



## **CITY COUNCIL MEETING AGENDA**

*This is a remote meeting due to the Covid-19 Coronavirus emergency.  
Details on how to attend this meeting are below.  
No public comment is taken for a study session.*

**Zoom Meeting ID: 824 5121 5173      Phone number 253-215-8782**

**July 13, 2020  
Monday**

**Study Session  
6:00 p.m.**

- 1. Call to Order and Flag Salute**
- 2. Roll Call of Councilmembers**
- 3. Regular Agenda**
  - A. Juneteenth Adoption Discussion**
  - B. Resolution 20-1932 to adopt procedures for filling vacant positions**
  - C. Ordinance 1989-20 Vacation of 380<sup>th</sup>**
  - D. Mayor Salary Study Discussion**
- 4. Adjournment**

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**To:** City Council Members  
**From:** Mayor Shanna Styron Sherrell  
**Date:** July 13, 2020, Study Session  
**Re:** Juneteenth

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**ATTACHMENTS:** Email from Councilmember Linden/City of Tukwila Resolution  
Example Proclamation-City of Federal Way  
Example Proclamation-City of Renton  
Example Proclamation-City of Kenmore

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**TYPE OF ACTION:**

Information Only  Discussion  Action  Expenditure Required:

**Recommendation/Action:** Not at this time

**Fiscal Impact/Source of Funds:** N/A

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**Discussion:**

Juneteenth, also known as Freedom Day, Jubilee Day, Liberation Day, and Emancipation Day – is a holiday celebrating the emancipation of those who had been enslaved in the United States. Originating in Texas, it is now celebrated annually on the 19th of June throughout the United States, with varying official recognition. Specifically, it commemorates Union army general Gordon Granger announcing federal orders in Galveston, Texas, on June 19, 1865, proclaiming that all slaves in Texas were free.

At the July 6, 2020 Council meeting, it was motioned by Councilmember Linden and seconded by Councilmember Johnson to add a discussion about Juneteenth. It was then voted and approved by Council to bring back to the study session for discussion. The question came up on if it should be done as a resolution or a proclamation. Both examples are included in this agenda bill.

We reached out to the City of Tukwila and they chose to do a resolution rather than a proclamation for the following reason: *We have a strong Mayor form of government and the proclamations are from the Mayor while the resolutions are from the Council – they wanted to make something themselves as well as have it be a little more permanent. Proclamations are typically just for that year, but if you look at the language in ours you can see it designates Juneteenth as an annual celebration – so it is ongoing from here.*

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**From:** [Phil Linden](#)  
**To:** [Shanna Styron-Sherrell](#)  
**Subject:** Juneteenth Milton  
**Date:** Tuesday, July 07, 2020 9:15:05 AM  
**Attachments:** [image.png](#)



# City of Tukwila

Washington

Resolution No. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, COMMEMORATING JUNETEENTH OF EACH YEAR AS AN ANNUAL CELEBRATION OF AFRICAN AMERICAN EMANCIPATION.**

**WHEREAS**, news of the end of slavery did not reach African Americans in some Confederate areas until months after the conclusion of the Civil War and more than 2-1/2 years after President Abraham Lincoln issued the Emancipation Proclamation; and

**WHEREAS**, Juneteenth, or June 19, 1865, is considered the date when the last enslaved African Americans in America were freed, when Union Army Major General Gordon Granger rode into Galveston, Texas, and announced, "The people of Texas are informed that, in accordance with a proclamation from the Executive of the United States, all slaves are free;" and

**WHEREAS**, Juneteenth, or "Juneteenth Independence Day," is the oldest known celebration commemorating the abolition of slavery in the United States, and is now celebrated in 46 states and the District of Columbia; and

**WHEREAS**, while long celebrated in the Southern states, Juneteenth must also be known, understood, and honored in the Pacific Northwest as an important piece of the fabric of this nation's history; and

**WHEREAS**, Juneteenth provides an opportunity to celebrate freedom and liberty, and will serve as a reminder of our collective history and our responsibility to never stop fighting toward true racial equality;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:**

Juneteenth, June 19, shall be recognized in the City of Tukwila as an annual celebration of emancipation and an occasion to honor the African Americans in our community.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Christy O'Flaherty, MMC, City Clerk

\_\_\_\_\_  
De'Sean Quinn, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: \_\_\_\_\_  
Passed by the City Council: \_\_\_\_\_  
Resolution Number: \_\_\_\_\_

\_\_\_\_\_  
Office of the City Attorney

Hi Shanna

here are some documents from City of Tukwila and some media that they put regarding their Juneenth Resolution 1992. I would prefer it be a resolution since it came from council vs a proclamation. I really appreciated your George Floyd statement/ proclamation, but I think it is important that council is making this statement and resolution seems to be the appropriate avenue.

If this passes, I would like to see timely announcements on our website, calendar and facebook page. Perhaps citizens will become inspired to organize and partner with the City on an event someday. In light of the Black Lives Matter Rally held here, this is a responsive and thoughtful act that we can do as a government.

I look forward to discussion in study session and moving this forward. Please follow up if I can add anymore info or clarification.

Phil

<http://records.tukwilawa.gov/weblink/1/edoc/330763/REG%202020-06-15%20%20COMPLETE%20AGENDA%20PACKET.pdf>

<https://www.tukwilawa.gov/celebrating-juneteenth/#:~:text=On%20Monday%20night%2C%20the%20City,of%20the%20impacts%20of%20slavery>

<https://www.facebook.com/CityofTukwila/?pageid=672624736086945&ftentidentifier=3436084526407605&padding=0>

# City of Kenmore, Washington Proclamation

**WHEREAS**, on January 1, 1863, President Abraham Lincoln issued the Emancipation Proclamation, setting in motion the end of slavery in the United States; and

**WHEREAS**, the Civil War ended with the surrender of General Lee at Appomattox Court House on April 9, 1865; and

**WHEREAS**, this news reached Texas when Union General Gordon Granger arrived in Galveston Bay with Union troops. It was on June 19, 1865, that he announced: “The people of Texas are informed that, in accordance with a proclamation from the Executive of the United States, all slaves are free”; and

**WHEREAS**, celebration of the end of slavery, which became known as Juneteenth, is the oldest known public celebration of the end of slavery in the United States; and

**WHEREAS**, Juneteenth commemorates African American freedom and celebrates the successes gained through education and greater opportunity; and

**WHEREAS**, on a larger scale, celebration of Juneteenth reminds each of us of the precious promises of freedom, equality, and opportunity which are at the core of the American Dream; and

**NOW THEREFORE**, I, David Baker, Mayor of the City of Kenmore, on behalf of the City Council, do hereby proclaim June 19 as a day to celebrate Juneteenth 2020, in the City of Kenmore.

**IN WITNESS WHEREOF**, signed this June 8, 2020.



*Signed:* \_\_\_\_\_  
David Baker, Mayor

*Attested:* \_\_\_\_\_  
Kelly M. Chelin, City Clerk



**PROCLAMATION  
“Juneteenth Week”**

WHEREAS, President Abraham Lincoln signed the Emancipation Proclamation on January 1, 1863, and with those words, our country changed declaring the slaves in Confederate territories free, and

WHEREAS, this action paved the way for the passing of the 13th Amendment which formally abolished slavery in the United States of America; and

WHEREAS, the freedom for many who were enslaved in the South and Southwestern United States was delayed for two and half years after the Emancipation Proclamation until June 19, 1865; and

WHEREAS, June 19th is a meaning of freedom and liberation from slavery to Black Americans, calling it “Juneteenth”, combining the words June and Nineteenth; and

WHEREAS, Juneteenth has been celebrated by the African American community for over 150 years and is the oldest known celebration commemorating the abolition of slavery in the United States; and

WHEREAS, we, pay tribute to the journey and acknowledge the many roles and contributions of the African American spirit to our community; and

WHEREAS, Juneteenth is time for celebration, prayer and gathering in our Federal Way community; and

WHEREAS, local organizations have the common mission to promote and cultivate knowledge and appreciation of the Black history and culture; and

WHEREAS, from this moment forward, the Federal Way Community is determined to join together to wrap each other in a spirit of love, striving to make life in our community and our world better for all; and

WHEREAS, together we embrace the past as well as the future that only unity, respect and appreciation can bring; and

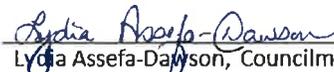
NOW, THEREFORE, we the undersigned Mayor and City Council of the City of Federal Way, Washington do hereby proclaim June 15-21, 2020 as JUNETEENTH WEEK in the City of Federal Way, Washington to celebrate the rich culture and heritage African Americans have brought and continue to bring to our community and urge all citizens to become aware of the significance of this celebration in Black History and in the heritage of our nation and City.

SIGNED this 16th day of June, 2020

***FEDERAL WAY MAYOR AND CITY COUNCIL***

  
Jim Ferrell, Mayor

  
Susan Honda, Council President

  
Lydia Assefa-Dawson, Councilmember

  
Gregory Baruso, Councilmember

  
Hoang V. Tran, Councilmember

  
Mark Koppang, Councilmember

  
Martin A. Moore, Councilmember

  
Linda Kochmar, Councilmember



Armondo Pavone Mayor

# Proclamation

*Whereas*, we acknowledge the notice of freedom given to the slaves of the State of Texas on June 19, 1865; and

*Whereas*, we give honor and respect on this day to the suffering of our ancestors and we acknowledge the evils of slavery and its aftermath; and

*Whereas*, we think about the moment in 1888 when 300 Black men from Virginia, North Carolina, and Kentucky were determined to escape the terrorism of the post-Civil War South as they boarded trains for the Washington territory and settled in King County mining camps; and

*Whereas*, the story and outspokenness of James Shepperson, an educated Black man who settled in Roslyn, WA in 1888, inspired many other blacks to flee the south at great risk and pursue new opportunities in Washington state as miners; and

*Whereas*, we acknowledge African American freedom, contributions, and achievements within this community, past and present; and

*Whereas*, during this Juneteenth event, we appreciate the African American experience and celebrate the inclusion of all races, ethnicities, and nationalities; and

*Whereas*, we commit to working together toward equity for all in expanding economic, educational, and career opportunities for all those in our community;

*Now, therefore*, I, Armondo Pavone, Mayor of the City of Renton, do hereby proclaim June 19, 2020, to be

## *Juneteenth 2020*

in the City of Renton, and I encourage all citizens to join me in this celebration.

In witness whereof, I have hereunto set my hand and caused the seal of the City of Renton to be affixed this 15th day of June, 2020.

A handwritten signature in blue ink, appearing to read "Armondo Pavone", is written over a horizontal line.

Armondo Pavone, Mayor  
City of Renton, Washington



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**To:** City Council Members  
**From:** Mayor Shanna Styron Sherrell  
**Date:** July 13, 2020, Study Session  
**Re:** Resolution on Policy for Filling Vacant Mayor/Councilmember Positions

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**ATTACHMENTS:** Exhibit A, Red-line and Clean Version of Policy  
Resolution 20-1932

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**TYPE OF ACTION:**

Information Only  Discussion  Action  Expenditure Required:

**Recommendation/Action:** *Action to be taken on the July 20, 2020 Council Meeting. “I move to adopt the attached Resolution 20-1932, updating the policy for filling vacant Mayor or Councilmember positions.”*

**Fiscal Impact/Source of Funds:** N/A

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**Discussion:**

This policy was originally established and adopted in 2010 when the current Mayor resigned. It has not been updated since.

The attached updated city policy for filling declared vacant Mayor or Council Positions is based on the discussion had at the City Council Retreat on March 5, 2020, as well as the Council meeting on July 6, 2020.

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**Exhibit A**  
**City Policy on Filling Declared Vacant Mayor or Council Positions**

**1.0 Purpose**

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The purpose of this policy is to provide guidance to City Council when a Milton Mayor or Councilmember position becomes vacant before the expiration of the official's elected term of office. Pursuant to state law, a vacancy shall be filled only to serve the remainder of the unexpired term until the next regular municipal election.

**2.0 References**

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RCW 42.30.110(h) - Executive Session ~~a~~Allowed to consider qualifications of a ~~c~~Candidate for ~~a~~Appointment to ~~e~~Elective ~~o~~Office

RCW 42.30.060 - Prohibition on Secret Ballots

RCW 42.12 - Vacant Position

RCW 35A. 12.030 - Eligibility to hold elective office

RCW 35A. 12.050 - Vacancies

**3.0 Appointment Process for Mayor:**

The appointment shall be done by approval of a motion of the City Council as follows:

- a. The Mayor Pro-Tem shall open the nominations by Councilmembers.
- b. Any Council-member may nominate ~~another~~ an incumbent councilmember for appointment as Mayor. It is the stated policy of the City Council that the nominated councilmember has been elected through the election process and has served one year on Council.
- c. Nominations do not require a second.
- d. After all nominations have been received, the Mayor Pro-Tem shall close the nominations.
- e. Candidates shall be voted in the order that the nominations were received.
- f. A ~~councilmember~~ Councilmember who is nominated shall not vote for him/herself for this position.
- g. As soon as one candidate receives a majority vote the Mayor Pro-Tem shall declare the nominee appointed Mayor, and there is no vote on the

remaining candidates.

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~~g-h.~~ The new Mayor shall be sworn into office by the City Clerk at the earliest opportunity, or no later than the next regularly scheduled City Council Meeting.

#### **4.0 Appointment Process for Councilmember**

**4.1** The City Council may appoint a qualified member of the community by using the same procedure as described in Section 3.0 above, except that Councilmembers shall nominate any qualified member of the community as defined by RCW 42.12.070; or,

**4.2** The City Council shall direct staff to begin the Councilmember appointment process and establish an interview and appointment schedule so that the position is filled at the earliest opportunity as follows:

4.2.1 The vacancy shall be ~~advertized~~ advertised as follows:

The City Council of the City of Milton is seeking a qualified person to serve as a member of the City Council in the position vacated by Councilmember

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~~-----~~ The person must be a permanent resident of the city for at least one year at the time of appointment, be at least eighteen years of age, a United State citizen, and a registered voter of the city.

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The appointee would serve until the next municipal general election. At that election the city would elect a person to serve out the remainder of the unexpired term of the vacating Councilmember.

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~~Regular meetings and Study Sessions are held as established in MMC 2.04 of the City Council are held at 7:00 p.m. on the first and third Mondays of each month. There is also a Study Session at 5:30 p.m. on the second Monday of each month. Occasionally special meetings are scheduled at different dates or times. Councilmembers who have three unexcused absences from regular meetings are subject to removal from office. The salary for this position is (insert current salary as listed on adopted wage scale) \$400-per month.~~

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Applications must be received by the City Clerk no later than 5:00 p.m. on (date).

~~4.2.2~~ The vacancy shall be ~~advertized~~ advertised one time as outlined in MMC 1.10. in the next available Milton Edgewood Signal, as well as posted on the City's website.

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#### 4.2.2

- 4.2.3 Applications received by the deadline will be circulated to the Mayor and City Council.
- 4.2.4 Council may review the qualifications of the applicants in Executive Session and decide in open session, by majority vote the applicants that it wishes to interview. If the Council fails to decide on which candidates to interview within two weeks from the application deadline, the Mayor shall invite all applicants to the interview.
- 4.2.5 Prior to the date and time of the interview meeting, the Mayor shall accept one interview question from each Councilmember.
- 4.2.6 The interviews will be conducted at open meeting(s) of the Council. Each interview of an applicant shall be no more than 30 minutes in length as follows:
- a. The applicant shall present his or her credentials to the City Council (10 minutes).
  - b. The City Council shall ask the predetermined set of questions, which must be responded to by the applicant. Each applicant will be asked and will answer the same set of questions and will have two (2) minutes to answer each question (14 minutes).
  - c. An informal question and answer period in which Councilmember's may ask and receive answers to miscellaneous questions (10 minutes).
  - d. The applicant's order of appearance will be determined by a random lot drawing performed by the City Clerk.
  - e. The Council may reduce the 30-minute interview time if the number of applicants exceeds six candidates.
- 4.2.7 After completing interviews of the ~~candidates~~candidates, the Council may discuss the qualifications further, based on the interview, in Executive Session.
- 4.2.8 The Council shall then convene in open session and select a candidate using the process described in Section 4.1.

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- 4.3** Nothing in this policy shall prevent the City Council from reconvening into Executive Session to further discuss the applicant/candidate qualifications.
- 4.4** The new Councilmember shall be sworn into office by the ~~City Clerk~~ Mayor at the earliest opportunity, or no later than the next regularly scheduled City Council Meeting.
- 4.5** The City Council may not appoint a person to fill a City Council or Mayor position until it becomes vacant. The ~~vacant~~ position, ~~either~~ of a Mayor or Councilmember, ~~who resigns on a specified date shall not shall will become~~ ~~not become~~ vacant ~~until the~~ ~~on the~~ ~~specified date~~ ~~in the resignation.~~ ~~has been established.~~ Once a councilmember has resigned, the resignation may not be withdrawn. If no date is specified in the resignation, it shall be deemed to be immediate.
- 4.6** The Mayor shall have the authority to break a tie vote on the vote to appoint a person to a vacant City Council seat. The Mayor Pro Tem ~~may~~ shall have the authority to break a tie vote on the vote to appoint a person to a vacant Mayor position.

## Exhibit A

### **City Policy on Filling Declared Vacant Mayor or Council Positions**

#### **1.0 Purpose**

The purpose of this policy is to provide guidance to City Council when a Milton Mayor or Councilmember position becomes vacant before the expiration of the official's elected term of office. Pursuant to state law, a vacancy shall be filled only to serve the remainder of the unexpired term until the next regular municipal election.

#### **2.0 References**

RCW 42.30.110(h) - Executive Session allowed to consider qualifications of a candidate for appointment to elective office

RCW 42.30.060 - Prohibition on Secret Ballots

RCW 42.12 - Vacant Position

RCW 35A. 12.030 - Eligibility to hold elective office

RCW 35A. 12.050 - Vacancies

#### **3.0 Appointment Process for Mayor:**

The appointment shall be done by approval of a motion of the City Council as follows:

- a. The Mayor Pro-Tem shall open the nominations by Councilmembers.
- b. Any Councilmember may nominate an incumbent councilmember for appointment as Mayor. It is the stated policy of the City Council that the nominated councilmember has been elected through the election process and has served one year on Council.
- c. Nominations do not require a second.
- d. After all nominations have been received, the Mayor Pro-Tem shall close the nominations.
- e. Candidates shall be voted in the order that the nominations were received.
- f. A Councilmember who is nominated shall not vote for him/herself for this position.
- g. As soon as one candidate receives a majority vote the Mayor Pro-Tem shall declare the nominee appointed Mayor, and there is no vote on the

remaining candidates.

- h. The new Mayor shall be sworn into office by the City Clerk at the earliest opportunity, or no later than the next regularly scheduled City Council Meeting.

#### **4.0 Appointment Process for Councilmember**

**4.1** The City Council may appoint a qualified member of the community by using the same procedure as described in Section 3.0 above, except that Councilmembers shall nominate any qualified member of the community as defined by RCW 42.12.070; or,

**4.2** The City Council shall direct staff to begin the Councilmember appointment process and establish an interview and appointment schedule so that the position is filled at the earliest opportunity as follows:

**4.2.1** The vacancy shall be advertised as follows:

*The City Council of the City of Milton is seeking a qualified person to serve as a member of the City Council in the position vacated by Councilmember \_\_\_\_\_. The person must be a permanent resident of the city for at least one year at the time of appointment, be at least eighteen years of age, a United State citizen, and a registered voter of the city.*

*The appointee would serve until the next municipal general election. At that election the city would elect a person to serve out the remainder of the unexpired term of the vacating Councilmember.*

*Regular meetings and Study Sessions are held as established in MMC 2.04. Occasionally special meetings are scheduled at different dates or times. Councilmembers who have three unexcused absences from regular meetings are subject to removal from office. The salary for this position is (insert current salary as listed on adopted wage scale) per month.*

*Applications must be received by the City Clerk no later than 5:00 p.m. on (date).*

**4.2.2** The vacancy shall be advertised one time as outlined in MMC 1.10.

**4.2.3** Applications received by the deadline will be circulated to the Mayor and City Council.

**4.2.4** Council may review the qualifications of the applicants in Executive

Session and decide in open session, by majority vote the applicants that it wishes to interview. If the Council fails to decide on which candidates to interview within two weeks from the application deadline, the Mayor shall invite all applicants to the interview.

- 4.2.5 Prior to the date and time of the interview meeting, the Mayor shall accept one interview question from each Councilmember.
- 4.2.6 The interviews will be conducted at open meeting(s) of the Council. Each interview of an applicant shall be no more than 30 minutes in length as follows:
  - a. The applicant shall present his or her credentials to the City Council (10 minutes).
  - b. The City Council shall ask the predetermined set of questions, which must be responded to by the applicant. Each applicant will be asked and will answer the same set of questions and will have two (2) minutes to answer each question (14 minutes).
  - c. An informal question and answer period in which Councilmember's may ask and receive answers to miscellaneous questions (10 minutes).
  - d. The applicant's order of appearance will be determined by a random lot drawing performed by the City Clerk.
  - e. The Council may reduce the 30-minute interview time if the number of applicants exceeds six candidates.
- 4.2.7 After completing interviews of the candidates, the Council may discuss the qualifications further, based on the interview, in Executive Session.
- 4.2.8 The Council shall then convene in open session and select a candidate using the process described in Section 4.1.

**4.3** Nothing in this policy shall prevent the City Council from reconvening into Executive Session to further discuss the applicant/candidate qualifications.

**4.4** The new Councilmember shall be sworn into office by the Mayor at the earliest opportunity, or no later than the next regularly scheduled City

## Council Meeting.

**4.5** The City Council may not appoint a person to fill a City Council or Mayor position until it becomes vacant. The vacant position, either of a Mayor or Councilmember, shall become vacant on the specified date in the resignation. Once a councilmember has resigned, the resignation may not be withdrawn. If no date is specified in the resignation, it shall be deemed to be immediate.

**4.6** The Mayor shall have the authority to break a tie vote on the vote to appoint a person to a vacant City Council seat. The Mayor Pro Tem shall have the authority to break a tie vote on the vote to appoint a person to a vacant Mayor position.

**CITY OF MILTON, WASHINGTON  
RESOLUTION NO. 20-1932**

**A RESOLUTION OF THE CITY OF MILTON, PIERCE COUNTY,  
WASHINGTON ESTABLISHING COUNCIL POLICIES AND PROCEDURES FOR  
FILLING A MAYOR OR COUNCIL POSITION THAT HAS BEEN DECLARED  
VACANT.**

**WHEREAS**, subject to statute under RCW 35A.12.050 and 42.12.070 the City Council is the governing body designated to appoint a qualified person the fill a vacant Mayor or council position; and

**WHEREAS**, these statutes provide only general rules for the appointment of someone to fill a vacant position; and

**WHEREAS**, the City Council has expressed a desire to establish set policies and procedures to standardize the process to eliminate confusion and misunderstanding.

**NOW THEREFORE BE IT RESOLVED** that the City Council of the City of Milton hereby adopts the Policy entitled “City Policy on Filling Declared Vacant Mayor or Council Positions” as attached hereto as Exhibit A.

Passed and approved this 20<sup>th</sup> day of July, 2020.

\_\_\_\_\_  
Shanna Styron Sherrell, Mayor

ATTEST:

\_\_\_\_\_  
Trisha Summers, City Clerk

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## Agenda Item #:3C

**To:** Mayor Styron Sherrell and City Council Members  
**From:** Nick Afzali, Public Works Director  
**Date:** July 13, 2020  
**Re:** Land Lloyd Development Street Vacation of 380<sup>th</sup> Street

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**ATTACHMENTS:**

1. A copy of the petition
2. Legal Description
3. Map
4. Appraisal
5. Resolution 20-1931
6. Ordinance 1989-20 Approval of Vacation of S. 380<sup>th</sup> St. Public ROW

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**TYPE OF ACTION:**

Information Only  Discussion  Action  Public Hearing  Expenditure

**Fiscal Impact/Source of funds:** As prescribed by Milton Municipal Code, the City will receive from the adjacent property owner's payment of the full appraised value of the vacated property.

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**Issue:** The City received a petition including an appraisal to vacate south 380<sup>th</sup> Street which includes unopened right-of-way within the City. City staff evaluated the petition and determined that this right-of-way is no longer useful to the City as an unopened right-of-way. City Council passed resolution 20-1931 on July 6<sup>th</sup> regular meeting for setting a public hearing for August 3<sup>th</sup> as described by RCW 35.79.020.

**Discussion:** In accordance with MMC 12.06, the owners of any property immediately adjacent to public right of way may petition the City for vacation of a portion of the public right-of-way. In this case, Land Lloyd Development Co. has petitioned the City requesting a street vacation for a portion of undeveloped unopened right-of-way of South 380<sup>th</sup> Street. Staff evaluated their proposal and have concluded that this section of unopened right-of-way is no longer needed by the City and may be vacated. City staff will be collaborating with a licensed appraisal to ensure the property has been appraised in accordance with the State's regulations. A copy of the third-party review with respect to appraisal will be part of August 3<sup>rd</sup> packet.

The City will retain easement rights over the vacated portion for future use for utilities or other such uses.

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**CITY OF MILTON  
PETITION FOR VACATION OF A CITY STREET**

IN THE MATTER OF THE PETITION OF:

Bridge Development Partners 10655 NE 4<sup>th</sup> Street, Suite 210 Bellevue, WA 98004  
(name) (Mailing address) (Day phone)

and others for the Vacation of

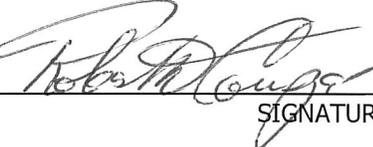
S. 380<sup>th</sup> Street  
(Street Name or Number)

TO THE CITY COUNCIL OF MILTON, WASHINGTON:

(FILL IN DESCRIPTION OF PORTION OF STREET TO BE VACATED) (ATTACH MAP)

See attached Legal Description & Exhibit

We, the undersigned property owners within the City of Milton, State of Washington do petition that the above described City street be vacated:

Land Lloyd Development Co. I   
SIGNATURE

Parcel Addresses: 800 & 1100 S. 380<sup>th</sup> Street and 38000 Milton Road S.

Parcel Nos. 322104-9151, 322104-9152 & 322104-9153

(Use Additional Sheets if Necessary)

Your petitioners respectfully represent and allege that the street is useless as a part of the general street system and the public will be benefited by its vacation, and that all of your petitioners are property owners abutting said street; therefore your petitioners request the vacation of said street, as provided by law. RCW 35.79 and Milton Municipal Code 12.06.

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**LEGAL DESCRIPTION**

**VACATION AREA**

The north 30 feet of the Southwest quarter of the Southeast quarter of Section 32, Township 21 North, Range 4 East, Willamette Meridian, King County, Washington.

AND

The South 30 feet of the Northeast Quarter of the Southwest quarter of Section 32, Township 21 North, Range 4 East, Willamette Meridian, King County, Washington, situated Southeasterly of the Southeasterly margin of Primary State Highway No 1 (SR5).

AND

The North 30 feet of the Southeast quarter of the Southwest quarter of Section 32, Township 21 North, Range 4 East, Willamette Meridian, King County, Washington, situated Southeasterly of the Southeasterly margin of Primary State Highway No 1 (SR5).

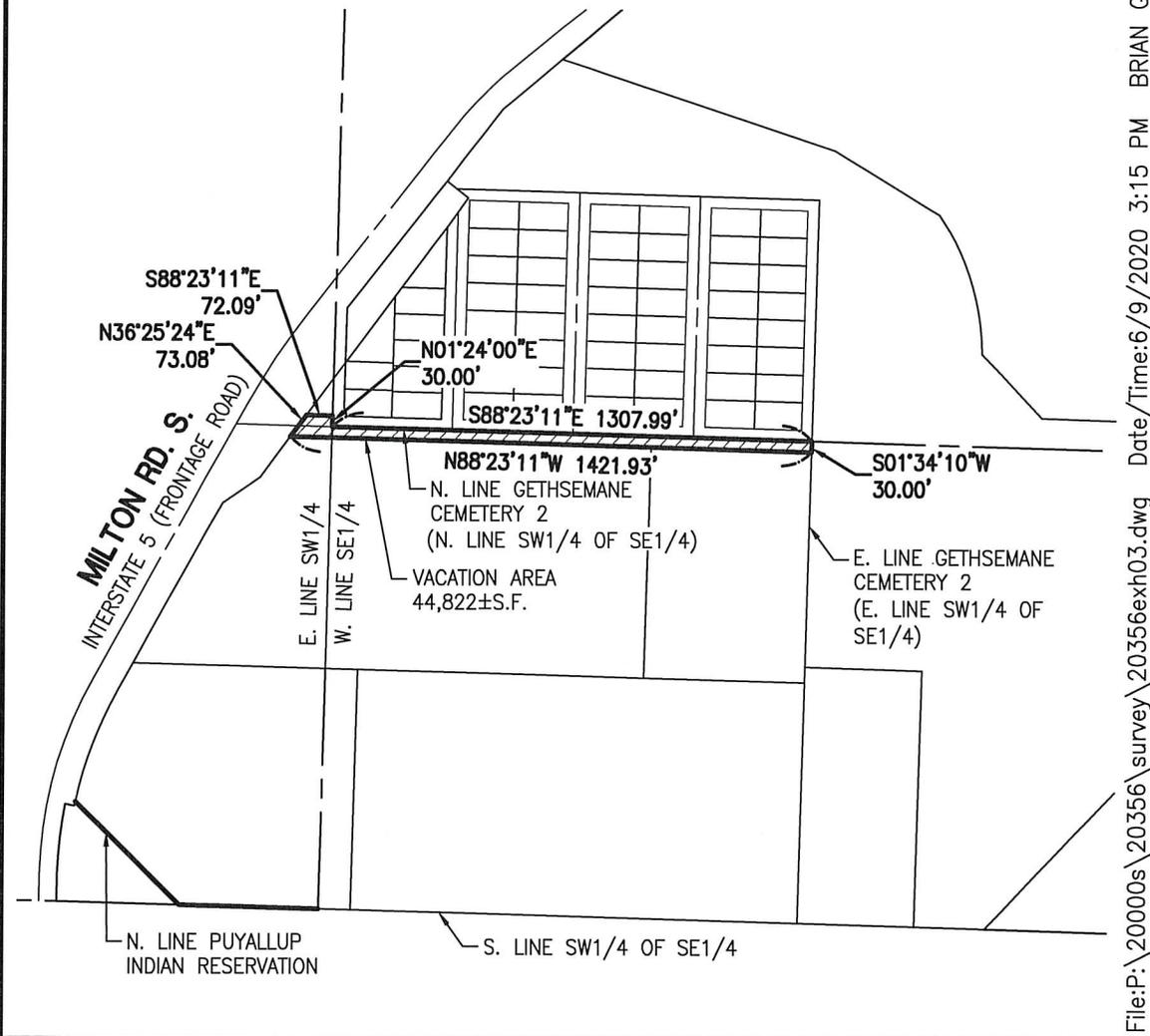
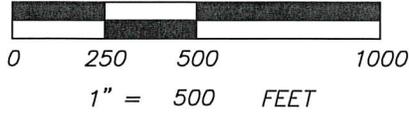
Containing 44,822 square feet, more or less.



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GRAPHIC SCALE



File:P:\20000s\20356\survey\20356exh03.dwg Date/Time:6/9/2020 3:15 PM BRIAN GILLOOLY

SCALE: HORIZONTAL 1"=80'	For: <b>BRIDGE DEVELOPMENT PARTNERS LLC</b>	JOB NUMBER <b>20356</b> 20356L.001.DOC
 BARGHAUSEN CONSULTING ENGINEERS, INC. 18215 72ND AVENUE SOUTH KENT, WA 98032 425.251.6222 BARGHAUSEN.COM	Title: <b>RIGHT-OF-WAY VACATION</b>	SHEET <b>1 of 1</b>
DESIGNED <u>BDG</u> DRAWN <u>BDG</u> CHECKED <u>BDG</u> APPROVED <u>BDG</u> DATE <u>06/09/20</u>		

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**Appraisal of Real Property**

**Former Lloyds Pit/S. 380th Street ROW**  
Vacant Land - Portion of Public Right-of-Way  
S. 380th Street, East of 5th Avenue  
Milton, King County, Washington 98354

**Prepared For:**  
Bridge Development Partners

**Effective Date of the Appraisal:**  
June 4, 2020

**Report Format:**  
Appraisal Report – Standard Format

**IRR - Seattle**  
File Number: 154-2020-0171





**Former Lloyds Pit/S. 380th Street ROW**  
S. 380th Street, East of 5th Avenue  
Milton, Washington



June 18, 2020

Mr. Spencer Mayes  
Senior Vice President  
Bridge Development Partners  
10655 NE 4th Street, #500  
Bellevue, WA 98004

SUBJECT: Valuation of 380<sup>th</sup> Street Vacation  
Former Lloyds Pit/S. 380th Street ROW  
S. 380th Street, East of 5th Avenue  
Milton, King County, Washington 98354  
IRR - Seattle File No. 154-2020-0171

Dear Mr. Mayes:

Integra Realty Resources – Seattle is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property. The client for the assignment is Bridge Development Partners, and the intended use is for street vacation purposes.

The subject is an existing platted, but unimproved right-of-way, containing an area of 1.03 acres or 44,822 square feet that is a portion of S. 380th Street, east of 5th Avenue. The right-of-way is 30-foot wide and is proposed to be vacated by the City of Milton, for part of the Bridgepoint Lloyds Gravel Quarry project. The property is zoned PD, Planned Development.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report –

Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

<b>Value of the 44,822 SF South 380th Street ROW to be Vacated (50% of Fee Simple Value)</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Fee Simple	June 4, 2020	\$182,000

---

#### **Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None
- 

As of the date of value, the economy (globally, nationally, and locally) was in a state of rapid transition with a widespread expectation of the imminent onset of a significant recession. The outbreak of COVID-19 (coronavirus disease of 2019) in China was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Some market deterioration had occurred shortly before this date, but the declaration by the WHO soon led to municipal and statewide orders to "shelter in place," causing widespread closures of businesses and a massive disruption to general commerce.

The status of economic conditions is changing rapidly, creating great uncertainty in the markets. Our analysis of these and related issues is presented in the attached report. The value expressed herein represents our opinion based on the best available data reflective as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time.

Mr. Spencer Mayes  
Bridge Development Partners  
June 18, 2020  
Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**INTEGRA REALTY RESOURCES - SEATTLE**



Allen Safer, MAI, MRICS  
Certified General Real Estate Appraiser  
Washington Certificate # 1100662  
Telephone: 206.436.1190  
Email: asafer@irr.com



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## Executive Summary

Property Name	Former Lloyds Pit/S. 380th Street ROW	
Address	S. 380th Street, East of 5th Avenue Milton, King County, Washington 98354	
Property Type	Land - Commercial	
Owner of Record	City of Milton	
Tax ID	Ptn. S. 380th St.	
Land Area	1.03 acres; 44,822 SF	
Zoning Designation	PD, Planned Development	
Highest and Best Use	Industrial use	
Exposure Time; Marketing Period	6-12 months; months	
Effective Date of the Appraisal	June 4, 2020	
Date of the Report	June 18, 2020	
Property Interest Appraised	Fee Simple	
Sales Comparison Approach		
Number of Sales	6	
Range of Sale Dates	Nov 16 to Nov 18	
Range of Prices per Usable SF (Unadjusted)	\$7.75 - \$22.80	
Market Value Conclusion - Subject ROW*	\$182,000	(\$4.05/Usable SF)*

\* 50% of fee simple

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Bridge Development Partners may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

## General Information

### Identification of Subject

The subject is an existing platted, but unimproved right-of-way, containing an area of 1.03 acres or 44,822 square feet that is a portion of S. 380th Street, east of 5th Avenue. The right-of-way is 30-foot wide and is proposed to be vacated by the City of Milton, for part of the Bridgepoint Lloyds Gravel Quarry project. The property is zoned PD, Planned Development.



### Property Identification

Property Name	Former Lloyds Pit/S. 380th Street
Address	S. 380th Street, East of 5th Avenue Milton, Washington 98354
Tax ID	Ptn. S. 380th St.
Owner of Record	City of Milton

### Current Ownership and Sale History

The property is part of an undeveloped public right of way, with title assumed to be vested in the City of Milton. To the best of our knowledge, no sale or transfer of ownership has occurred within the past three years.

## Pending Transactions

To the best of our knowledge, as of the effective date of this appraisal, Bridge Development LLC intends to petition that the subject property be vacated by the City of Milton. Per Milton City Code, Chapter 12.06, *whenever a petition is filed to vacate a street or alley or if the council initiates such vacation by resolution, the council shall require the abutting landowners to compensate the city in an amount which equals **one-half of the appraised value of the area vacated**; provided, that when the council deems it to be in the best interest of the city, all or any portion of the compensation may be waived.*

## Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property as of the effective date of the appraisal, June 4, 2020. The date of the report is June 18, 2020. The appraisal is valid only as of the stated effective date or dates.

The surrounding property owner, Land Lloyd Development Company, Inc., intends to ground lease the property to Bridge Development LLC for re-development of the site with an industrial use. Bridge Development LLC intends to petition the City of Milton to vacate South 380<sup>th</sup> Street, extending east from 5<sup>th</sup> Avenue. The proposed vacation area is approximately 30 feet wide and 1,425 feet long.

## Definition of Market Value

Market value is defined as:

“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 is the consummation of a 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 own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in 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: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

## Definition of Property Rights Appraised

Fee simple estate is defined as, “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:* Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

## Intended Use and User

The intended use of the appraisal is for street vacation purposes. The client is Bridge Development Partners. The intended users are Bridge Development Partners and the City of Milton. The appraisal is not intended for any other use or user. No party or parties other than Bridge Development Partners and the City of Milton may use or rely on the information, opinions, and conclusions contained in this report.

## Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;

## Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

## Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

## Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

<b>Approaches to Value</b>		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

## Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

## Inspection

Allen Safer, MAI, MRICS, conducted an on-site inspection of the property on June 4, 2020.

## Significant Appraisal Assistance

It is acknowledged that Matthew Bacon, MAI made a significant professional contribution to this appraisal, consisting of conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing, under the supervision of the person signing the report.

## Economic Analysis

The reader is reminded that the demographics presented on this and the following pages were gathered during the period that preceded the COVID-19 pandemic and imminent recession. The data provides useful information for purposes of considering the population and economy of the local area under stabilized market conditions. However, job losses, unemployment (overall and in different sectors), impaired commerce, and reduced income levels will result in demographic statistics after February 2020 that do not follow the stabilized trend that would have been expected based only on a review of data through 2019 and the first few weeks of 2020.

### Seattle MSA Area Analysis

The Seattle-Tacoma-Bellevue Metropolitan Statistical Area (hereafter called the Seattle MSA) lies in the northwest corner of the continental United States on Puget Sound, a saltwater arm of the Pacific Ocean 110 miles to the west. Situated in western Washington, the Seattle MSA is 5,872 square miles in size and is the 15<sup>th</sup> most populous metropolitan area in the nation. The Seattle MSA, as defined by the U.S. Office of Management and Budget, comprises King, Pierce and Snohomish Counties and has the largest concentration of population north of San Francisco and west of Chicago.



Seattle is the economic and cultural capital of the northwestern United States. With a number of major corporations headquartered in or near the city, Seattle is also the leading financial center of the Pacific Northwest. Both Seattle and Tacoma possess modern ports on excellent deep-water harbors and as a result, the Seattle MSA has good transportation connections to the outside world. The growth of the Pacific Northwest helped propel Seattle to its current stature and the economic expansion of the Pacific Rim is expected to sustain the Seattle MSA's growth well into the future.

## Population

The Seattle MSA has an estimated 2020 population of 4,028,850, which represents an average annual 1.6% increase over the 2010 census of 3,439,809. The Seattle MSA added an average of 58,904 residents per year over the 2010-2020 period, and its annual growth rate exceeded the State of Washington rate of 1.4%.

Looking forward, the Seattle MSA's population is projected to increase at a 1.3% annual rate from 2020-2025, equivalent to the addition of an average of 54,418 residents per year. The Seattle MSA's growth rate is expected to exceed that of Washington, which is projected to be 1.2%.

	Population			Compound Ann. % Chng	
	2010 Census	2020 Estimate	2025 Projection	2010 - 2020	2020 - 2025
98354	7,384	8,376	8,944	1.3%	1.3%
Seattle MSA	3,439,809	4,028,850	4,300,940	1.6%	1.3%
Washington	6,724,540	7,702,023	8,179,459	1.4%	1.2%

Source: Environics Analytics

## Employment

Total employment in the Seattle MSA was estimated at 2,119,600 jobs at year-end 2019. Between year-end 2009 and 2019, employment rose by 449,800 jobs, equivalent to a 26.9% increase over the entire period. There were gains in employment in ten out of the past ten years, as the national economy expanded following the downturn of 2007-2009. The Seattle MSA's rate of employment growth over the last decade surpassed that of Washington, which experienced an increase in employment of 23.9% or 677,400 jobs over this period.

<b>Employment Trends</b>						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Seattle MSA	% Change	Washington	% Change	Seattle MSA	Washington
2009	1,669,800		2,832,200		8.7%	9.1%
2010	1,688,100	1.1%	2,859,100	0.9%	9.7%	10.0%
2011	1,719,100	1.8%	2,895,700	1.3%	8.7%	9.3%
2012	1,764,100	2.6%	2,955,000	2.0%	7.2%	8.1%
2013	1,814,600	2.9%	3,024,100	2.3%	5.9%	7.0%
2014	1,867,800	2.9%	3,107,100	2.7%	5.3%	6.1%
2015	1,923,100	3.0%	3,189,200	2.6%	4.8%	5.6%
2016	1,983,600	3.1%	3,287,300	3.1%	4.4%	5.3%
2017	2,027,500	2.2%	3,362,100	2.3%	4.1%	4.7%
2018	2,070,000	2.1%	3,434,400	2.2%	3.9%	4.5%
2019	2,119,600	2.4%	3,509,600	2.2%	3.5%	4.3%
Overall Change 2009-2019	449,800	26.9%	677,400	23.9%		
Avg Unemp. Rate 2009-2019					6.0%	6.7%
Unemployment Rate - April 2020					16.7%	15.8%

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in the Seattle MSA are shown in the following table.

<b>Major Employers - Seattle MSA</b>		
	Name	Number of Employees
1	Boeing Company	71,829
2	Joint Base Lewis-McChord	54,000
3	Microsoft Corporation	53,973
4	Amazon	53,500
5	University of Washington Seattle	46,824
6	Navy Region Northwest	46,015
7	Providence St. Joseph Health	43,000
8	Safeway Inc. & Albertsons LLC	21,320
9	Walmart Inc.	19,412
10	Costco Wholesale Corporation	18,010

Source: Puget Sound Business Journal, 7/1/2019; The List (ranked by current statewide employment); www.boeing.com; news.microsoft.com/facts-about-microsoft

## Gross Domestic Product

The Seattle MSA is the eleventh largest metropolitan area economy in the nation based on Gross Domestic Product (GDP).

Economic growth, as measured by annual changes in GDP, has been considerably higher in the Seattle MSA than Washington overall during the past eight years. The Seattle MSA has grown at a 4.8% average annual rate while Washington has grown at a 4.0% rate.

The Seattle MSA has a per capita GDP of \$90,284, which is 33% greater than Washington's GDP of \$67,901. This means that Seattle MSA industries and employers are adding relatively more value to the economy than their counterparts in Washington.

<b>Gross Domestic Product</b>				
Year	(\$,000s)		(\$,000s)	
	Seattle MSA	% Change	Washington	% Change
2011	256,694,112		387,832,400	
2012	269,668,824	5.1%	400,863,300	3.4%
2013	278,883,107	3.4%	411,140,600	2.6%
2014	290,949,071	4.3%	425,762,500	3.6%
2015	304,333,821	4.6%	444,318,500	4.4%
2016	315,094,519	3.5%	459,754,300	3.5%
2017	332,835,662	5.6%	483,773,400	5.2%
2018	355,662,749	6.9%	511,672,400	5.8%
Compound % Chg (2011-2018)		4.8%		4.0%
GDP Per Capita 2018	\$90,284		\$67,901	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2019. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2012 dollars.

### Income, Education and Age

The Seattle MSA is more affluent than Washington. Median household income for the Seattle MSA is \$92,525, which is 18.6% greater than the corresponding figure for Washington.

<b>Median Household Income - 2020</b>	
	Median
Seattle MSA	\$92,525
Washington	\$78,042
Comparison of Seattle MSA to Washington	+ 18.6%

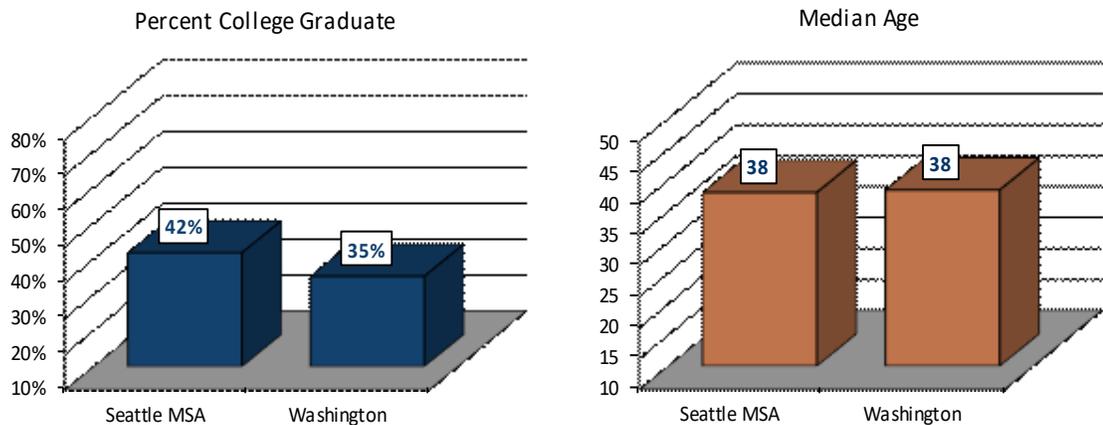
Source: Environics Analytics

Residents of the Seattle MSA have a higher level of educational attainment than those of Washington. An estimated 42% of Seattle MSA residents are college graduates with four-year degrees, versus 35% of Washington residents. People in the Seattle MSA are similar in age to their Washington counterparts. The median age of both the Seattle MSA and Washington is 38 years.

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**Education & Age - 2020**

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Source: Environics Analytics

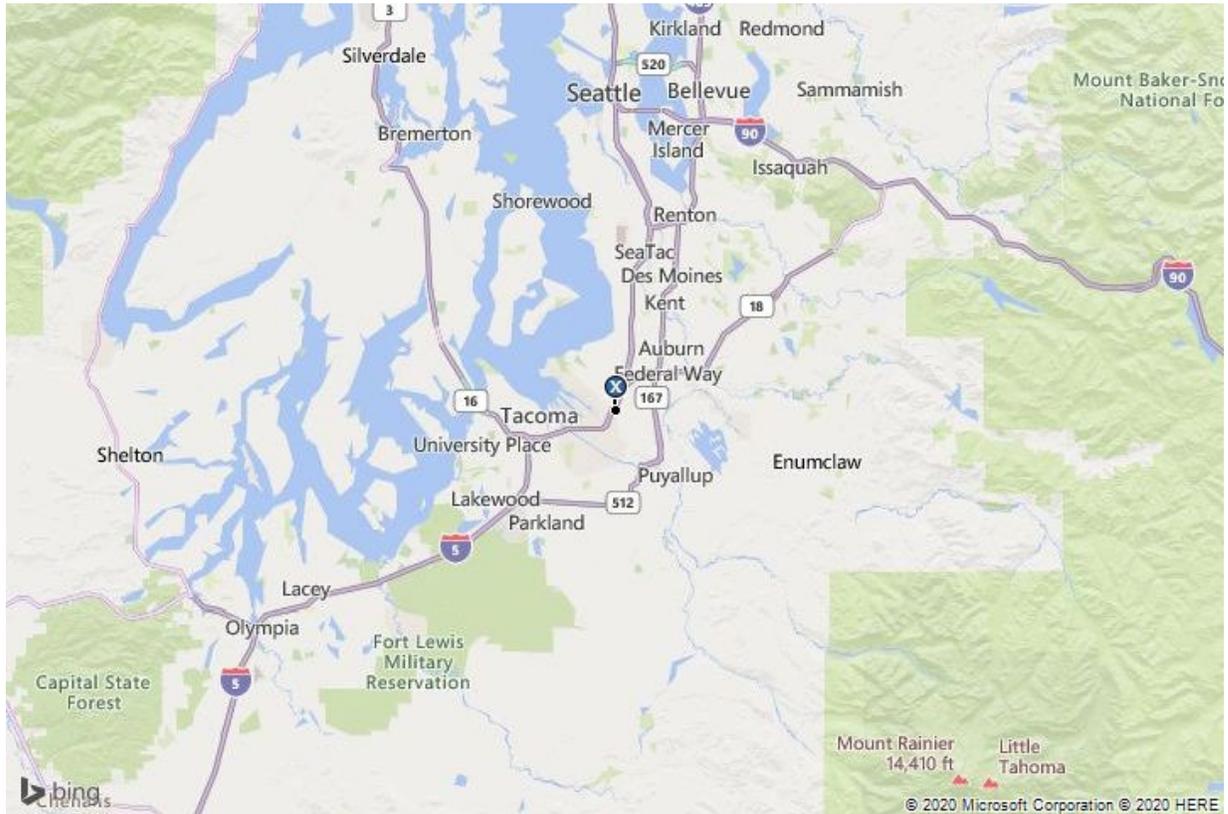
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## Conclusion

The Seattle MSA economy has benefited from a growing population base and higher income and education levels. The Seattle MSA experienced growth in the number of jobs up through the first part of March 2020 and has maintained a consistently lower unemployment rate than Washington over the past decade. Moreover, the Seattle MSA has exhibited both a higher rate of GDP growth and a higher level of GDP per capita than Washington and much of the country overall. It is too soon to make predictions at this time about the economy and employment due to the effects of the coronavirus pandemic around the world. The Puget Sound region and Washington as a whole are better poised to recover due to its employment diversity, and the quick reaction by state leaders to the virus threat, and they are in the process of planning a cautious and careful reopening of the economy along with Oregon and California.

As previously referenced, COVID-19 has pushed the economy at all levels into a recession which has yet to be statistically proven or definitively quantified. Therefore, the statistical summary of the region provided above must be considered in light of the fact that economic indicators available in the near future will show a substantial contraction of economic activity beginning in the first quarter of 2020. This issue is discussed more fully after the Market Analysis section of this report.

### Area Map



## Surrounding Area Analysis

### Location

The subject is located in the northern portion of the City of Milton, at the southern edge of King County.

### Access and Linkages

Primary highway access to the area is via Interstate 5, which is the primary freeway through the Seattle metro area. On- and off-ramps are accessed approximately 2.5 miles to the south via 54<sup>th</sup> Avenue East and approximately two miles north via South 348<sup>th</sup> Street. Main arterials in the area are Milton Way, Porter Way and Meridian Avenue East.

Secondary highway access is provided by State Route 18, which provides east-west access to the Kent Industrial valley to the east and eventually to I-90 in Snoqualmie. The SR-18 and I-5 interchange is approximately two miles north of the subject.

Public transportation is provided by Pierce Transit providing access south to Sumner, Puyallup, Tacoma, and other Pierce County cities. In addition, Sound Transit provides access north to Auburn, Kent and throughout King County. Overall, the primary mode of transportation in the area is the automobile. Overall, the primary mode of transportation in the area is the automobile.

### Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics						
2020 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	98354	Seattle MSA	Washington
Population 2010	6,138	53,109	167,739	7,384	3,439,809	6,724,540
Population 2020	7,246	63,025	192,220	8,376	4,028,850	7,702,023
Population 2025	7,796	67,873	205,012	8,944	4,300,940	8,179,459
Compound % Change 2010-2020	1.7%	1.7%	1.4%	1.3%	1.6%	1.4%
Compound % Change 2020-2025	1.5%	1.5%	1.3%	1.3%	1.3%	1.2%
Households 2010	2,257	20,041	62,441	3,007	1,357,475	2,620,076
Households 2020	2,642	23,650	71,188	3,378	1,596,157	3,024,149
Households 2025	2,837	25,441	75,883	3,595	1,705,175	3,218,930
Compound % Change 2010-2020	1.6%	1.7%	1.3%	1.2%	1.6%	1.4%
Compound % Change 2020-2025	1.4%	1.5%	1.3%	1.3%	1.3%	1.3%
Median Household Income 2020	\$92,008	\$81,047	\$77,451	\$84,556	\$92,525	\$78,042
Average Household Size	2.7	2.7	2.7	2.5	2.5	2.5
College Graduate %	31%	27%	26%	27%	42%	35%
Median Age	37	36	37	37	38	38
Owner Occupied %	74%	59%	61%	58%	61%	63%
Renter Occupied %	26%	41%	39%	42%	39%	37%
Median Owner Occupied Housing Value	\$395,630	\$399,297	\$372,614	\$370,192	\$508,100	\$390,367
Median Year Structure Built	1991	1990	1986	1990	1985	1985
Average Travel Time to Work in Minutes	37	34	36	35	34	30

Source: EnviroNics Analytics

As shown above, the current population within a 3-mile radius of the subject is 63,025, and the average household size is 2.7. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the Seattle MSA overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is \$81,047, which is lower than the household income for the Seattle MSA. Residents within a 3-mile radius have a considerably lower level of educational attainment than those of the Seattle MSA, while median owner-occupied home values are considerably lower.

### **Demand Generators**

Milton is smaller sized, residential city, with a current population of roughly 7,000. Nearby employment centers include:

- the Tacoma CBD, which is just over five miles to the southwest of the subject
- the Port of Tacoma, which is approximately three miles southwest of the subject
- the Kent River Industrial Valley, which includes the cities of Kent, Auburn, Algona, and Pacific. This area is approximately four miles northwest of the subject, via SR-18.

### **Land Use**

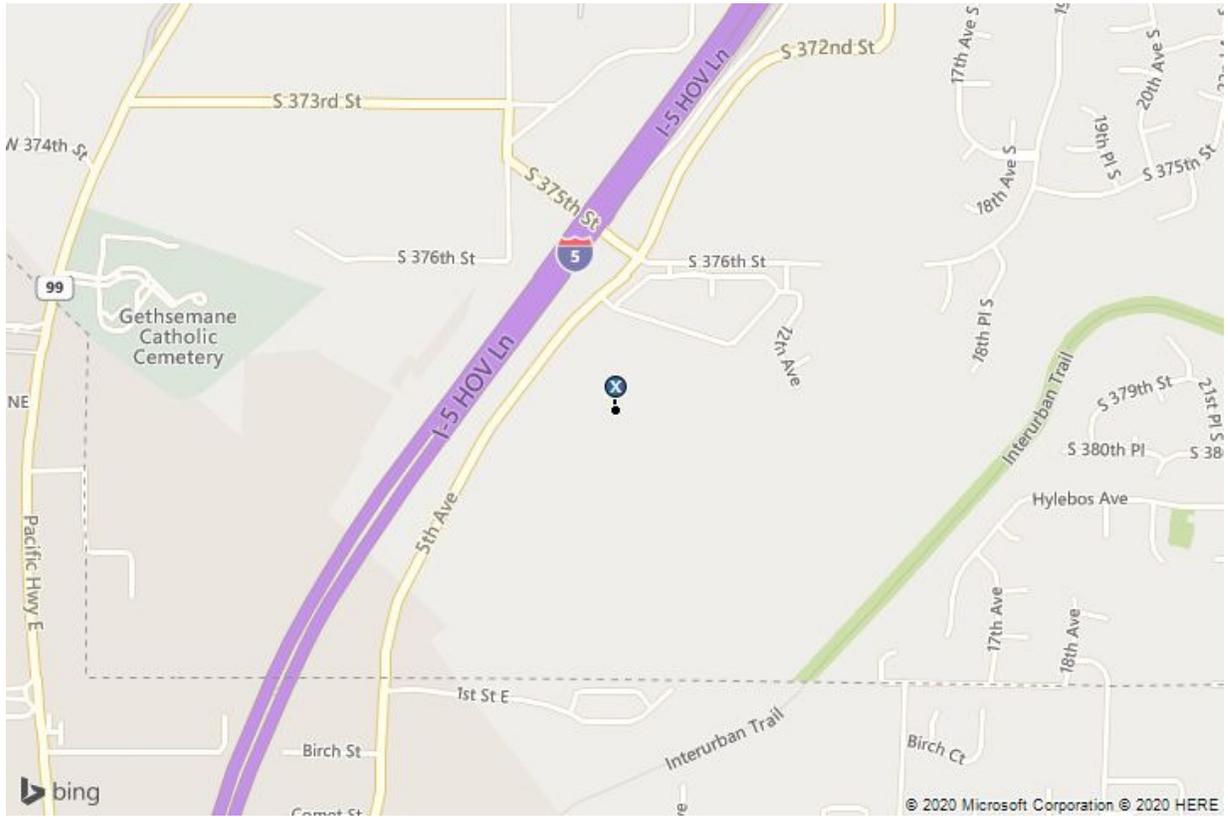
The area is suburban in character and approximately 80% developed. Land uses in the area vary from a former gravel pit (surrounding the subject right-of-way), light industrial uses, multifamily, assisted living/senior housing, and single-family residential uses. Just under one mile to the north is the Wild Waves Theme and Water Park.

During the last five years, development has been a mixture of industrial, retail, and residential uses. The pace of development had generally been steady over this time, up to March 2020 when the COVID-19 pandemic was declared.

### **Outlook and Conclusions**

The area is in the stable stage of its life cycle. While property values have been consistently improving in recent years, in light of the current COVID pandemic, we anticipate that property values will remain stable in the near future.

### Surrounding Area Map



## Industrial Market Analysis

As referenced previously, the data presented in the following section is based on historical reporting and pre-COVID-19. At the conclusion of this section, market factors impacting current economic trends will be analyzed and to what extent they may impact property valuation assumptions.

### Metro Area Overview

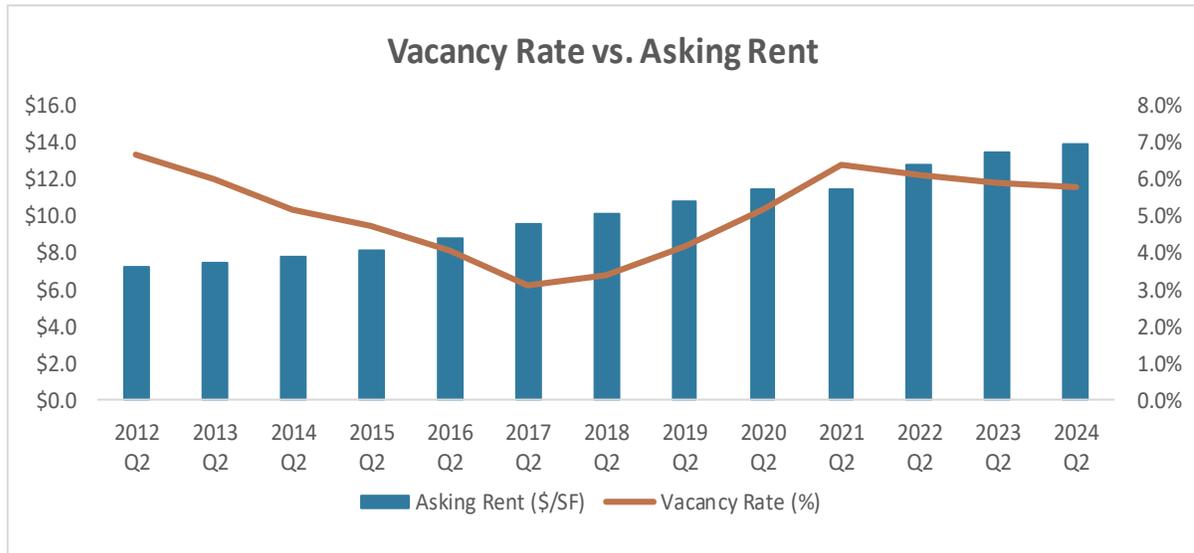
The subject is located in the Seattle - WA metro area as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

#### All Industrial Seattle - WA Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2012 Q2	305,629,349	285,184,700	6.69%	-636,344	510,940	3,580,028	\$7.25	2.16%	5.43%	6.49%
2013 Q2	305,270,079	286,936,500	6.01%	-359,270	3,610,104	1,751,852	\$7.44	2.59%	4.75%	6.35%
2014 Q2	307,954,589	292,094,900	5.15%	2,684,510	3,575,834	5,158,410	\$7.76	4.24%	8.26%	6.13%
2015 Q2	309,732,391	295,130,400	4.71%	1,777,802	3,787,134	3,035,457	\$8.13	4.85%	9.76%	5.87%
2016 Q2	314,307,372	301,575,700	4.05%	4,574,981	1,786,729	6,445,319	\$8.74	7.47%	10.34%	5.66%
2017 Q2	316,885,555	306,912,700	3.15%	2,578,183	4,245,427	5,343,043	\$9.53	9.01%	10.43%	5.49%
2018 Q2	320,702,489	309,878,900	3.37%	3,816,934	4,628,474	2,984,245	\$10.15	6.54%	10.49%	5.32%
2019 Q2	326,118,653	312,478,700	4.18%	5,394,964	3,364,410	2,578,543	\$10.79	6.34%	11.74%	5.15%
2020 Q2	328,782,548	311,706,100	5.19%	2,663,895	0	-855,212	\$11.43	5.88%	6.94%	5.11%
2021 Q2	331,824,641	310,706,800	6.36%	3,042,093	0	-994,273	\$11.43	0.00%	-11.80%	5.60%
2022 Q2	333,394,647	312,963,300	6.13%	1,570,006	0	2,264,857	\$12.78	11.82%	20.09%	5.26%
2023 Q2	336,147,060	316,333,000	5.89%	2,752,413	0	3,377,153	\$13.43	5.06%	6.36%	5.25%
2024 Q2	338,627,006	319,133,700	5.76%	2,479,946	0	2,806,684	\$13.94	3.82%	3.53%	5.28%

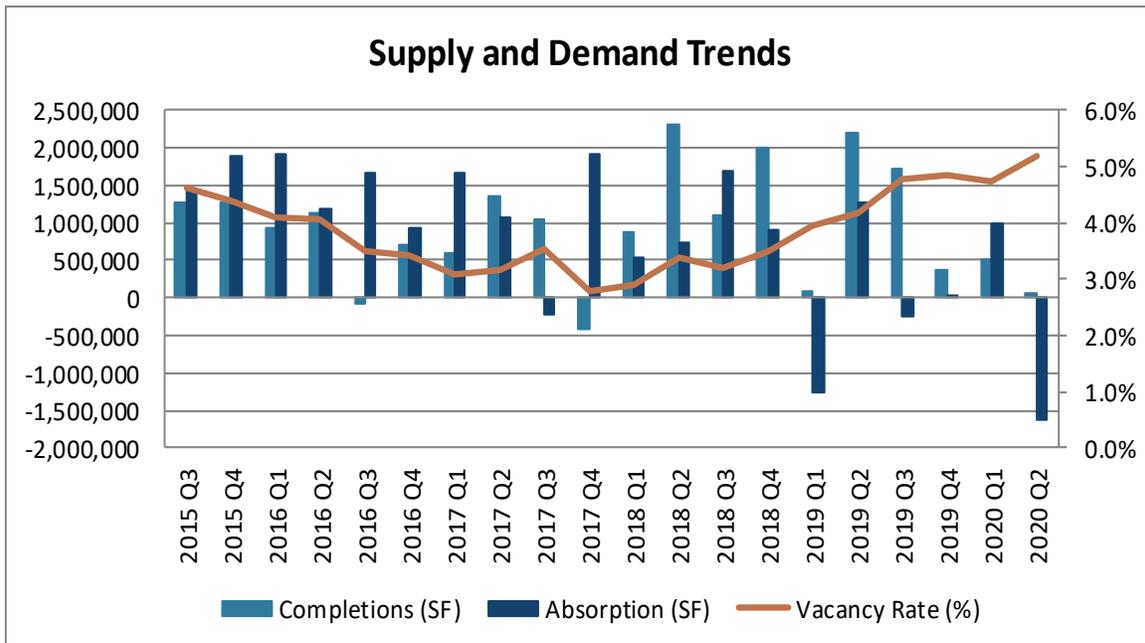
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

**Seattle - WA Metro Trends and Forecasts**



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the metro area is 5.19%; the vacancy rate has increased by 182 bps from 2018 Q2.
- Two-year Base Case forecasts project a 6.13% vacancy rate in the metro area, representing an increase of 93 bps by 2022 Q2.
- Asking rent averages \$11.43/SF in the metro area, and values have increased by 12.61% from 2018 Q2.
- Two-year Base Case forecasts project a \$12.78/SF asking rent in the metro area, representing an increase of 11.82% by 2022 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 2.52% from 2018 Q2, while the demand has increased by 0.59%.
- Between 2015 Q3 and 2020 Q2, net completions in the metro area have averaged 3,805,791 SF annually, and reached a peak of 2,303,477 SF in 2018 Q2.
- Between 2015 Q3 and 2020 Q2, net absorption in the metro area has averaged 3,299,188 SF annually, and reached a peak of 1,921,690 SF in 2017 Q4.

**Submarket Overview**

The subject is located in the Auburn submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

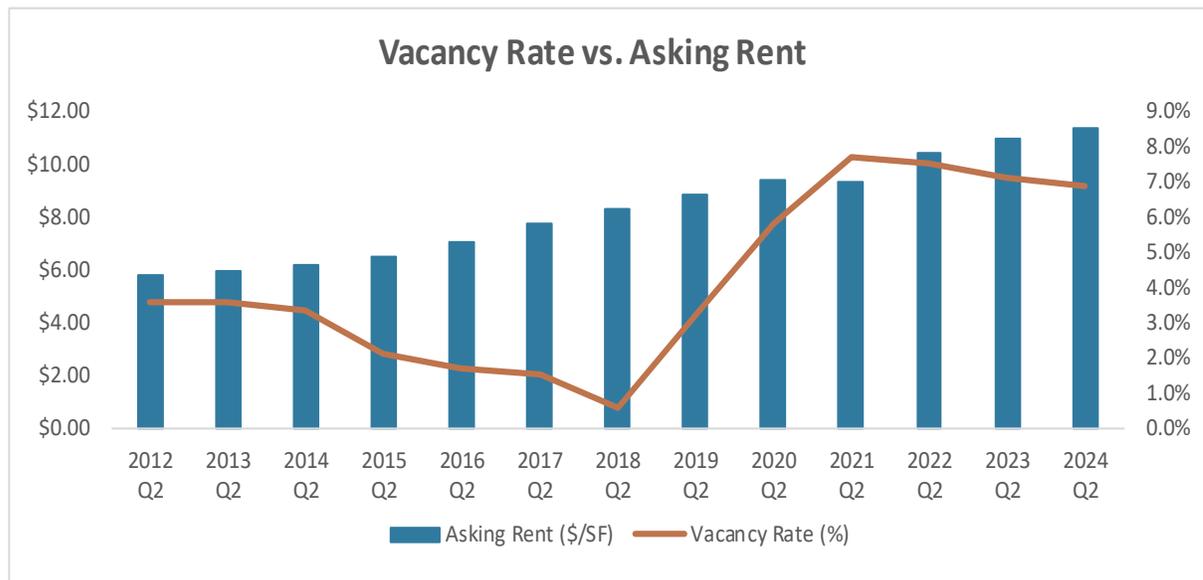
**All Industrial Auburn Submarket Trends**

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2012 Q2	27,105,071	26,139,100	3.56%	193,998	0	587,316	\$5.79	2.70%	5.04%	6.44%
2013 Q2	27,099,010	26,130,400	3.57%	-6,061	144,357	-8,717	\$5.92	2.27%	4.40%	6.32%
2014 Q2	27,292,367	26,388,000	3.31%	193,357	93,480	257,638	\$6.19	4.60%	8.29%	6.10%
2015 Q2	27,465,382	26,893,200	2.08%	173,015	0	505,131	\$6.51	5.15%	8.96%	5.86%
2016 Q2	27,465,382	26,993,900	1.72%	0	0	100,709	\$7.03	7.98%	9.38%	5.67%
2017 Q2	27,480,306	27,055,600	1.55%	14,924	336,000	61,740	\$7.74	10.03%	10.15%	5.49%
2018 Q2	27,544,606	27,387,300	0.57%	64,300	559,832	331,627	\$8.28	7.04%	10.68%	5.31%
2019 Q2	28,104,438	27,207,500	3.19%	559,832	0	-179,768	\$8.80	6.20%	14.22%	5.09%
2020 Q2	28,104,438	26,477,800	5.79%	0	0	-729,695	\$9.34	6.22%	6.58%	5.06%
2021 Q2	28,297,573	26,128,100	7.67%	193,135	0	-349,379	\$9.34	-0.09%	-11.92%	5.55%
2022 Q2	28,375,558	26,253,600	7.48%	77,985	0	126,126	\$10.43	11.72%	20.11%	5.21%
2023 Q2	28,512,254	26,481,900	7.12%	136,696	0	228,859	\$10.95	4.98%	6.33%	5.20%
2024 Q2	28,635,366	26,663,700	6.89%	123,112	0	182,310	\$11.36	3.76%	3.50%	5.23%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The Auburn submarket comprises 8.5% of the metro building stock and 8.5% of the metro building demand.
- The vacancy rate in the Auburn submarket is 5.79%, which is greater than the metro area's average of 5.19%.
- Auburn market rate is \$9.34/SF which is less than the metro area's average rate of \$11.43/SF.

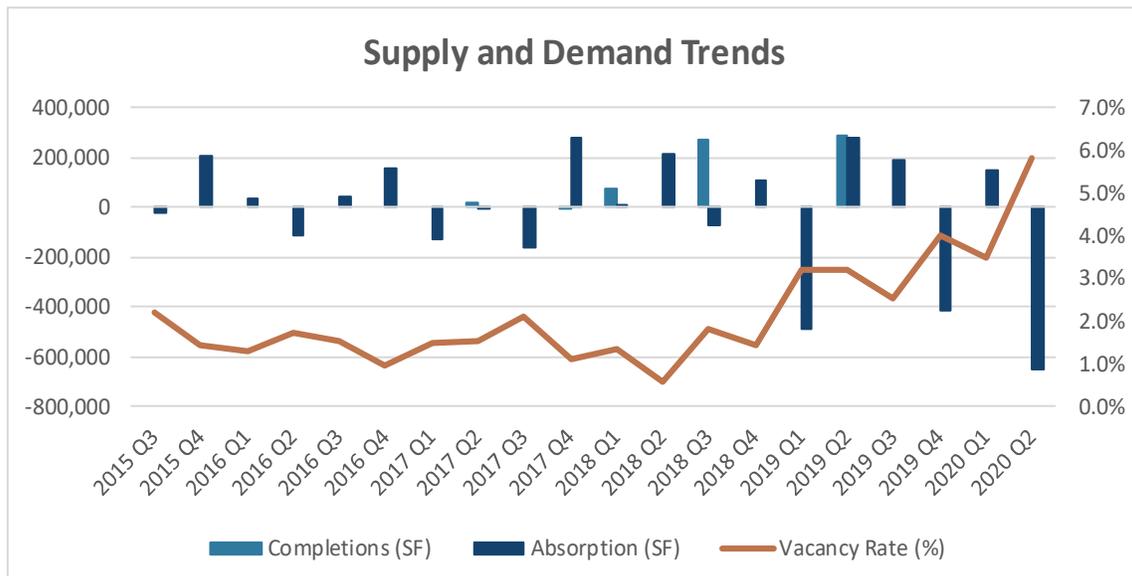
**Auburn Submarket Trends and Forecasts**



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.



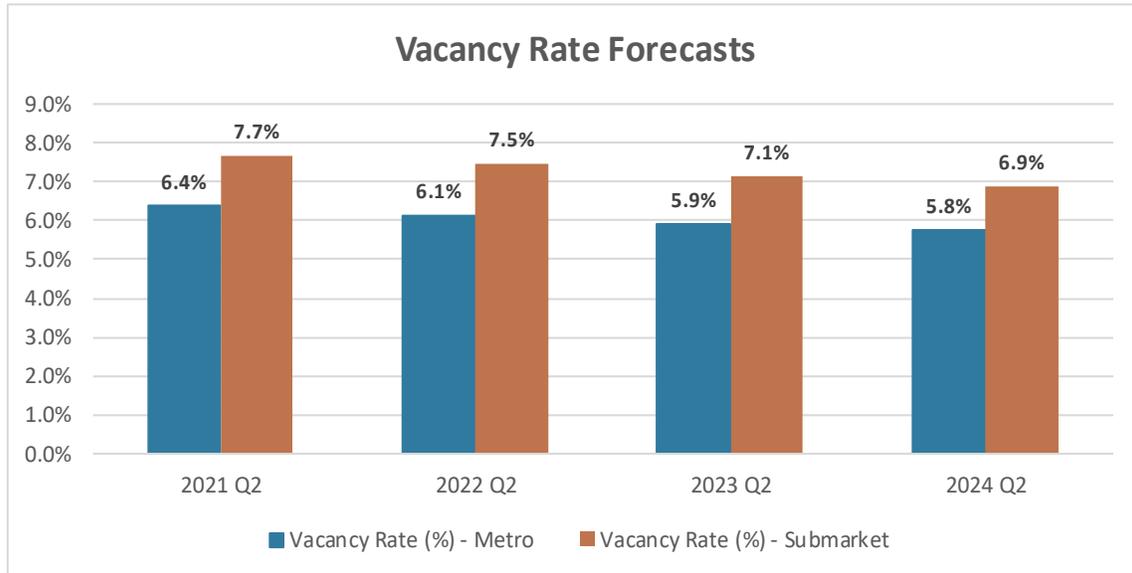
- The current vacancy rate in the submarket area is 5.79%; the vacancy rate has increased by 522 bps from 2018 Q2.
- Two-year Base Case forecasts project a 7.48% vacancy rate in the submarket area, representing an increase of 169 bps by 2022 Q2.
- Asking rent averages \$9.34/SF in the submarket area, and values have increased by 12.86% from 2018 Q2.
- Two-year Base Case forecasts project a \$10.43/SF asking rent in the submarket area, representing an increase of 11.66% by 2022 Q2.



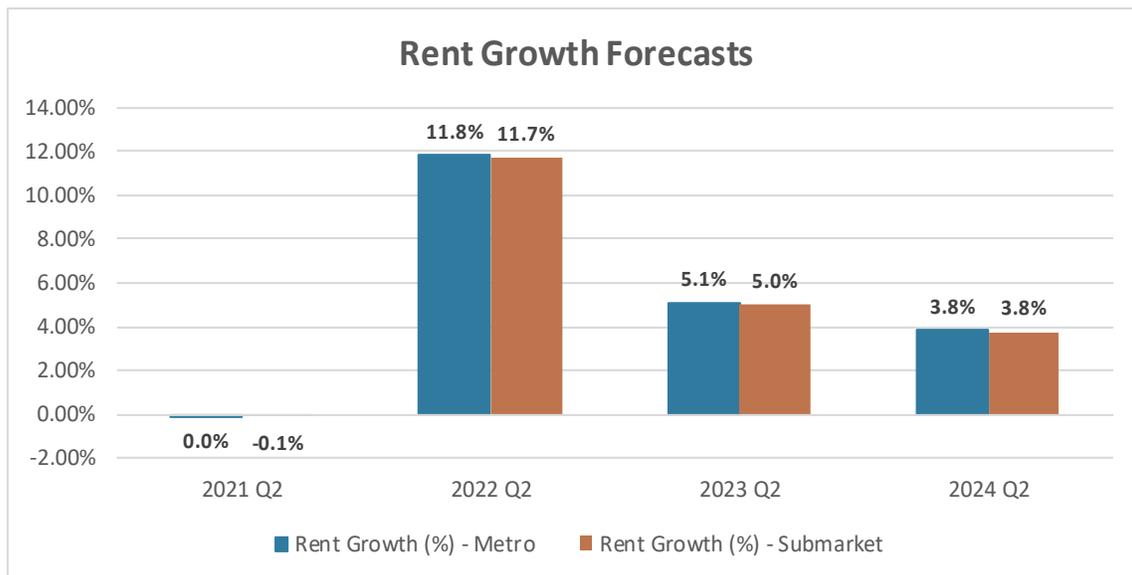
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 2.03% from 2018 Q2, while the demand has decreased by 3.32%.
- Between 2015 Q3 and 2020 Q2, net completions in the submarket area have averaged 127,811 SF annually, and reached a peak of 287,832 SF in 2019 Q2.
- Between 2015 Q3 and 2020 Q2, net absorption in the submarket area has averaged -83,077 SF annually, and reached a peak of 279,292 SF in 2017 Q4.

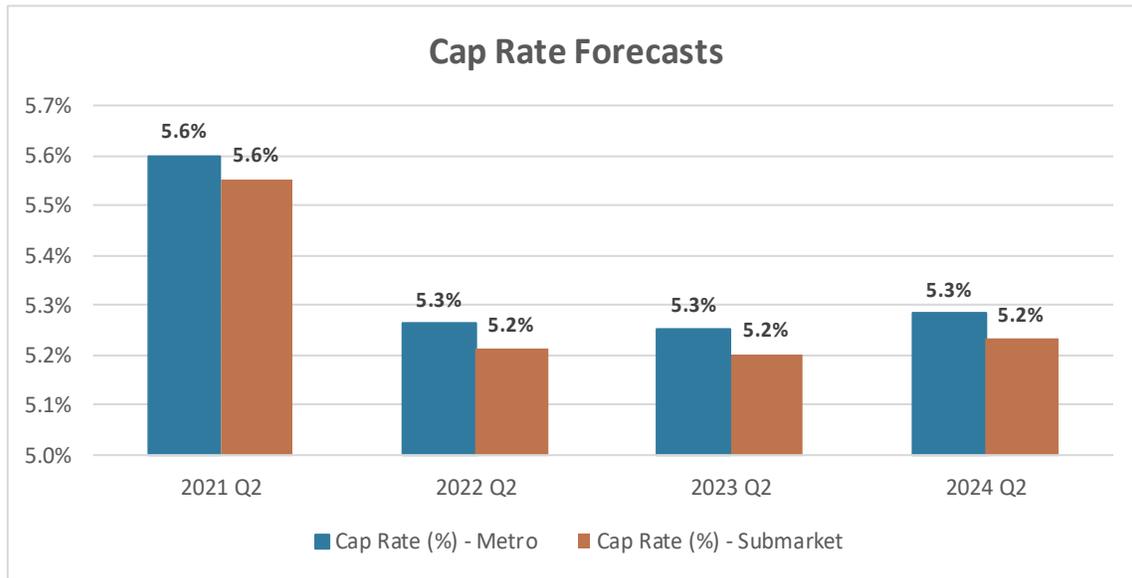
**Industrial Market Forecast Comparisons**



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

**Industrial Market Outlook and Conclusions**

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties **prior to March 2020**, IRR expected the mix of property fundamentals and economic conditions in the Seattle, WA metro area to have a positive impact on the subject property’s performance in the near-term.

With that said, the outlook and any conclusions must consider current and likely future market conditions due to COVID-19. The following section addresses how the market, and economic values, are being impacted by this emerging pandemic. The conclusion provides a framework for how the valuation addresses this emerging issue.

## COVID-19 Impact on Current Valuations

The best measure of any impact on values due to COVID-19 would be in direct transaction indicators that are objectively verified and clearly show data points, current pricing discovery, and the ability to measure movement in values from a prior baseline; and to understand direction in overall values. This would include sales transactions, leasing activity, vacancy rates, and/or cap rates that have visibly moved off of early Q1 2020 levels (baseline), or form a conclusive basis for new pricing. However, given the unique nature and recency of this event, minimal activity is evident from which to draw benchmark comparisons based on transactional data.

In the absence of transaction data, there is empirical data in the market that can be gleaned and assist in estimating the valuation metrics and assessing their reliability in estimating current value. In this initial phase of the pandemic, early emerging trends include:

- Market confidence (fundamental economic fear)
- Expectations of impaired property/operating performance
- Re-pricing risk (debt and equity)
- Liquidity duration
- Impaired market and pricing activity

All or some of the above may be shorter-term issues, but others may linger and have a lasting impact on valuations in the commercial real estate (CRE) sector along a continuum of time.

At this juncture, the global question facing market participants is: “How long does this crisis last and how deep will its impact become?” At a minimum, Q2 2020 economic performance will be dismal based on most economic forecasts.

As of April 1, market confidence was moderate (for the moment) but uncertain in its moderate conviction. Many governments are inducing incentives to support their national economies. On March 27, 2020, the U.S. Congress approved a \$2 Trillion stimulus package intended to support payrolls and create economic “breathing room.” The length of the current social-distancing measures likely impacts future operating performance.

One of the unknowns is, “How long can the world stay shut down, with everyone staying in their home?” There remains hope the onset of summer will slow the virus transmission; there is active concern for healthcare workers and their families, and concern for our own families. A psychologically important factor affecting market confidence is the shocking rate of supply disruption at all levels, particularly in medical supplies and protective equipment; all the more alarming to a U.S. population accustomed to everything on demand.

Based on discussions and interviews with a wide range of market participants, a variety of factors and concerns are prevalent in the market that will likely have a negative impact broadly on CRE values, depending on property type and region. Essential Service Providers will be less impacted (distribution

facilities, medical facilities, grocery service) as the performance of these sectors is expected to continue.

However, the broader market will experience myriad issues based on survey respondents including:

#### **Uncertainty**

- Restricted access to capital
- Unemployment concerns (increasing to 15% in Q2)
- GDP decline (-30% in Q2)
- Duration of crisis

#### **Lender Concerns**

- DSCR are impacted based on changes in rental revenue and collections
- Loan covenants could trigger due to changes in near-term value
- Borrowers are concerned about their tenants' ability to pay rent
- Borrowers are concerned about their ability to keep their loans current
- Lenders are also concerned about the need for loan modifications or work outs

#### **Publicly Traded Securities**

- Stock indexes are down approximately 25% to 30%
- REIT pricing down approximately 25%
- Crude oil down approximately 40%

#### **Return Requirements**

- Interest rates may stay in the 4%- 4.5% range, despite the Federal Reserve's reduction efforts. Banks have to tightly manage their capital reserves and ratios and therefore are requiring higher spreads for current risk profile
- Durability of Cash Flow forces (new) equity investors to reprice risk. Standby (available, uncommitted) equity now has to be patient until a clearer "path forward" emerges
- Impact on cap rates would be upward

Each of the above observations provides empirical evidence that the market has shifted downward and real estate values will likewise be impacted, but to what degree is not certain.

Few experts or economists at this point are willing to state a threshold duration at which point everything will return to normal quickly, versus a duration of limited economic activity that spirals into worldwide recession. At the moment, the prevailing hope throughout the world is that science miraculously manufactures a cure, while in the meantime, social activity has ceased.

**Integra Current Valuation Framework (April 1 – present)**

The preceding property market analysis focuses on recent historic trends before the physical and social impacts of the COVID-19 pandemic were revealed in the U.S. in early March 2020. The property market analysis was current through Q4-2019 with trends and indications for solid growth by most all market indicators. Many current market participants believe the CRE markets will return to trend – the lingering question, “How long will it take?” remains uncertain.

What we do know with reasonable certainty:

- At a minimum, Q2 economic performance will be dismal.
- Shelter-in-Place and Stay-at-Home executive orders will have a profound impact on GDP with rising unemployment damaging forward economic performance for three, if not six months at a minimum.
- The Federal Reserve’s attempt to lower nominal rates was thwarted by lenders setting floors on spreads. Congress subsequently approved a \$2 Trillion stimulus package on Friday, March 27, 2020. This could provide some economic relief, but businesses, owners, investors, and bankers need to support payroll retention and an aggressive program of economic goodwill throughout all sectors of the economy.

Everything forward beyond those three known factors remains subject to considerable risk/uncertainty.

The current macro-framework to sustain through this pandemic is to take 2007 “Blend and Extend” methods and enhance them. Be wary of repricing assets too quickly (downward), lest all asset prices collapse. A market equilibrium in transaction pricing will need to be reset over the coming 60 days, therefore do not delay in providing banking liquidity, and direct incentives to support a transaction reset. Do not backstop transaction repricing for too long because artificial pricing support could become unsustainable, prolonging economic recovery.

Our current surveys of market participants (March 11 – March 30, 2020) indicates a focus in the following areas impacting value:

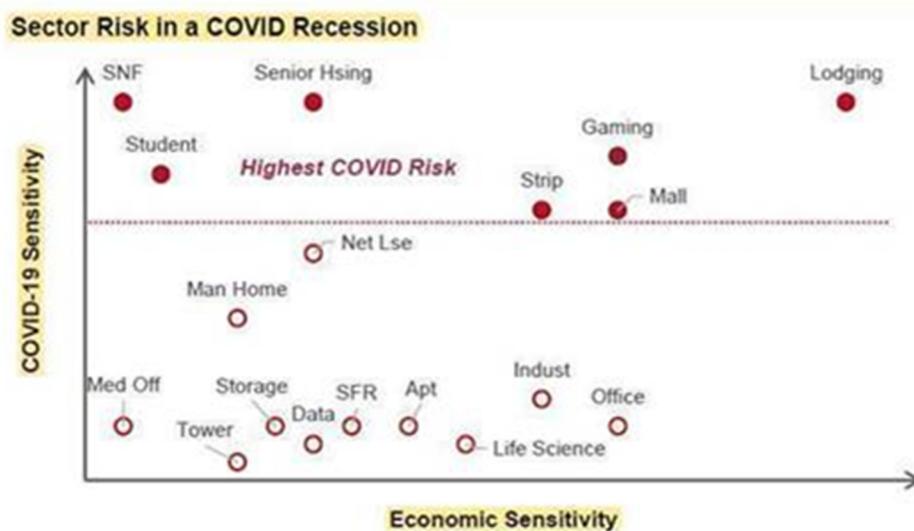
- Impacts could (should) vary by property type, class, and location
- Cost of capital (both debt and equity) is increasing, but at different rates for different asset classes
- Declines in property operations/forecasts (NOI) vary in duration based on property type, class; location; and tenant durability under potential recessionary pressures
- Increases in cap rates (and normalized yields) will vary by property type, class and location as will the underlying assumptions on stabilized or periodic cash flow
- Marketing times for most assets will increase, but the next 45 days will be uncertain on outright marketability regardless of price. This so far has not yet occurred, although deals and listings have slowed dramatically in these first few weeks. To a large extent, deal flow has

halted based on the sheer physical constraints imposed on property showings/due diligence, etc. under current distancing restrictions.

- Market sentiment in the coming 14 - 30 days regarding healthcare performance/business performance/employment security/physical security will affect market investment expectations, yields, and the temperament for risk.

### Impact by Property Type, Class & Location

Below is a graph prepared by Greenstreet Advisors plotting the sensitivity (and risk) associated with various property types with the negative impact on value being greater for those assets with greater sensitivity. Those assets relating to essential business operations (grocery, medical, distribution) are less affected than for example lodging and malls where social distancing is more difficult.



### Cost of Capital/Liquidity

The cost of capital, both for debt and equity, had been at near historic lows pre crisis. Borrowers had a myriad of options from a variety of capital sources. As the crisis began to unfold in early 2020, treasury rates were moving down as the Fed sought to keep the market liquid. When it became clear the global crisis had landed in the United States, the Fed moved rates to near zero. Many lending institutions instituted floors (spreads widened) because the fixed costs of doing a deal had to be covered.

As lenders are coming to grips with the severity of the economic outlook, many have pulled back from the market altogether while others reacted by raising interest rates, lowering loan to values, or a combination of both. There are clearly some lenders who are “out” while others remain in the market. There are fewer options in the market and those options are more expensive today than 30 days ago. The rise in cost varies notably by property type with agency lenders and HUD determined to provide liquidity to the multi-family market while at the other end of the spectrum, financing a hotel is challenging, land financing is nonexistent. Assets focused on essential business operations (e.g., grocery or last mile industrial) remain in favor as do net leased assets with recession-resistant business profiles.

Equity is less clear at the moment. While large pools of capital were being raised through 2019 and into Q1 2020, the strategy has suddenly shifted. Equity is available, and deals are finalizing that were contracted pre-COVID-19, on the strength of the equity sponsor, but deal flow will likely pause for 15-30 days as equity repricing occurs. This will coincide (hopefully) with an abatement (or clarity) in the world's critical health status by May 1, 2020.

### Marketing and Exposure Time

At the present time, there is consensus of declining market demand in CRE transactions, due to market conditions ensuing from COVID-19. It is natural to assume that exposure time on properties either for sale or lease, will likely be extended. Comparing pre-COVID-19 exposure periods (perhaps the best) to the banking crisis of 2008/2009 (perhaps the worst) can glean some differences that could extrapolate to exposure time going forward, i.e. from peak to trough.

Sector	Months on Market March 2008-09	Months on Market March 2018-19	Change in Months	% Change Peak to Trough
Office	29.6	14.8	14.8	100%
Retail	15	11.4	3.6	32%
Industrial	19.6	6.7	12.9	192%
Average	21.4	11.0	10.4	95%

Source: Costar – data presented in Months

Days on the market increased substantially in the last economic crisis of 2008-2009, with an average of 21 months on market for major property classes. For the trailing 12 months preceding the COVID-19 crisis, days on market were 11 months.

Based on this historical perspective, marketing time could potentially double from current levels. This must be tempered, recognizing that the depth and duration of this current economic crisis is tied to a health crisis and may have a conclusion more closely tied to its resolution.

### Market Sentiment/Participant Interviews

While transaction data is limited, we look to market participants (developers, investors, lenders, brokers, other appraisers) as a leading indicator of where the market is currently, and where they believe the market is heading. Following is a summary of key interviews undertaken:

- **Brad Valentine – Neil Walter Company:** industrial values have not been impacted much to date, but does note that construction is slowing, and perhaps that may delay buyers on site acquisitions, as they see where rents head in the near term. However, most of the deals he is seeing are close to those that began prior to the pandemic.
- **Ari Salomon – NAI Puget Sound Properties:** There has been no land transactions post COVID-19, but in talking with clients and seeing the appetite for land, there appears no reduction in the price of land.

- **Thad Mallory – Kidder Mathews:** there has been very little tangible data to point towards but feels that values have been impacted by as much as 10%. However, the region will recover rapidly once the stay-at-home orders are lifted.
- **Mike Avila – Pacific Rim Real Estate:** no change in values has been observed. The Pierce County area that he is working are still producing deals and values may even be increasing.

### General Public Market Sentiment

General public market sentiment is a changing rollercoaster with each passing day. Right now, sentiment is cautious and trying not to overreact, but provide some relief, negotiate in good faith; try and be humane and understand the entire world is in this together. Some countries take two weeks off each year for holiday, and their entire economy doesn't fall apart. The world is not going to take another four-week vacation from large components of consumer-facing and public activities.

Most humans are sequestered in their homes with limited social contact, with reasoned concerns for the health and safety of our families and friends, all the while consuming worldwide coverage and analysis of atypical death rates from an infectious virus not seen in over 100 years.

Market sentiment more than likely gets worse in the coming weeks before it gets better, absent the announcement of a miracle cure/treatment during that time.

### Conclusion

This heightened uncertainty forms the basis of defined risk. Considering the subject's relative sensitivity to the COVID-19 risks as of the effective date of the valuation, the relative risks of the subject property are as follows:

Risk Analysis	
Property Type Sensitivity to Risk	Low
Property Location Sensitivity to Risk	Medium
Cost of Capital Impact/Risk	Medium

For this appraisal, this asset type, and its relative sensitivity to the COVID-19 pandemic, the valuation considers issues impacting value in the following manner based on the above risk analysis.

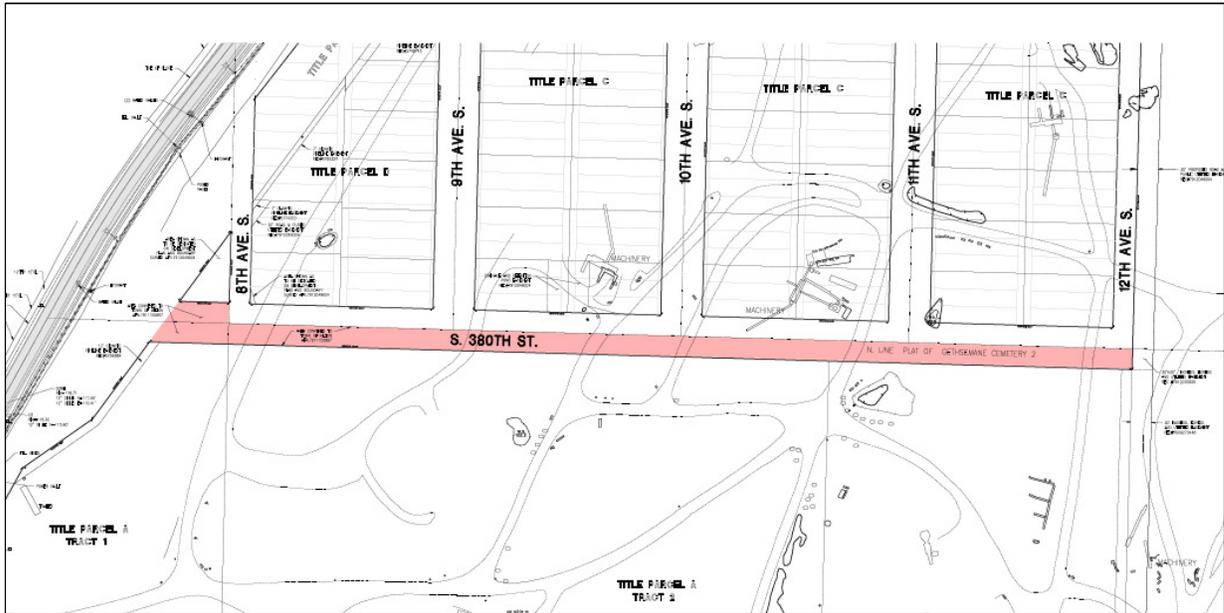
Valuation Parameters	
Covid-19 market condition adjustments ?	No
Any transaction evidence?	No
Market participant interviews?	Yes
Marketing time extended (based on current pricing)	Yes

## Property Analysis

### Land Description of ROW to be Vacated

<b>Land Description</b>	
Land Area	1.03 acres; 44,822 SF
Source of Land Area	Public Records
Shape	Rectangular
Topography	Sloping downward to the east
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	53053C0189E
Date	March 7, 2017
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
<b>Zoning; Other Regulations</b>	
Zoning Jurisdiction	City of Milton
Zoning Designation	PD
Description	Planned Development
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	any proposed uses that are not already present on the site (surface mining, yard waste recycling, concrete crushing and public utilities) requires a master plan be submitted that shows the proposed development of the site and includes allowed uses, density, height, setbacks and other bulk regulations that will govern any future development of the site.
Minimum Setbacks (Feet)	Building - 25
Maximum Site Coverage	50 percent
<b>Utilities</b>	
Service	Provider
Water	City of Milton
Sewer	Lakehaven Water & Sewer District
Electricity	City of Milton/PSE
Natural Gas	Puget Sound Energy
Local Phone	Comcast/CenturyLink

The subject is an existing platted, but unimproved right-of-way, containing an area of 1.03 acres or 44,822 square feet that is a portion of S. 380th Street, east of 5th Avenue. The right-of-way is 30-foot wide and is proposed to be vacated by the City of Milton, for part of the Bridgepoint Lloyds Gravel Quarry project. The property is zoned PD, Planned Development.



### Planned Development (PD) Zoning

Per Chapter 17.38, the planned development (PD) district acknowledges that certain tracts of land in the northwest section of the City have development potential that may be constrained by environmental conditions. Specifically, the area's steep topography, presence of a wetland environment, and its proximity to the Hylebos Creek drainage basin present planning concerns for the site that are not adequately addressed without further environmental review.

The purpose of the PD zoning designation is to allow for the future development of that land in a manner which is consistent with the goals of the comprehensive plan, without immediately performing costly studies that may be outdated by the time the land is proposed for development.

Typically, for redevelopment of a PD zoned site, a master plan would be required. Per the City, a master plan is defined as a plan showing the proposed development of a parcel or parcels of land totaling not less than two acres. Master plan authorized uses in this zone may include any use allowed in any zoning district as an authorized use, a conditional use, or a special use. Density, height, setback and other restrictions shall be applied in a manner consistent with the regulations found in other sections of the Milton Land Use Code.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

### **Easements, Encroachments and Restrictions**

We were not provided a current title report to review for the subject property. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

### **Surrounding Property Characteristics**

The section of right-of-way valued in this report is bounded by a former gravel pit property known as the Lloyd Pit. The former pit consists of several tax parcels that have total (gross) land area of 117.81 acres, or 5,131,886 square feet. Due to the prior pit mining use, the usable area for the site, based on the provided site plan is 89.34 acres, or 3,891,862 square feet. The surrounding parcels are zoned PD, Planned Development.

The petitioner, Bridge Development LLC, intends to redevelop the property with a four-building industrial project, totaling 1,946,648 square feet.

### **Conclusion of Land Analysis**

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

### **Aerial Site Plan**



## Real Estate Taxes

Real estate taxes in Washington State represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property are determined by dividing the assessed value of a property by \$1,000, then multiplying by the levy (tax) rate. The levy rate is composed of a statewide tax rate plus one or more local taxing district rates.

The subject property is not part of any recognized tax lot and is owned by the City of Milton. The following table illustrates the 2020 assessed land value of the parcels surrounding the subject, which indicates an assessed value of \$0.95 per gross square foot, or \$1.25 per square foot of usable site area.

<b>Surrounding Parcel Assessments - 2020</b>			
Tax Parcel Number	Assessed Land Value	Assessed Improvement Value	Total Assessed Value
3221049130	\$1,769,200	\$0	\$1,769,200
3221049150	\$223,800	\$0	\$223,800
3221049137	\$800,600	\$1,000	\$801,600
3221049151	\$277,400	\$0	\$277,400
3221049152	\$550,100	\$0	\$550,100
3221049153	\$392,500	\$0	\$392,500
7505000915	\$15,000	\$0	\$15,000
7505000700	\$15,000	\$0	\$15,000
7505000935	\$15,000	\$0	\$15,000
7505000925	\$15,000	\$0	\$15,000
7505000705	\$15,000	\$0	\$15,000
7505000710	\$15,000	\$0	\$15,000
7505000715	\$15,000	\$0	\$15,000
7505000720	\$15,000	\$0	\$15,000
7505000725	\$15,000	\$0	\$15,000
7505000600	\$15,000	\$0	\$15,000
7505000605	\$15,000	\$0	\$15,000
7505000615	\$15,000	\$0	\$15,000
7505000620	\$15,000	\$0	\$15,000
7505000650	\$15,000	\$0	\$15,000
7505000655	\$15,000	\$0	\$15,000
7505000660	\$15,000	\$0	\$15,000
7505000665	\$15,000	\$0	\$15,000
7505000480	\$15,000	\$0	\$15,000
7505000485	\$15,000	\$0	\$15,000
7505000490	\$15,000	\$0	\$15,000
7505000495	\$15,000	\$0	\$15,000
7505000500	\$15,000	\$0	\$15,000
7505000555	\$15,000	\$0	\$15,000
7505000580	\$15,000	\$0	\$15,000
7505000590	\$15,000	\$0	\$15,000
7505000365	\$15,000	\$0	\$15,000
7505000380	\$15,000	\$0	\$15,000
7505000390	\$15,000	\$0	\$15,000
7505000400	\$15,000	\$0	\$15,000
7505000430	\$15,000	\$0	\$15,000
7505000435	\$15,000	\$0	\$15,000
7505000450	\$15,000	\$0	\$15,000
7505000460	\$15,000	\$0	\$15,000
7505000245	\$15,000	\$0	\$15,000
7505000255	\$15,000	\$0	\$15,000
7505000260	\$15,000	\$0	\$15,000
7505000270	\$15,000	\$0	\$15,000
7505000275	\$15,000	\$0	\$15,000
7505000280	\$15,000	\$0	\$15,000
7505000285	\$15,000	\$0	\$15,000
7505000290	\$15,000	\$0	\$15,000
7505000125	\$15,000	\$0	\$15,000
7505000130	\$15,000	\$0	\$15,000
7505000140	\$15,000	\$0	\$15,000
7505000150	\$15,000	\$0	\$15,000
7505000160	\$15,000	\$0	\$15,000
7505000185	\$15,000	\$0	\$15,000
7505000200	\$15,000	\$0	\$15,000
7505000215	\$15,000	\$0	\$15,000
7505000005	\$15,000	\$0	\$15,000
7505000010	\$15,000	\$0	\$15,000
7505000030	\$15,000	\$0	\$15,000
7505000050	\$15,000	\$0	\$15,000
7505000065	\$15,000	\$0	\$15,000
7505000070	\$15,000	\$0	\$15,000
7505000090	\$15,000	\$0	\$15,000
7505000105	\$15,000	\$0	\$15,000
<b>Total</b>	<b>\$4,868,600</b>	<b>\$1,000</b>	<b>\$4,869,600</b>

## Highest and Best Use

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. The proposed vacation area of the subject property is considered a portion of the larger 117.81-acre (89.34-usable acre) surrounding property. Since public streets generally have shape, access and size characteristics that render them un-developable independently, methods have been developed to value them as though joined with surrounding properties.

The appropriate valuation methodology for street rights-of-way is based on the concept of an alternative use being assignable to land segments within the overall right-of-way. In theory, the segments are divided down the centerline as each half is joined to the adjacent parcel along with the adjacent property's highest and best use and unit value (often referred to as "across-the-fence"). Therefore, an opinion of highest and best use must be developed for the across-the-fence parcel (inclusive of the subject site being analyzed), as if vacant. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

The focus of this valuation is to estimate the value of an area this is currently dedicated to public street use. Therefore, our highest and best use analysis considers the land as though vacant. To develop an opinion of highest and best use, we apply the four tests: legally permissible, physically possible, financially feasible and maximally productive.

### As Vacant

#### Physically Possible

Physically, the subject right-of-way is too narrow and irregular in shape to be physically suitable for stand-alone development. The site is, however, physically suitable for assemblage with the surrounding pit site, which is intended to be redeveloped with an industrial use.

#### Legally Permissible

The site is zoned PD, Planned Development. Permitted uses include any proposed uses that are not already present on the site (surface mining, yard waste recycling, concrete crushing and public utilities) requires a master plan be submitted that shows the proposed development of the site and includes allowed uses, density, height, setbacks and other bulk regulations that will govern any future development of the site. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only industrial use is given further consideration in determining highest and best use of the site, as though vacant.

**Financially Feasible**

Based on our analysis of the market, there is currently adequate demand for industrial use in the subject's area. It appears that a newly developed industrial use on the subject, as assembled with the surrounding vacant parcels, would have a value commensurate with its cost. Therefore, industrial use is considered to be financially feasible.

**Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than assemblage with the surrounding vacant land for redevelopment for an industrial use.

**Conclusion**

Use of the subject property for assemblage with the vacant surrounding parcels with an industrial use, is the only use for the subject that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the subject property as vacant.

**As Improved**

No improvements are situated on the subject. Therefore, a highest and best analysis as improved is not applicable.

Accordingly, the highest and best use for the subject is assemblage with the surrounding vacant land for industrial redevelopment.

**Most Probable Buyer**

Given the highest and best use of the site, the most-likely potential buyer of the site is the surrounding property owner/user.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

<b>Approaches to Value</b>		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

## Sales Comparison Approach

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Our sales research focused on transactions within the following parameters:

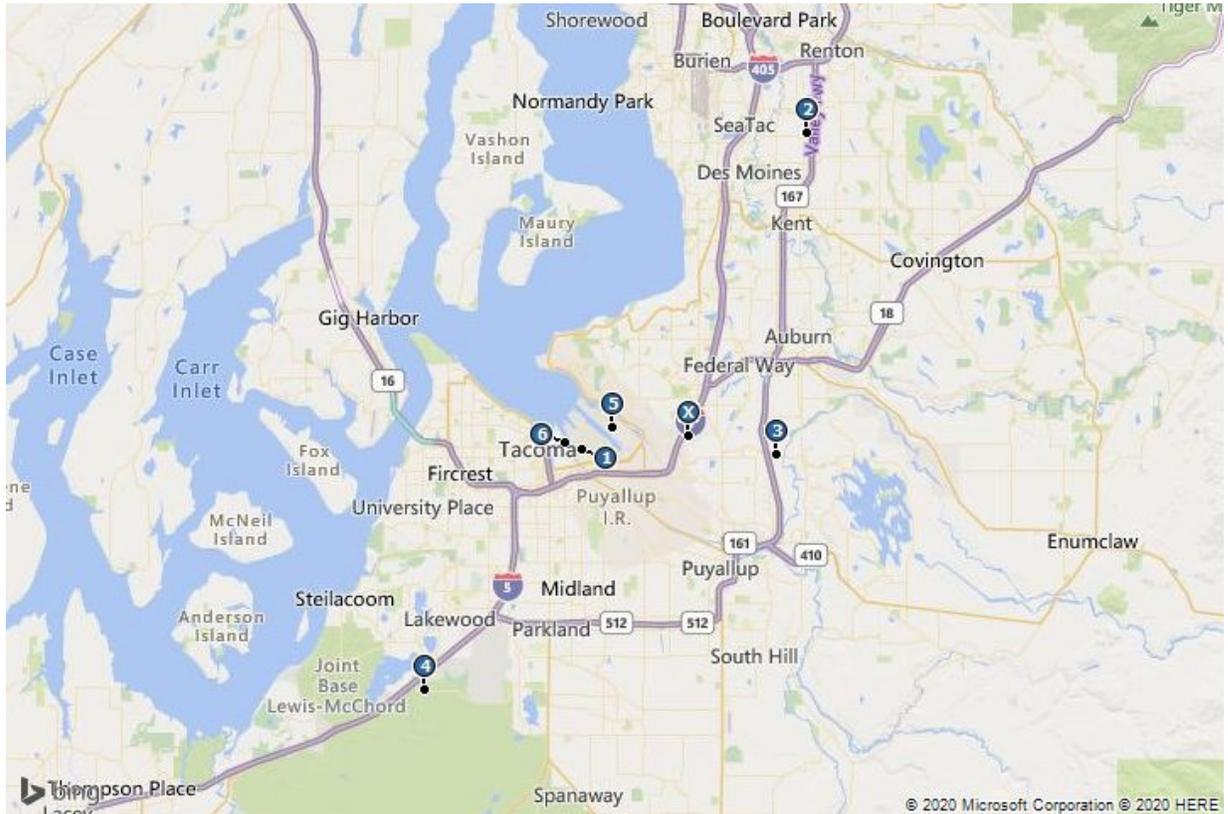
- Location: King and Pierce Counties
- Size: 5 acres and greater
- Use: industrial
- Transaction Date: January 2016 to present

For this analysis, we use price per usable square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

**Summary of Comparable Land Sales**

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land
1	Portside - Phase 3 Site 1651 Lincoln Ave. Tacoma Pierce County	Nov-18 Closed	\$5,148,000	312,368 7.17	312,368 7.17	Port Maritime Industrial	\$16.48
<i>Comments: November 2018 sale for \$5,400,000 of a 7.17-acre site in the Port of Tacoma. The property was leased to Bronco Pallet Services through August 2019 and contained 18,825 square feet of building area (constructed in 1968). The tenant was paying \$28,000 per month, triple net, which equates to \$252,000 in remaining income post-sale. Deducting this income from the purchase price results in an effective price for the underlying site of \$5,148,000 or \$16.48 per square foot of site area. The buyer intends to redevelop the property with a 107,100 square foot office/warehouse building.</i>							
2	Terreno Industrial Land 8615 S. 192nd Street Kent King County	Oct-18 Closed	\$12,652,460	554,863 12.74	554,863 12.74	Light Industrial	\$22.80
<i>Comments: This is the October 2018 sale of 12.74 acres, or 554,863 square feet, of industrial land in Kent for \$12,652,460, or \$22.80 per square foot. The site is mostly level and clear. At the time of sale, the property had permits in place for the construction of a new 214,700-square-foot office/warehouse on this site, which was previously used as a contractor storage yard. Site development will also include parking, landscaping, stream buffer enhancement, flood storage, a stormwater facility, water and sewer extensions and franchise utility improvements. Details of the sale were confirmed with the seller.</i>							
3	Valentine Avenue Land 942 Valentine Ave Pacific Pierce County	May-18 Closed	\$4,446,483	254,826 5.85	254,826 5.85	LIGHT INDU	\$17.45
<i>Comments: The reduced usable area of 5.85-acres is due to wetlands; the gross area is 6.66 acres. According to the Notice of Application the buyer is proposing to construct an approximate 128,262 sf office/warehouse building, which will include paved parking and truck maneuvering areas, landscaping, wetland enhancement and mitigation, and construction of stormwater facilities.</i>							
4	Tacoma Gateway Lakewood 14801 Spring St. SW. Lakewood Pierce County	May-17 Closed	\$7,315,574	943,918 21.67	943,918 21.67	Industrial Business Park	\$7.75
<i>Comments: This is the May 2017 sale of the 21.7 acre Tacoma Gateway site for \$7,315,574 or \$7.75/SF of land. The site is fully approved for construction of a 467,526-square-foot warehouse distribution facility with completion anticipated in February 2018.</i>							
5	Industrial Land 3320 Lincoln Avenue Tacoma Pierce County	Dec-16 Closed	\$28,250,000	2,286,464 52.49	2,286,464 52.49	Port Maritime and Industrial District	\$12.36
<i>Comments: The existing structures no longer add value to the underlying land. The seller had completed remediation of the site, at their own cost, prior to the sale closing. The estimated cost for the buyer to demolish the 34,040 square feet of improvements was reported at \$250,000. Including this cost, the effective purchase price is \$28,250,000 (\$12.36 per square foot). The buyer will redevelop the site with two industrial buildings, totaling 972,000 million square feet, to be known as DCT Blair Logistics Center (\$29.06 per square foot of building area).</i>							
6	IPT - Tacoma Logistics Center Site 733 E. 11th Street Tacoma Pierce County	Nov-16 Closed	\$32,876,147	2,504,400 57.49	2,504,400 57.49	Port Maritime and Industrial District	\$13.13
<i>Comments: The existing structures were specialized for a lumber mill use and no longer add value to the underlying land. The seller demolished the structures down to their foundation footings. The estimated cost for the buyer to demolish the footings was \$500,000. Including this cost, the effective purchase price is \$32,876,147 (\$13.12 per square foot). The buyer will redevelop the site with two industrial buildings, totaling 1,122,875 million square feet, to be known as IPT Logistics Center (\$29.28 per square foot of building area). Scheduled completion is in February 2018.</i>							
<b>Subject</b>				44,822	44,822	Planned	
Former Lloyds Pit/S. 380th Street ROW Milton, WA				1.03	1.03	Development	

### Comparable Land Sales Map





Sale 1  
Portside - Phase 3 Site



Sale 2  
Terreno Industrial Land



Sale 3  
Valentine Avenue Land



Sale 4  
Tacoma Gateway Lakewood



Sale 5  
Industrial Land



Sale 6  
IPT - Tacoma Logistics Center Site

Former Lloyds Pit/S. 380th Street ROW



## Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. The adjustment process is typically applied through either quantitative or qualitative analysis or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales or statistical analysis. While we present numerical adjustments in the adjustment grid that follows, they are based on qualitative judgment rather than empirical data as there is not sufficient data to develop a sound quantified estimate within a reasonable degree of confidence.

Our rating of each comparable sale in relation to the subject is the basis for our qualitative adjustments with a minor adjustment considered to be 5% and a substantial adjustment considered to be 25%+. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative inferiority. Conversely, if the comparable is inferior, its price is adjusted upward.

Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	Sale 1 is adjusted downward \$252,000 for its interim income. Sales 5 and 6 are adjusted upward \$250,000 and \$500,000, respectively, for demolition costs.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustment warranted.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustment warranted.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustment warranted.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Based on our discussions with market participants, there appears to be little movement in industrial land value since the COVID-19 pandemic was declared in March 2020. Market conditions were improving up to this time period. We adjust the sales upward by 3% per year to March 1, 2020.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sales 1, 2, 3, 5, and 6 are adjusted downward for their superior locations with strong industrial

<b>Adjustment Factor</b>	<b>Accounts For</b>	<b>Comments</b>
		submarkets. Sale 4 is adjusted upward for its inferior location.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	All of the sales are considered similar in access/exposure.
Size	Inverse relationship that often exists between parcel size and unit value.	All of the sales are adjusted downward for their varying smaller sizes compared to the surrounding subject usable site area of 89.34 acres.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	All of the sales are similar in shape/topography.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	All of the sales are similar in zoning/use.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	Sale 2 is adjusted downward for its entitlements in-place at the time of sale.

The following table summarizes the adjustments we make to each sale.

<b>Land Sales Adjustment Grid</b>							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Former Lloyds Pit/S. 380th Street ROW	Portside - Phase 3 Site	Terreno Industrial Land	Valentine Avenue Land	Tacoma Gateway Lakewood	Industrial Land	IPT - Tacoma Logistics Center Site
Address	S. 380th Street, East of 5th	1651 Lincoln Ave.	8615 S. 192nd Street	942 Valentine Ave	14801 Spring St. SW.	3320 Lincoln Avenue	733 E. 11th Street
City	Milton	Tacoma	Kent	Pacific	Lakewood	Tacoma	Tacoma
County	King	Pierce	King	Pierce	Pierce	Pierce	Pierce
Sale Date		Nov-18	Oct-18	May-18	May-17	Dec-16	Nov-16
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$5,400,000	\$12,652,460	\$4,446,483	\$7,315,574	\$28,000,000	\$32,376,147
Conditions of Sale Adjustment		-\$252,000	\$0	\$0	\$0	\$0	\$0
Other Adjustment		\$0	\$0	\$0	\$0	\$250,000	\$500,000
Description of Adjustment		Interim lease income				Demolition	Demolition Costs
Effective Sale Price		\$5,148,000	\$12,652,460	\$4,446,483	\$7,315,574	\$28,250,000	\$32,876,147
Square Feet	5,131,886	312,368	554,863	254,826	943,918	2,286,464	2,504,400
Acres	89.34	7.17	12.74	5.85	21.67	52.49	57.49
Usable Square Feet	3,891,862	312,368	554,863	254,826	943,918	2,286,464	2,504,400
<b>Price per Usable Square Foot</b>		<b>\$16.48</b>	<b>\$22.80</b>	<b>\$17.45</b>	<b>\$7.75</b>	<b>\$12.36</b>	<b>\$13.13</b>
Conditions of Sale							
% Adjustment		See Above	-	-	-	-	-
Market Conditions	3/1/2020	Nov-18	Oct-18	May-18	May-17	Dec-16	Nov-16
Annual % Adjustment	3%	4%	4%	5%	8%	10%	10%
<b>Cumulative Adjusted Price</b>		<b>\$17.14</b>	<b>\$23.71</b>	<b>\$18.32</b>	<b>\$8.37</b>	<b>\$13.59</b>	<b>\$14.44</b>
Location		-10%	-10%	-5%	10%	-10%	-10%
Access/Exposure		-	-	-	-	-	-
Size		-20%	-20%	-20%	-10%	-5%	-5%
Shape and Topography		-	-	-	-	-	-
Zoning		-	-	-	-	-	-
Entitlements		-	-25%	-	-	-	-
Net \$ Adjustment		-\$5.14	-\$13.04	-\$4.58	\$0.00	-\$2.04	-\$2.17
Net % Adjustment		-30%	-55%	-25%	0%	-15%	-15%
<b>Final Adjusted Price</b>		<b>\$12.00</b>	<b>\$10.67</b>	<b>\$13.74</b>	<b>\$8.37</b>	<b>\$11.55</b>	<b>\$12.27</b>
Overall Adjustment		-27%	-53%	-21%	8%	-7%	-7%
<b>Range of Adjusted Prices</b>		<b>\$8.37 - \$13.74</b>					
<b>Average</b>		<b>\$11.43</b>					
<b>Indicated Value</b>		<b>\$12.00</b>					

### Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$7.75 - \$22.80 per usable square foot. After adjustment, the range is narrowed to \$8.37 - \$13.74 per usable square foot, with an average of \$11.43 per usable square foot.

We give greatest weight to Sales 5 and 6 as they are most similar in size to the land site surrounding the subject. Secondary weight is given to the remaining sales. Accordingly, we arrive at a land value conclusion as follows:

#### Land Value Conclusion - Surrounding Subject Site

Indicated Value per Usable Square Foot	\$12.00
Subject Usable Square Feet	3,891,862
Indicated Value	\$46,702,344
Rounded	\$46,700,000

This land value conclusion, on a gross site basis, equates to \$9.10 per square foot (\$46,700,000 divided by 5,131,866 square feet).

### City of Milton Street Vacation Code

Per Milton City Code, Chapter 12.06, *whenever a petition is filed to vacate a street or alley or if the council initiates such vacation by resolution, **the council shall require the abutting landowners to compensate the city in an amount which equals one-half of the appraised value of the area vacated;** provided, that when the council deems it to be in the best interest of the city, all or any portion of the compensation may be waived.*

This ordinance sets forth that the petitioning property owner is obligated to compensate the City in the order of one-half of the appraised fair market value. Based on our concluded value of the site surrounding the subject of \$9.10 per square foot, and the stipulation that an adjoining owner must compensate the City for half of the appraised value, we conclude that the petitioner's obligation to acquire the 44,822 square foot subject right-of-way at \$4.05 per square foot. This equates to a compensation amount of

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### Subject Right of Way Value Conclusion

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Indicated Value per Square Foot (50%)	\$4.05
Right-of-Way Square Feet	<u>44,822</u>
Indicated Value	\$181,529
Rounded	<u>\$182,000</u>

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## Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

### Value of the 44,822 SF South 380th Street ROW to be Vacated (50% of Fee Simple Value)

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Fee Simple	June 4, 2020	\$182,000

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

As of the date of value, the economy (globally, nationally, and locally) was in a state of rapid transition with a widespread expectation of the imminent onset of a significant recession. The outbreak of COVID-19 (coronavirus disease of 2019) in China was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Some market deterioration had occurred shortly before this date, but the declaration by the WHO soon led to municipal and statewide orders to "shelter in place," causing widespread closures of businesses and a massive disruption to general commerce. The status of economic conditions is changing rapidly, creating great uncertainty in the markets. The value expressed herein represents our opinion based on the best available data reflective as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time.

### Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market values stated previously, it is our opinion that the probable exposure time is 6-12 months.

## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We 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.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Allen Safer, MAI, MRICS, made a personal inspection of the property that is the subject of this report.
12. Significant real property appraisal assistance was provided by Matthew Bacon, MAI who has not signed this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Allen Safer, MAI, MRICS, has completed the continuing education program for Designated Members of the Appraisal Institute.



Allen Safer, MAI, MRICS  
Certified General Real Estate Appraiser  
Washington Certificate # 1100662

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
  19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
  20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Seattle, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
  21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
  24. **IRR - Seattle is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Seattle. In addition, it is expressly agreed that in any action**

- which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Seattle is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

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## **Addendum A**

### **Appraiser Qualifications**

# Allen Safer, MAI, MRICS

## Experience

Senior Managing Director for Integra Realty Resources-Seattle in Washington State. Integra Realty Resources Seattle is part of Integra Realty Resources (IRR), a national valuation and consulting firm with over 50 offices in the U.S. and Caribbean.

Mr. Safer and his firm are experienced in the analysis of various property types including: vacant land, residential plats, master-planned communities, multifamily developments, retail, office, industrial and special purpose properties in Washington State and Alaska. Clients served include various financial concerns, law and public accounting firms, private and public agencies, pension and advisory companies, investment firms, and the general public. Further, utilizing the resources of Integra's nationwide coverage, the firm is actively involved in the completion of large portfolio engagements.

Mr. Safer's background includes 30+ years of counseling and valuation analysis for the general public on commercial and residential properties in Washington and Alaska. Entered the appraisal profession with Coldwell Banker Appraisal Services from 1977 to 1981. Founded Safer & Company in 1982 and transitioned to Property Counselors from 1986 to 2001.

## Professional Activities & Affiliations

Member: Appraisal Institute (MAI)

President: Local Chapter of the Appraisal Institute, January 2007 - December 2007

Chairman: AI Seattle Chapter Real Estate Fall Conference, January 2008 - December 2010

Chairman: Appraisal Institute Regional Chairs, January 2000 - December 2000

Chairman: Appraisal Institute Executive Committee, January 2000 - December 2000

Chairman: Pacific NW Region 1 Board of Directors, January 1998 - December 1999

Board of Director: Appraisal Institute, January 1996 - December 2001

Member: Appraisal Institute Finance Committee, January 1996 - December 1997

Board of Director: AI General Appraisal Board, January 1994 - December 1996

Chairman: Appraisal Institute National Comprehensive Exam Subcommittee, January 1990 - December 1992

Member: Appraisal Institute National Comprehensive Exam Subcommittee, January 1983 - December 1992

Member: Government Relations Committee, January 2002 - December 2004

Member: Appraisal Institute National Admissions Comm., January 1990 - December 1993

Board of Director: Appraisal Institute Seattle Chapter, January 1989 - December 1992

Member: Regional Professional Standards Panel of the Appraisal Institute, January 1984

Chairman: Local Chapter Admissions and Programs, January 1986 - December 1991

## Licenses

Alaska, Certified General Real Estate Appraiser, APRG412, Expires June 2021

Washington, Certified General Real Estate Appraiser, 1100662, Expires September 2021

Washington, Designated Broker, 3341, Expires December 2021

## Education

Bachelor of Science, Real Estate, University of Colorado, Boulder, Colorado

[asafer@irr.com](mailto:asafer@irr.com) - 206.436.1190

**Integra Realty Resources**  
**Seattle (154)**

600 University Street  
Suite 310  
Seattle, WA 98101

T 206.903.6700  
F 206.623.5731

[irr.com](http://irr.com)



# Allen Safer, MAI, MRICS

## Qualified Before Courts & Administrative Bodies

United States Bankruptcy Court, Seattle Washington  
King County Superior Court, Washington  
King County Board of Equalization  
Pierce County District Court  
Washington State Board of Tax Appeals  
Various Arbitration & Land Use Hearings

## Miscellaneous

Recipient of the Seattle AI Chapter's "Appraiser of the Year" Award for 2001.  
Recipient of the Seattle AI Chapter's 2009 "President's Award".  
IRR Certified Reviewer

**Integra Realty Resources**  
**Seattle (154)**

600 University Street  
Suite 310  
Seattle, WA 98101

T 206.903.6700  
F 206.623.5731

irr.com



## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

# irr.com



## **Addendum B**

### **Property Information**



**SITE AREA**

5,131,886 SF TOTAL (117.81 ACRES)  
3,891,862 SF (89.3 ACRES) USEABLE

**BUILDING AREA**

327,824 SF BUILDING "A"  
474,424 SF BUILDING "B"  
1,021,791 SF BUILDING "C"  
122,609 SF BUILDING "D"  
1,946,648 SF TOTAL

**ZONE**

PD PLANNED DEVELOPMENT DISTRICT

**PARKING:**

**BUILDING A**

41 STALLS-(5%) 16,391 SF OFFICE @ 1/400  
156 STALLS-(95%) 311,433 SF WHSE @ 1/2000  
197 TOTAL STALLS REQUIRED

258 STALLS PROVIDED

**BUILDING B**

60 STALLS-(5%) 23,721 SF OFFICE @ 1/400  
225 STALLS-(95%) 450,703 SF WHSE @ 1/2000  
285 TOTAL STALLS REQUIRED

285 STALLS PROVIDED  
90 TRAILER STALLS PROVIDED

**BUILDING C**

77 STALLS-(3%) 30,654 SF OFFICE @ 1/400  
496 STALLS-(97%) 991,137 SF WHSE @ 1/2000  
573 TOTAL STALLS REQUIRED

583 STALLS PROVIDED  
202 TRAILER STALLS PROVIDED

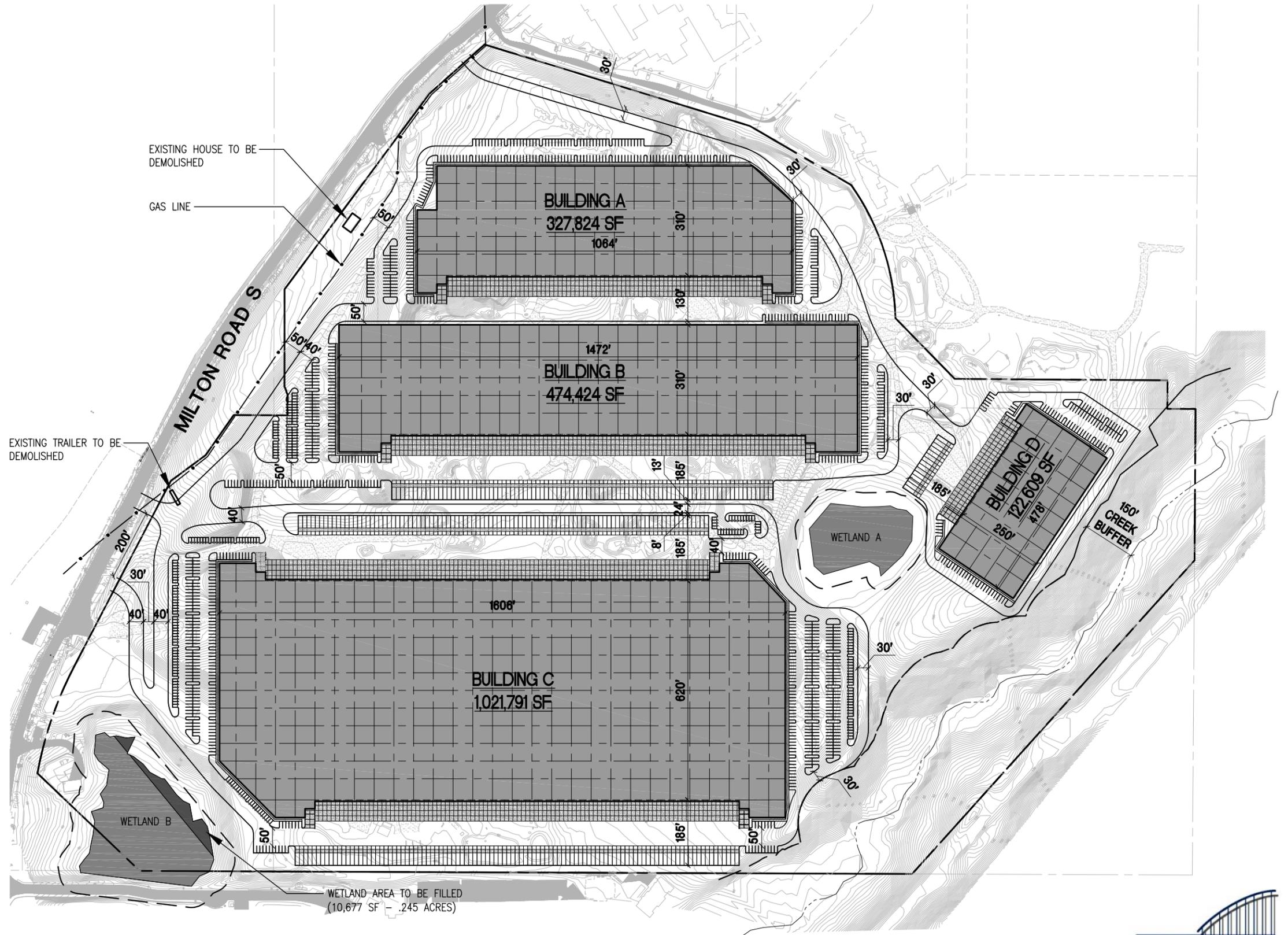
**BUILDING D**

31 STALLS-(10%) 12,261 SF OFFICE @ 1/400  
55 STALLS-(90%) 110,348 SF WHSE @ 1/2000  
86 TOTAL STALLS REQUIRED

92 STALLS PROVIDED  
15 TRAILER STALLS PROVIDED

**TOTAL SITE**

1,141 TOTAL STALLS REQUIRED  
1,218 TOTAL STALLS PROVIDED  
307 TOTAL TRAILER STALLS PROVIDED



X 18-048\_Bridge-Lloyds Milton-BASE (SITE).dwg

08/22/18 - 3:25pm



**LLOYD'S SITE (OPTION 3R3)**  
MILTON, WASHINGTON  
08/22/18 1"=300'



**BRIDGE**  
DEVELOPMENT  
PARTNERS, LLC  
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## **Addendum C**

### **Comparable Data**

## Location & Property Identification

Property Name:	Portside - Phase 3 Site
Sub-Property Type:	Commercial, Industrial
Address:	1651 Lincoln Ave.
City/State/Zip:	Tacoma, WA 98421
County:	Pierce
Submarket:	Tacoma
Market Orientation:	Port District
IRR Event ID:	2281359



## Sale Information

Sale Price:	\$5,400,000
Effective Sale Price:	\$5,148,000
Sale Date:	11/15/2018
Recording Date:	11/15/2018
Sale Status:	Closed
\$/Acre(Gross):	\$717,892
\$/Land SF(Gross):	\$16.48
Grantor/Seller:	Miller-Angie-Hatch
Grantee/Buyer:	LBA RVI-Company VII, LLC
Property Rights:	Leased Fee
Exposure Time:	12 (months)
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	201811150465
Verified By:	Matthew A. Bacon, MAI
Verification Date:	10/08/2019
Confirmation Source:	Dave Douglas, NAI-PSP (253-208-2277)
Verification Type:	Confirmed-Seller Broker
Secondary Verific. Source:	Assessor, CoStar, CBA

## Sale Analysis

Conditions of Sale Adj.:	-\$252,000.00
Adjust. Comments:	Interim lease income

## Occupancy

Occupancy Type Before Sale: Single Tenant

## Improvement and Site Data

MSA:	Seattle-Tacoma-Bellevue, WA
Legal/Tax/Parcel ID:	0320031049, 8950000035
Acres(Gross):	7.17
Land-SF(Gross):	312,368
Shape:	Irregular
Topography:	Level
Zoning Code:	PMI
Zoning Desc.:	Port Maritime Industrial
Source of Land Info.:	Broker

## Comments

November 2018 sale for \$5,400,000 of a 7.17-acre site in the Port of Tacoma. The property was leased to Bronco Pallet Services through August 2019 and contained 18,825 square feet of building area (constructed in 1968). The tenant was paying \$28,000 per month, triple net, which equates to \$252,000 in remaining income post-sale. Deducting this income from the purchase price results in an effective price for the underlying site of \$5,148,000 or \$16.48 per square foot of site area. The buyer intends to redevelop the property with a 107,100 square foot office/warehouse building.

## Location & Property Identification

Property Name:	Terreno Industrial Land
Sub-Property Type:	Commercial, Industrial
Address:	8615 S. 192nd Street
City/State/Zip:	Kent, WA 98031
County:	King
Submarket:	Kent Valley
Market Orientation:	Suburban
IRR Event ID:	2246298



## Sale Information

Sale Price:	\$12,652,460
Effective Sale Price:	\$12,652,460
Sale Date:	10/24/2018
Sale Status:	Closed
\$/Acre(Gross):	\$993,292
\$/Land SF(Gross):	\$22.80
Grantor/Seller:	DC 192 LLC
Grantee/Buyer:	Terreno Kent 192 LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Bargain and Sale Deed
Recording No.:	20181024001005
Verified By:	Riley B. Steppe
Verification Type:	Secondary Verification
Secondary Verific. Source:	Assessor, CoStar

## Comments

This is the October 2018 sale of 12.74 acres, or 554,863 square feet, of industrial land in Kent for \$12,652,460, or \$22.80 per square foot. The site is mostly level and clear. At the time of sale, the property had permits in place for the construction of a new 214,700-square-foot office/warehouse on this site, which was previously used as a contractor storage yard. Site development will also include parking, landscaping, stream buffer enhancement, flood storage, a stormwater facility, water and sewer extensions and franchise utility improvements. Details of the sale were confirmed with the seller.

## Improvement and Site Data

Legal/Tax/Parcel ID:	062205-9125
Acres(Gross):	12.74
Land-SF(Gross):	554,863
Zoning Code:	M2
Zoning Desc.:	Light Industrial
Source of Land Info.:	Public Records

## Location & Property Identification

Property Name: Valentine Avenue Land  
 Sub-Property Type: Commercial, Industrial  
 Address: 942 Valentine Ave  
 City/State/Zip: Pacific, WA 98047  
 County: Pierce  
 Submarket: Kent Valley

IRR Event ID: 2298885



## Sale Information

Sale Price: \$4,446,483  
 Effective Sale Price: \$4,446,483  
 Sale Date: 05/22/2018  
 Recording Date: 05/22/2018  
 Sale Status: Closed  
 \$/Acre(Gross): \$760,083  
 \$/Land SF(Gross): \$17.45  
 \$/Acre(Usable): \$760,083  
 \$/Land SF(Usable): \$17.45  
 Grantor/Seller: R3 Investments LLC  
 Grantee/Buyer: Pacific Logistics Intl S Llc  
 Property Rights: Fee Simple  
 Terms of Sale: Redevelopment Project  
 Recording No.: 201805220609  
 Verified By: Maria L. Olson  
 Verification Date: 12/11/2019  
 Verification Type: Confirmed-Seller Broker  
 Secondary Verific. Source: CoStar

Land-SF(Usable/Gross): 254,826/254,826  
 Usable/Gross Ratio: 1.00  
 Zoning Desc.: LIGHT INDU  
 Source of Land Info.: Other

## Comments

The reduced usable area of 5.85-acres is due to wetlands; the gross area is 6.66 acres. According to the Notice of Application the buyer is proposing to construct an approximate 128,262 sf office/warehouse building, which will include paved parking and truck maneuvering areas, landscaping, wetland enhancement and mitigation, and construction of stormwater facilities.

## Sale Analysis

Proposed Use Desc.: Industrial

## Improvement and Site Data

MSA: Seattle/Puget Sound  
 Legal/Tax/Parcel ID: 449540-0100  
 Acres(Usable/Gross): 5.85/5.85

## Location & Property Identification

Property Name: Tacoma Gateway Lakewood  
 Sub-Property Type: Commercial, Industrial  
 Address: 14801 Spring St. SW.  
 City/State/Zip: Lakewood, WA 98439  
 County: Pierce  
 Submarket: SE Pierce County  
 Market Orientation: Suburban  
 Property Location: East side of Spring St. SW  
 btwn 148th St. SW and 150th St. SW  
 IRR Event ID: 1504751



## Sale Information

Sale Price: \$7,315,574  
 Effective Sale Price: \$7,315,574  
 Sale Date: 05/16/2017  
 Sale Status: Closed  
 \$/Acre(Gross): \$337,599  
 \$/Land SF(Gross): \$7.75  
 \$/Acre(Usable): \$337,599  
 \$/Land SF(Usable): \$7.75  
 Grantor/Seller: YKC Investment, LLC  
 Grantee/Buyer: Tacoma Gateway Lakewood  
 LLC (PCCP & Panattoni)  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Document Type: Warranty Deed  
 Recording No.: 201705190103  
 Verification Type: Secondary Verification

Zoning Code: IBP  
 Zoning Desc.: Industrial Business Park  
 Source of Land Info.: Public Records

## Comments

This is the May 2017 sale of the 21.7 acre Tacoma Gateway site for \$7,315,574 or \$7.75/SF of land. The site is fully approved for construction of a 467,526-square-foot warehouse distribution facility with completion anticipated in February 2018.

## Improvement and Site Data

MSA: Seattle-Tacoma-Bellevue, WA  
 Legal/Tax/Parcel ID: 0219221162, 0219221163,  
 0219221164, 0219221165  
 Acres(Usable/Gross): 21.67/21.67  
 Land-SF(Usable/Gross): 943,918/943,918  
 Usable/Gross Ratio: 1.00

## Location & Property Identification

Property Name: Industrial Land  
 Sub-Property Type: Commercial, Industrial  
 Address: 3320 Lincoln Avenue  
 City/State/Zip: Tacoma, WA 98421  
 County: Pierce  
 Submarket: Tacoma  
 Market Orientation: Port District  
  
 IRR Event ID: 1433116



## Sale Information

Sale Price: \$28,000,000  
 Effective Sale Price: \$28,250,000  
 Sale Date: 12/02/2016  
 Sale Status: Closed  
 \$/Acre(Gross): \$538,198  
 \$/Land SF(Gross): \$12.36  
 Grantor/Seller: SSA Tacoma, Inc.  
 Grantee/Buyer: DCT Blair Logistics  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Document Type: Warranty Deed  
 Recording No.: 201612020438  
 Verified By: Matthew A. Bacon, MAI  
 Verification Date: 03/06/2017  
 Confirmation Source: Patrick Gemma, DCT Industrial (206-753-0900)  
  
 Verification Type: Confirmed-Buyer  
 Secondary Verific. Source: Pierce County Auditor

Acres(Gross): 52.49  
 Land-SF(Gross): 2,286,464  
 Zoning Code: PMI  
 Zoning Desc.: Port Maritime and Industrial District  
  
 Source of Land Info.: Public Records

## Comments

The existing structures no longer add value to the underlying land. The seller had completed remediation of the site, at their own cost, prior to the sale closing. The estimated cost for the buyer to demolish the 34,040 square feet of improvements was reported at \$250,000. Including this cost, the effective purchase price is \$28,250,000 (\$12.36 per square foot). The buyer will redevelop the site with two industrial buildings, totaling 972,000 million square feet, to be known as DCT Blair Logistics Center (\$29.06 per square foot of building area).

## Sale Analysis

Other Adj.: \$250,000  
 Adjust. Comments: Demolition

## Improvement and Site Data

Legal/Tax/Parcel ID: 032135-500-5  
 032135-500-6

## Location & Property Identification

Property Name:	IPT - Tacoma Logistics Center Site
Sub-Property Type:	Commercial, Industrial
Address:	733 E. 11th Street
City/State/Zip:	Tacoma, WA 98421
County:	Pierce
Submarket:	Tacoma
Market Orientation:	Port District
IRR Event ID:	1433181



## Sale Information

Sale Price:	\$32,376,147
Effective Sale Price:	\$32,876,147
Sale Date:	11/20/2016
Recording Date:	11/20/2016
Sale Status:	Closed
\$/Acre(Gross):	\$571,828
\$/Land SF(Gross):	\$13.13
Grantor/Seller:	Interfor US Inc.
Grantee/Buyer:	IPT Tacoma Logistics Center
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Bargain and Sale Deed
Recording No.:	201612010321
Verified By:	Matthew A. Bacon, MAI
Verification Date:	03/06/2017
Confirmation Source:	Tony Kusak, Cushman & Wakefield (206-521-0263)
Verification Type:	Confirmed-Seller Broker
Secondary Verific. Source:	Pierce County Auditor

## Sale Analysis

Other Adj.:	\$500,000
Adjust. Comments:	Demolition Costs

## Improvement and Site Data

Legal/Tax/Parcel ID:	895000-056-8 895000-056-9
Acres(Gross):	57.49
Land-SF(Gross):	2,504,400
Shape:	Irregular
Topography:	Level
Zoning Code:	PMI
Zoning Desc.:	Port Maritime and Industrial District
Utilities Desc.:	All utilities available to the site
Source of Land Info.:	Public Records

## Comments

The existing structures were specialized for a lumber mill use and no longer add value to the underlying land. The seller demolished the structures down to their foundation footings. The estimated cost for the buyer to demolish the footings was \$500,000. Including this cost, the effective purchase price is \$32,876,147 (\$13.12 per square foot). The buyer will redevelop the site with two industrial buildings, totaling 1,122,875 million square feet, to be known as IPT Logistics Center (\$29.28 per square foot of building area). Scheduled completion is in February 2018.

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**CITY OF MILTON  
RESOLUTION NO. 20-1931**

**A RESOLUTION OF THE CITY COUNCIL, OF THE CITY OF MILTON,  
WASHINGTON SETTING A PUBLIC HEARING FOR VACATION OF  
380<sup>TH</sup> STREET.**

**WHEREAS**, the City has received a petition from Land Lloyd Development Co. requesting vacation of 380<sup>th</sup> Street; and

**WHEREAS**, the petition included the \$500.00 street vacation filing fee in full, a legal description and a property appraisal; and

**WHEREAS**, Milton Municipal Code 12.06.010, *Initiation*, requires the City Council, by resolution, to fix a time when the petition will be heard by council, which time shall not be more than 60 days, or less than 20 days, after the date of passage of the resolution;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MILTON,  
WASHINGTON, HEREBY RESOLVES AS FOLLOWS:**

The City Council hereby sets a public hearing for the 380<sup>th</sup> Street Vacation. The hearing is set for 7:00 p.m. at the City Council meeting on August 3, 2020.

**PASSED AND APPROVED** by the City Council of the City of Milton, Washington, at a regularly scheduled meeting this 6th day of July 2020.

\_\_\_\_\_  
Shanna Styron Sherrell, Mayor

Attest:

\_\_\_\_\_  
Trisha Summers, City Clerk

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CITY OF MILTON, WASHINGTON

**ORDINANCE NO. 1989-20**

AN ORDINANCE OF THE CITY OF MILTON, WASHINGTON,  
VACATING RIGHT-OF-WAY NO LONGER NECESSARY FOR  
S. 380TH STREET.

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WHEREAS, the City Council by the adoption of a Resolution on July 6, 2020, fixed a time and place for a public hearing to vacate the hereinafter described S. 380<sup>th</sup> Street fixing the hearing for 7:00 P.M. on August 3, 2020, said date is not more than sixty days nor less than twenty days after the date of passage of the resolution and fixing the place of hearing at the Milton Council Chambers, 1000 Laurel Street, Milton, Washington; and

WHEREAS, pursuant to RCW 35.79.020, notices for the time and place of the hearing were properly given; and

WHEREAS, all steps and procedures required by law to vacate the hereinafter described 380<sup>th</sup> Street have been duly taken and carried out; and

WHEREAS, the adjoining property owner will be required to pay the City \$\_\_\_\_\_, an amount that is found to be adequate consideration for the vacated property; and

NOW, THEREFORE, the City Council of the City of Milton, Washington do ordain as follows:

Section 1. The S 380<sup>th</sup> Street right-of-way is hereby vacated, subject to the city retaining an easement and the right to exercise and grant easements in respect to the vacated land for the construction, repair, and maintenance of public utilities and services.

Section 2. Effective Date. This ordinance shall take effect and be in full force five (5) days from and after publication.

Passed by the Milton City Council the \_\_\_\_ day of August 2020, and approved by the Mayor, the \_\_\_\_ day of August 2020.

---

SHANNA STYRON SHERRELL, MAYOR

ATTEST/AUTHENTICATED:

---

TRISHA SUMMERS, CITY CLERK

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY:

BY \_\_\_\_\_  
OGDEN, MURPHY & WALLACE, CITY ATTORNEY

FILED WITH THE CITY CLERK:  
PASSED BY THE CITY COUNCIL:  
PUBLISHED:  
EFFECTIVE DATE:  
ORDINANCE NO. 1989-20



## Agenda Item #: 3D

**To:** City Council Members  
**From:** Police Chief Hernandez, Public Works Director Afzali, Finance Director Robbecke, and City Clerk Trisha Summers  
**Date:** July 13, 2020  
**Re:** Mayor Salary Study - as Requested by the City Council

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**ATTACHMENTS:** Compensation Comparison  
Proposed Ordinance

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**TYPE OF ACTION:**

Information Only  **Discussion**  Action  Public Hearing  Expenditure

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**Recommended Action:** Review and evaluate the compensation of the Mayor position.

**Fiscal Impact/Source of Funds:** It is recommended that the Mayor's compensation be made up of two components, including the ceremonial Mayoral duties and the day-to-day City Administrator responsibilities. The Mayor's current compensation rate is \$1,500 per month or \$18,000 per year. Staff suggests raising the salary for the office of the Mayor for the current Mayor and future Mayors to \$2,250 per month or \$27,000 per year by applying historic cost-of-living increases.

It is also recommended that funding for a City Administrator be included in current and future budgets to recognize the continuing need for central leadership in the future. In 2019, the City's budget included a full-time Municipal Services Administrator with a salary range of \$92,400 to \$128,000. The salary range for directors in the 2020 Budget is \$95,449 to \$132,224.

The current Mayor could then receive additional compensation for performing City Administrator duties, and that compensation would reflect a portion of the amount budgeted for the City Administrator position through the end of her current term. It is recommended that this amount be \$5,558 per month or \$66,700 per year for a total combined compensation of \$93,700 per year for the current Mayor through the end of 2021.

The Mayor's compensation for ceremonial Mayoral duties can be allocated as provided for in the 2020 Budget for the Mayor, and the day-to-day City Administrator responsibilities can be allocated as provided for in the 2019 Budget for the Municipal Services Administrator.

These changes would impact the General Fund, Electric Utility Fund, Water Utility Fund, Stormwater Fund, Information Technology Fund and Vehicle Maintenance Fund. Expenditures

in each of these funds are currently trending below budgeted amounts and should be able to accommodate the compensation adjustment. In addition, General Fund revenues are trending slightly higher than budgeted amounts as well as amounts received in the previous year during the same time period.

More details regarding these amounts are included in the attachments

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**Issue:** The scope and complexity of the Mayor's responsibilities have increased, as the Mayor has assumed the full-time responsibilities of a day-to-day administrator without an appointed City Administrator. As the City Administrator and Chief Executive Officer of the City, the Mayor has been working in a full-time capacity and managing the City's human resources, contracts, budgeting, forecasting, labor relations, and a management team comprised of four direct report managers including Finance, Police, Public Works, and City Clerk as well as a host of other issues.

The Mayor's current compensation rate is \$1,500 per month or \$18,000 per year. This amount has not been adjusted to reflect the increase in responsibilities and time commitment required by the Mayor of the City of Milton. The salary of the Mayor should be adjusted commensurate with the additional responsibilities and efforts required.

**Discussion:** This item was originally presented to the City Council on July 6, 2020. At that time, many comments and suggestions were made, and the City Council requested that staff provide additional information for consideration.

During the meeting, it was also recognized that the City has a need for central leadership, either with a Mayor that performs City Administrator duties or with a Mayor and a City Administrator. This has become even more evident with recent developments in the City and throughout the United States related to COVID-19 and emerging social issues. Central leadership is needed to effectively address these complex issues today and into the foreseeable future.

The current mayor has demonstrated a willingness and ability to fulfill this expanded role that has been imperative during these uncertain times. She has demonstrated her ability to be an effective leader with an understanding of the community and its citizens.

In 2019, the City's budget included a full-time Municipal Services Administrator with a salary range of \$92,400 to \$128,000. The City had some difficulty in permanently filling this position, so the funds were repurposed through a budget amendment in 2019 and removed in 2020.

Given the historical difficulties in filling this position, providing for the current Mayor to continue in the role of City Administrator through the end of 2021 would provide consistent and continuous leadership. Her dedication and skills have been proven and can provide the central leadership needed to navigate the City through these uncertain times.

The Mayor should be fairly compensated for these increased duties, so it is suggested that her compensation be made up of two components, including the ceremonial Mayoral duties and the day-to-day City Administrator responsibilities.

After considering various factors, it is recommended that the salary for the office of the Mayor be increased for the current Mayor and future Mayors. These factors include the salaries of mayors in other similar cities, the amount of time necessary to perform the City's mayoral duties

currently and historically, and the fact that the Mayor's salary has been unchanged since at least 2002. The current base salary could be raised to \$27,000 per year by applying historic cost-of-living increases. More details regarding these amounts are included in the attachments. An increased salary for the Mayor would bring the City more in line with other cities and attract a wider variety of candidates interested in the office.

During a Finance Committee meeting on July 8, 2020, a suggestion was made to raise the salary for the office of the Mayor for the current Mayor and future Mayors, and to include funding for a City Administrator in the current and future budgets to recognize the continuing need for central leadership in the future. The current Mayor would then receive additional compensation for performing City Administrator duties, and that compensation would reflect a portion of the amount budgeted for the City Administrator position through the end of her current term. The Finance Committee requested that benefits be removed from compensation.

If the City decides to maintain the current practice of having a Mayor that also performs the day-to-day duties of a City Administrator, the additional compensation for performing City Administrator duties could be reviewed through an objective method to be established at a later date, such as through a salary commission, public hearing or other independent evaluation.

More details regarding funding for these positions is included in the attachments. A budget amendment could be prepared to incorporate these changes into 2020, and funding options for 2021 could be discussed during the budget process this fall.

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**Cities with Population of 1,000 - 14,999  
2020 Compensation for Mayor with No City Administrator**

Agency	Mayor Compensation		Population	Geographic Size	# of Employees	Utilities
	Monthly	Annual				
Port Orchard	\$ 7,111	\$ 85,327	14,734	11.21 sq mi	84 FT	Water, Sewer, Storm
Edgewood	\$ 8,200	\$ 98,400	12,070	9 sq mi	24 FT	Storm
Poulsbo	\$ 8,444	\$ 101,324	11,180	4.5 sq mi	99 FT, 8 PT	Water, Sewer, Storm, Garbage
Othello	\$ 12,512	\$ 150,144	8,270	3.98 sq mi	46 FT, 7 PT	Water, Sewer
Coupeville	\$ 6,000	\$ 72,000	1,900	1.95 sq mi	15 FT	Water, Sewer
Langley	\$ 4,583	\$ 54,996	1,175	1.58 sq mi	17 FT, 2 PT	Water, Sewer, Storm
<b>Average</b>	<b>\$ 7,808</b>	<b>\$ 93,700</b>				
Milton	\$ 1,500	\$ 18,000	8,400			

**Cities with Population of 1,000 - 14,999  
2020 Compensation for Mayor with City Administrator**

Agency	Mayor Compensation		City Administrator Compensation		Population	Geographic Size	# of Employees	Utilities
	Monthly	Annual	Monthly	Annual				
Quincy	\$ 1,300	\$ 15,600	\$ 9,442	\$ 113,304	7,930	6.13 sq mi	60 FT	Water, Sewer, Garbage
Chehalis	\$ 150	\$ 1,800	\$ 12,687	\$ 152,244	7,550	5.88 sq mi	95 FT, 3PT	Water, Sewer, Storm
Enumclaw	\$ 1,000	\$ 12,000	\$ 11,340	\$ 136,080	12,610	5.1 sq mi	110 FT, 5 PT	Natural Gas, Sewer, Storm, Water, Garbage
Ephrata	\$ 500	\$ 6,000	\$ 9,500	\$ 114,000	8,210	10.43 sq mi	49 FT	Water, Sewer, Garbage
Stevenson	\$ 600	\$ 7,200	\$ 7,500	\$ 90,000	1,655	1.79 sq mi	10 FT	Water, Sewer
Leavenworth	\$ 1,500	\$ 18,000	\$ 9,667	\$ 116,004	2,080	1.42 sq mi	31 FT	Water, Sewer, Storm
<b>Average</b>	<b>\$ 842</b>	<b>\$ 10,100</b>	<b>\$ 10,023</b>	<b>\$ 120,272</b>				
Milton	\$ 1,500	\$ 18,000	\$ 10,250	\$ 123,000	8,400			

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CITY OF MILTON, WASHINGTON

**ORDINANCE NO. 1988-20**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MILTON, WASHINGTON, ESTABLISHING AN ADJUSTED COMPENSATION FOR THE MAYOR AND THE TERMS AND CONDITIONS APPLICABLE THERETO AND PROVIDING FOR SEVERABILITY, AN EFFECTIVE DATE, AND FOR SUMMARY PUBLICATION BY ORDINANCE TITLE ONLY.

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WHEREAS, RCW 35A.12.100 specifies that the Mayor in a Mayor-Council form of government is the Chief Executive and Administrative Officer of the City, in charge of all departments and employees; and

WHEREAS, the scope and complexity of the Mayor's municipal responsibilities have increased, as the Mayor has assumed the full-time responsibilities without an appointed City Administrator; and

WHEREAS, the City Council has determined that the monthly salary and benefits of the Mayor should be adjusted commensurate with the additional responsibilities and efforts required, consistent with a full-time Mayor for the term of the current Mayor; and

WHEREAS, the compensation of the Mayor of the City of Milton was previously confirmed for the current mayoral term by Ordinance No. 1986-20; and

WHEREAS, the Mayor's current monthly compensation rate is \$1,500, which amount has not been adjusted to reflect the increase in the Mayor's responsibilities and time commitment to the City; and

WHEREAS, RCW 35A.12.070 allows the salary of an incumbent Mayor to be increased by ordinance during his/her term of office provided that the Mayor is prohibited from voting on his/her salary and may not cast a tie-breaking vote on said ordinance;

NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF MILTON, WASHINGTON, DO  
ORDAIN AS FOLLOWS:

Section 1. The above stated recitals are hereby adopted as the council's findings and reasons for the adoption of this ordinance.

Section 2. Compensation. Effective from, and after the effective date of this ordinance, the Mayor shall receive a total annualized salary of \$93,700. He/she shall not accrue sick or vacation leave. The adjusted salary is based upon the expansion of the regularly established duties and salary of the Mayor acting without a City Administrator and a comparison of the compensation provided to full-time mayors and city administrators in similarly sized communities. The salary shall consist of a base annualized salary of \$27,000 or \$2,250 per month for the ceremonial and other duties of the position of Mayor and an additional annualized component of \$66,700 per year or \$5,558 per month for the performance of the duties of a full-time day-to-day administrator. The additional component of \$5,558 per month shall expire at midnight on December 31, 2021. The base component for ceremonial duties shall remain in effect until this ordinance is amended or repealed by the City Council.

Section 3. Full Time. The Mayor has agreed to and shall be required to perform the duties of the Mayor on a full-time basis with regularly established office hours during the term of her office. As is applicable to the City's FLSA exempt employees, the Mayor has the discretion to perform her duties in as much or as little time as she deems appropriate, taking time off at her

discretion. It is the expectation of the City Council that the Mayor shall continue with the time and diligence which she has applied to her duties for the remainder of her term.

Section 4. Salary Adjustment. The City Council reserves the right to adjust the annual salary of the Mayor in the future with the understanding that all salary adjustments shall remain effective only through the end of the term of the current Mayor, and that no compensation or benefits shall be payable to the individual elected as Mayor for the next term of office other than the base component of monthly salary of \$2,250 as established by this ordinance.

Section 5. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 6. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

Passed by the Milton City Council the \_\_\_\_ day of July 2020, and approved by the Mayor, the \_\_\_\_ day of July 2020.

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SHANNA STYRON SHERRELL, MAYOR

ATTEST/AUTHENTICATED:

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TRISHA SUMMERS, CITY CLERK

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY:

BY \_\_\_\_\_  
OGDEN, MURPHY & WALLACE, CITY ATTORNEY

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