

*Submitted To: City Of Tucson
Real Estate Division*



*Relocation Assessment For:
The Steinfeld Warehouse Tenants
101 West 6th Street
Tucson, Arizona*

*Submitted By: Tierra Right of Way Services, Ltd.
1575 E. River Rd., Ste 201
Tucson, Az 85718
520-319-2106*

Introduction

Tierra Right of Way Services, Ltd. (Tierra) is pleased to provide this Relocation Assessment for the City of Tucson (City) regarding the Arizona Department Of Transportation's (ADOT) termination of occupancies or tenancies of those occupying the Steinfeld Warehouse located in the Warehouse District of downtown Tucson. In November of 2006, ADOT informed the City of Tucson of its intent to terminate all occupancies and tenancies in the ADOT-owned property Steinfeld and Zee Warehouse buildings. In a good faith effort to support the Tucson artist community, City staff has requested that Tierra provide this Relocation Assessment to the City in order to evaluate the feasibility of providing support to the Steinfeld Warehouse tenants in terms of financial and advisory assistance in their efforts to relocate. This assessment is geared towards addressing the relocation of the tenants occupying the Steinfeld Warehouse only.

The Steinfeld Warehouse, located at 101 West 6th Street, was acquired in the 1980's by the Arizona Department of Transportation (ADOT) as part of the Barrazza-Aviation Parkway project. After the acquisition was complete and the occupants of the Steinfeld Warehouse were relocated by ADOT, the warehouse sat vacant for sometime awaiting demolition.

Due to public pressure, the last segment to be constructed of the Barrazza-Aviation Parkway was delayed. To offset the acquisition costs and as the public steward of the property, ADOT leased the warehouse to a master leaseholder for nominal consideration. The lease agreement has a disclosure in paragraph 17 which provides that there are no relocation benefits to the lessees as defined by the Uniform Relocation Assistance Act and Real Property Acquisition Act, 49 CFR Part 24 (the URA) and Arizona State Law, during the duration or upon the termination of the lease agreement with ADOT.

In the late 1970's, the City adopted the provisions and regulations set forth in the URA and Arizona Revised Statutes, Title 28, Chapter 20, Articles 6 and 7. These laws provide the rules to be followed when an agency acquires real property for a public purpose. In this particular case, the City is not the displacing agency (causing the displacement of persons from the project area). As such, the rules and regulations of the URA do not apply to the City and for the purposes of this Assessment, are not being considered in preparation of this report or the recommendations for any financial assistance program discussed herewith.

Workplan

Our task was to assist the City in evaluating the feasibility of providing an amount of financial assistance to ease the hardship associated with the moves of the affected businesses in the Steinfeld Warehouse. In order to determine costs associated with the moves, it was necessary to make a visual inspection of the premises and interview the tenants of the Steinfeld Warehouse. Tierra staff had the opportunity to interview tenants within the Warehouse between March 5 and March 16, 2007. For purposes of this initial assessment, Tierra determined the following:

1. The number of tenants occupying the warehouse;
2. Square footage occupied;
3. Monthly rental amounts;
4. Personal property to be relocated;
5. Degree of difficulty of the move;
6. Cursory estimate of move costs;
7. Special equipment needs;
8. Availability of Replacement Sites:

In addition, based on City staff discussions with the tenants, our work plan was to consider the following concerns expressed by the businesses:

1. The tenants not be broken up and forced into separate locations;
2. The tenants remain in the downtown area, preferably the warehouse district;
3. The tenants will not have to pay anymore in rent than they currently pay;
4. The tenants are relocated into space where each tenant would have the same approximate square footage that the tenant currently occupies within the Steinfeld Warehouse.

Relocation Overview

During the interview process, Tierra staff assessed the difficulty in the degree of the moves. For the purposes of this assessment we have classified the moves as either: easy, average or difficult. A definition of the classifications is as follows:

An easy move is one that can usually be accomplished within 2 days, such as over a weekend, with no special equipment or experience and with the use of no more than 4 people and a pickup or cargo truck. It may include the use of movers, as well as packing and unpacking by the tenant. Cost range: \$500.00 to \$5000.00.

An average move is one that can usually be accomplished within one week, has some special equipment to be moved which might require the use of a specialist with experience in moving such items, will require some special modifications of the replacement site to accommodate the special equipment and will typically use 4 -10 people and a cargo truck/van to haul the equipment to the replacement site. Cost range: \$5,000.00 to \$20,000.00.

A difficult move is one that is usually accomplished over a period of months with a great deal of planning, has extensive special equipment to be moved which requires the use of a specialist with experience in moving such items, requires extensive modifications at the replacement site to accommodate the special equipment, may require the purchase of substitute personal property to minimize downtime and will typically use commercial movers to accomplish the move to the replacement site, as well as sub-contracted riggers. Cost range: \$20,000.00 and up.

Based on interviews by Tierra staff, it appears that there are 6 established business and 8 business-type occupants within the Steinfeld Warehouse. We have classified them as business-type tenants but we have not verified that any of the tenants have business licenses, are in compliance with zoning requirements for the type of business they may operate, or file federal tax returns as a business. It appears from our interviews that some tenants could be using the space they occupy within the warehouse, as personal space to pursue hobby interests. There are no visible signs of occupancy by any of the Steinfeld tenants for residential purposes. In addition, some of the occupants are married and share space for their respective businesses.

The building's interior is mostly open warehouse space (see Appendix A, photo's 33 & 34) with each tenant occupying his or her own area (see layout exhibit and pictures in Appendix A). There are some interior walls separating the tenants of the Steinfeld Warehouse but few locking doors. The tenant's rented space is determined by post locations and exterior walls in many cases. Additionally, there is loft space available for storage. It is a very trusting and cooperative environment - a cooperative tenancy, if you will.

Relocation Overview (continued)

The master leaseholder is David Aguirre whom we believe pays ADOT the sum of \$1,700.00 per month for the lease on the entire warehouse. Mr. Aguirre occupies two spaces himself, he collects an estimated \$3,884 per month in rent from the other 12 tenants and reportedly pays \$900/month himself for two spaces. According to the tenants, the rent does not include utilities, but it does include maintenance. The tenants state that there is a maintenance pool of money, which funds repairs within the building. A detailed chart of the tenants, DBA's, business types, rental amounts and square footage occupied is identified in Appendix B.

With respect to the Steinfeld Warehouse, Tierra has determined that half of the tenants are classified as "easy" moves, and the other half as "average" moves. There are no tenants with "difficult" moves within the Steinfeld Warehouse. In most of the average rated moves, the move is classified as such due to the equipment and machinery that is being used and reconnection costs which may be incurred at the replacement site. The equipment is also large and may require a cargo van or flatbed truck to transport the machinery to the replacement location.

Most of the woodworking occupants within the Steinfeld Warehouse have large equipment that will require special consideration when moving. Upgraded electrical facilities and circuits may be required to be installed at a replacement site. In addition, there are dust collection systems to remove particulate matter from the interior that will also be moved, requiring special handling.

Based on the personal property and equipment of the tenants at the Steinfeld Warehouse, it is our opinion that the tenants could vacate the premises and relocate themselves to a replacement site within 3 weeks time. Such a move will require cargo trucks and people to accomplish. The largest obstacle to such a move will also be the mindset of the tenants: most people dislike moving and the fact that these tenants are being forced to move increases their natural tendency to want to remain at the Steinfeld Warehouse where they are comfortable. Even though we have identified no difficult moves, 3 weeks are allowed in our estimate so the occupants can remove their property in an orderly fashion without creating a situation which might cause injury to someone.

A detailed chart identifying the tenants and degree of difficulty for moving each can be found in the fifth column of Appendix B.

Availability of Replacement Sites

Tierra staff spent considerable time in searching for replacement sites. We located 32 potential sites (See Appendix C) near the downtown area. Within the downtown area, there are few sites available. Rents within each of the spaces located are at market rates, which are much higher than the rent any of the tenants within the Steinfeld Warehouse are paying.

There are two sites available that would house all of the businesses in the Steinfeld Warehouse.

ArtFare maintains two large buildings at 51 and 55 N. 6th Avenue, which are geared towards the Artist community. Together, there is approximately 20,000 square feet available which is sufficient space within the buildings to accommodate the tenants of the Steinfeld Warehouse. While the rents are higher than what the Steinfeld tenants are currently paying, it is believed that if all the Steinfeld tenants stayed together and moved to this replacement site, lower rents could be negotiated. Placing the woodworking businesses within the ArtFare buildings may require special use permits be granted from the City of Tucson's Development Services Department.

There is also an industrial building near Park Avenue and 18th with sufficient space (18,000 sq. ft.) to accommodate all of the Steinfeld tenants. Again, lower rents might be negotiated due to the fact that all of the space would be leased if the tenants did, in fact, stay together.

During the interviews, a woodworking business disclosed to staff that it was likely that the business would not relocate with the other tenants within the Steinfeld Warehouse, but would rather seek more appropriate space for his business.

As part of Tierra's relocation assistance, Tierra staff will provide advisory services for the Steinfeld tenants in their efforts to find a "suitable" replacement site, whether they stay together or take separate paths.

Conclusion

The March 21, 2007 Arizona Daily Star newspaper reported that the tenants in the Steinfeld Warehouse had negotiated a reprieve of the vacate date previously set for March 31, 2007. It is likely that the new date will be established by ADOT soon, but after City has been provided with ample time to decide to what extent it would be involved in the relocation of these tenants.

Having no obligation to provide Relocation Assistance under Federal and/or State law, the question then becomes whether or not the City is prohibited from providing such assistance by other laws. City Legal Counsel has advised that the City is prohibited from providing direct financial compensation to any of the Steinfeld Warehouse occupants. However, Counsel has also advised that payments may be made directly to commercial movers and specialty contractors used in the relocation of the personal property through the City's Relocation Services Company, Tierra Right of Way Services, so long as the expenditure is for the public purpose of relocating the tenants to the identified Downtown sites. It is our recommendation that these costs be limited to packing, crating, move, and unpacking, of the personal property as well as the disconnect and reconnect of machinery.

With this consideration in mind, and in order to address the concerns of the tenants, we conclude the following with respect to the Steinfeld occupants:

1) The desired goal of keeping the occupants together can be achieved. The tenants currently occupy approximately 18,000 square feet. There are two sites available that will accommodate the Steinfeld tenants: One in the downtown area that has approximately 18,000 sq. ft. available (the Décor building), the other having approximately 20,000 sq. ft. within two buildings adjacent to each other (the ArtFare buildings).

2) The real estate market has experienced much appreciation in Tucson over the past few years. Locating a site where the tenants will not have to pay an increase in rent is extremely difficult. It is reported by City staff that they have been negotiating with ArtFare for a reduced rental rate to accommodate these tenants, but a rate has not yet been set. Lower rents can usually be negotiated when large amounts of space will be taken up, as it will be with the Steinfeld tenants.

3) In either the ArtFare building or the Décor building, ample space exists to accommodate the tenant's last request. The services of a space planner may be needed to make everything fit in some logical fashion. The use of a professional space planner may also reduce the area that each tenant requires as many find that when space is professionally planned out for efficiency, less workspace is actually required.

Based on our experience of moving businesses within Arizona, we have prepared the following estimate to move the occupants of the Steinfeld Warehouse: This is an estimate for budgeting purposes only and is not based on actual move bids or bids from specialty contractors at this time. For budgeting purposes, we have estimated on the higher end of the estimated costs associated with the degree of difficulty for the moves. We have also included costs associated with the reconnection of specialty equipment and miscellaneous costs necessary to complete the relocations.

Conclusion (continued)

Item A - \$180,000 to \$200,000

This Item includes disassemble, pack, crate, transport to a downtown replacement location, uncrate, unpack and reassemble, the business and personal property within the Steinfeld Warehouse of all occupants.

Item B - \$35,000 to \$50,000

This item includes modifications at the replacement site to accompany special business equipment that is currently within the Steinfeld Warehouse and used by existing occupants such as the need for increased electrical capacity or specialty costs associated with reinstallation of dust collection systems.

Item C - \$20,000 to \$30,000

This item includes planning for the move, preparing move specifications, hiring commercial mover, monitoring the move, etc.

Appendices A - C

There are several appendices to this report. A summary of each is below.

Appendix A – Floor plan and Photos

This appendix provides a schematic of the Steinfeld Warehouse floor plan, exterior and interior pictures, including one of each business.

Appendix B – Interview summary

This appendix provides a list of the tenants within the Steinfeld Warehouse, the type of business that each is engaged in, the move rating (easy, average, difficult), the amount of space each tenant occupies and the rent that each pays. The move ratings listed here indicate that seven tenants are average while the other seven are easy.

Appendix C – Available Replacement Properties

This appendix provides a list of available replacement properties near the downtown area. This information was gathered by driving the area and looking for signs indicating that space was available. Subsequently, phone calls were placed to the agent or owners and further information was obtained regarding the square footage of space available and the lease rates.

Appendix A

Steinfeld Warehouse 1



1. Front View, Steinfeld Warehouse



2. Front View, Steinfeld Warehouse

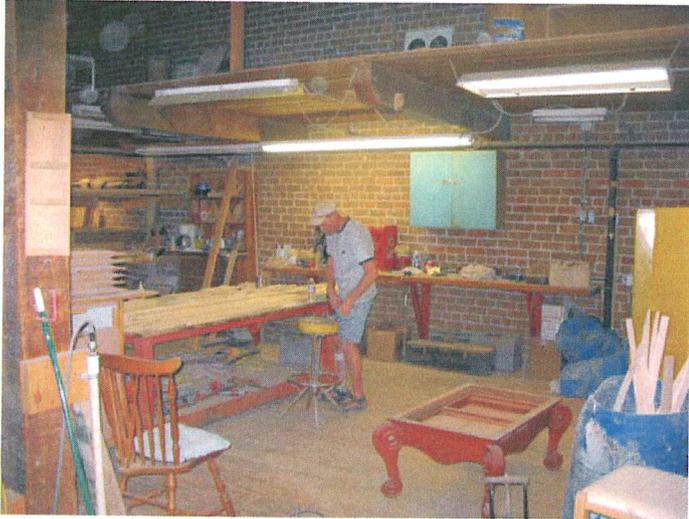


3. Side View, Steinfeld Warehouse

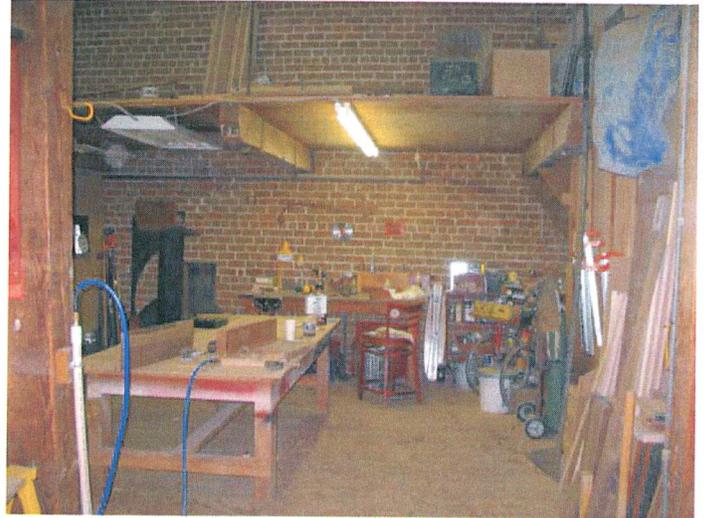


4. Rear View, Steinfeld Warehouse

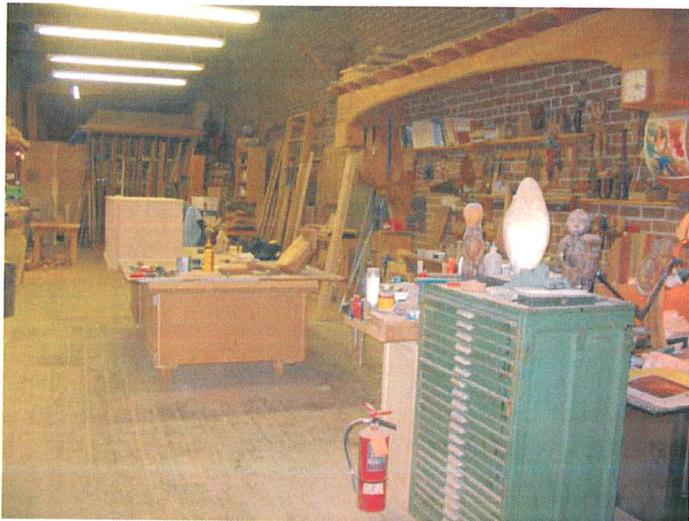
Steinfeld Warehouse 2



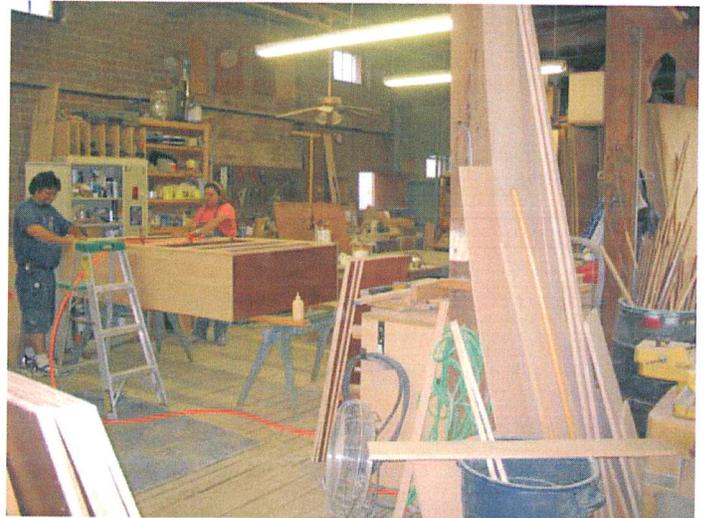
5. Tap Root Woodworks



6. Tap Root Woodworks

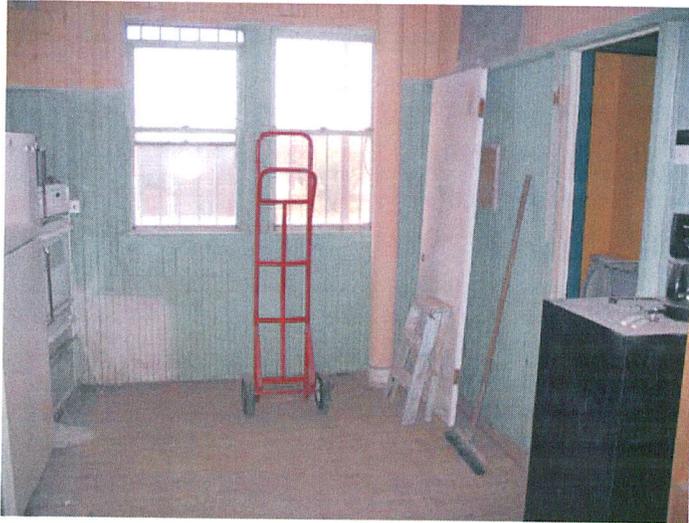


7. Tap Root Woodworks

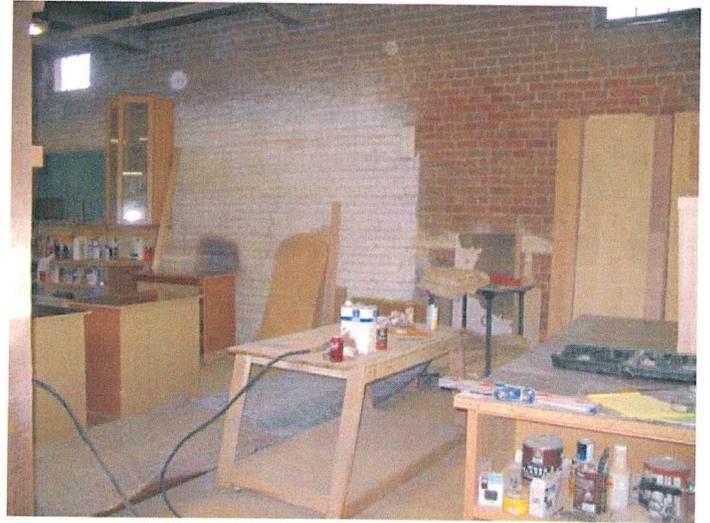


8. Lou's Woodshop

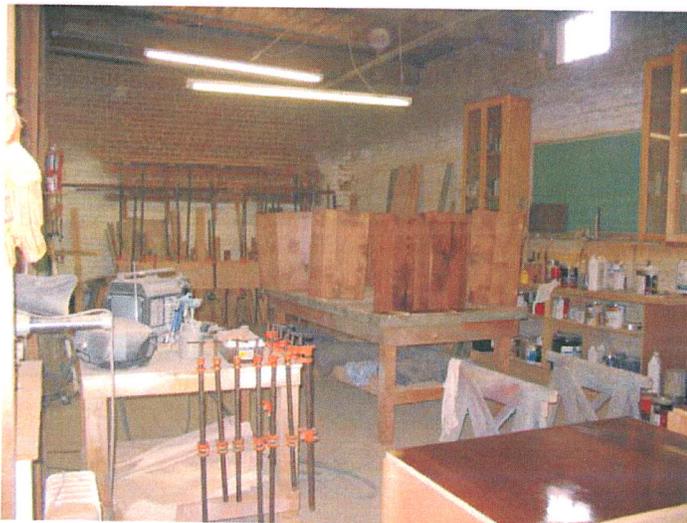
Steinfeld Warehouse 3



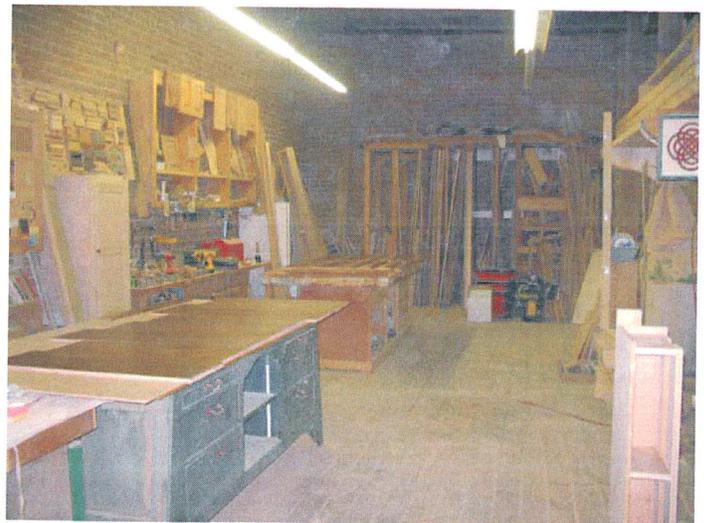
9. Community Kitchen



10. Santa Cruz Woodworking



11. Santa Cruz Woodworking

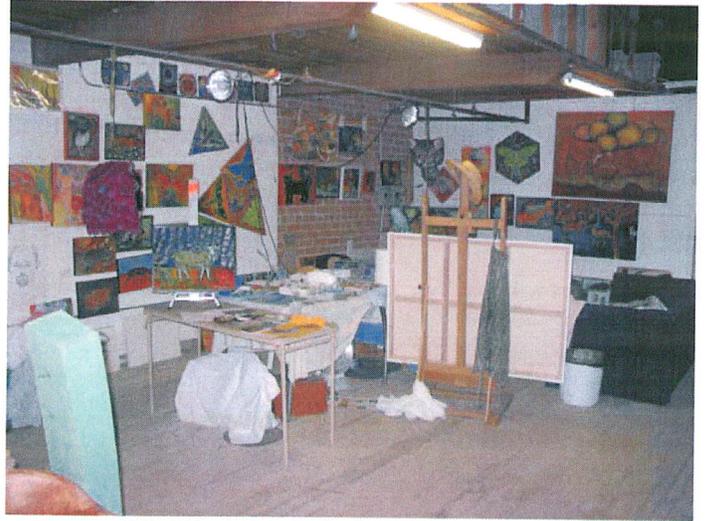


12. Santa Cruz Woodworking

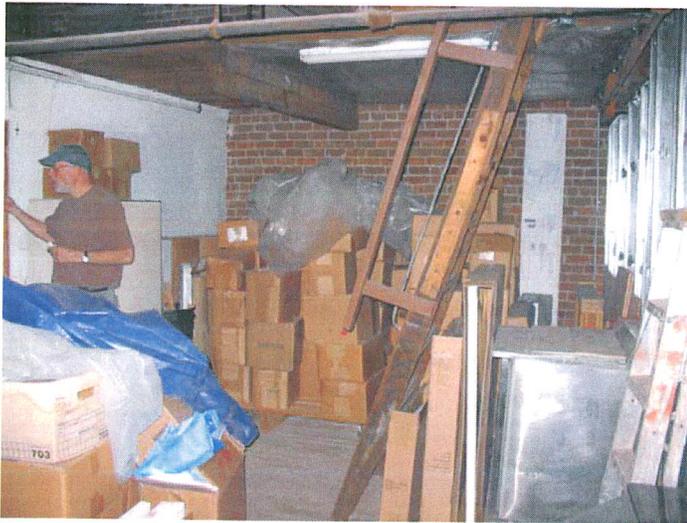
Steinfeld Warehouse 4



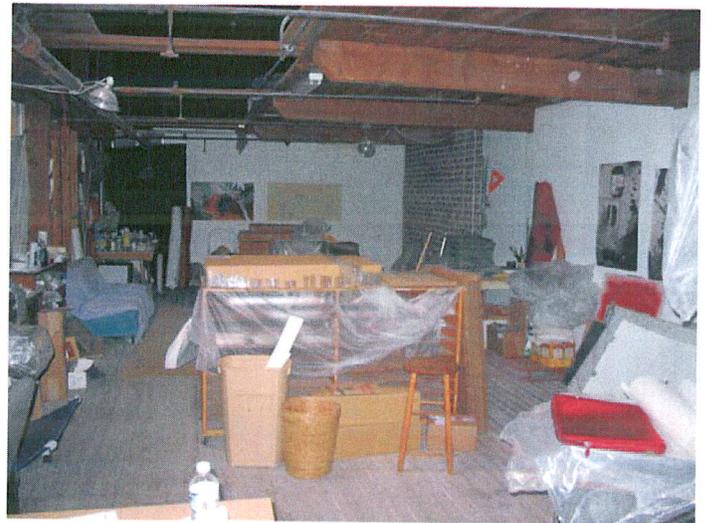
13. Elizabeth Criger Fine Art



14. Dietz Art Painting Studio



15. Joe Labate Photography

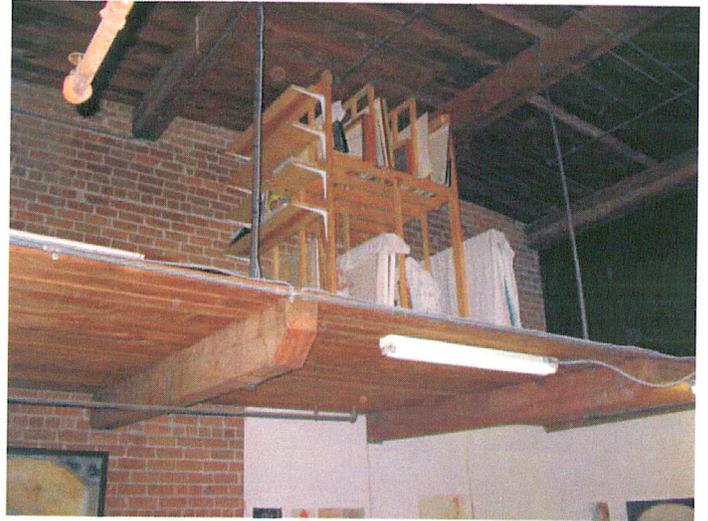


16. Laura LaFave Studio

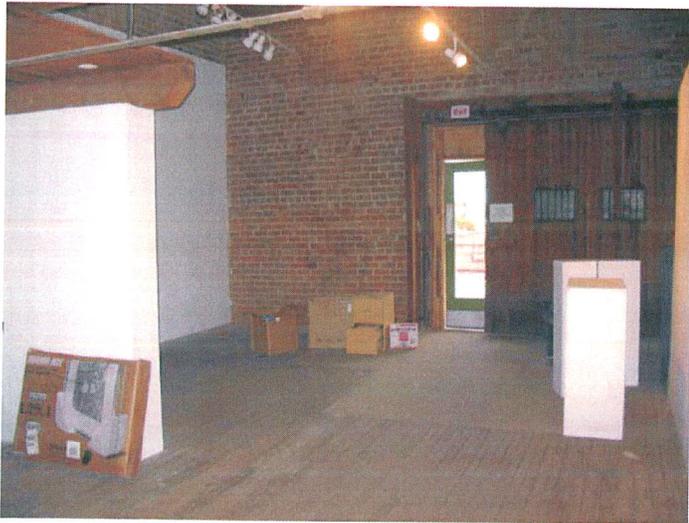
Steinfeld Warehouse 5



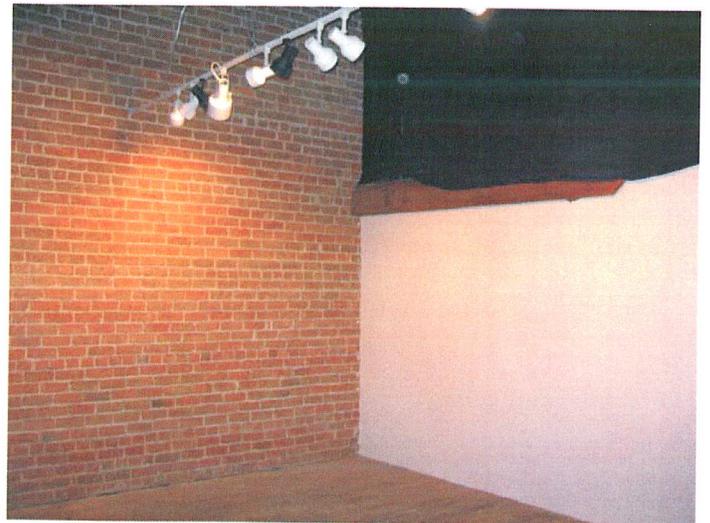
17. Global Art Project for Peace



18. Loft Storage

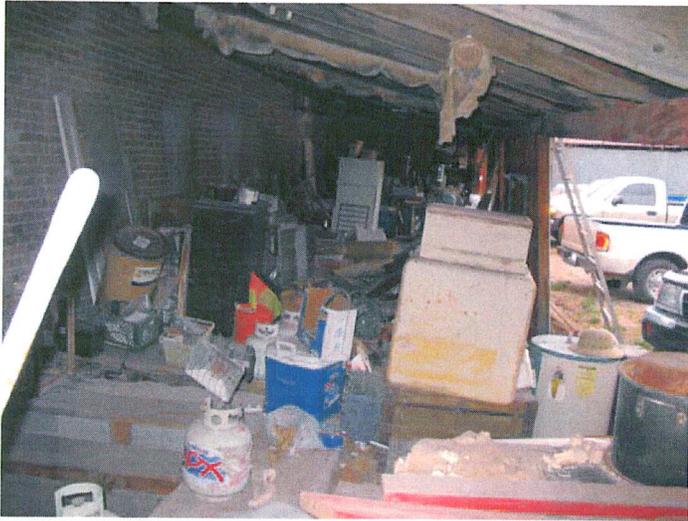


19. Empty Gallery Space



20. Empty Gallery Space

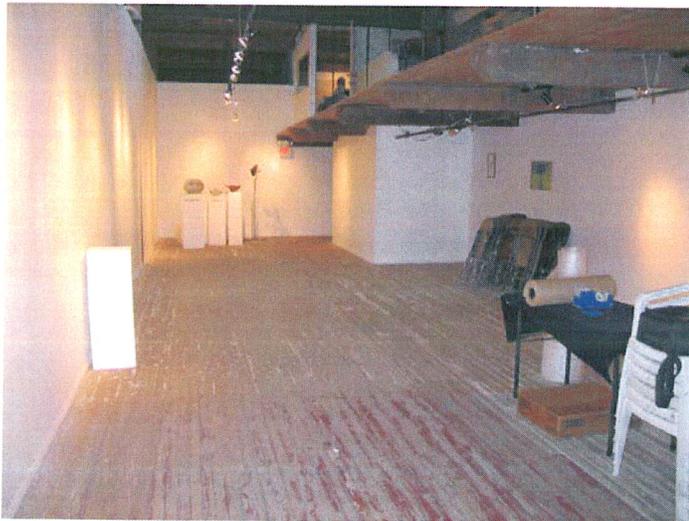
Steinfeld Warehouse 6



21. Outdoor Storage



22. Community Drying Room

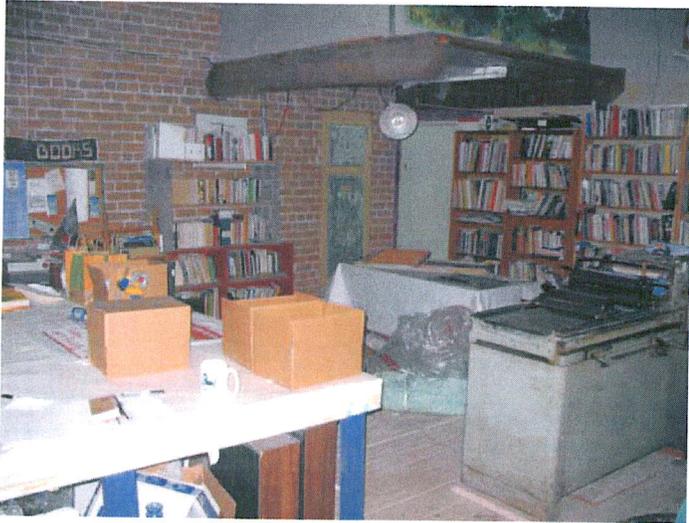


23. Dinnerware Contemporary Arts

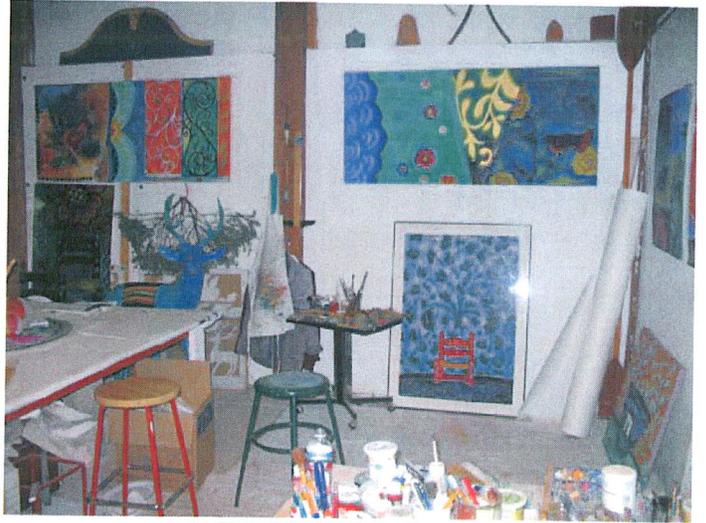


24. Clay Arts

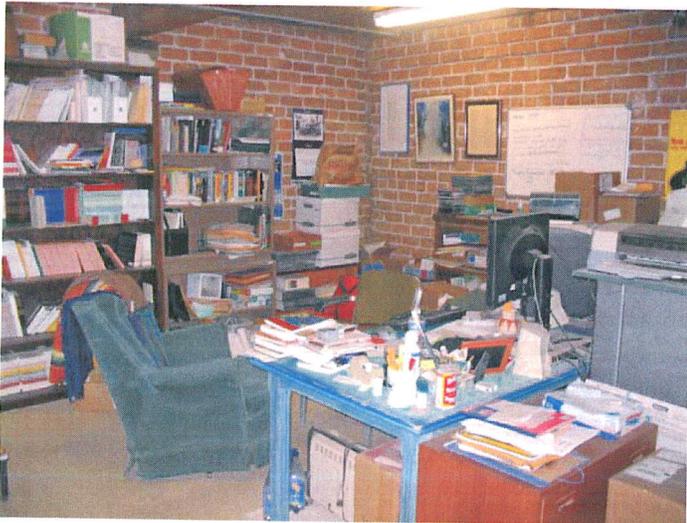
Steinfeld Warehouse 7



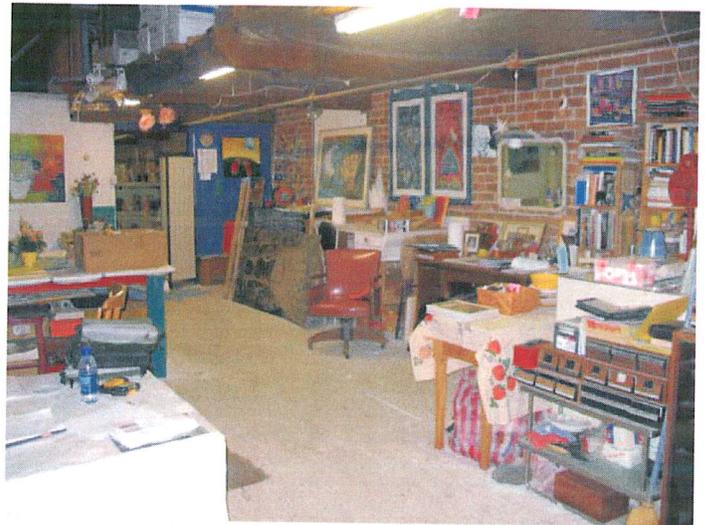
25. Chax Press



26. Cynthia Miller Studio



27. Cynthia Miller Studio

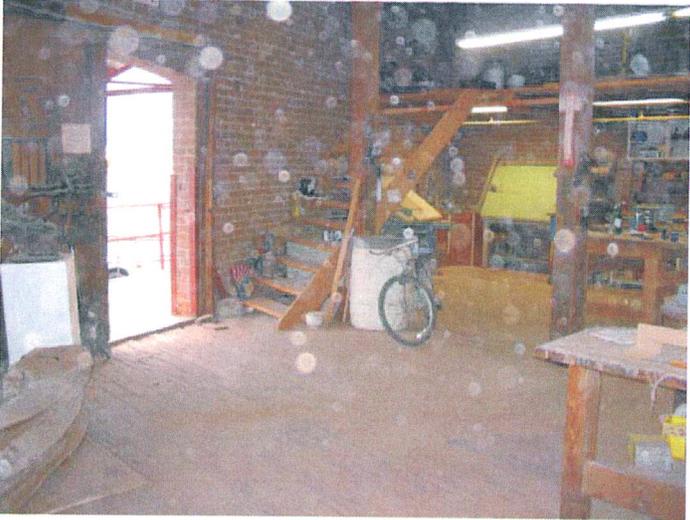


28. Cynthia Miller Studio

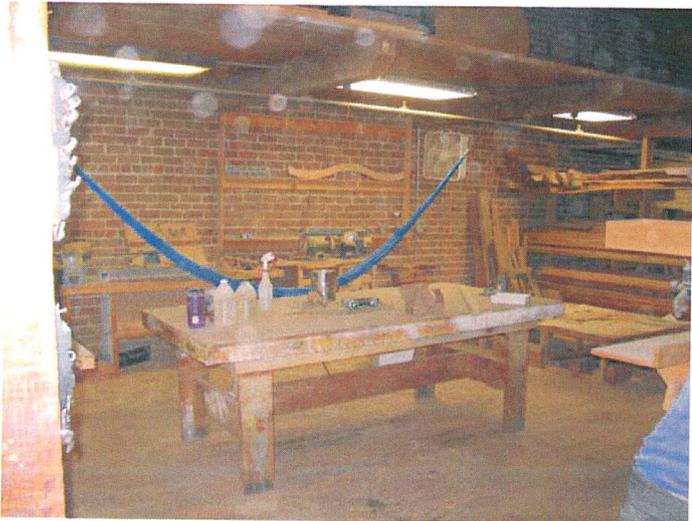
Steinfeld Warehouse 8



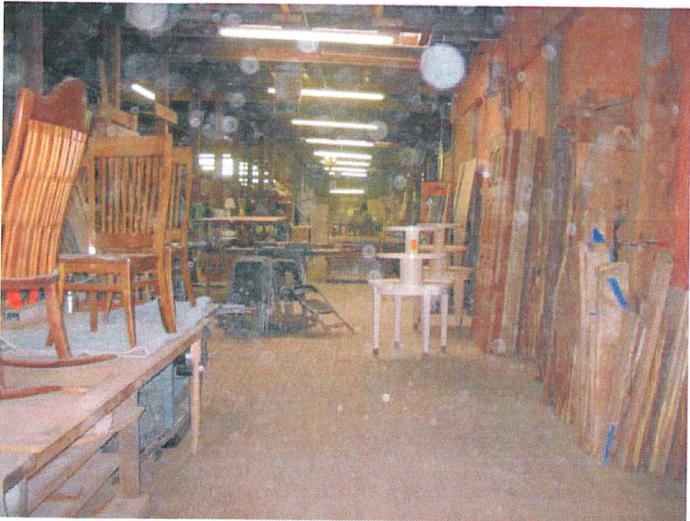
29. Alamo Gallery



30. Robert Robles Design



31. Robert Robles Design



32. Robert Robles Design

1 Chax Press

2 Cynthia Miller

3 Tap Root Wood

4 Dinnerware Arts

5 Clay Artist

6 Robert Robbles Designs

7 Elizabeth Criger

8 Lou's Woodshop

9 Betina Fink

10 Santa Cruz Woodworking

11 Ryan Design

12 Joe Labate Photography

13 Laura LaFave Studio

14 Katherine Josten

15 Dietz Art Studio

Outdoor Storage

Parking/Loading

7

12

15

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14

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13

Empty Gallery

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3

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8

Kitchen

Drying Room

Alamo Gallery

6



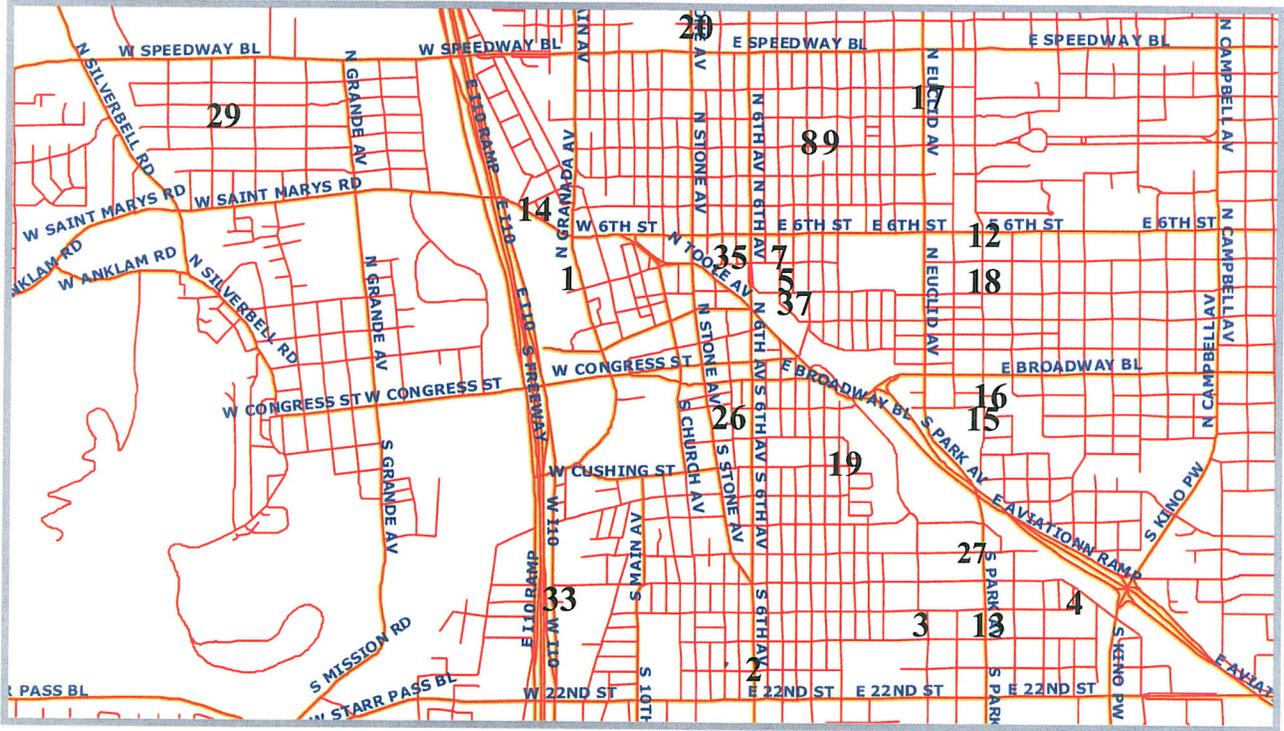
Appendix B

Appendix C

APPENDIX C
Available Replacement Sites

Site #	Property Address	Square Feet	Zoning	Rental Rate	Agent/Owner	Contact Phone Number
1	Main Street				Paul Hooker	520-748-7100
2	525 22nd Street	7,700			Norman	520-745-6598
3	17th/ Euclid	3,870	I-1	.55/sq ft	Tim Healy	520-323-5119
4	19th/ Highland				Dave Gallager	520-294-1610
5	4th Avenue				Tom	520-907-4983
6	22nd/Plumber	7,000				520-748-7100
7	4th Avenue/ 7th					520-748-7100
8	University (ZuZu's)					520-577-7000
9	University (The Historic "Y")					520-629-0237
10	73 E. Pennington Street	750		\$750/MO	David Nichols	520-622-4700
11	27 N. Scott Avenue	2,000		\$2000/MO	David Nichols	520-624-0426
12	211 E. 6th Street	7,500		\$7500/MO	David Nichols	520-624-0426
13	Park/ 18th	18,000	I-1		Décor Solutions	520-622-7626
14	657 W. St. Mary's Rd. (The Loft)	266 -up		\$153MO up	Leigh	520-780-4446
15	228 S. Park	4000+/-		\$12-14/sq ft		520-622-2037
16	141 S. Park	1,600		\$1200/MO	Don	520-444-5153
17	305 S. Euclid	3,750				520-748-7100
18	350 S. Park	2,000		\$2000/MO	Mike Bernstein	520-906-0332
19	141 E. 17th Street	2,500	I-1	\$1500/MO	Mike Bernstein	520-906-0332
20	40 E. Helen	2,535	c-1	\$18/sqft	Picor Tom Nieman	520-748-7100
21	1 East Congress	3,000-14,251	CB-1	\$14-19/sqft	Picor Tom Nieman	520-748-7100
22	33 S. 6th Avenue	9,228	CR-2	\$7/sqft	Picor Tom Nieman	520-748-7100
23	410 N. Toole Avenue	1,012	retail	\$15/ sq ft	Buzz Isaacson	520-299-6700
24	17 N. Stone Avenue	1,830	retail	\$16/ sq ft	Buzz Isaacson	520-299-6700
25	201 N Court Ave	396-926	retail		Mary Lou	520-624-7708
26	388 S. Stone	studios		\$275-375	Linn	520-629-9976
27	1026 S Euclid	3450		\$1,400	Brandon	520-323-5159
28	744 E 46th St	2540		\$1,650	Brandon	520-323-5159
29	2112 N Dagoon St	1680		\$1,092	Brandon	520-323-5159
30	Park/ I-10	954/1064/2016			Baynes Company	520-325-9500
32	4th Ave Near UA		office/retail	\$400		520-870-2128
33	18th/I-10		I-1	\$1,100	Chris	520-275-4861
34	34th/Aviation	22,160	wrhse		John CBRE	520-304-8445
35	121 E. 7th Street	2 studios				520-624-3799
36	51 & 55 N. 6th Street	20,000 studios		\$300 and up	T. Collins ArtFare	520-903-0918
37	220 N 4th Ave		Gal/Studio		Elaine	520-977-6674
	Pictures of both these sites are available in this Appendix.					

APPENDIX C SITE LOCATIONS



6

Downtown Close Up

28

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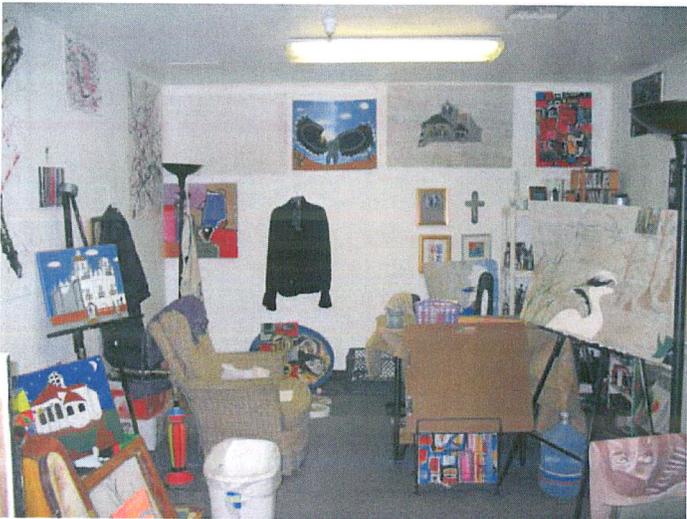
**ArtFare
Potential Replacement Sites**



1



2



19

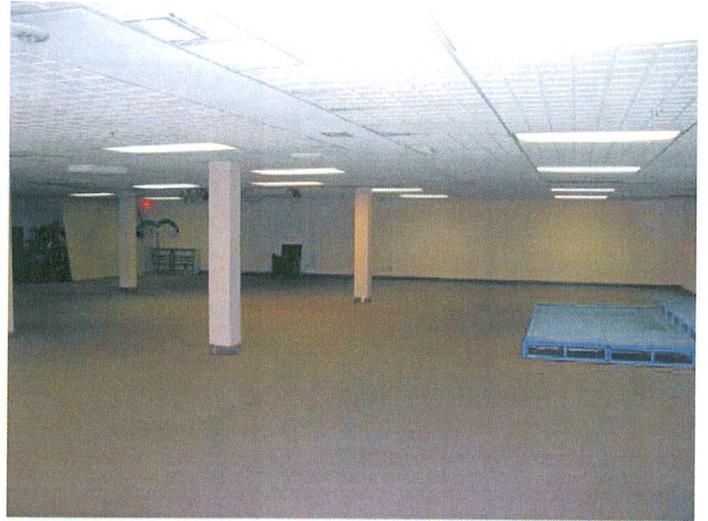


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**ArtFare
Potential Replacement Sites**



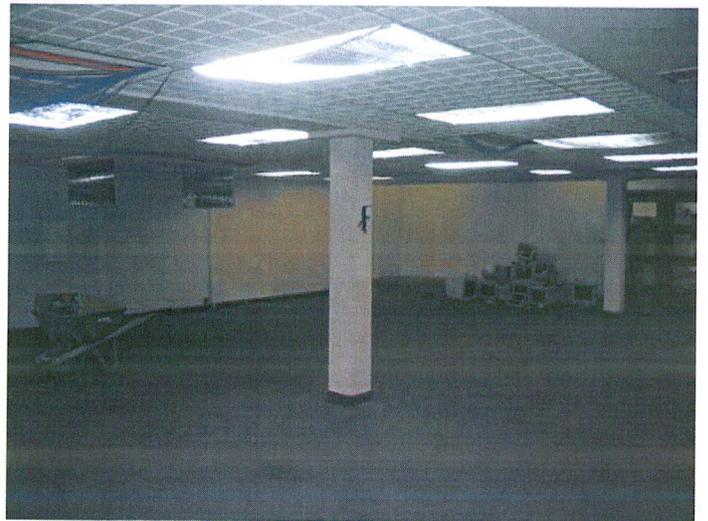
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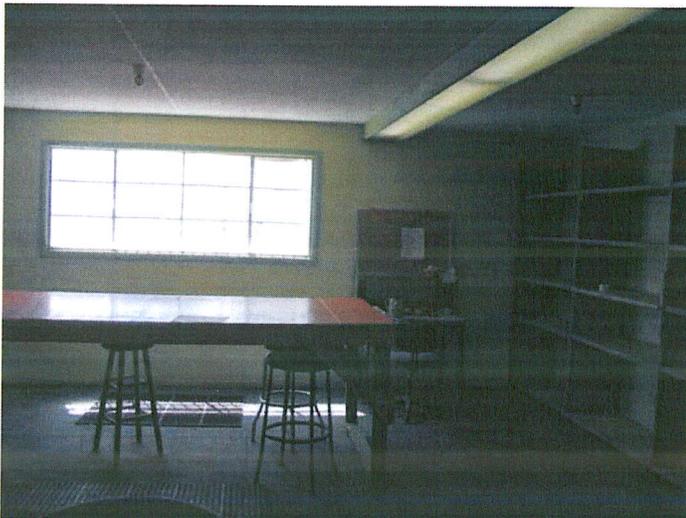
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Potential Replacement Site**



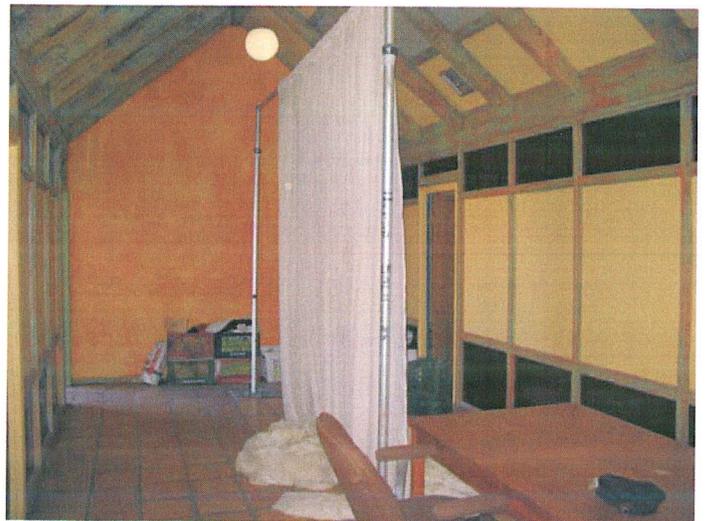
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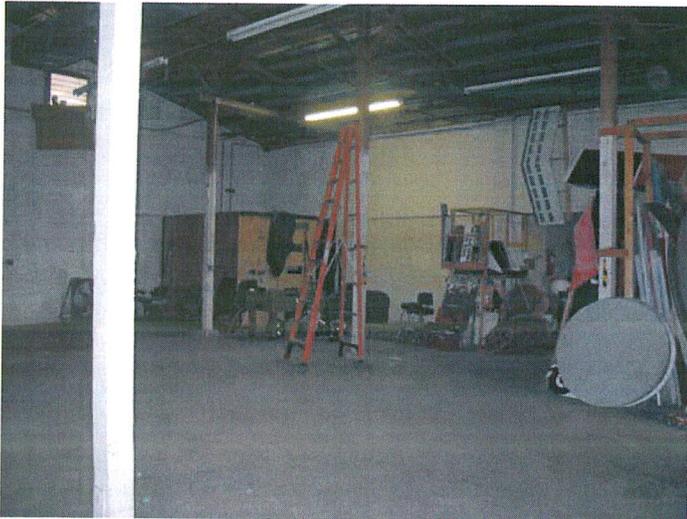
**Décor Solutions
Potential Replacement Site**



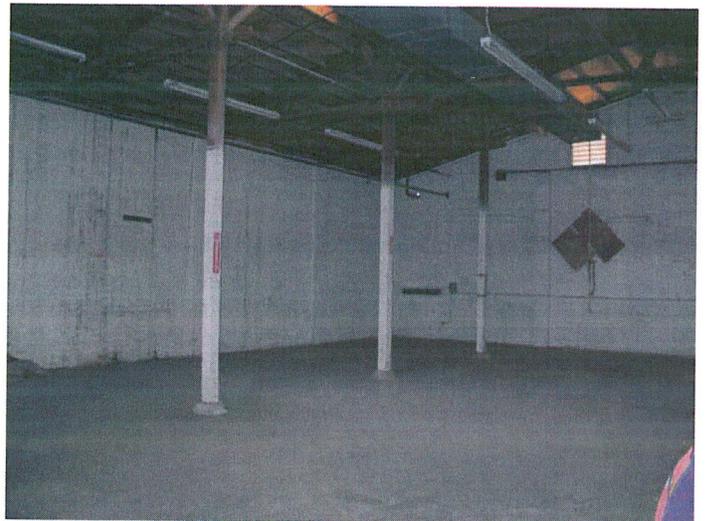
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7



6



5