b>	<b>\$14,743,700</b>	<b>\$14,198,200</b>	<b>\$6,495,400</b>	<b>\$0</b>
				<b>\$545,500</b>			<b>\$20,693,600</b>



**Property Location Information**

**Entity:** 5000442 - City of Watertown  
**Site:** 0003 - Library  
**Building:** 01 - Library  
**Address:** 100 South Water Street  
 Watertown, WI 53094  
**County:** Jefferson  
**Latitude:** N 43° 11.6636' **Longitude:** W 88° 43.5825'

**Construction Characteristics**

**Foundation:** Concrete Footings  
 Concrete Slab on Grade  
 Concrete Foundation Walls  
**Exterior Walls:** Brick on Masonry  
 Decorative Concrete Block  
 Solid Brick  
**Flooring:** Carpet  
 Laminate Wood  
 Vinyl Composite Tile  
**Ceiling:** Suspended Acoustical  
 Drywall  
 None (Exposed Wood/Steel)  
**Partition Walls:** Drywall  
 Glass Panel  
 Plaster  
**Roofing:** Single-Ply Membrane  
 Shingles, Composite  
**Building Services:** Electrical  
 Plumbing  
 Heating  
 Air Conditioning  
**Elevators:** 1 - Passenger, 0 - Freight  
**Additional Features:** Built-in Cabinets/Shelving  
 Covered Entrance  
 Built-in Lockers  
 Fireplaces  
 Attached Planters  
 Exterior Wall Extensions  
 Skylight  
 Unique-See Notes

**Underwriting Data**

**Sprinkler %:** 100 **Intrusion System:** Yes  
**Manual Fire Alarm %:** 100 **Emergency Lighting:** Yes  
**Auto Fire Alarm %:** 100 **Exit Lighting:** Yes

**Construction Date:** 1906 **Additions:** 1984, 2021

**Renovations:** 1984, 2021

**Occupancy:** Public Library

**Frame Type:** Joisted Masonry

**ISO Class:** 2-Joisted Masonry

**Number of Stories:** 2 **Story Height:** 18

**Building Area (SF):** 41,528 **Flood Zone:** X

**Basement Area (SF):** 0 **Elevation:** 825

**Total Area (SF):** 41,528

**Valuation Conclusions**

**Building RCN:** \$14,743,700  
**Process Equipment RCN\*:** \$0  
**Building Exclusions\*:** \$545,500  
**Building RCN Less Exclusions:** \$14,198,200  
**Contents RCN:** \$6,495,400  
**Property in the Open RCN:** \$0  
**Total RCN:** \$20,693,600

RCN = Replacement Cost New

**Property Notes**

Addition and renovation completed in 2021. Partial Masonry Non-Combustible Frame (addition). Building features include: mechanical penthouse, 49 camera security system (monitored by Complex Security Solutions), passenger elevator (3-stop/3,500 lbs./dual door), wheelchair lift (750 lbs.), display cases, storage vault, interior wall art, exterior wall lighting, book drop, and decorative lighting fixtures. Contents include: library collection (99,105 volumes), shelving, library furniture and equipment, office furniture and equipment, (15) public access computers, and meeting/conference room furniture and A/V equipment. Portion of building leased to Watertown Family Connections (contents excluded).





# Additional Property Photographs



000301 - Library  
(Exterior Rear View)



000301 - Library  
(Exterior Side View)



000301 - Library  
(Interior View 1)



000301 - Library  
(Interior View 2)



000301 - Library  
(Interior View 3)



000301 - Library  
(Interior View 4)

## Appraisal Reconciliation Report

5000442 - City of Watertown

Appraised By: A. Engelhardt, ASA, CPCU

Asset ID	Asset Type	Site Name	Building Name/ Asset Description	Address	Previous Building RCN	Previous Contents RCN	Previous PITO RCN	Previous CE RCN	Previous Total RCN	Appraised Building RCN	Appraised Contents RCN	Appraised PITO RCN	Appraised CE RCN	Total RCN	Total % Change
001	Building	Library	Library	100 South Water Street	\$ 17,054,308	\$ 3,872,355	\$ -	\$ -	\$ 20,926,663	\$ 14,198,200	\$ 6,495,400	\$ -	\$ -	\$ 20,693,600	-1.1%
<b>Report Totals:</b>					\$ 17,054,308	\$ 3,872,355	\$ -	\$ -	\$ 20,926,663	\$ 14,198,200	\$ 6,495,400	\$ -	\$ -	\$ 20,693,600	-1.1%